

**11 March 2020**

## **Europa Metals Ltd**

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

### **Assay Results for Holes TOD-024 and TOD-025, Toral Pb, Zn & Ag Project, Spain**

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce that the assay results for the remaining drill holes TOD-024 and TOD-025 have now been received from ALS Laboratories. These results contain the highest-grade intersection obtained by the Company to date from its drilling campaigns on its wholly owned Toral lead, zinc and silver project ("Toral" or the "Toral Project") situated in the region of Castilla y León, north-west Spain.

#### **Highlights:**

- Assay results received for the remaining drill holes TOD-024 and TOD-025;
- Thick, high-grade zone confirmed outside of the current Indicated resource area in hole TOD-025:
  - o **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;
  - o Highest grade intersection returned by Europa Metals to date from its drilling campaigns at Toral;
  - o Encouraging results that extend the current known high-grade area of the deposit and establish consistency with the historic grades encountered at the Toral Project from third-party drilling activities undertaken in the 1980s;
- Mineralisation confirmed above current Indicated resource area in hole TOD-024:
  - o 1.7m @ 5.1% ZnEq(PbAg) from 280.8m to 282.5m;
- Copper results identified in hole TOD-024:
  - o 0.9m @ 1.5% Cu from 278.9m to 279.8m;
- On conclusion of the current metallurgical testwork (expected during March 2020), the significant material recovered from drill hole TOD-025 will be utilised in a further phase of metallurgical testwork, to be undertaken by Wardell Armstrong International.

#### **Laurence Read, Executive Director of Europa Metals, commented:**

*"Today's high-grade assay results from hole TOD-025 are the highest obtained by Europa Metals since we commenced drilling activities at Toral in 2017 and serve to establish continuity with the results of historic third-party drilling campaigns in the 1980s. The intersections have enabled us to obtain further mineralised core to continue with the metallurgical work programme, once the results from the current testwork are received and reported. As previously announced, we shall not obtain a further resource update at this stage, but will instead focus on establishing recoveries and potential future saleable concentrate product types of zinc, lead and silver from the high-grade mining profile being developed at Toral."*

#### **Myles Campion, Technical Director of Europa Metals, further commented:**

*"The drilling of hole TOD-025 was an exciting process as we were able to visually identify coarse-grained mineralisation. It is highly encouraging that this initial visual identification has now been verified via today's assay results. It represents the most significant hole drilled by the Company to date at Toral and also ranks highly in comparison with the historic higher-grade intersections returned across the deposit. In addition, importantly, the thickness of the high-grade intersection obtained from hole TOD-025 confirms the continuity of thickness evident in the Indicated resource area."*

#### **Drill Campaign's Objective**

The key objective of the Company's most recent drilling campaign, which completed in January 2020, was to infill gaps in the resource drilling pattern, around the current known Indicated resource between the 300 - 600 metre horizon. The target area was purposefully located within the high-grade core of the Toral Project in order to provide further data to support the extension of the

Indicated resource, when the next update is commissioned, and thereby increase confidence in the underlying project economics. The drilling was conducted using the largest core size possible (PQ) to enable the retrieval of a new sample for metallurgical testwork, with a view to delivering metallurgical data across an increased area of the Toral deposit in order to provide a greater degree of spatial representivity.

### Key Drilling Data

Hole TOD-025 was drilled to intersect an area approximately 120m to the west of the current Indicated resource area, designed to link up the Indicated zone to the east with a further zone of concentrated data points to the west. Hole TOD-025 intersected a significant width of visually high-grade mineralisation with coarse grained sphalerite and galena being present.

The intersection encountered in hole TOD-025 is of the highest grade that the Company has obtained from its drilling activities to date, which commenced in 2017. The encouraging assay results extend the current known high-grade area and are consistent with the grades obtained from historic drilling activities by third parties at Toral in the 1980s.

Diagram 1, which can be viewed via the link below, illustrates the location of holes TOD-024 and TOD-025 within the Toral block model:

[http://www.ms-pdf.londonstockexchange.com/ms/6936F\\_1-2020-3-10.pdf](http://www.ms-pdf.londonstockexchange.com/ms/6936F_1-2020-3-10.pdf)

Hole TOD-024 was drilled higher up in the block model sequence than hole TOD-025 and was designed to infill an area between known data points and possibly extend the current Indicated resource area. Drilling parameters for the 2019/20 diamond drilling campaign, which concluded in January 2020, are presented in Table 1 below.

HOLE_ID	EASTING	NORTHING	COOR_SYS	RL (m)	Depth (m)	AZIMUTH	DIP
TOD-024	681195	4710031	ETRS89utm29	532	302.4	212	-58
TOD-025	681195	4710031	ETRS89utm29	532	497.2	212	-68.5

### Drilling Results

Core obtained from holes TOD-024 and TOD-025 was sampled and sent to ALS Laboratories in Spain, with initial results confirming the visual mineralisation as high-grade, with certain samples having to be re-assayed due to the Pb content being above the detection limit at the laboratory. Table 2 below shows the intercepts returned from the final assay results for hole TOD-025.

Hole ID	From (m)	To (m)	Interval	Ag_ppm_Total	Pb_%_Total	Zn_%_total	ZnEq(PbAg)%	ZnEq(Pb)%
TOD-025	479.9	480.8	0.9	1.9	0.30	1.82	2.12	2.09
TOD-025	480.8	481.3	0.5	0.2	0.02	0.06	0.08	0.07
TOD-025	481.3	482	0.7	0.2	0.01	0.03	0.05	0.04
TOD-025	482	482.5	0.5	0.2	0.01	0.03	0.05	0.04
TOD-025	482.5	483.6	1.1	31.1	0.09	0.11	0.78	0.19
TOD-025	483.6	484.2	0.6	5.6	0.98	4.31	5.30	5.19
TOD-025	484.2	485.2	1	0.2	0.01	0.02	0.03	0.03
TOD-025	485.2	486.3	1.1	13.8	2.81	0.27	3.07	2.81
TOD-025	486.3	487	0.7	228	29.80	16.15	47.42	43.09
TOD-025	487	487.5	0.5	174	12.65	10.60	25.34	22.04
TOD-025	487.5	487.9	0.4	301	32.10	2.51	37.25	31.53
TOD-025	487.9	488.4	0.5	80.2	13.25	0.06	13.56	12.04
TOD-025	488.4	489	0.6	35	3.24	24.50	28.09	27.43
TOD-025	489	489.8	0.8	16.6	2.53	3.35	5.95	5.64
TOD-025	489.8	490.6	0.8	26.8	5.08	16.60	21.70	21.19
TOD-025	490.6	491.3	0.7	4.6	1.01	1.88	2.87	2.78
TOD-025	491.3	492.3	1	0.6	0.17	0.07	0.23	0.22

TOD-025	492.3	493.3	1	0.6	0.01	0.05	0.07	0.05
TOD-025	493.3	494.3	1	0.2	0.00	0.01	0.01	0.01

Table 3 below highlights the significant intercepts returned from the final assay results for hole TOD-025:

Hole ID	From (m)	To (m)	Interval	Ag_ppm_Total	Pb_%_Total	Zn_%_total	ZnEq(PbAg)%
TOD-025	483.6	491.3	7.70	80.53	9.40	7.29	17.33
TOD-025	485.2	491.3	6.10	97.78	11.39	8.43	20.58
TOD-025	486.30	491.30	5.00	108.28	12.46	9.46	22.77
TOD-025	486.30	490.60	4.30	123.09	14.09	10.54	25.62

### Notes for table 2 and 3:

- Significant Zn Eq intercepts were generated using a 2% Zn Eq trigger value, minimum width of 1m, maximum consecutive waste interval of 2m, minimum average Zn Eq grade >2%.
- Zn equivalent calculations were based on 3 year trailing average price statistics obtained from the London Metal Exchange and London Bullion Market Association giving an average Zn price of US\$2,780/t, Pb price of US\$2,200/t and Ag price of US\$16.4/Oz. Recovery and selling factors were incorporated into the calculation of Zn Eq values. It is the company's opinion that all the elements included in the metal equivalents calculation (Zinc, Lead and Silver) have a reasonable potential to be recovered and sold.
- Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead and is the parameter used to define the cut-off grade used for reporting resources  $(Zn\ Eq\ (PbAg)\% = Zn + Pb*0.904 + Ag*0.019)$ .
- Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead and is the parameter used to define the cut-off grade used for reporting resources  $(Zn\ Eq\ (PbAg)\% = Zn + Pb*0.904 + Ag*0.019)$ .
- No top cutting was applied to Zn, Pb, Ag or Cu grades.
- Interval widths reported are the downhole length and are unlikely to reflect true widths owing to the mineralisation style at the project. True thickness is approximately 70% of the drill thickness.

### Metallurgical Programme

The current second phase of the metallurgical testwork, being undertaken by Wardell Armstrong International, is nearing completion of the final lock cycle testwork and concentrate analysis. Conclusion of this second phase is expected this month, with results expected to be announced shortly thereafter.

On conclusion of the second phase, the significant material recovered from hole TOD-025 will be utilised for a third phase of testwork by Wardell Armstrong International in order to provide a greater degree of spatial representivity across the Toral deposit.

### Competent Person's Statement

The exploration results and activity reported in this announcement have been compiled and reviewed by Mr Luis J. Pérez who is a Member of the Australian Institute of Geoscientists (AIG) and a European Geologist (EurGeol). Mr Pérez has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be regarded as a qualified person under the AIM Note for Mining and Oil & Gas Companies dated June 2009. Mr Pérez consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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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.

**Notes to Editors****Appendix: Further information on the Toral Project****JORC (2012) Mineral Resource Estimate**

The Toral Project is a traditional polymetallic (lead-zinc-silver) deposit, which is hosted over 6km of strike length of the prospective Lower Cambrian Vegadeo Limestone formation, that is regionally mineralised along more than 40km of its extent. The deposit represents a carbonate hosted, structurally controlled deposit type, demonstrating fault-controlled contact, vein, carbonate replacement and breccia styles of mineralisation situated close to and along the boundary between footwall slates and hanging wall limestones and dolomites. Sub-ordinate lead-zinc-silver mineralisation also occurs wholly within the hanging wall limestones and dolomites, approaching the contact with the slates.

Historic drill hole re-logging undertaken by the Company in 2018 provided improved geological, structure, alteration and weathering/oxidation information, which was incorporated into the interpreted geological and mineralised models for the current JORC (2012) mineral resource estimate. Surface mapping and remote data interpretation by Europa Metals has enabled the development of an interpreted fault model, also incorporated into the aforementioned updated geological and mineralised models used in the mineral resource estimate.

**The latest mineral resource estimate (as of 25 October 2019) for the Toral deposit comprised, at a 4% cut-off:**

- An Indicated resource of approximately 2.7Mt @ 8.9% Zn Equivalent (including Pb credits), 5% Zn, 4.2% Pb and 32g/t Ag
  - o Including 130,000 tonnes of zinc, 110,000 tonnes of lead and 2.8 million ounces of silver
- An Inferred resource of approximately 16Mt @ 7.2% Zn Equivalent (including Pb credits), 4.5% Zn, 2.9% Pb and 22g/t Ag
  - o Including 690,000 tonnes of zinc, 450,000 tonnes of lead and 11 million ounces of silver
- Total Resources of approximately 18Mt @ 7.4% Zn Equivalent (including Pb credits), 4.5% Zn, 3.1% Pb and 24g/t Ag
  - o Including 830,000 tonnes of zinc, 570,000 tonnes of lead and 14 million ounces of silver

--The latest resource update identified potentially economic mineralisation ranging from surface to approximately 1,100m below surface. The block model currently extends for a strike length of 3,600m and is still open to the east and west along strike and also at depth when it has not yet been closed off.

Cut-Off Zn Eq (PbAg)%	Tonnes (Millions)	Density	Zn Eq (Pb)%	Zn Eq (PbAg)%	Zn %	Pb %	Ag g/t	Contained Zn Tonnes (000s)	Contained Pb Tonnes (000s)	Ag Troy Oz (Millions)
<b>Indicated</b>										
6	2.1	3	10	11	6	4.7	35	120	100	2.4
5	2.3	2.9	9.6	10	5	4.5	34	130	100	2.6
<b>4</b>	<b>2.7</b>	<b>2.9</b>	<b>8.9</b>	<b>9.5</b>	<b>5</b>	<b>4.2</b>	<b>32</b>	<b>130</b>	<b>110</b>	<b>2.8</b>
3	3.0	2.9	8.3	8.9	5	3.9	31	140	120	2.9
<b>Inferred</b>										
6	11	2.9	8.4	8.9	5	3.5	26	550	360	8.8
5	12	2.9	7.9	8.4	5	3.2	24	610	400	9.7
<b>4</b>	<b>16</b>	<b>2.9</b>	<b>7.2</b>	<b>7.6</b>	<b>5</b>	<b>2.9</b>	<b>22</b>	<b>690</b>	<b>450</b>	<b>11</b>
3	18	2.9	6.7	7.1	4	2.7	21	740	480	12
<b>Total</b>										
6	13	2.9	8.7	9.2	5	3.7	28	670	460	11
5	15	2.9	8.2	8.6	5	3.4	26	740	510	12
<b>4</b>	<b>18</b>	<b>2.9</b>	<b>7.4</b>	<b>7.9</b>	<b>5</b>	<b>3.1</b>	<b>24</b>	<b>830</b>	<b>570</b>	<b>14</b>
3	21	2.9	6.9	7.3	4	2.9	22	880	600	15
<b>Transitional Oxide Material Total</b>										
4	3	2.9	5.8	6.3	3	3.2	27	87	97	2.6
<b>Unweathered Fresh Rock Total</b>										
4	15	2.9	7.8	8.2	5	3.1	23	740	470	11

**Table 4:** Summary of mineral resources for the Toral property reported at a 4.0% Zn equivalent cut-off grade (including Pb and Ag credits) and estimated grade and tonnages at the various cut-off grades. Figures are rounded to reflect the accuracy of the estimate and as such totals may not cast.

**Notes for table 4:**

1. No mineral reserve calculations have been undertaken. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
2. Numbers are rounded to reflect the fact that an Estimate of Resources was reported as stipulated by JORC 2012.

Rounding of numbers may result in differences in calculated totals and averages. All tonnes are metric tonnes.

3. Zn equivalent calculations were based on 3 year trailing average price statistics obtained from the London Metal Exchange and London Bullion Market Association giving an average Zn price of US\$2,780/t, Pb price of US\$2,200/t and Ag price of US\$16.4/oz. Recovery and selling factors were incorporated into the calculation of Zn Eq values. It is the Company's opinion that all the elements included in the metal equivalents calculation (Zinc, Lead and Silver) have a reasonable potential to be recovered and sold.
4. Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead and is the parameter used to define the cut-off grade used for reporting resources (Zn Eq (PbAg)% = Zn + Pb\*0.935 + Ag\*0.018).
5. Zn Eq is the calculated Zn equivalent using lead credits and does not include silver credits (Zn Eq = Zn + Pb\*0.935).
6. The mineral resource estimate set out above for the zinc, lead and silver mineralisation in the Toral Project area is based on a 3D geologic model and wireframe restricted block model that integrated the exploration work on the Toral Project up to 30 September 2019. The block model used uniform cell size of 50x4x50m to best suit the orientation of the mineralisation and sample spacing. The block model was rotated by 20° in plan view to best match the trend of mineralisation. Sub cells were applied to better fit the wireframe solid models and preserve accurate volume as much as possible. Cells were interpolated at the parent block scale using an ordinary kriging.
7. Top cuts were applied to the composite assay grades for 20% Zn, 17% Pb and 125 g/t Ag, any value above the top cut value was reduced to that grade.
8. The Indicated and Inferred mineral resource category for the Toral lead-zinc-silver project set out in Table 2 (at cut-off grades ≥4% Zn Equivalent) comply with the resource definitions as described in the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).
9. The tonnes and grades reported at a cut-off grade of 3% Zn equivalent are below the economic cut-off grade of 4% and as such should not be considered mineral resources, they are shown here for comparison purposes only.

#### Bulk density

The resource database contains 2,373 bulk density measurements, with a total of 177 within the mineralised wireframe.

The mean for the mineralised domain transitional zone is 2.75 g/cm<sup>3</sup> and the mean for the mineralised domain fresh material is 2.85 g/cm<sup>3</sup>. A broad linear relationship between Pb+Zn grade and bulk density was identified from scattergrams and the formula 2.75 + 0.02(Pb+Zn%) used to estimate block density within the block model.

#### Preliminary independent metallurgical test results from Wardell Armstrong International ("WAI") (December 2019).

Overview of sample and metallurgical testwork carried out by WAI:

- Grind calibration tests to assess the Bond Abrasion, Rod and Ball work indices and uniaxial compressive strength;
- First open flotation tests, optimisation of grind size, float cleaning tests and rougher regrind testing;
- Petrographic/mineralogical and scanning electron microscope (SEM) work;
- First/single locked cycle testing; and
- A series of comminution tests were undertaken to investigate the crushing and grinding characteristics of the sample. The testing conducted investigated conventional crushing technologies, the results of which are summarised in the following table:

Comminution Testwork Results			
Comminution Test	Units	Value	
Unconfined Compressive Strength (UCS)	MPa	51.8	
Bond Abrasion Index	-	0.5227	
Bond Rod Mill Work Index	kWh/t	12.69	
Bond Ball Mill Work Index	kWh/t	9.83	

#### Flotation Testwork

A series of tests were undertaken to investigate the recovery of lead and zinc to separate concentrates by means of froth flotation. The testing conducted consisted of: eight rougher flotation tests, four first-stage cleaner flotation tests, six three-stage cleaner flotation tests and a single locked cycle flotation test.

The results of the locked cycle test are summarised below.

Table 2: Locked cycle flotation test results

Product	Mass (%)	Assay			Recovery (%)		
		Pb (%)	Zn (%)	Ag (ppm)	Pb	Zn	Ag
Pb Cl 3 Conc	2.5	57.47	10.06	1,457	84.30	9.65	90.35
Zn Cl 3 Conc	3.4	1.16	55.78	38.6	2.25	70.71	3.17
Zn Cl 1 Scav Tailings	5.3	1.74	2.89	28.8	5.36	5.82	3.76
Zn Ro Tailings	88.8	0.16	0.41	1.3	8.09	13.82	2.73
Feed	100.0	1.73	2.65	40.9	100.00	100.00	100.00

The locked cycle test achieved a lead recovery of 84.3% to a concentrate grading 57.5% Pb and a zinc recovery of 70.7% to a concentrate grading 55.8% Zn. 90.3% of the silver was also recovered to the lead concentrate at a grade of 1,457ppm Ag.

#### Economic highlights from the Company's selected development scenario

Estimated economic forecasts for the Toral Project based on the current level of work (+/-30%) from the Scoping Study (December 2018) comprise:

- US\$110 million net present value (NPV) using a discount rate of 8%;

- 24.4% internal rate of return (IRR);
- Estimated US\$33 million CAPEX for a proposed 450ktpa design capacity plant, including associated auxiliary costs, with infrastructure being situated near portal entrance on the north side of the deposit;
- Estimated total CAPEX of US\$110 million;
- US\$25 per tonne indicative OPEX processing cost at steady state conditions;
- US\$36 per tonne indicative OPEX mining cost utilising mechanised cut and fill; and
- 15-year production plan, with significant potential for extension.

**Basis for announcing economics**

The factors that lead the Company to believe that it has a reasonable basis for announcing a production target and forecast financial information are detailed in the Scoping Study and can be summarised as follows:

Three conceptual underground mining development and production scenarios were considered and developed throughout the Scoping Study, resulting in the identification of a preferred scenario, highlights from which are set out below:

- decline ramp access to the north of the deposit, targeting mine production within the higher-grade core towards the centre of the planned mining blocks;
- entry to mine via a principal decline reaching various levels;
- series of internal mining inclined ramps constructed to access levels;
- mechanised cut and fill (MCAF) mining method proposed;
- 4x4 metre mine standard development size;
- a ventilation raise would be drilled (raise-bored) to provide both adequate ambient conditions underground and a second, emergency means of access/egress into the mine;
- ore transported to a flotation process plant by conveyor or haul truck from the mine and crushed to a suitable product for milling;
- milled ore floated by standard flotation technology to provide lead and zinc concentrate, with silver probably reporting to the lead concentrate for sale as a combined product; and
- 4% Zn Eq cut-off used with potential for mine life extension.

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