

**30 March 2020**

## **Europa Metals Ltd**

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

### **Results for the Half-Year Ended 31 December 2019**

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce its unaudited results for the half year ended 31 December 2019 (the "Half-Year Report").

Please see below extracts from the Half Year Report, being the:

- Directors' Report
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows

A copy of the full Half-Year Report is available on the Company's website at [www.europametals.com](http://www.europametals.com)

For further information on the Company, please visit [www.europametals.com](http://www.europametals.com) or contact:

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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.*

### **Directors' Report**

The Directors present their report on Europa Metals Ltd ("Europa Metals", the "Company" or, together with its controlled entities, the "Group") for the half-year from 1 July 2019 to 31 December 2019.

#### **Directors**

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Evan Kirby  
Laurence Read  
Myles Champion  
Colin Bird  
Daniel Smith

### **Review and results of operations**

#### **Operating Results**

During the half-year from 1 July 2019 to 31 December 2019, the Group recorded a net loss after tax of AUD1,399,416 (1 July 2018 to 31 December 2018: net loss of AUD1,534,312).

#### **Toral Lead-Zinc-Silver Project, Spain ("Torral" or the "Torral Project")**

Following the completion of the Scoping Study announced by the Company in December 2018, workstreams have focused on additional resource drilling, geotechnical drilling, metallurgical testwork and environmental baseline studies.

On 25 September 2019, the Company announced assay results for drill holes TOD-021, TOD-022, TOD-023 and TOD-023D, in respect of its drill campaign initiated in May 2019. The drilling programme provided valuable information for initial metallurgical test work analysis, in order to determine potential processing routes and likely concentrate

products for potential future sale, and for infilling gaps in historical drilling within the Inferred resource area at Toral. Results from the drilling programme were provided to Addison Mining Services Limited ("AMS") in order to obtain an independent update to the project's existing JORC (2012) resource estimate.

Image 1 ([http://www.ms-pdf.londonstockexchange.com/ms/01501\\_1-2020-3-30.pdf](http://www.ms-pdf.londonstockexchange.com/ms/01501_1-2020-3-30.pdf)) presents a grade contour section of one of the high-grade zones at the Toral Project. Hole TOD-023 sits within a zone of >8% ZnEq (PbAg) and supports the premise that the main corridor of mineralisation is continuous.

Image 2 ([http://www.ms-pdf.londonstockexchange.com/ms/01501\\_2-2020-3-30.pdf](http://www.ms-pdf.londonstockexchange.com/ms/01501_2-2020-3-30.pdf)) illustrates the location of Image 1 within the existing Toral Inferred resource block model (as reported on 10 December 2018).

## Updated Resource

On 29 October 2019, the Company announced a first Indicated resource of 2.7 million tonnes ("Mt") @ 8.9% zinc equivalent ("ZnEq") and a 12% increase in the total JORC (2012) Mineral Resource estimate for Toral. The size and grade of the initial Indicated resource exceeded management's expectations following a comprehensive update of the resource model utilising a series of new data sets defined on the project area. Highlights from the updated resource model and estimate included:

- An updated independent JORC (2012) Indicated and Inferred mineral resource estimate from AMS incorporating data obtained from:
  - o 101 diamond (including wedges) and 4 reverse circulation ("RC") drill holes totalling 56,949.50 metres; and
  - o 19 underground channels for 18.75 metres,

which were utilised as the input database for geological modelling and resource estimation.

- Indicated resource of approximately 2.7Mt @ 8.9% ZnEq (including lead ("Pb") credits), 5% Zn, 4.2% Pb and 32g/t silver ("Ag"), at a 4% cut-off.
- Inferred resource of approximately 16Mt @ 7.2% ZnEq (including Pb credits), 4.5% Zn, 2.9% Pb and 22g/t Ag, at a 4% cut-off.
- 12% increase in the total resource tonnes to approximately 18Mt @ 7.4% ZnEq (including Pb credits), 3.1% Pb and 4.5% Zn and 24 g/t Ag, at a 4% cut-off.
  - o 30% increase in contained tonnes of zinc to approximately 830,000 tonnes
  - o 12% increase in contained tonnes of lead to approximately 570,000 tonnes
  - o 8% increase in contained ounces of silver to approximately 14 million ounces

## Metallurgical programme

Following completion of the abovementioned drill programme, metallurgical testwork commenced by Wardell Armstrong International ("Wardell Armstrong") in late September 2019 on the full core wedge (hole TOD-023D) and ¼ core from hole TOD-023 comprising a 61.6kg sample. The preliminary results were reported on 18 December 2019 with the key highlights comprising:

- Locked cycle testing confirmed saleable concentrate quality of the lead, zinc and silver, with good grades reported for each concentrate:
  - o 57.5% lead;
  - o 55.8% zinc; and
  - o 1,457 parts per million ("ppm") (approximately 1.5kg/t) silver grade reporting to the lead concentrate.
- Locked cycle testing further demonstrated good recoveries for each metal:
  - o 84.3% lead recovery;
  - o 70.7% zinc recovery; and
  - o 90.3% silver recovery reporting to the lead concentrate.
- No testing for deleterious elements or by-products was undertaken.

Based on the preliminary results and Wardell Armstrong's recommendations, the Company carried out a further phase of testwork which is expected to be completed during Q1 2020 comprising:

- Second phase locked cycle testwork examining an increased depression of zinc during lead flotation, with the aim of increasing zinc recoveries; and
- Full testing for deleterious elements and by-products following such second phase locked cycle testwork.

## Stakeholder engagement

On 9 August 2019, the Company announced that it had submitted an initial document (the "ID") for formal review by all key administration stakeholders, including the department of the environment, Castilla y León region, Northwest Spain, and private stakeholders consulted by such administration, in connection with the process for obtaining an exploitation license at the Toral Project.

The ID contained a conceptual plan for the Toral Project based on the findings of the Scoping Study, announced by the Company on 10 December 2018. The Company's local engagement activities with principal stakeholders will enable the evaluation, in particular, of the technical infrastructure aspects of the project's future development and seek to secure greater social support.

Feedback from such requisite review will be utilised to structure the environmental parameters for a full exploitation license for Toral and, consequently, enable a first impression by the Junta de Castilla y León on the appropriateness of the Toral Project being developed into a future mining operation.

## Competent person's statement

The information above that relates to Exploration Results is based on information compiled by Mr J.N. Hogg, MSc. MAIG Principal Geologist for AMS, an independent Competent Person within the meaning of the JORC (2012) code and qualified person under the AIM guidance note for mining and oil & gas companies. Mr Hogg has reviewed and verified the technical information that forms the basis of, and has been used in the preparation of, the significant intercepts in this announcement, including all analytical data, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques. Mr Hogg consents to the inclusion of the

matters based on the information, in the form and context in which it appears. Mr Hogg has also reviewed and approved the technical information in his capacity as a Competent person under the AIM Rules for Companies.

## **Corporate**

### *Capital raising*

On 30 September 2019, the Company announced that it had completed a fundraising of £1,000,000 (approximately A\$1.86m) through an oversubscribed fundraising (the "Fundraising") comprising the issue of, in aggregate, 4,000,000,000 new ordinary shares of no par value each in the capital of the Company ("Ordinary Shares") at an issue price of 0.025 pence per share (the "Issue Price"). The Fundraising comprised a placing of 3,400,000,000 new Ordinary Shares arranged by Turner Pope Investments (TPI) Limited ("Turner Pope"), the Company's broker, as agent of the Company, with certain new and existing institutional and private investors (the "Placing") and a subscription by Brandon Hill Capital Limited ("Brandon Hill"), investing in a principal capacity, for 600,000,000 new Ordinary Shares, both at the Issue Price. In addition, one warrant exercisable for a period of 2 years from admission of the Fundraising shares to trading on AIM at a subscription price of 0.0375 pence per Ordinary Share were issued to all participants in the Fundraising for every two new Ordinary Shares subscribed. Accordingly, 2,000,000,000 warrants were issued pursuant to the Fundraising. A further 240,000,000 warrants were issued to the Company's brokers exercisable at the same price of 0.0375 pence per Ordinary Share for a period of three years from admission.

The net proceeds from the Fundraising are primarily being utilised towards progressing the workstreams required for a Pre-feasibility Study at the Toral Project and general working capital purposes.

On 20 December 2019, the Company announced that Turner Pope had assumed the role of sole broker to the Company with immediate effect.

### *Conversion of warrants*

On 4 September 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 212,000,000 new ordinary shares at a price of 0.015p per share and 133,333,334 new ordinary shares at a price of 0.025p per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £65,133.

On 13 September 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 166,666,667 new ordinary shares at a price of 0.025p per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £41,667.

On 10 October 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 66,666,667 new ordinary shares at a price of 0.025p per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £16,667.

On 24 October 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 166,666,666 new ordinary shares at a price of 0.025p per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £41,667.

## **Events subsequent to the reporting date**

On 22 January 2020, the Company announced an operational and strategic update in respect of its wholly owned Toral Project stating that following a strategic review of the project's operations and existing data, the Board intended to focus the Company's activities on engineering and processing optimisation during the course of H1 2020, with drilling activities halted following the completion of hole TOD-025.

On 31 January 2020, the Company announced that the drilling of hole TOD-025 had been duly completed with a wedge, hole TOD-025D, also being drilled off the parent hole to conclude the latest drilling campaign. Core samples obtained from both holes TOD-025 and TOD-025D, and the previously drilled hole TOD-024, were being sent for independent assay.

On 14 February 2020, the Company announced the completion of a geotechnical study on the Toral Project based on the geotechnical logging of the core drilled previously. The geotechnical study recommended that the already selected cut and fill mining method would be the best option to pursue.

On 28 February 2020, the Company announced the results from a recently completed conceptual hydrogeological study and an update on the water monitoring programme in respect of the Toral Project. Eight piezometers for monitoring water conditions in and around the Toral Project area had been installed as part of a planned quarterly monitoring programme.

On 11 March 2020, the Company announced assay results for the abovementioned drill holes TOD-024 and TOD-025. Core obtained from holes TOD-024 and TOD-025 had been 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. The assay results contained the highest-grade intersection obtained by the Company to date from its drilling campaign on the Toral Project and extended the current known high-grade area of the deposit as well as establishing continuity with the results of historic third party drilling campaigns in the 1980s.

On 23 March 2020, the Company announced an update relating to the impact of the coronavirus (COVID-19) global health emergency on the group's operations.

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its

results of operations, financial condition, or liquidity for the 2020 financial year.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

No other matters or circumstances have arisen since the reporting date that may significantly affect the operations of the Company, the results of these operations, or the state of affairs in future financial years.

#### **Coronavirus (COVID-19) impact on operations**

The Company's response to the global coronavirus (COVID-19) health event has been to safeguard all key personnel at all sites and limit all travel, including to work at its sites, following the advice and guidance issued by all relevant health authorities. For the time being, site visits from overseas have been suspended and operations have been amended to primarily reflect the uncertain health security issues, but also to take into account the current status of international equity and commodity markets. With a significant amount of core samples and data having already been retrieved, the Company has taken steps to conserve its existing capital and continue with a series of key, desktop or laboratory based workstreams.

#### **2020-2021 Work Programme**

Europa Metals has been fortunate to have completed some essential field work during 2019-2020 prior to the escalation of the COVID-19 outbreak in Europe, with significant samples retrieved from the latest drilling campaign.

The Company has reacted to the coronavirus health emergency by carefully following guidance issued by the Spanish and UK governments and has halted all non-essential travel and instructed the majority of its workforce to remain working remotely at home. Nevertheless, metallurgical and flow sheet optimisation work can continue from the samples already retrieved.

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019**

	<b>6 months to 31 December 2019 AUD</b>	<b>6 months to 31 December 2018 AUD</b>
<b>Revenue from continuing operations</b>		
Revenue	212	32
Other Income	-	7,187
	<b>212</b>	<b>7,219</b>
Exploration expenditure	(954,762)	(958,396)
Foreign exchange gain	38,362	4,369
Other expenses	(483,228)	(587,504)
<b>Loss before income tax</b>	<b>(1,399,416)</b>	<b>(1,534,312)</b>
Income tax (expense)/benefit	-	-
<b>Net loss after income tax</b>	<b>(1,399,416)</b>	<b>(1,534,312)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net exchange gain on translation of foreign operation	76,804	58,707
<b>Other comprehensive profit/(loss) for the period, net of tax</b>	<b>76,804</b>	<b>58,707</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>(1,322,612)</b>	<b>(1,475,605)</b>
Net (loss) for the period attributable to shareholders of the Company:	(1,399,416)	(1,534,312)
	<b>(1,399,416)</b>	<b>(1,534,312)</b>
Total comprehensive (loss) for the period attributable to shareholders of the Company:	(1,322,612)	(1,475,605)
	<b>(1,322,612)</b>	<b>(1,475,605)</b>

#### **(Loss) per share attributable to the ordinary equity holders of the Company**

<b>Loss per share</b>	<b>Cents per share</b>	<b>Cents per share</b>
- basic (loss) per share	(0.010)	(0.028)
- diluted (loss) per share	(0.010)	(0.028)

### **Consolidated Statement of Financial Position as at 31 December 2019**

	<b>31 December 2019 AUD</b>	<b>30 June 2019 AUD</b>
<b>Current Assets</b>		

Cash and short term deposits	1,596,500	1,052,411
Trade and other receivables	369,861	291,201
<b>Total Current Assets</b>	<b>1,966,361</b>	<b>1,343,612</b>
<b>Non-current Assets</b>		
Plant and equipment	21,927	31,657
Capitalised exploration	1,511,595	1,423,943
Right of use assets	68,826	-
<b>Total Non-current Assets</b>	<b>1,602,348</b>	<b>1,455,600</b>
<b>Total Assets</b>	<b>3,568,709</b>	<b>2,799,212</b>
<b>Current Liabilities</b>		
Trade and other payables	142,878	91,709
Lease liabilities	29,469	-
<b>Total Current Liabilities</b>	<b>172,347</b>	<b>91,709</b>
<b>Non-current Liabilities</b>		
Lease liabilities	28,016	-
<b>Total Non-current Liabilities</b>	<b>28,016</b>	<b>-</b>
<b>Total Liabilities</b>	<b>200,363</b>	<b>91,709</b>
<b>NET ASSETS</b>	<b>3,368,346</b>	<b>2,707,503</b>
<b>Equity</b>		
Contributed equity	42,489,962	40,572,924
Accumulated losses	(42,158,696)	(40,759,280)
Reserves	3,037,080	2,893,859
<b>TOTAL EQUITY</b>	<b>3,368,346</b>	<b>2,707,503</b>

#### Consolidated Statement of Changes in Equity for the half-year ended 31 December 2019

	Issued Capital AUD	Accumulated Losses AUD	Employee Share Incentive Reserve AUD	Option Reserve AUD	Foreign Exchange Reserve AUD	Total Equity AUD
<b>At 1 July 2018</b>	38,079,499	(38,367,110)	491,577	2,028,253	252,152	2,484,371
(Loss) for the period	-	(1,534,312)	-	-	-	(1,534,312)
Other comprehensive income (net of tax)	-	-	-	-	58,707	58,707
<b>Total comprehensive loss (net of tax)</b>	-	<b>(1,534,312)</b>	-	-	<b>58,707</b>	<b>(1,475,605)</b>
<b>Transaction with owners in their capacity as owners</b>						
Shares issued net of transaction costs	928,186	-	-	-	-	928,186
<b>At 31 December 2018</b>	<b>39,007,685</b>	<b>(39,901,422)</b>	<b>491,577</b>	<b>2,028,253</b>	<b>310,859</b>	<b>1,936,952</b>
<b>At 1 July 2019</b>	40,572,924	(40,759,280)	491,577	2,087,837	314,445	2,707,503
(Loss) for the period	-	(1,399,416)	-	-	-	(1,399,416)
Other comprehensive income (net of tax)	-	-	-	-	76,804	76,804
<b>Total comprehensive loss (net of tax)</b>	-	<b>(1,399,416)</b>	-	-	<b>76,804</b>	<b>(1,322,612)</b>
<b>Transaction with owners in their capacity as owners</b>						
Shares issued net of transaction costs	1,917,038	-	-	66,417	-	1,983,455
<b>At 31 December 2019</b>	<b>42,489,962</b>	<b>(42,158,696)</b>	<b>491,577</b>	<b>2,154,254</b>	<b>391,249</b>	<b>3,368,346</b>

#### Consolidated Statement of Cash Flows for the half-year ended 31 December 2019

	6 months to 31 December 2019 AUD	6 months to 31 December 2018 AUD
<b>Cash flows from operating activities</b>		

Interest received	212	286
Payments to suppliers and employees	(410,400)	(814,514)
Payment for exploration and evaluation costs	(1,067,242)	(1,034,671)
<b>Net cash flows used in operating activities</b>	<b>(1,477,430)</b>	<b>(1,848,899)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	-
<b>Net cash flows from / (used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Lease principal repayments	(28,429)	-
Proceeds from issue of shares	2,214,032	987,491
Costs of capital raising	(183,506)	(59,305)
<b>Net cash flows from financing activities</b>	<b>2,002,097</b>	<b>928,186</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>524,667</b>	<b>(920,713)</b>
Cash and cash equivalents at beginning of period	1,052,411	1,272,327
Effect of foreign exchange on cash and cash equivalents	19,422	10,001
<b>Cash and cash equivalents at end of period</b>	<b>1,596,500</b>	<b>361,615</b>

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