

11 July 2019

Europa Metals Ltd

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

Drilling Update: Hole TOD-022 Completed, Hole TOD-023 Commenced for Metallurgical sample, Toral Zn, Pb & Ag Project, Spain

Summary

- Drill hole 2 (TOD-022) which commenced on 11 June 2019 now completed:
 - Target depth of 750 metres reached ahead of schedule; total depth of c.760 metres
 - Core processed and sent to independent laboratory for assay
- Drill hole 3 (TOD-023) commenced on 8 July 2019:
 - Drill hole selected for potential metallurgical sample recovery
 - Located within the high-grade Zn Eq Inferred resource area of Toral (as determined by surrounding previously assayed drill holes)
 - Seeking to replicate visual analysis of results from an un-assayed historic drill hole by Peñarroya-Adaro ("Peñarroya") which was identified and stored within the IGME "National core library", Andalucia
 - Drill hole location for TOD-023 is also significant in terms of defining a potential Indicated Resource and should also contribute to determining the extent of the interpreted, apparent plunging high-grade shoots, already identified at the Toral Project

Europa Metals, the European lead-zinc explorer, announces that the second hole (TOD-022) in its ongoing drill campaign at the 100% owned Toral lead-zinc-silver project ("Toral" or the "Toral Project") has successfully been completed reaching a total depth of 761.30 metres (original target depth of 750 metres). Toral is located in the Province of León, northern Spain, and hosts a JORC (2012) resource estimate comprising 16 million tonnes in the Inferred category @ 7.5% Zn equivalent (Pb, Ag), 3.9% zinc, 3.1% lead and 24g/t silver (equating to 640,000 tonnes of zinc, 510,000 tonnes of lead and 13 million ounces of silver).

Hole TOD-022 Completion

Core from hole TOD-022 has recently been processed and sent to ALS Laboratories Seville for independent analysis. TOD-022 is the second hole in the Company's ongoing diamond drilling campaign and the first to successfully reach its target objective further to the previously announced termination of hole TOD-021 due to a substantial deviation in trajectory.

Hole TOD-023 Commenced

With the successful completion of TOD-022 orientated into the 500 metre plus high grade zone of Toral, the Company commenced drilling of TOD-023 on 8 July 2019. This hole is located within the previously defined high-grade Inferred resource area of Toral and has been selected by the Company to be used to potentially retrieve a metallurgical sample.

Hole selection process

TOD-023 aims to replicate the un-assayed results encountered in an historic Peñarroya drill hole, SJ22, which was drilled as part of a third-party drilling campaign concluded in 1984. Hole SJ22 is proximate to a series of five other historic drill holes whose locations are shown on the map in Figure 1 (see link: [\[RNS TO INSERT LINK\]](#)), which were assayed and reported by Peñarroya as follows:

Hole ID	Easting	Northing	RL (m)	Hole Depth (m)	Depth From (m)	Depth To (m)	Interval (m)	Pb (%)	Zn (%)	Ag (g/t)	Zn Eq (%)
SJ3D	681522	4710021	580	689.2	673	685	12	5.26	10.12	38.14	15.38
SJ10	681412	4710212	412	627.3	619.05	622.15	3.1	4.82	24.68	66.21	29.50
SJ16D	681515	4710017	580	820.6	806.35	815.55	9.2	2.46	7.3	21.71	9.76
SJ12	681412	4710212	412	744.0	733	735.5	2.5	5.18	4.97	27	10.15
SJ12D	681412	4710212	412	765.0	756	758.4	2.4	3.24	12.75	32	15.99

Source: Peñarroya results from IGME “National core library”, 1984. Selected significant historic intercepts (> 5% Zn Eq, including intervals of internal waste up to 2m in thickness) from drilling completed by Peñarroya. Drill holes are diamond core holes, ½ core sampled at average 1.0m intervals. Drill collars were surveyed using differential GPS, co-ordinate system ETRS89, projection UTM zone 29N. 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\$2,500/t, Pb price of US\$2,100/t and Ag price of US\$17/tOz. 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 is the calculated Zn equivalent using lead credits and does not include silver credits ($Zn Eq = Zn + Pb * 0.96$).

The historical hole, SJ22, intersected approximately 5 metres of carbonate-silica breccia Pb-Zn mineralisation, and Europa Metals’ technical team has studied the historic core itself at the National core library, as well as the un-assayed logs of the intersection (refer to Figures 2 and 3 at: [\[RNS TO INSERT LINK\]](#)).

Structural interpretation – high grade ore shoots

The Toral Project’s lead, zinc and silver mineralisation currently comprises at least 2, possibly 3, plunging high-grade shoots. Higher grade mineralisation is 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).

The location of hole TOD-023 will contribute to establishing the continuity and extent of the plunging high-grade shoots observed in the deposit.

Commenting today, Laurence Read Executive Director of Europa Metals, said:

“Hole TOD-022 has been completed on target and to its planned depth, with core procured and sent to the laboratory for assay. Drilling of hole TOD-023, targeting the centre of the previously defined high grade area of the deposit, has recently commenced and seeks to replicate the results of a third party historic, un-assayed hole, which is not currently included within the existing JORC 2012 resource estimate. TOD-023 has three clear objectives: i) recovery of a significant metallurgical sample for metallurgical testwork to determine concentrate product types; ii) to assist with the definition of an initial Indicated resource estimate; and iii) to increase our understanding of how the high grade ore shoots behave and what the relationships might be between the structures as they come to surface.”

Competent Person’s Statement

The exploration results and activity reported in this announcement have been reviewed by Mr James Hogg MSc, BSc (Hons), MAIG who is a Member of the Australian Institute of Geoscientists. Mr Hogg has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to be deemed a qualified

person under the AIM Note for Mining and Oil & Gas Companies dated June 2009. Mr Hogg consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

For further information on the Company, please visit 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.

Notes to Editors:

The core objectives of the current drilling campaign (initiated in May 2019) are as follows:

1. Drill into the higher-grade core of the Toral Project, as defined within the existing Inferred JORC (2012) resource estimate;
2. Target high grade areas within the defined resource to further the Company's understanding of the project, with the aim of increasing confidence in the resource estimate to delineate a portion of the deposit into the Indicated resource category; and
3. Obtain a significant sample for metallurgical testwork by independent consultants to determine the potential Zn, Pb and Ag concentrate composition from Toral. This will provide additional data to assist process plant design and discussions with potential offtake parties.

Rig mobilisation

The drill rig and associated operating crew is being supplied by Sondeos y Perforaciones Industriales de Bierzo SA and is being overseen by the Company's on-site exploration team. The campaign is being conducted using a single drilling rig with assays sent for independent analysis on a rolling basis.

Addison Mining Services Limited ("AMS") has been retained to carry out a revised independent resource estimate update in accordance with JORC (2012) once the campaign has been concluded.

Wardell Armstrong LLP has been engaged to conduct the metallurgical testwork from a representative sample taken from the drilling.

Economic highlights from the Company's selected development scenario

Estimated economic forecasts for Toral 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.

JORC (2012) resource estimate

The Scoping Study was based on a previously announced JORC (2012) resource estimate comprising 16 million tonnes in the Inferred category @ 7.5% Zn equivalent (Pb, Ag), 3.9% zinc, 3.1% lead and 24g/t silver equating to 640,000 tonnes of zinc, 510,000 tonnes of lead and 13 million ounces of silver*.

Cut-Off 4% Zn Eq (PbAg)%	Tonnes (Millions)	Density g/cm ³	Zn Eq (Pb)%	Zn Eq (PbAg)%	Zn %	Pb %	Ag g/t	Contained Zn Tonnes (000s)	Contained Pb Tonnes (000s)	Ag Troy Oz (Millions)
December 2018 Resource	16	2.8	7	7.5	3.9	3.1	24	640	510	13

*Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead; $(\text{Zn Eq (PbAg)\%} = \text{Zn} + \text{Pb} \cdot 0.96 + \text{Ag} \cdot 0.022)$. 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\$2,500/t, Pb price of US\$2,100/t and Ag price of US\$17/oz. Announced on 10 December 2018.