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Europa Metals Ltd

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

US\$156m NPV and 31.3% IRR with a 49% Operating Margin Demonstrated from Independent Preliminary Economic Study Toral Pb, Zn & Ag Project, Spain

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce results from an independent Preliminary Economic Study (the "Study") in respect of its wholly owned Toral lead, zinc and silver project ("Toral" or the "Toral Project"), located in the region of Castilla y León, north-west Spain. The Study has, *inter alia*, updated the economics from the previous Scoping Study undertaken by Addison Mining Services Limited ("AMS") in late 2018 (the "2018 Scoping Study"), and incorporated the positive findings generated from the workstreams conducted by the Company and its consultants over the last 12-18 months, including the results from ore-sorting undertaken by Bara Consulting ("Bara"), metallurgical testwork by Wardell Armstrong International, as well as reflecting a change in the selected future mining method and a general improvement in metal prices since 2018.

Highlights:

- US\$156m NPV at an 8% discount rate
- 31.3% IRR
- 17Mt @ 6.7% ZnEq (including Pb credits) resource (JORC 2012) including indicated resource of 3.8Mt @ 8.1% ZnEq (including Pb and Ag credits) - 4% cut off grade
- Sub-Level Longhole Stopping ("SLOS") mining method selected
- 700k tonnes per annum operation with a 7.6% ZnEq mined grade:
 - o SLOS with ramp/raise-bore shaft access;
 - o 10% dilution;
 - o 3.5m average mined mineralised widths
- Processing comprises an ore sorting front-end using X-ray Transmission ("XRT") followed by grinding and flotation
- Grade/recovery: 3.3% Pb/87%; 4.2% Zn/86%; 26.7g/t Ag/85%
- US\$79m upfront Capex
- 3-year trailing average metals prices of US\$2,668/t for zinc, US\$2,099/t for lead and US\$16.5/oz for silver
- US\$963m Revenue over Life of Mine ("LOM")
- US\$477m Opex over LOM
- US\$471m EBITDA over LOM
- 49% Operating Margin (US\$63.56/t all-in cost)
- 12-year LOM scenario
- Conceptual LOM production schedule incorporates 100% of the existing Indicated resource in the early years, ending with elevated zinc grades in the deep Inferred zones
- Deposit open to the east and at depth for potential production expansion during the mine's life
- Project's 3-year Investigation Permit renewed until 15 November 2023 (as announced previously on 12 November 2020)

Key economic and production factors as summarised within the Study are as follows:

- Significant production expansion over the 2018 Scoping Study, with enhanced economics derived from a change in the mining method, increased ROM, the addition of ore sorting, and

increased understanding of the metallurgical characteristics of the project

- Production profile demonstrates a very robust project capable of producing high grade saleable concentrates within an EU jurisdiction
- Conceptual production schedule terminates in elevated zinc grades within the current Inferred resource areas that remain open at depth as well as to the east. Such open areas have not yet been subject to structured exploration
- Bara recommends moving to the Pre-Feasibility Study ("PFS") stage based on the current data, although notes that the mine plan outlined in the Study would accommodate further production expansion if further resource targets were successfully developed prior to, or during, production

Outlook

The robust updated economics (+/- 30%) for Toral are well supported by a global supply situation for lead and zinc, which the Company's Board believes will put such higher grade potential producers at a distinct commercial advantage.

Aided by the drawdown of the initial tranche (€163,380) of the recently announced innovation grant from the Centre for the Development of Industrial Technology (CDTI), the Company will now progress work streams towards a PFS and ultimately seek to make an application for a mining licence, including:

- Additional resource drilling to:
 - o Convert additional Inferred resources to the Indicated category;
 - o Increase its knowledge base with respect to the potential lower-grade mineralisation zones to potentially bring them into the mining inventory through XRT ore-sorting; and
 - o Geometallurgical drilling
- Further metallurgical testwork on the current ore types identified
- Geotechnical assessment across all aspects of the project:
 - o Rock mechanics
 - o Waste management
 - o Plant location
- Hydrogeological testwork:
 - o Drilling of a further two holes for piezometers
 - o Pump testing
 - o Water monitoring
- Environmental assessment:
 - o Continuation of baseline studies
 - o Increase data gathering
- Social/community aspects:
 - o Build on existing strong relationships with the local community

Such workstreams will help determine the most value accretive ways to develop the Toral project towards production.

Europa Metals will host a webinar, for analysts and industry specialists, further to the release of this announcement, on Tuesday, 24 November 2020 at 3.00 p.m. London time; 4.00 p.m. CET.

The webinar will include a question and answer session following a presentation. To access this event, please email europametals@tavistock.co.uk no later than two hours prior to the scheduled start time.

A recording of the webinar and copy of the presentation, will be made available on the Company's website at www.europametals.com following the event.

Commenting today, Laurence Read, CEO of Europa Metals, said:

"Today's economic report proposes a significantly expanded potential mining operation at the Toral lead, zinc and silver project with a 700k tonnes per annum production rate over a 12-year mine life, within a highly robust operating regime, with a projected 49% operating margin. With a mining grade of 7.6% zinc equivalent and as a potential high margin operator, Toral has the scope to generate over US\$470m EBITDA from US\$963m of revenue over the life of mine from upfront capex of US\$79m and estimated payback in year 4.

"Having recently secured a new three-year Investigation Permit for Toral and with today's updated economics attributing a US\$156m NPV and a 31.3% IRR, the Board shall progress Europa's strategy to secure the most value-accretive pathway to advance the project.

"With work towards a PFS for Toral now underway, we look forward to updating the

market in due course on our hydrogeology programme, planned resource and metallurgical drilling and geotechnical work.

"We are also pleased to confirm that the initial €163,380 tranche of the CDTI grant has been drawn down and received by the Company and look forward to contributing to our technology partnership with SPI drilling and Salamanca University during the forthcoming drill campaign."

Commenting today, Myles Campion, Chairman of Europa Metals, said:

"Today's release of the new economic numbers is a culmination of two years' work covering many aspects of the Toral deposit. All necessary programmes needed to move the project towards a PFS have been completed and we now look forward to advancing all these studies to put the Company in the best position to assess all options."

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.

Summary of the Study

The Study was prepared by Bara Consulting ("Bara") and Addison Mining Services Limited ("AMS") for Europa Metals. Since the compilation of the initial scoping study in 2018 significant further work programmes have been undertaken on the Toral Project including diamond drilling, metallurgical sampling and testwork. Accordingly, Bara and AMS were commissioned to produce this latest technical report to, *inter alia*, assess an updated mine design, production scheduling, process design and cost estimation, market studies and financial modelling and thereby combine the findings to date to determine revised mining and metallurgical parameters for the project.

There have been several notable changes versus the 2018 Scoping Study, including adoption of a revised mining method of sub-level longhole stoping (SLOS), and the introduction of ore sorting to the flowsheet in order to improve metallurgical response and reduce costs.

The Study presents the results of the updated scoping study, including details on mine design, process design, and updated financial parameters of the Project.

Key economic and production factors as summarised in the report are as follows:

- Significant improvement from the 2018 Scoping Study with enhanced economics derived from the change in the mining method, increased ROM, addition of ore sorting and increased understanding of the metallurgical characteristics of the project;
- Production profile demonstrates a very robust project capable of producing high-grade saleable concentrates within an EU jurisdiction;
- Conceptual production schedule terminates in elevated zinc grades within the current Inferred resource areas that remain open at depth as well as to the east. Such areas have not yet been subject to structured exploration; and
- Bara recommends moving to the PFS stage based on the current data, although notes that the mine plan outlined in the Study would accommodate further production expansion if further resource targets were successfully developed prior to, or during, production.

Comparison of the key parameters from the 2018 Scoping Study with the equivalent 2020 Study's parameters are presented in Table 1 below.

Table 1: Comparison of 2020 and 2018 Scoping Study Key Parameters

| | | 2020 | 2018 |
|-------------------|-------------------------|------------------------|-----------------------|
| Resource | Indicated Tonnes | 3.8m | - |
| | Inferred Tonnes | 13m | 16m |
| | Total Tonnes | 17m | 16m |
| | Av. ZnEq.% | 7.3 | 7.5 |
| | Av. Zn% | 4.2 | 3.9 |
| | Av. Pb% | 3 | 3.1 |
| | Av. Ag g/t | 24 | 24 |
| Mining | Rate tpa | 700,000 | 450,000 |
| | Grade ZnEq% | 7.6% | 7.5% |
| | Method | SLOS | Cut&Fill |
| | Approach | Contractor | Owner |
| | Cost | US\$36/t | US\$36/t |
| | LOM | 12 years | 15 years |
| Metallurgy | Process | Sorting+Flotation | Flotation |
| | Recovery (Average) | 85% Zn, 87% Pb, 86% Ag | 93% Zn, 89% Pb, 80%Ag |
| | Cost | US\$22/t | US\$25/t |
| Capex | Mine | US\$86m | US\$46m |
| | Plant | US\$30m | US\$33m |
| | Infrastructure | US\$4m | US\$5m |
| | Other | US\$11m | - |
| | LOM Capex | US\$131m (Y1-12) | US\$159m (Y1-15) |
| | Upfront (to production) | US\$79m | US\$94m |
| Financials | NPV | US\$156m | US\$110m |
| | IRR | 31.3% | 24.4% |
| | Payback Year | 4 | 6 |

Scoping-level economic analysis of the project is presented in Table 2 below based on the parameters determined in the Study. Inputs to the economic analysis include the change in mining method, the updated mining schedule, preliminary metallurgical parameters including ore sorting and flotation responses and updated capex and opex estimates. Three-year trailing average metal prices of US\$2,668/t for zinc, US\$2,099/t for lead and US\$16.5/oz for silver were used for calculation of the cut-off grade and revenue inputs.

Table 2: Toral Project's Key Financial Metrics

| | | |
|-----------------------|----------------|-----|
| Total Revenue | \$ 962,082,494 | USD |
| Operating Cost | \$ 477,642,087 | USD |
| EBITDA | \$ 470,994,169 | USD |
| LOM Capex | \$ 130,000,000 | USD |

| | | |
|---------------------------------|-------------------|-------|
| Net Cashflow | \$ 340,193,508 | USD |
| Pre-Tax NPV (8%) | \$ 156,272,268 | USD |
| Pre-Tax IRR | 31.3 | % |
| Tax rate | 0.0 | % |
| Post-Tax NPV (8%) | \$ 156,272,268 | USD |
| Post-Tax IRR | 31.3 | % |
| Operating Margin | 48.9 | % |
| Payback Period | 5 | Years |
| Peak Funding Requirement | \$ 73,030,551 | USD |

http://www.rns-pdf.londonstockexchange.com/rns/6499F_1-2020-11-17.pdf

Upfront Capex for the project is estimated at US\$79m (and a US\$73m peak funding requirement) with an IRR of 31.3% and NPV of US\$156m at a discount rate of 8%. The operating margin, indicating a very robust project, is 49%. Payback is calculated as occurring in year 4, however it must be noted that this is extended somewhat by the low mining rate and low grades in the early years, and belied by higher rates and grades in the intermediate years of the project.

NPV at US\$156m is significantly improved over the 2018 Scoping Study equivalent figure of US\$110m, with the IRR also improved markedly at 31.3% versus 24.4% in the 2018 Scoping Study. The improvements are primarily the result of accessing shallower resources with consequently a shorter time to production, mining rate optimisation supported by the move to SLOS, as well as capital and operating cost optimisation afforded by the adoption of sorting to reject barren waste ahead of more cost-intensive grinding and flotation stages.

One of the major contributors to the enhanced project economics is the capital efficiencies achieved from both production scale and adaptations to the mining process as outlined within the section below. The 2018 Scoping Study modelled a scenario of US\$94m upfront Capex to production, with payback in Year 6 and US\$159m LOM total Capex. The revised 2020 economic model reduces the upfront capital required to production to US\$79m thereby allowing for payback in year 4 and a reduced US\$131m LOM total capex.

Mining

Further to the findings of a geotechnical study completed in early 2020, the previous Mechanised Cut and Fill (MCAF) mining method was reviewed. Sub-Level Longhole Stopping (SLOS) has now been determined as being the preferred mining option which affords a more cost/time efficient method for underground mining. While the preferred mining method in the 2018 Scoping Study was determined to be cut and fill based on the extant data on mining widths and rock strength, more detailed data on ore zone widths, as well as geotechnical sampling, testwork and analysis conducted since then supports a move to adopt the higher productivity and lower cost SLOS method.

http://www.ms-pdf.londonstockexchange.com/ms/6499F_2-2020-11-17.pdf

Access to the mine will be by both ramp (labour, equipment, rock) and vertical shaft (rock hoisting only). During the initial years of the mine life, access will be by ramp developed conventionally from a boxcut on surface providing access for all labour, equipment and ore haulage from the upper levels to approximately 450mRL. A four metre shaft for rock hoisting only, is then planned from a pilot raise-bore over 18 months from Year 4. Such a shaft will be equipped with a 700kW double drum hoist for rock hoisting in 2 compartments only. Ramp development will then continue to 900m RL from Year 4 until the end of life of mine. 3.5m x 3.5m sublevel drifts will be developed laterally from the ramp at 20 metre intervals in order to access stopes for mining.

http://www.ms-pdf.londonstockexchange.com/ms/6499F_3-2020-11-17.pdf

Table 3: Summary Mining Schedule (Years)

Key observations:

- Payback in Year 4;
- Year 12 ends in high grade zinc; and
- Resource expansion potential exists at depth and along strike to the east.

| | Totals | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|-----------------------------------|--------------|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Development tonnes ('000s) | 747 | - | 9 | 37 | 119 | 84 | 99 | 79 | 145 | 118 | 57 | - | - | - |
| LHOS tonnes ('000's) | 6,459 | - | 129 | 321 | 504 | 615 | 601 | 622 | 556 | 583 | 644 | 698 | 700 | 487 |
| Total Ore tonnes ('000's) | 7,206 | - | 138 | 358 | 623 | 699 | 700 | 701 | 701 | 701 | 701 | 698 | 700 | 487 |
| Waste tonnes ('000's) | 3,035 | 89 | 178 | 334 | 401 | 405 | 378 | 393 | 364 | 352 | 140 | - | - | - |
| RoM Content | | | | | | | | | | | | | | |
| Zn tonnes ('000's) | 301 | - | 3.2 | 8.5 | 18.5 | 27.8 | 29.5 | 28.9 | 31.0 | 33.8 | 28.3 | 31.0 | 33.1 | 27.6 |
| Pb tonnes ('000's) | 241 | - | 2.9 | 8.5 | 24.6 | 30.4 | 25.7 | 24.8 | 22.5 | 24.0 | 24.7 | 23.6 | 17.6 | 11.9 |
| Ag Oz ('000's) | 6,152 | - | 80 | 267 | 648 | 719 | 583 | 554 | 594 | 618 | 641 | 621 | 492 | 335 |
| RoM Content | | | | | | | | | | | | | | |
| Zn% | 4.2 | - | 2.4 | 2.4 | 3.0 | 4.0 | 4.2 | 4.1 | 4.4 | 4.8 | 4.0 | 4.4 | 4.7 | 5.7 |
| Pb% | 3.3 | - | 2.1 | 2.4 | 4.0 | 4.4 | 3.7 | 3.5 | 3.2 | 3.4 | 3.5 | 3.4 | 2.5 | 2.4 |
| Ag g/t | 26.6 | - | 18.1 | 23.3 | 32.4 | 32.0 | 25.9 | 24.6 | 26.4 | 27.4 | 28.5 | 27.7 | 21.8 | 21.4 |

http://www.ms-pdf.londonstockexchange.com/ms/6499F_4-2020-11-17.pdf

Metallurgy and Process Design

Updates to the metallurgical approach and process design were driven by a desire to improve the economics of the narrower and lower grade areas in the upper zones of the resource. Ore sorting delivers several benefits to projects, including reducing capital costs for the same metal production, increasing metal production for the same capital cost, or reducing the overall costs of production. This proven method of pre-concentration was considered key to increasing the value of material mined from such zones prior to subjecting it to conventional flotation.

Two low-grade samples, TOD-024 and TOD-025L, were subjected to sorting testwork at TOMRA GmbH a leading provider of ore sorting technology. Overall, the sorting results for both samples were excellent, with between 45%-50% of the mass rejected at 98% Pb recovery, 96% Zn recovery and 87% Ag recovery. Based on these results it was decided to adopt sorting as a pre-flotation stage for all material generated in the Toral mine plan in order to fully exploit the benefit of this technology.

Grinding and flotation testwork including grind calibrations, bond work index determination, and froth flotation was then undertaken on two fresh samples, TOD-023 and TOD-025H, as well as on the products of the abovementioned sorting testwork undertaken on TOD-024 and TOD-025L.

The high-grade TOD-025H met sample was also subjected to a programme comprising open circuit rougher and cleaner flotation tests. Again, test conditions were optimised for residence time and reagent dosage. TOD-025H demonstrated zinc recovery of 87.7% to a zinc concentrate grading 60.0% Zn, with lead and silver recoveries of 97.4% Pb and 87.8% Ag to a lead-silver concentrate grading 72.3% Pb and 512 g/t Ag respectively. While test results in terms of concentrate grade and recovery to concentrate can be attributed in part to high feed grades in the test sample, the test still demonstrated the potential for excellent recovery of lead, silver and zinc to a concentrate assaying lead and zinc values significantly above those typically found in the market for these ore types.

The TOD-024 low-grade silicified sample was subjected to a total of three rougher flotation tests to investigate flotation performance. While this shallower, silicified ore type was not considered in the 2018 Scoping Study, the sorting testwork undertaken suggests that this ore type may indeed be amenable to beneficiation by sorting plus flotation of the sorted products. Flotation returned recoveries of 72% Pb, 84% Zn and 80% Ag to a combined concentrate grading 15.6% Pb, 18.4% Zn and 158 g/t Ag.

The TOD-023 low-grade fresh sample was subjected to characterisation work including detailed mineralogy, comminution testwork, as well as open and closed-circuit flotation tests to investigate flotation performance. Zinc recoveries of 77.0% to a zinc concentrate grading 59.1% Zn were achieved, with lead and silver recoveries of 83.7% and 87.1% to a lead concentrate grading 60.0% Pb and 1,350g/t Ag respectively. The sample demonstrated acceptable recoveries to readily marketable lead-silver and zinc concentrates, with the possibility of higher recoveries for material free of the silicate and carbonate alteration that was observed. The high grade of silver in the lead concentrate was considered to be particularly encouraging. Further work including metallurgical optimisation to recover non sulphide species, as well as grade/recovery optimisation to

Pb and Zn concentrates is planned.

The results are considered to fairly reflect the average grade of the resource in terms of lead, zinc and silver. Overall, the results indicate average lead, zinc and silver recoveries of 87%, 85% and 85% respectively to a marketable concentrate grading on average >50% Zn, >60% Pb and >600 g/t Ag. A block flowsheet for the selected process is shown in Figure 7.

http://www.ms-pdf.londonstockexchange.com/ms/6499F_5-2020-11-17.pdf

Mineral Resource Estimate

The latest mineral resource estimate (as of 30 October 2020) for the Toral lead-zinc-silver deposit reported in accordance with the JORC code (2012 edition) above a cut-off grade of 4% Zn equivalent (including Pb and Ag credits) comprises:

- An Indicated resource of approximately 3.8Mt @ 8.1% Zn Equivalent (including Pb credits), 4.7% Zn, 3.9% Pb and 30g/t Ag, including:
 - o 180,000 tonnes of zinc, 150,000 tonnes of lead and 3.7 million ounces of silver.
- An Inferred resource of approximately 13Mt @ 6.4% Zn Equivalent (including Pb credits), 4% Zn, 2.7% Pb and 23 g/t Ag, including:
 - o 540,000 tonnes of zinc, 360,000 tonnes of lead and 10 million ounces of silver.
- A total resource of approximately 17Mt @ 6.7% Zn Equivalent (including Pb credits), 4.2% Zn, 3% Pb and 24 g/t Ag, including:
 - o 720,000 tonnes of zinc, 510,000 tonnes of lead and 14 million ounces of silver.

http://www.ms-pdf.londonstockexchange.com/ms/6499F_6-2020-11-17.pdf

The estimation of metal equivalent values used updated inputs from metallurgical test work and modifying factors identified during the 2020 updated Study. These values differ slightly from the values used in the previous Mineral Resource Estimate of 12 August 2020, however the use of the updated parameters has not resulted in any material change.

It is the Company's opinion that all elements included in the metal equivalent calculation (Zn, Pb and Ag) have a reasonable potential to be recovered and sold.

The August 2020 resource update identified potentially economic mineralisation ranging from surface to approximately 1,100m below surface. The latest 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 where it has not yet been closed off.

The Inferred and Indicated resource for the Pb-Zn-Ag mineralisation located on the Toral Project's licence area estimated at various cut-offs is shown in Table 4 below.

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 estimations.

| 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) |
|-----------------------|-------------------|------------|-------------|---------------|------------|------------|-----------|----------------------------|----------------------------|-----------------------|
| Indicated | | | | | | | | | | |
| 6 | 2.8 | 2.9 | 9.3 | 10 | 5.4 | 4.5 | 34 | 150 | 130 | 3.1 |
| 5 | 3.3 | 2.9 | 8.7 | 9.4 | 5 | 4.2 | 32 | 170 | 140 | 3.4 |
| 4 | 3.8 | 2.9 | 8.1 | 8.8 | 4.7 | 3.9 | 30 | 180 | 150 | 3.7 |
| 3 | 4.1 | 2.9 | 7.7 | 8.4 | 4.4 | 3.8 | 29 | 180 | 150 | 3.8 |
| Inferred | | | | | | | | | | |
| 6 | 8 | 2.9 | 7.6 | 8.3 | 4.7 | 3.4 | 29 | 360 | 260 | 7.2 |
| 5 | 10 | 2.9 | 7 | 7.6 | 4.4 | 3 | 26 | 450 | 310 | 8.6 |
| 4 | 13 | 2.9 | 6.4 | 6.9 | 4 | 2.7 | 23 | 540 | 360 | 10 |
| 3 | 17 | 2.9 | 5.8 | 6.2 | 3.7 | 2.4 | 20 | 610 | 400 | 11 |
| Total | | | | | | | | | | |

| | | | | | | | | | | |
|------------------------------------|-----------|------------|------------|------------|------------|----------|-----------|------------|------------|-----------|
| 6 | 11 | 2.9 | 8.1 | 8.8 | 4.9 | 3.7 | 30 | 510 | 390 | 10 |
| 5 | 14 | 2.9 | 7.4 | 8 | 4.5 | 3.3 | 27 | 620 | 450 | 12 |
| 4 | 17 | 2.9 | 6.7 | 7.3 | 4.2 | 3 | 24 | 720 | 510 | 14 |
| 3 | 21 | 2.9 | 6.2 | 6.7 | 3.8 | 2.7 | 22 | 790 | 550 | 15 |
| Transitional Oxide Material | | | | | | | | | | |
| 4 | 3 | 2.9 | 5.7 | 5.1 | 2.6 | 2.9 | 27 | 75 | 83 | 2.5 |
| Unsilicified Fresh Rock | | | | | | | | | | |
| 4 | 14 | 2.9 | 7.6 | 7.1 | 4.5 | 3 | 24 | 640 | 430 | 11 |

Notes:

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 is being reported. 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\$2,668/t, Pb price of US\$2,099/t and Ag price of US\$16.5/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 ($Zn\ Eq\ (PbAg)\% = Zn + Pb*0.877 + Ag*0.022$).
5. Zn Eq is the calculated Zn equivalent using lead credits and does not include silver credits ($Zn\ Eq = Zn + Pb*0.877$).
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 21 January 2020. The block model used uniform cell size of 25x10x25m 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 of 125g/t Ag were applied to the data. Zn and Pb were cut to 25%.
8. The Indicated and Inferred mineral resource category for the Toral zinc-lead-silver project set out in Table 4 (at cut-off grades >4% Zn Equivalent) comply with the resource definitions as described in the Australasian Code for 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.

Infrastructure

The Toral Project is located approximately 400km northwest of Madrid, near Ponferrada in the province of León. The city of León, the capital of the province, is around 140km to the east by road. The Toral exploration licence 15.199 referred to as a Permiso de Investigación (P.I.) covers an area of 20.29km², centred on co-ordinates 682467E, 4708159N. The minerals for investigation are lead, zinc, silver and limestone. The current licence period extends to November 2023 and is held by Europa Metals Iberia, S.L. which is wholly owned by Europa Metals Ltd.

The distance from León to Ponferrada is approximately 113km via motorway (AP-71) and dual-carriageway (A-6). The Toral Project licence is well serviced by the sealed roads A-6 and N-120 from Ponferrada. Connections by rail are serviced by the nearby station at Toral de los Vados, with access to the Asturiana lead-zinc smelter 200km north by rail via León, and HT power is available along the road alignment.

Underground mine infrastructure will include ventilation, dewatering, power and communications. Power will be provided from a main substation located at the portal, and reticulated underground via the service raises at 3,300V with section transformers 3300V/525V for use on ventilation and pumping equipment in the main and sub-levels. A charging station, planned to be moved every year, will be located at the intersection of the main sub-level drive and the ramp for the re-charging of load, haul, dump machines (LHDs). Recharging of other electric fleet (trucks, drill rigs, utility vehicles) will be via a main charging station located at the surface mine workshop. Communications and control will be by pervasive underground WLAN backbone with WiFi in operating sections. A mine control room is planned at the portal, connected to the main control room via WLAN.

Main structures include the hoist headgear, portal office/workshop, and plant building/workshop. Dry-stacking of tailings is anticipated, with inherent maximum recirculation of water to the process.

Environmental

Desktop environmental studies, as well as initial biodiversity, geochemical, water and land classification surveys have now been completed. Land-use designation modification, and potential acquisition to suit project development parameters, has also been initially considered. Further environmental and social items, including permitting requirements, surface and groundwater impacts, archaeological aspects and occupational health and safety aspects were also reviewed. A review of the 2018 closure estimate confirming adequate closure provisions of US\$6m in Year 12 was also conducted. Recommendations for further ongoing work towards a PFS include: comprehensive weather, traffic, water, soil and air quality baselining; stakeholder surveys and consultations; visual impact assessments; and non-mining waste generation assessments. The development of an Emergency Response plan is also recommended.

Conclusions

The overall project economics have improved versus the 2018 Scoping Study. The update shows a revised NPV of US\$156m with an IRR of 31.3% based on all-in cash operating costs of US\$66/t, total capex of US\$130m including a US\$5m royalty and US\$6m closure cost, using 3-year trailing average metal prices of US\$2,668/t for zinc, US\$2,099/t for lead and US\$16.5/oz for silver. An operating margin of 49% describes a very robust project.

In addition, further upside potential has been identified relating to the following:

- Extensive and shallow high-grade silicified material was excluded from the mine plan on account of insufficient metallurgical support for the production of saleable concentrate from such material. However, only low-grade instances of this material have thus far been tested, and with additional sampling and testwork on high grade instances of silicified material it is deemed likely that substantial additional inventory could be added early in the mine life;
- The project economics are fundamentally constrained by several factors, including the location and depth of the main portion of high-grade mineralisation relative to the point of access on surface and the relatively narrow and limited width of upper areas accessed early in the present mine plan. Alternative ramp development approaches, including tunnel boring machines (TBM), while representing increased and earlier capex versus the current plan, could access these deeper high-grade resources earlier and therefore significantly improve project economics. Increased vertical rate of advance would also assist in increasing the planned mining rate in excess of the current 700,000 tpa, again improving project economics; and
- The deposit remains extensive along strike, as well as extensive at depth beyond the extents of the current conceptual production schedule. Additionally, grades and continuity of the orebody at the current limit of drilling data suggest that deeper drilling, although capital intensive and not currently planned, could potentially define further deep high-grade resources which could potentially profitably extend the current conceptual mine life.

Recommendations from Bara and AMS

The Study describes a robust, high value project with significant upside potential, including extension along strike and depth of the current resource and substantive possible optimisation of both the mine design and metallurgical design. It is therefore recommended to progress towards a PFS for the project. Substantial further work is required in order to successfully move the project towards the PFS stage:

- Infill and step-out drilling in order to provide Indicated resources sufficient to support at a minimum the mine plan described in the report;
- Targeted drilling to better define and develop near surface mineralisation and shallow extensions to the conceptual production schedule;
- Improved interpretation of the fault models, with an aim of generating inclined fault planes and correlation of surface fault expressions with drillhole observations;
- Further deposit characterisation and mineralogical studies to confirm the number and characteristics of ore types to be sampled and tested for PFS metallurgy;
- An advanced metallurgical sampling and test programme including production of

LOM composites of all principal ore types and testing of those composites for both sorting and flotation response;

- Confirmation of levels of deleterious elements in feed ore and concentrates;
- Advanced geotechnical work including confirmatory drilling, logging, sampling and testwork in zones of major infrastructure such as ramps and shafts, as well as additional drilling, logging, sampling and testwork within the orezone in order to complete detailed stope design;
- Advanced geohydrological work including drilling, logging and air-lift tests to determine aquifer extents, and to support groundwater modelling for inflow determination and dewatering design;
- Complementary resource drilling programmes, to increase confidence in extensions along strike as well as, if deemed economically feasible, to define potential extension at depth; and
- Commencement of comprehensive weather, traffic, water, soil and air quality baselining; stakeholder surveys and consultations; visual impact assessments; and non-mining waste generation assessments.

Competent Person's Statement

The Study for Toral was prepared by Dr A. Bamber, PhD. PEng., MCIM, Principal Process Engineer for Bara Consulting; Mr. C. Brown B.Sc. Pr. Eng., FSAIMM, Principal Mining Engineer for Bara Consulting; Mr J.N. Hogg, MSc. MAIG Principal Geologist for AMS; Mr R. J. Siddle, MSc, MAIG Senior Resource Geologist for AMS; and Dr S. Struthers CEnv, FIMMM, Associate Environmental Consultant for Bara Consulting together being independent Competent Persons within the meaning of the JORC (2012) code and qualified persons under the AIM Note for Mining and Oil & Gas Companies. Dr Bamber, Mr Brown, Mr Hogg, Mr Siddle and Dr. Struthers have reviewed and verified the technical information that forms the basis of, and has been used in the preparation of, the Study and this announcement, including all analytical data, assumed and acquired technical and economic inputs, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques, and consent to the inclusion in this announcement of the matters based on the information, in the form and context in which it appears. Dr Bamber, Mr Brown, Mr Hogg, Mr Siddle and Dr. Struthers have also reviewed and approved the technical information in their capacities as qualified persons under the AIM Rules for Companies.

Additionally, Dr. Bamber confirms that the entity is not aware of any new information or data that materially affects the information contained within the Company's previous announcements referred to herein.

ENDS

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