

STATEMENT REGARDING COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

Chairman's Corporate Governance Statement

The Board of the Company, which is responsible for the direction and oversight of its activities, believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is essential to the Company's success both in the medium and long term. As announced on 12 June 2020, the Company has therefore adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as its benchmark for governance matters. The application of such principles enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Company, including employees, suppliers and business partners.

My role as Executive Chairman effectively combines the roles of chairman and an executive director although, in practise, much of the day-to-day running of the Company's operations is delegated to key executives who are not directors of the Company. Whilst this does not satisfy the QCA guidance that the "chair must have adequate separation from the day-to-day business to be able to make independent decisions", this reflects the size, nature and early stage of development of the Company and its business and the continued combination of the two roles will be regularly reviewed as the business develops further.

The Board currently comprises an Executive Chairman, one other executive director and two non-executive directors. It is the main decision-making body of the Company, being responsible for: a) the overall direction and strategy of the Company; b) monitoring performance; c) understanding risk; and d) reviewing controls. It is collectively responsible for the success of the Company. The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director. However, the Company operates Audit, Remuneration and Nominations Committees.

Daniel Smith, a non-executive director of the Company, is also employed as its Company Secretary and assists with the preparation of its accounts. The Board considers that this does not impair his judgement as an independent director of the Company.

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage in its development in accordance with general market practice.

The Board maintains a regular dialogue with Strand Hanson Limited, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules for Companies and other governance requirements.

We continue to review our approach to governance and how the views of stakeholders are represented in our oversight of the business. The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to any additional regulatory or other relevant guidance.

Myles Champion
Executive Chairman

6 October 2020

Adoption of the QCA Corporate Governance Code

As a company quoted on AIM, Europa Metals is required to comply with a recognised corporate governance code. At this stage of its development and with its primary market quotation being in the UK, the Board believes it appropriate for Europa Metals to adopt the QCA Code, which is specifically designed for growing companies.

This statement summarises how Europa Metals currently complies or otherwise with each of the ten core principles of the QCA Code. Europa Metals will report further on its compliance with the QCA Code on an annual basis.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Europa Metals has a clearly articulated strategy and business plan as a European focused exploration and development company, with its wholly owned Toral lead-zinc-silver project in northern Spain (the “Toral Project”).

Our business model is centred on the continued advancement of the Company’s Toral Project located in the province of Castilla y León, north west Spain. We are pursuing our efficient and cost effective approach to exploration and development including the prosecution of several drilling campaigns designed to extract maximum value and information from each drill hole. This approach has seen Europa Metals successfully complete a number of workstreams that will ultimately feed into a Pre-Feasibility Study.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the information included in the Company’s annual and interim reports and required public announcements, there is regular dialogue between the Board and senior management and shareholders including regular presentations to investors, including one-to-one meetings with major shareholders in addition to specific meetings with shareholders relating to major transactions.

An up to date information flow is also maintained on the Company’s website (www.europametals.com) which contains all press announcements and financial reports as well as operational information on the Company’s activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of each year’s activity and the corporate outlook for the Company.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board believes that long-term success relies upon good relations with a range of different stakeholder groups, both internal and external. Most importantly, however, we act with utmost respect for people, communities and the environment.

As part of our business model, we identify the relationships on which the Company relies, including suppliers, customers, partners and other stakeholders, and seek to maintain and improve these relationships in a number of ways. We regularly seek to obtain, and take action on, feedback from our employees, our suppliers and other parties with whom we transact, as to how we can best maintain and improve our dealings with each other. We have also embarked on a formal stakeholder engagement process with respect to the planned eventual securing of an exploitation licence for the Toral Project.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Financial controls

The Board is responsible for reviewing and approving overall Company strategy, approving budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Budgeting and planning is undertaken by management in conjunction with the Executive Chairman.

Non-financial controls

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to the Company's plans. The Board has ultimate responsibility for the Company's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Company. The principal elements of the Company's internal control system include:

- Close management of the day-to-day activities of the Company by the Executive Directors;
- A forecast budget is utilised to track actual performance on a regular basis, including detailed periodic reporting of performance against budget; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Company continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available.

Other areas subject to regular ongoing review as the Company grows, include regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity).

Risk management policies

As part of its Corporate Governance Plan, the Company has a number of policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Corporate Code of Conduct
- Share Dealing Code / Trading Policy
- Shareholder Communications Strategy
- Audit and Risk Committee Charter
- Risk Management Processes
- Anti-Bribery Policy
- Whistleblower Policy

Roles and responsibilities

The risk management and other policies listed above describe the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the risk management policies and for satisfying itself that the Company has a sound system of risk management and internal control that is operating effectively.

Risk management and other policies will be reviewed annually.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board currently comprises an Executive Chairman, one executive director/CEO and two non-executive directors. All directors retire by rotation with at least one third submitting themselves for re-election each year at the Company's Annual General Meeting.

Executive directors of the Company are required to work such hours as are required to fulfil their obligations to the Company and have service contracts with a 6-month notice period. They are not precluded from having other outside business commitments.

Non-executive directors have letters of appointment with a 1-month notice period and are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. Their letters of

appointment provide no indicative time commitment, but they are required to devote sufficient time as may reasonably be necessary for the proper performance of their duties.

The Board considers that both of the non-executive directors, are independent in character and judgement.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

During the financial year ended 30 June 2020 the number of Board meetings held and those attended by each Director were as follows:

<i>Director</i>	<i>No. of Board meetings eligible to attend</i>	<i>No. of Board meetings attended</i>
Myles Champion	7	7
Laurence Read	7	7
Evan Kirby	7	7
Daniel Smith	7	7

In addition to the formal meetings of Directors above, the Board has held regular and frequent discussions throughout the year and passed circular resolutions on all material matters.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Experience and capabilities

The Board is satisfied that, between its Directors, it has an effective balance of skills and experience including technical and commercial mining industry knowledge and expertise and experience in sales, operations, performance improvement, finance, commercial law and capital markets. Each Board member brings a mix of different capabilities which blend well into a successful and effective team.

Board members maintain their skillsets through practice in day-to-day roles enhanced with continuing professional development and specific training where required.

Biographies for each Board member are published on the Company's website and in the Directors' Report.

Internal Advisory Responsibilities

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director.

All Directors have access to the advice and services provided by the Company Secretary whose appointment and removal is a matter reserved for the Board. Daniel Smith, a non-executive director of the Company, fulfils the role of Company Secretary by, amongst other things, carrying out the following functions:

- preparing board packs, agendas and minutes and facilitating the flow of Board information between senior executives and non-executive Directors;
- implementing Board policies and procedures;
- liaising with the Company's nominated adviser and other professional advisers;
- advising the Board, on corporate governance matters, the application of the Company's Constitution, and other applicable laws; and
- inducting new Directors.

The Board maintains a regular dialogue with Strand Hanson Limited, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules for Companies and other governance requirements.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage in its development in accordance with general market practice.

Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board believes that a healthy corporate culture both protects and generates value for the Company. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. We do this using certain rule based procedures (such as our formal Corporate Code of Conduct) and, more importantly, by the behavioural example of individual Board members and senior managers. These values, which we seek to instil throughout the Company, include integrity, respect, honesty and transparency. As a small company, these characteristics are far more visible to staff than might otherwise be the case. We also hold internal meetings at which Directors and staff discuss matters, both formally and informally.

The Company operates a well-defined organisational structure through which we seek to determine that these ethical values and behaviours are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board

The Board is responsible for the long-term performance of the Company. There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Corporations Act. This list includes matters relating to: a) appointing executive directors and determining their remuneration; b) determining strategy and policy; c) reviewing and ratifying risk management and compliance systems and controls; d) approving major capital expenditure, acquisitions and disposals; e) approving and monitoring budgets and the integrity of financial reporting; f) approving interim and annual financial reports; g) approving significant changes to the organisational structure; h) approving any issues of shares or other securities; i) ensuring high standards of corporate governance and regulatory compliance; j) the appointment of the Company's auditors.

The Executive Chairman's role involves both the leadership of the Board (including responsibility for the establishment of sound corporate governance principles and practices) and leading the Company's executive management team in the execution of its strategy. He also plays a pivotal role in developing and reviewing the strategy in consultation with the Board.

Notwithstanding the QCA Code's recommendation that the role of Chairman and an Executive Director are not combined, Europa's use of an Executive Chairman reflects the size, nature and early stage of development of its business. The Board anticipates that the continued combination of the two roles will be regularly reviewed as the business develops further.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in day-to-day operations, providing executive leadership to managers, championing the Company's core values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge and are tasked with scrutinising the performance of management, providing constructive challenge to the executive directors and ensuring that the Company is operating within the governance and risk framework approved by the Board.

Board Committees

The Company's Board Charter requires it to establish Audit, Remuneration and Nominations Committees to assist the Board in fulfilling its duties once the Board has determined that it is of a sufficient size and structure.

The Company has established and operates an Audit Committee, a Remuneration Committee and a Nominations Committee. The Company has also established an (informal) technical committee.

Evolution of the Corporate Governance Framework

During 2020, a number of changes have been introduced to the Company's corporate governance procedures which will serve to improve ongoing compliance with the QCA Code as far as practicable and appropriate.

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to any additional regulatory and other relevant guidance.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through its annual report and accounts, half yearly results and other updates, its annual general meeting and one-to-one meetings with certain existing and potential new shareholders.

The Company's website contains, *inter alia*, the outcomes of shareholder votes cast at such Annual General Meeting and historic annual accounts, half-year reports and AGM notices.

In formally adopting the QCA Code as its corporate governance framework, the Board has reviewed all aspects of compliance and has taken action to improve disclosures in its annual report and accounts and on its website.

This corporate governance statement is dated 6 October 2020 and has been approved by the Board.