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Europa Metals Ltd

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

Second Phase Metallurgical Test Results Received for Toral Pb, Zn & Ag Project, Spain

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce that, following completion of the second phase of metallurgical testwork, it has received an updated independent metallurgical report (the "Report") from Wardell Armstrong International ("WAI"), in respect of material from the Company's 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:

- High-grade recovery results from second phase metallurgical testing conducted by WAI:
 - o 83.7% Pb recovery to a 60.0% Pb concentrate;
 - o 87.1% Ag recovery to 1,350ppm Ag within Pb concentrate; and
 - o 77% Zn recovery to a 59.1% Zn concentrate.
- Significant improvements, as a result of optimisation work, in the grade of each concentrate when compared with the results of the first phase of metallurgical testwork.
- First chemical analysis completed.
- Results demonstrate the potential for high-grade saleable and marketable Pb and Zn concentrates.
- Further work on process optimisation (ore sorting) to commence shortly, for which the Company is fully funded.

Objectives of the second phase metallurgical testwork

Metallurgical testwork carried out to date has been based on only one area of the Toral resource and further representative tests will need to be undertaken in due course. However, the recoveries and grades obtained from the testwork to date are considered by the Company to be towards the higher end of management's expectations. As such, the Board is pleased with the significant improvements demonstrated from the second phase of testwork.

The objectives of the second phase work programme were to follow on from the initial testwork, announced on 18 December 2019, and thereby optimise the potential zinc and lead/silver concentrate products for potential future sale, assuming that Toral is developed into a producing mine. In particular, the technical objectives were as follows:

- To determine the grinding characteristics of the material with respect to ore hardness and abrasivity;
- To chemically and mineralogically characterise the ore with respect to the main elements/minerals of interest; and
- To investigate the flotation of the lead and zinc bearing minerals to separate concentrates by means of selective flotation.

WAI also tested for deleterious elements, albeit from only one area of the Toral resource. The Company intends, in due course, to use the data obtained from such chemical analysis to progress its understanding of the Toral Project's commerciality and for an eventual market study.

Summary of Report's Key Findings

The metallurgical results contained herein arise from a testing programme that culminated in a second locked cycle test. Such testwork achieved the following

recoveries:

- o 83.7% Pb recovery to a 60.0% Pb concentrate;
- o 87.1% Ag recovery to 1,350ppm Ag within Pb concentrate; and
- o 77.0% Zn recovery to a 59.1% Zn concentrate.

These results show that the amount of lead recovered has remained broadly unchanged versus the lead recoveries obtained from the first locked cycle test. However, there has been a 2.5% increase in the Pb concentrate grade and zinc recovery has increased by 6.3% with a 3.3% increase in Zn concentrate grade.

The Board considers that such grades, assuming that Toral is developed into a future producing mine, should result in both concentrates being readily marketable, with the high grade of silver in the lead concentrate also likely to result in attractive payment terms from potential future off-takers.

Analysis of the final concentrates for deleterious elements has highlighted the need for further testwork optimisation in order to keep them below the level that could incur a penalty from off-takers/smelthers. However, without a separate marketing study to confirm this, no firm conclusions can be drawn at this stage. Importantly, the concentrates are free from a number of deleterious elements otherwise present in concentrates from the region, including iron, arsenic and bismuth. Additional testing has therefore been recommended by WAI to confirm the existence or otherwise of such deleterious elements across other parts of the deposit and, if present, to consider potential methods with which to limit or mitigate their impact.

Next steps

Following these latest results, Europa Metal's intends to immediately commence an analysis of ore sorting as a specific optimisation route, which has presented itself as a viable possibility from WAI's findings. Accordingly, mineralisation in the upper portion of the ore body will now be tested using XRT (X-Ray Transmission) ore sorting techniques to assess its amenability to pre-concentration and to determine the viability of XRT within the process route by utilising existing samples from distinct lithological areas already sampled from holes TOD-024 and TOD-025.

The Company will also, simultaneously with the above mentioned ore sorting analysis, undertake a further metallurgical test on mineralisation sampled from the high-grade intersection encountered in hole TOD-025. This assessment will provide further context to the variability work required to advance the project towards a pre-feasibility study by spatially assessing the mineralisation across the possible mining area identified within the scoping study (as announced by the Company in December 2018). It is anticipated that the results from such further metallurgical testwork will enhance the Company's understanding of the concentrate characteristics.

In addition, the Company is continuing to progress its hydrogeological and environmental programmes, along with its community engagement plan.

Myles Campion, Technical Director of Europa Metals, commented:

"The second phase metallurgical programme at Toral has proven to be successful with both Pb and Zn concentrates showing healthy recoveries and grades, with Ag being complementary to the Pb content. The programme has also provided some insight into possible areas for improvement and optionality that requires further work.

Such additional activities will include an assessment of the amenability of the lower grade mineralisation, present in a distinct lithological unit in the upper portion of the deposit, via the application of XRT ore sorting technology. We will also undertake a new round of metallurgical work on the high-grade intersection from hole TOD-025, thereby supplying spatially distinct data and further concentrate analysis, which will enable the Company to further assess the process flowsheet.

Our technical team has shown great flexibility and initiative over the course of the last 12 months which has enabled us to provide enough core sample from recent drilling campaigns to pursue further metallurgical and optimisation work."

Laurence Read, Executive Director of Europa Metals, commented:

"These further metallurgical results are excellent and show that Toral has the potential to produce high grade, saleable concentrates. We are particularly pleased with the increase in zinc recovery versus the first set of results and the significant silver credit.

We believe that Toral has the potential to be a near term producer of silver, lead and zinc but that further work must be carried out on the flow sheet before looking to move towards future development. In addition, importantly, chemical analysis has allowed Europa Metals, for the first time, to look at potential smelter suitability for the project, although additional assessment is required, as part of the overall flow sheet optimisation process, to reduce by-product elements."

Additional information from the Report

Optimum flotation conditions

Optimum flotation conditions were defined following several stages of testing consisting of 11 rougher flotation tests, four first-stage cleaner flotation tests, 11 three-stage cleaner flotation tests and two locked cycle flotation tests.

The second locked cycle ("LCT2") test confirmed recovery of 83.7% of the lead to a concentrate grading 60.0% Pb and 77.0% of the zinc to a concentrate grading 59.1% Zn. Silver recovery to the lead concentrate was 87.1% to a grade of 1,350ppm Ag.

LCT2 showed better recoveries of Zn than achieved in the first locked cycle test ("LCT1"), with similar Pb recoveries, which suggests that there is scope to further improve results in future stages of the project. The results of the two locked cycle tests are summarised in the table that can be accessed via the link below.

http://www.rns-pdf.londonstockexchange.com/rns/8089J_1-2020-4-15.pdf

Deleterious elements

Subsequent detailed chemical analysis of the LCT2 concentrates showed the presence of some potentially deleterious elements within both of the concentrates.

Levels of some potential impurities may require further investigation, and alternative metallurgical solutions will be tested if required following discussions with potential off-take partners. However, as smelter terms are specifically negotiated on a project-by-project basis based on a number of factors, including the overall chemical composition of the concentrates, the Report cannot give a definitive view on the marketability of the concentrates. A separate marketing study would therefore be required to confirm saleability of the concentrates. However, in light of the high-grade of primary metal within each of the concentrates, it is anticipated that the concentrates could be readily saleable, which should be considered beneficial to the project.

Comminution testwork

Unconfined compressive strength (UCS) testing of three samples of core, reported UCS values ranging from 44.2 to 60.8 MPa. Bond Abrasion Index testing showed the samples, using standard classification criteria, would be classed as being "moderately abrasive".

The Bond Rod Mill Work Index for the samples was 12.69 kWh/t which is classified as "medium" with respect to coarse ore grindability using standard classification criteria; and Bond Ball Mill Work Index testing showed the samples to have a Ball Mill Work Index value of 9.83 kWh/t when tested at a closing screen size of 180µm (D80 128µm). Using standard classification criteria, this value would again be classed as "medium" with respect to fine ore grindability.

Mineralogical Analysis

Petrographic analysis was undertaken on three samples of core, selected by Europa Metals, to provide information relating to the general ore mineralogy, textures and associations.

Separately, a SEM study was performed on a representative sub-sample of the composite which had been ground to 80% passing 150µm and sized into three size fractions.

Size-by-size analysis of the material showed the distribution of the lead to be finer than that of the zinc with 48.9% present below 38µm compared with 32.8% for the zinc, whilst modal analysis showed the main minerals present to be dolomite (48.5%) and calcite (34.5%). This determination was confirmed by separate XRD analysis.

Analysis of the deportment of the main elements of interest (Pb & Zn) showed that, whilst 99.5% of the lead present was in the form of galena, which is readily amenable to recovery by means of froth flotation, only 88.6% of the zinc was present in the form of

sphalerite, which is amenable to recovery by flotation. Of the remaining 11.4% of the zinc, 5.8% was present in dolomite, 2.5% in smithsonite, 1.1% in willemite and 2.0% as 'others', none of which are readily amenable to flotation, limiting the maximum amount of zinc that could be recovered by this methodology.

Liberation analysis showed the galena to be moderately well liberated with 54.2% classified and 'liberated' and a further 24.3% classed as 'middlings' (78.5% total) at a grind size of 150µm. In comparison, the liberation characteristics for sphalerite were much improved with 82.9% classified as 'liberated' and 6.7% as 'middlings'.

WAI's recommendations for further work

Whilst the results reported above are considered by the Company to be most encouraging, WAI has recommended a further work programme which Europa Metals intends to commence in the near-term, comprising:

- Ore sorter testwork to investigate the potential to pre-concentrate the lead/zinc mineralisation prior to flotation as a means to increase head grade, which may further benefit the metallurgical performance;
- Further optimisation testing to continue to develop suitable conditions with which to maximise the recovery of lead and zinc from the ore;
- Variability testing on samples of varying grade/lithology/mineralisation type and spatial location across the deposit to highlight any potential change in metallurgical response, including penalty levels within the resulting concentrates;
- Comminution testing to enhance the understanding of the crushing and grinding characteristics of the ore, again with some consideration given to any potential variation in these characteristics across the deposit;
- Testing to explore the potential to remove the antimony-bearing tetrahedrite from the lead concentrate by means of either differential flotation or another suitable technique such as hydrometallurgical processing; and
- Supplementary testing to investigate potential methods by which to remove, lower or mitigate deleterious elements which may otherwise be present in the concentrates.

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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 where 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)
Indicated										
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
4	2.7	2.9	8.9	9.5	5	4.2	32	130	110	2.8
3	3.0	2.9	8.3	8.9	5	3.9	31	140	120	2.9
Inferred										
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
4	16	2.9	7.2	7.6	5	2.9	22	690	450	11
3	18	2.9	6.7	7.1	4	2.7	21	740	480	12
Total										
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
4	18	2.9	7.4	7.9	5	3.1	24	830	570	14
3	21	2.9	6.9	7.3	4	2.9	22	880	600	15
Transitional Oxide Material Total										
4	3	2.9	5.8	6.3	3	3.2	27	87	97	2.6
Unweathered Fresh Rock Total										
4	15	2.9	7.8	8.2	5	3.1	23	740	470	11

Table 1: 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 1:

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 $\geq 4\%$ 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/cm³ and the mean for the mineralised domain fresh material is 2.85 g/cm³. A broad linear relationship between Pb+Zn grade and bulk density was identified from scattergrams and the formula $2.75 + 0.02(\text{Pb}+\text{Zn}\%)$ 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	MPa	51.8
Strength (UCS)			
Bond Abrasion Index		-	0.5227
Bond Rod Mill Work Index		kWh/t	12.69
Bond Ball Mill Work Index		kWh/t	9.83

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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