

Europa Metals Ltd
(Incorporated and registered in Australia
and registered as an external company in
the Republic of South Africa)
(Registration number 4459850)
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ISIN: AU0000014342
("the Company")

Milestone 1 of the CDTI €466,801.50 Innovation Grant Completed Toral Pb, Zn & Ag Project, Spain

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce that it has now completed the requisite work and collated and submitted all the relevant documentation to the Spanish Government Centre for the Development of Industrial Technology ("CDTI") in relation to the Stage 1 milestone of its €466,801.50 innovation grant (the "Grant"), further details of which were announced on 19 October 2020.

Following receipt of an initial tranche of €163,380, Europa Metals has worked closely with its innovation partners, the University of Salamanca (Air Institute) and the drilling contractors Sondeos y Perforaciones Industriales de Bierzo SA ("SPI") in recording and analysing data from the ongoing 2021 Pre-Feasibility Study drilling campaign at the Company's wholly owned Toral Project. Using new down-hole monitoring technologies, developed by SPI, the University of Salamanca has now compiled a sufficient data set from over 2,800m of diamond drilling at Toral, to create an initial, correctional algorithm to be further researched to move towards potential commerciality. Any future commercial benefit from an eventual product will be shared by the Innovation Partnership (comprising Europa Metals, the University of Salamanca and SPI).

Further to the abovementioned submission to the CDTI, it will now undertake its formal review process, following which the Company intends to draw down Stage 2 funds of €158,628.60.

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

"The work conducted with our Innovation Partners, the University of Salamanca and SPI, has been outstanding and we are delighted to have completed and submitted the necessary documentation on schedule, in respect of the Stage 1 milestone requirements as outlined under the €466,801.50 grant, awarded to us by the CDTI. I would like to thank CDTI and the Spanish Ministry of Science and Innovation for backing this exciting project as we continue to support the University of Salamanca's investigation into new, commercial, deviational correction algorithms for potential application to diamond drilling campaigns.

"I look forward to updating the market further in due course as the CDTI Stage 1 milestone review process is completed alongside other activities on our Toral PFS campaign."

About CDTI

The CDTI ("Centro para el Desarrollo Tecnológico Industrial"; <https://www.cdti.es/>) is a Public Business Entity in Spain, under the auspices of the Ministry of Science and Innovation, which fosters the technological development and innovation of Spanish companies. The Grant made to Europa Metals is categorised as a partly refundable loan (with a nil per cent. interest rate) with the funds received at each stage to be allocated towards the development of R&D technologies relating to the recording and correction of drillhole deviation at the Toral Project. Application for the Grant was

made further to the abovementioned ongoing work by Europa Metals and the AIR Institute, linked to the Salamanca University, in conjunction with SPI.

Grant terms

Europa Metals can draw the Grant monies down in up to three tranches subject to certain, pre-defined, operational milestones being met. The core objectives of the Innovation Programme are to retrieve and process data from the Toral drilling campaign in order to develop algorithmic software for use in exploration campaigns to correct drilling deviation. Biannual repayments of €21,822 begin in 2024, running for 7 years until 2031, with a fixed interest rate being set by the prevailing Euribor rate at inception of nil per cent.

Europa Metals anticipates that the Grant will enable the Company to apply for reductions in taxes payable, relating mainly to labour costs, and is satisfied that the terms of the Grant do not prevent the Company from participating in other grant application processes save where there is a specific technological overlap.

Once the funds have demonstrably been spent on appropriate R&D exploration activity at the Toral Project by the Company, 70 per cent. of the total Grant will be repayable with the balancing 30 per cent. then not required to be repaid.

United Kingdom

19 July 2021

For further information on the Company, please visit:

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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 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

Appendix: Further information on the Toral Project

Developing Potential Future Lead, Zinc & Silver Production within the EU

Located within the province of Castilla y León, Spain, Toral is well positioned to become a potential high grade production source of lead, zinc and silver within the EU trading block.

The Company is currently conducting a Pre-Feasibility Study (“PFS”) on the project with Wardell Armstrong International Ltd as PFS manager further to, *inter alia*, the successful completion of a preliminary economic study by Bara Consulting and Addison Mining Services Limited in November 2020 which determined the following key parameters:

Resource	Indicated Tonnes	3.8m
	Inferred Tonnes	13.5m
	Total Tonnes	17m
	Av. ZnEq. (PbAg)%	7.3
Mining	Rate tpa	700,000
	Grade ZnEq%*	7.6%
	Cost	US\$36/t
	LOM	12 years
Metallurgy	Process	Sorting+Flotation
	Recovery (Average)	85% Zn, 87% Pb, 86% Ag
Capex	Mine	US\$86m
	Upfront (to production)	US\$79m
Financials	NPV	US\$156m
	IRR	31.3%
	Payback Year	4

* - Zn Eq (Pb)% is the calculated Zn equivalent incorporating lead credits; $(Zn\ Eq\ (Pb)\% = Zn + Pb \cdot 0.926)$. Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead; $(Zn\ Eq\ (PbAg)\% = Zn + Pb \cdot 0.926 + Ag \cdot 0.019)$. 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\$2,680/t, Pb price of US\$2,100/t and Ag price of US\$16.2/oz.

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 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\$2,680/t, Pb price of US\$2,100/t and Ag price of US\$16.2/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 ($\text{Zn Eq (PbAg)\%} = \text{Zn} + \text{Pb} \cdot 0.926 + \text{Ag} \cdot 0.019$).
5. Zn Eq is the calculated Zn equivalent using lead credits and does not include silver credits ($\text{Zn Eq} = \text{Zn} + \text{Pb} \cdot 0.926$).
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 degrees in plain 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. Following statistical analysis and assessment of the updated assay composite database top cuts of 125g/t Ag were applied to the data. No top cuts were applied for Zn or Pb.
8. The Indicated and Inferred mineral resource estimates for the Toral zinc-lead-silver project set out above (at a cut-off grade greater than 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).