

Europa Metals Ltd

(Incorporated and registered in Australia and registered as an external company in the Republic of South Africa)

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("Europa Metals" or "the Company")



Corporate & Operational Update, Q1 2022

Europa Metals, the European focused lead, zinc and silver developer, is pleased to provide a corporate and operational update further to the cost and strategic review announced on 18 November 2021 and including details of the planned work during the first half of 2022 at the Company's wholly owned Toral lead, zinc and silver project in the Castilla y Leon region, Spain ("Toral" or the "Toral Project").

Corporate

Further to the Board's comprehensive internal review process, the Company is implementing a cost reduction strategy in order to maximise the deployment of existing cash resources on both the Toral Project and the identification and assessment of potential new projects and opportunities for the Company.

Accordingly, pursuant to the cost reduction programme, with effect from 1 January 2022 three of the Company's existing directors (being Messrs Read, Campion and Kirby) (together, the "Participating Directors") have agreed to the deferral/accrual of 50 per cent. of their director remuneration (comprising consulting fees and/or salaries) in respect of the 2022 calendar year, with such accrued remuneration to then be settled via the issue of new ordinary shares in the capital of the Company ("Ordinary Shares") (the "Proposed Fee Deferral and Conversion").

Under the terms of the Proposed Fee Deferral and Conversion, the following mechanism is to be used to determine the quantum of shares to be issued to the Participating Directors in lieu of the cash remuneration to which they would otherwise have been entitled:

- 50 per cent. of each individual Participating Director's fees/salary will accrue from 1 January 2022;
- Accrued fees/salaries will be converted into new Ordinary Shares, with accruals for the period from 1 January 2022 to 30 June 2022 expected to be converted and the requisite shares issued in July 2022, and accruals for the period from 1 July 2022 to 31 December 2022 expected to be converted and the requisite shares issued in January 2023; and
- The total number of new Ordinary Shares to be issued and allotted in July 2022 and January 2023 in settlement of the monthly amounts accrued is to be determined by applying the relevant monthly volume weighted average price ("VWAP") for the Company's Ordinary Shares on AIM and relevant month end AUD:GBP exchange rate, as applicable.

The proposed issue of Ordinary Shares to the Participating Directors pursuant to the terms of the Proposed Fee Deferral and Conversion, as detailed above, is deemed to constitute a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the Company's independent director for the purposes of such share issues, being Daniel Smith (who is not participating), having consulted with the Company's Nominated Adviser, Strand Hanson Limited, considers that the terms of the proposed share issues to the Participating Directors under the Proposed Fee Deferral and Conversion are fair and reasonable insofar as the Company's shareholders are concerned.

Certain additional cost reductions have been identified and implemented at the Group level with further cost savings intended to be rolled out over the coming months.

Whilst the Toral Project is already at an advanced stage, the Company is initiating a further series of work programmes, including additional geotechnical and resource drilling, in order to continue to de-risk it. As announced previously, a transaction review team has also been established to assess a series of potential new projects and opportunities, primarily in the precious metals and energy sectors, in order to determine whether deployment of our exploration expertise on new assets could potentially generate significant additional value for shareholders.

Operational

Ore sorting testwork is now underway by TOMRA, a leading provider of ore sorting technology based in Germany, which is being overseen by Wardell Armstrong International Ltd, Cornwall ("WAI"). The ore being sorted is from the upper zone material retrieved from the Company's 2021 drilling campaign, which included four successful daughter holes, in order to assess and determine the maximum efficiencies for recovery and concentrate processing in the early years of the future Toral production profile. Following completion of the testwork, waste testing will commence to investigate the suitability of potentially implementing a low water, dry stack tailings model that can backfill into the future mined areas of Toral and utilise surrounding, disused quarry sites, as part of a reclamation strategy being developed with local stakeholders.

A further limited geotechnical and resource drilling programme is also planned to commence during the current quarter. Geotechnical drilling and studies will initially serve to determine ground conditions at several potential plant sites, whilst ground assessment work has begun at a disused quarry site identified for potential reclamation. Resource drilling will then seek to incrementally expand the Company's pre-existing 5.9 million tonne Indicated resource estimate.

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

"At the start of 2022 our clear focus is on delivering shareholder value by continuing to advance Toral in a cost-effective manner and delivering on a work programme designed to further de-risk the project and maximise the efficiency of the proposed early years' production profile."

"Our cost-cutting programme aims to ensure that our resources are directed as far as possible on project related expenditure and existing operations, as well as the evaluation of potential new complimentary projects and opportunities."

"We have a valuable asset in Toral which the Board does not currently believe to be fully recognised and reflected in the Company's share price and by seeking to identify and secure a potential new attractive project(s) to add to our portfolio we will endeavour to add value for shareholders whilst continuing to drive Toral forward."

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.

United Kingdom
26 January 2022