

Stock Data

Share Price:	11.50p
Market Cap:	£5.65m
Shares in issue:	49.1m

Company Profile

Sector:	Mining
Ticker:	EUZ
Exchange:	AIM

Activities

Europa Metals Limited ('Europa', 'EUZ', 'the Company') is an AIM and JSE listed exploration company focused on Europe, specifically Spain. It is progressing its Toral lead, zinc and silver project towards mine development phase in an established mining region in the Province of León.

Website: www.europametals.com/

1-year Share price performance


Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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Europa Metals Limited

Following publication of an independent [Preliminary Economic Study](#) ('PEA') on [18 November 2020](#), Europa has today announced that further to a diamond drill rig being mobilised to site earlier this month by [Sondeos y Perforaciones Industriales de Bierzo SA](#) ('SPI'), drilling has now commenced at Europa'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. This campaign forms part of the [Pre-Feasibility Study](#) ('PFS') workstreams initiated at the Toral project. The first phase of the drill programme is targeting above approximately 600m below surface, to delineate further the resources in this siliceous zone. Building on the promising results of the ore sorting results from last year these locations could add further tonnes and therefore optionality to the mining schedule. Notwithstanding any unexpected COVID-19 related interruptions, first results from resource and metallurgical work could possibly emerge during the first half of 2021, in tandem with updates on the Toral Project's hydrogeology programme and geotechnical work. Set against a background of rising commodity prices, Europa continues to add value to the Toral Project, from which it has multiple options to crystallise value going forward.

Drilling objectives

Building on the PEA, drilling work within the upper siliceous zone found above the main high-grade body offers potential to unlocking further value in the early years of the mining schedule. Within this, Europa will seek to optimise its exploration opportunity by combining extensive historic data with its current resource model. Core recovered by the drill rig can be expected to contribute to the following workstreams:

- Increase resource delineation to JORC standards, while looking to 'fill' gaps from historic drills holes within the upper siliceous zone. Utilising the efficient model Europa has demonstrated previously, it will seek to tie together historic areas of influence within the compliant model. It also intends to repeat its multi-functional approach, looking to take resource, geotech and metallurgy samples from appropriate holes.
- Further metallurgical testwork, including additional ore sorting analysis within the upper siliceous zone that has demonstrated potential before utilisation in the mining schedule.
- Increased geotechnical studies around areas of mining development in order to demonstrate efficiencies and route of the crucial, early years decline ramp into the ore body.

Further to Europa's announcement of [19 October 2020](#), the current drill programme forms part of the Innovation Partnership with the University of Salamanca and SPI (the 'Partnership'), which helped secure the grant award of €466,801.50 to the Company from the [Centre for the Development of Industrial Technology](#) ('CDTI'). Data from the drilling campaign will be recovered and processed by the Partnership in order to progress development of a software package that can correct or reduce deviation within diamond drilling operations.

Base-case, risk-adjusted valuation

TPI last updated its valuation for Europa on [19 August 2020](#), based on the model originally detailed in its [Initiation Research](#) of 12 July 2019. Today's news details the latest positive steps being taken by the Toral Project. The advancement of further studies as the PFS takes shape are expected to heighten credibility still further. It also represents positive testament to the operating environment within Castilla y León, which supports viable, sustainable metals projects towards development. Licence security combined with attractive economics, pre-existing infrastructure, currently strong metal prices and access to a good local workforce, appear to demonstrate the OECD-based project's 'deliverability' as a 'real

mining operation'. Aside from Europa's apparent market valuation disparity that was highlighted in a peer group comparison generated by TPI on [18 November 2020](#), Toral can be considered a reasonably advanced, high-grade project with a low-cost entry point for near-term, sustainable production offering payback in Year 4 of a proposed 12-year production schedule. In a mining market that has faced increasing capital restrictions, the PEA cited Toral as a realistic proposition for production, with sub-surface expansion potential to take the Project well beyond Year 12. It crystallised data following completion of numerous work and resource development stages over the past 24 months, that have built confidence in its potential to become a high-grade producer of concentrates located in a favourable jurisdiction. Balance sheet support provided through the £2.0m (gross) equity fundraising announced on [19 August 2020](#), in addition to the first draw down of a regional grant-loan, can be expected to ensure the Project will take necessary steps (including drilling) towards completion of its full PFS and application for a Mining Licence. TPI's present risk-adjusted, base-case valuation for Europa stands at £16.9m, or 34.5p/share, which is a multiple of Europa's current level despite the fact that recent news provides scope to further reduce the discount factors applied to the model.

Please note that this valuation is the result of financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone

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