

**Stock Data**

Share Price:	9.50p
Market Cap:	£4.67m
Shares in issue:	49.1m
52 week High/Low	24.00p/4.25p

**Company Profile**

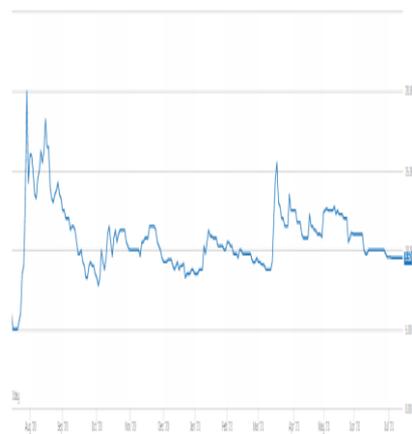
Sector:	Mining
Ticker:	EUZ
Exchange:	AIM

**Activities**

Europa Metals Limited ('Europa', 'EUZ', 'the Company') is an AIM and JSE listed exploration company focused on Europe, specifically Spain.

[www.europametals.com/](http://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

Europa has confirmed that it has now collated and submitted all relevant work to the Spanish Government Centre for the Development of Industrial Technology ('CDTI') in relation to its Stage 1 completion of the €0.47 million (the 'Grant') Innovation grant-loan for its 100%-owned Toral Pb/Zn/Ag project ('Toral', 'the Project') in north-west Spain. Upon completion of a formal review process, the Europa Metals Innovation Partnership intends to draw down Stage 2 funds of €0.16 million, following which the Board looks forward to updating investors on the Toral Pre-Feasibility Study ('PFS') campaign (of which 3,000m of drilling has been completed so far) and other activities. Drilling operations on the ground continue to progress despite ongoing Pandemic complications, which demonstrates the benefit of comprehensive planning and a highly experienced on-site team.

### Grant monies being drawn in three tranches

Europa Metals is drawing down the Grant monies in up to three tranches subject to certain, defined, operational milestones. The Board's ability to secure such regional facilities and deliver on the working objectives represents a precedent with some value. 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. Once the funds have demonstrably been spent on appropriate R&D exploration activity at the Toral Project by the Company, 70% of the total will become repayable with the balancing 30% then not required to be repaid. Biannual repayments of €21,822 begin in 2024, running for 7 years until 2031, with a fixed interest rate being set by the currently prevailing Euribor rate of nil per cent.

Following the first draw down of €163,380 in October 2020, Europa has worked with its innovation partners, the University of Salamanca and drilling contractors Sondeos y Perforaciones Industriales de Bierzo SA ('SPI') recording and analysing data from the 2021 PFS drilling campaign. Using new down-hole monitoring technologies developed by SPI, the University of Salamanca has now gathered a sufficient data set from over 3,000m of diamond drilling to create an initial, correctional algorithm to be further researched towards commerciality. Any commercial benefit from an eventual product will be shared by the Innovation Partnership.

### Wardell Armstrong Appointed as PFS Manager

On 22 June 2021, Wardell Armstrong International Ltd ('WAI'), the globally recognised mining consultancy with a track record of conducting all levels of technical study required on projects that have successfully been financed and developed into full mining operations, was appointed as the Project PFS manager. WAI will work alongside Europa's Iberia team and Spanish contracting groups who will contribute to the completion of various technical workstreams.

The Board expects to announce updates as the key study components are progressed based on the recently recovered drilling data and other ongoing activities that will contribute to the PFS as part of the Project's proposed future development.

## Campaign objectives

Drilling continues and further updates are expected to be announced when available.

The proposed resource upgrade is expected to be completed at an appropriate time for input into the PFS report. The hydrogeological campaign is on schedule with completion of the main bore hole work to test water levels/conditions within the proposed mining area being the next key component; piezometer work to monitor local ongoing water conditions.

Management is targeting gaps within the current JORC (2012) resource model to enhance understanding of the block model, retrieve geotechnical information for mine design and identify opportunities to gather further metallurgical samples from within substantive intersections encountered. It hopes to be able to collate data for detailed development planning covering the early years of Toral production and to progress the economic model prospectively to include a four (or less) year payback period.

## Base case, risk-adjusted valuation of 34.5p/share

Toral's Preliminary Economic Analysis ('PEA') was released by Bara Consulting on 18 November 2020. It detailed particularly positive economics, including an EBITDA of US\$471 million over a 12-year Life of Mine ('LOM') with opportunity to enjoy a 50% operating margin. Total revenue over this period amounted to of US\$962m, with zinc being the major revenue contributor at US\$526m, followed by lead at US\$370m and silver at US\$66m. using 3-year trailing average metal prices. These included US\$2,668/t for zinc (presently US\$2,943/t), US\$2,099/t for lead (presently US\$2,310/t) and US\$16.5/oz for silver (presently US\$26.38/oz). According to TPI's assessment, incorporation of these higher metals prices adds a further 8.5% to Toral's projected LOM total revenues, taking the figure to US\$1,044 million.

Based simply on these higher metal prices and the continuing reported development progress, there clearly is scope for TPI to positively update its valuation for Europa (last conducted on 19 August 2020). 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. Providing licence security combined with attractive economics, pre-existing infrastructure, currently strong metal prices and access to a good local workforce, adequately demonstrates 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.

Toral's PEA also cited sub-surface expansion potential to take the Project well beyond Year 12. Indeed, the consistent presence of copper, up to 0.5% Cu, so far up in the mineralisation presents opportunity for a future, post-production exploration campaign to enhance the current, LOM, potentially even identifying a separate thermal event within the system hosting copper feeders. Data crystallised following completion of numerous work and resource development stages over the past 24 months, 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 drawdown of the 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 irrespective of the obvious opportunity to reduce the discounting factors presently applied to the model.

TPI arranged for Europa's management to present their Company's mining opportunity in a webinar that was first transmitted on 14 July 2021. Please click here to replay to [video](#).

**(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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