EUROPA METALS

Europa Metals Ltd

Lead, Zinc and Silver, Spain

Annual Report

For the year ended 30 June

2020

A.C.N. 097 532 137

Europa Metals is a lead-zinc exploration company focused exclusively on European projects. We believe Europe, and in particular Spain, is an unrealised region for modern mine development and that the opportunity to create new mines within a best practice social and environmental framework, near first class infrastructure, is significant.

Currently, the Company is progressing its Toral Lead, Zinc and Silver project towards the mine development phase. In summary:

- 1st world jurisdiction, Province of León, established mining region
- Ready access to provincial expertise and world class underground experience
- Excellent road, rail & power infrastructure, all are located near to Toral
- Grants often available from Spain and the EU for development
- Toral located in one of the world's best regions for base metals exploration and mining

Europa Metals is quoted/listed on AIM and AltX of the JSE under the ticker code EUZ and is an Australian registered Company.

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Chairman's Statement

Looking forward to building upon the accomplishments of this year with further success at Toral through drilling, metallurgy and advancing our economic optionality

Dear Fellow Shareholders,

Throughout the last financial year, we have continued to advance Europa Metals Ltd's ("Europa", "Europa Metals" or the "Company") wholly owned Toral lead, zinc and silver project located in the province of Castilla y León, north west Spain (the "Toral Project" or "Toral").

Our efficient and cost effective approach to exploration and development has included the successful prosecution of several drilling campaigns designed to extract maximum value and information from each drill hole. This approach has also seen Europa Metals successfully complete several phases of exciting metallurgical test work and oversee an increasing level of confidence in the pre-existing mineral resource estimate via the commissioning of regular independent updates.

In the first half of the financial year, the Company completed an oversubscribed fundraising of £1 million (gross), thereby enabling us to fund further development work which was efficiently targeted towards both increasing our levels of confidence in the resource from the inferred to indicated category and to securing a further metallurgical sample to facilitate ongoing work to better define potential future processing routes.

During the financial year, we announced our first indicated resource at Toral, which we achieved with the first drilling campaign of 2019. This area of higher tenor mineralisation on the deposit was further substantiated later in 2019 with the successful drilling of hole TOD-025, intersecting **7.70m @ 17.3% ZnEq(PbAg)** from 483.6m to 491.3m, including **4.3m @ 25.6% ZnEq(PbAg)** from 486.3m to 490.6m. This also delivered a **40%** increase in the indicated inventory defining **3.8Mt @ 8.3% ZnEq (including Pb credits)**, which is a very good result serving to demonstrate the efficiency of Europa's project team's drill targeting.

The metallurgical test work commissioned and conducted on material from Toral during and subsequent to the reporting period involved two key objectives, firstly the accumulation of further mineralisation representivity across the deposit and, secondly, the initiation of X-ray transmission ("XRT") ore sorting test work. The results obtained proved to be excellent on both fronts, with the high grade intersection from hole TOD-025 performing very well through flotation to prove up a globally significant lead concentrate of **79.2%**. The XRT programme delivered very exciting results illustrating the capacity to upgrade low grade ore by a factor of 2 – 4x, which could prove transformational in how we approach potential future mining operations at Toral.

The achievement of such milestones is important to the future development of the Company as more financing options become available to us on the back of increasing confidence levels in the deposit. Further drilling should enable Europa to grow the size of the current indicated resource estimate which will feed into updated economic parameters for the Toral Project. In addition, the successful metallurgical test work has provided an understanding of potential future concentrate products and, with the retention of third-party marketers, such as Conrad Partners from Hong Kong, we will be able to engage in preliminary marketing discussions with potential third party concentrate buyers.

As Europa progresses through the next 12 month period, with its planned activities having been financed by the recent post year end fundraising of £2 million (gross), further drilling and metallurgical work will feed into an updated production flow sheet, and assist the project team in identifying efficiencies versus the initial 2018 Scoping Study's findings. We are also advancing the key components of a pre-feasibility study ("PFS") with work commencing on hydrogeology, waste management and geotechnical analysis, while continuing with environmental baseline studies and community engagement. The first half of 2020 saw Europa acclimatise to the new and challenging global environment stemming from the COVID-19 pandemic. We implemented appropriate procedures at an early stage in the onset of the pandemic in order to mitigate its effects on the group's workplaces and activities and will continue to monitor events as they unfold.

I would like to take this opportunity to thank all of our shareholders, advisers and other stakeholders for their continued support and interest in our activities and look to reporting further progress in due course.

Myles Campion
Executive Chairman

6 October 2020

Chief Executive Officer's operational and financial review

A year of increasing confidence in Toral and determining the saleablibity of potential lead, zinc and silver products to the global metals market

I would firstly like to express our appreciation for the entire Europa team's hard work and dedication during and post the reporting period in what has been a highly challenging environment due to the Coronavirus global health emergency. The safety of our workforce is at the forefront of everything we do and the operational team's response to ensure that all best practice instructions and guidance has been fully adopted and adhered to, with respect to COVID-19, is a testament to their professionalism.

Notwithstanding the significant challenges posed by, and the Board's actions to mitigate the impact of, COVID-19, the financial year to 30 June 2020 and subsequent period has seen significant progress for Europa Metals at all levels. Going into the financial year, Europa Metal's core strategy was to develop the surety of an economically robust mining model, for a flagship project situated in the EU, that can be developed within the boundaries of the defined JORC 2012 resource. Potential expansion of the existing resource to extend the planned future mine life is a clear option that can be pursued at a future date, subject to the relevant permissions, on the basis of high levels of certainty around a mine development plan or even during future production itself.

Whilst the Toral Project is open towards its eastern boundary and at the approximate 1,000 metre depth mark, over the course of the last fifteen months we have focused our resources on increasing continuity and our understanding of the existing block model and in recovering sufficient mineralised samples to conduct our first programme of metallurgical testing, which was undertaken by Wardell Armstrong International ("WAI").

As Europa Metal's team has pursued the group's stated strategy, we have continuously reviewed each area of work following our own analysis of the lead, zinc and silver marketplace and feedback from third party groups. Europa regularly engages with a range of industry groups within the metals sector and shares appropriate project information on a number of levels ranging from publicly available reported results to granting access to a comprehensive data room following execution of a suitable non-disclosure agreement. Such engagement is ongoing as we continue to update and enhance our knowledge of Toral and de-risk additional elements of the project with each new work programme.

In summary, as of September 2020, I am delighted to report that we have experienced no Coronavirus cases amongst our personnel and have implemented a full community relations programme including submission of initial documentation in respect of the requisite stakeholder consultation process that will eventually form part of our mining licence application. Operationally, we have achieved a significant amount in a very efficient manner, including; defining, and then increasing, Toral's initial indicated resource, completion of three distinct phases of metallurgical analysis (including the implementation of an ore sorting process) which has seen excellent grade and recovery results for all metals, reporting of the highest grade lead, zinc and silver intersections obtained by Europa to date and the signing of a concentrate marketing agreement with Conrad Partners. The results from such activities will be utilised in the completion of an economic update, currently underway, on the project that will bring together all of the findings from the key workflows completed since the 2018 Scoping Study. We have also recently secured further funds to progress the key components of a PFS, with work already underway on the ground ahead of the anticipated grant of a new, three year, investigation permit for Toral by the Junta of Castillia y León. The application for such permit was compiled and submitted in close consultation with the Junta itself and, over the last three years, Europa has fully complied with its statutory obligations and commitments with respect to all work conducted on the project. The application was made for a new investigation permit as Europa's team believes that significant enhancements can still be made to a prospective mining application to the same authorities, to demonstrate and support the long-term economic potential of a future mining operation at the Toral Project.

Corporately, in mid July 2020, Europa's shareholders passed the requisite resolutions to enable the Company to, *inter alia*, make certain amendment's to

Chief Executive Officer's operational and financial review

continued

it's Constitution to bring the Company into greater alignment with more UK market standard corporate governance practices, recognising that AIM is now the primary exchange for the Company's shares following its delisting from the ASX in March 2019. The Company also implemented a share consolidation as part of the proposals at the meeting on the basis of a 500:1 ratio in order to reduce the number of shares in issue to a more appropriate level versus the Company's peer group and thereby improve investor perception and volatility in the Company's share price. As a matter of course, the Company continues to regularly identify, review and evaluate other projects and opportunities that could potentially add value to the group, but no such opportunities are currently being actioned/pursued.

Group Highlights

Coronavirus

- During March 2020, the Company responded to all instructions and best practice guidance from the relevant authorities with regards to ensuring the safety of its work force in Spain, the UK and Australia by implementing a series of operational procedures and monitoring initiatives. Europa Metals puts the safety of its workforce ahead of all other considerations and continues to operate strictly within the parameters of social distancing.

Operational – Toral Pb, Zn & Ag Project, Spain

- Diamond drilling campaign completed in September 2019 targeting approximately 750 metres of previously unassayed areas of the deposit. Key results were:
    - Structural demonstration that the lead, zinc and silver mineralisation currently comprises at least two, and possibly three, plunging high-grade shoots with higher grade mineralisation usually identified at 400 metres from surface with the majority of the currently defined resource estimate present in distinct areas down to 1,000 metres from surface (where the deposit remains open at depth).
    - Mineralised samples from both the parent and the daughter holes were collated and processed by WAI with the first series of results, obtained in December 2019, analysing the metallurgical characteristics of Toral and ascertaining potential concentrate types for future production and sale.
- A formal stakeholder engagement process for the Toral Project was initiated during August 2019 with an initial document being submitted to all key administration stakeholders in connection with the planned eventual securing of an exploitation licence for the project following a development decision. Further to a series of local consultation sessions, the Company responded to local stakeholder feedback and, in November 2019, launched a dedicated information sharing website for the Toral Project available at: europametals.es and proyectotoral.com.
- An updated JORC (2012) compliant resource estimate was completed in October 2019 which included the first indicated category of resource for Toral.
- A further drilling campaign commenced in November 2019 resulting in the highest grade intersection recovered by the Company to date: **7.70m @ 17.3%** ZnEq (PbAg) from 483.6m to 491.3m, including **4.3m @ 25.6%** ZnEq (PbAg) from 486.3m to 490.6m from drill hole TOD-025. Further samples were obtained for additional metallurgical testwork by WAI.
- An initial hydrogeological study was concluded in February 2020 resulting in positive assessment of the sub-surface hydrogeological conditions, namely:
    - Toral Project hosted in limestones but does not have developed levels of drainage created from the dissolution of sedimentary material (likely seal against the surrounding water table).
    - 245.55l/s flow across the proposed mineable project area falls well within acceptable levels for economic mine development; further work, including a borehole test, will need to be undertaken to enable a PFS.
    - The results of this desktop study are being tested with a hydrogeological prorgamme at Toral.
- An application for a new, three-year, investigation permit in respect of the Toral Project was submitted to the Junta of Castilla y León in June 2020. The Investigation Permit renewal application was prepared in close consultation with the relevant bodies of the Junta, whose involvement in the submission process served to reinforce the Company's decision to apply. The Company currently anticipates that a decision in respect of the grant of a new Investigation Permit will occur prior to the scheduled expiry of the existing permit (being November 2020).

Corporate

- A fundraising of £1,000,000 gross was completed, at an issue price of 0.025 pence per share, on 30 September 2019. In addition, one warrant exercisable for a period of 2 years at a subscription price of 0.0375 pence per share

Chief Executive Officer's operational and financial review

continued

was issued to all participants in the fundraising for every two new ordinary shares subscribed. The funds were deployed towards additional drilling of the Toral Project, mining engineering and processing work and general working capital purposes.

- A General Meeting was convened for mid July 2020 to seek and obtain shareholder approval for a series of resolutions, including the implementation of a share consolidation, in order to support the Company's ongoing cost reduction strategy and more closely align Europa Metals' corporate governance framework and Constitution with those of other AIM quoted companies following due consultation with certain shareholders and advisers.

Post Period (1 July 2020 – present)

- All resolutions successfully passed by shareholders at the abovementioned General Meeting leading to the implementation of a 500:1 consolidation of the Company's ordinary shares, certain amendments to the Company's Constitution to enhance shareholder protections, and support for an incentive plan for directors and employees further to ongoing cost reduction measures in light of the Coronavirus health emergency.
- In early August 2020, Colin Bird stepped down from the Board as Non-Executive Chairman, with Myles Campion assuming the role of Executive Chairman and myself being confirmed as CEO.
- Following a period of assessment of the Toral Project, a product marketing agreement was signed with Conrad Partners, Hong Kong, for them to work with the Company to source commercial terms for the potential future supply and sale of concentrate products from Toral.
- Updated JORC (2012) mineral resource estimate **including a 40% increase in the Indicated Resource**.
- In mid August 2020, post the share consolidation, successful fundraising of £2,000,000 gross completed at an issue price of 12.75 pence per share to facilitate certain key PFS workstreams, including:
  - Hydrogeological studies to further ascertain sub surface water conditions;
  - Additional drilling targeting further increases in the confidence level of the overall mineable resource for Toral; and
  - Further metallurgical, geotechnical, waste management and environmental work components.
- In late August 2020, third phase metallurgical testwork completed by WAI incorporating an ore sorting analysis. The results are now being utilised, along with all other key work completed since the 2018 Scoping Study, as part of a comprehensive, independent, economic update for the Toral Project to establish and set updated economic parameters for the PFS.
- PFS work underway with further operational updates anticipated in Q4 2020.

Laurence Read
CEO

6 October 2020

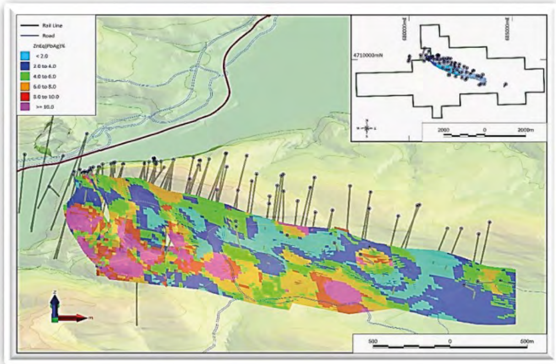
Toral Project Summary

(as at October 2020)

Toral Pb, Zn & Ag Project, Spain

Indicated resource

- 3.8 Mt @ 8.3% Zn Equivalent (including Pb credits) and 30 g/t Ag
- Approximately 180,000 contained tonnes Zinc, 150,000 contained tonnes Lead and 3.7 million ounces of silver

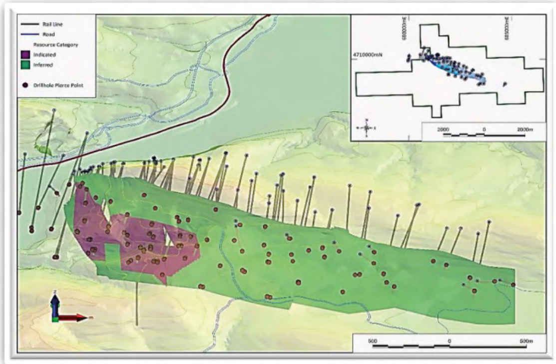


Global resource (JORC) (Inferred/Indicated)

- 17Mt @ 6.9% Zn Equivalent (including Pb credits), 4.1% Zn, 2.9% Pb and 24 g/t Ag
- Approximately 720,000 tonnes of Zinc, 510,000 tonnes of Lead and 14 million ounces of Silver

Technical

- Successful initial hydrogeological report
- Advancing geotechnical approach



Metallurgy/Economic recovery

- 83.9% Pb recovery to a 79.2% Pb concentrate
- 87.1% Ag recovery to 512ppm Ag within Pb concentrate; and
- 87.7% Zn recovery to a 60.0% Zn concentrate.

Toral 2018 Scoping Study (Independent economic update underway – Q4 2020, conducted by Bara Consulting)

Scoping Study* economics

- US$110 million NPV (announced 2018)

IRR

- 24.4%

Capex

- US$110m

OPEX

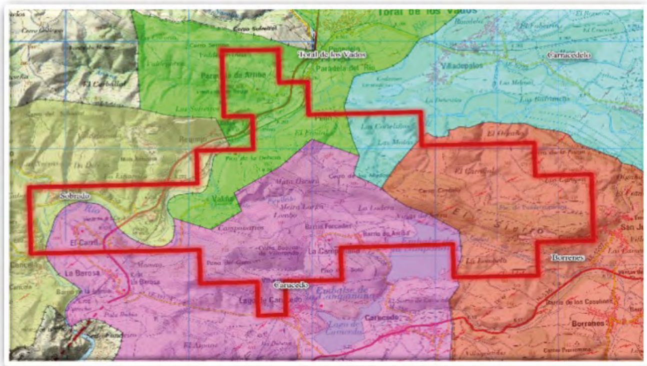
- US$25/t OPEX Steady state
- US$26/t MCAF

Mine profile

- Underground MCAF 15 year Mine plan 4% cut off

Located in Northern Spain

- Junta of Castilla y Leon 3 year Investigation Permit granted in 2017, Application submitted for new 3 y IP Q2 2020



EUROPA METALS

Corporate Information

Directors:

Myles Campion
Laurence Read
Evan Kirby
Daniel Smith
Colin Bird (resigned 4 August 2020)

Company Secretary:

Daniel Smith

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Email: info@europametals.com

Stock Exchange Listings:

Europa Metals Ltd's ordinary shares are quoted on the AIM market of the London Stock Exchange plc (AIM:EUZ) and also listed on AltX (AltX:EUZ).

Directors' Report

The Directors of Europa Metals Ltd ("Europa" or "the Company") (the "Directors") present their report for the financial year ended 30 June 2020.

Directors

The names and details of the Directors in office during the financial year and at the date of this report are set out below:

Each Director was in office for the entire reporting period unless otherwise stated.

Dr Evan Kirby (Age 69), BSc (Hons) Metallurgy, PhD Metallurgy, Non-Executive Director		
Experience and expertise	Dr Kirby is a metallurgist with over 32 years of international experience in the mining sector. He has held senior management positions with Impala Platinum, Rand Mines and Rustenburg Platinum Mines and worked as a director and technical consultant for a number of mining companies.	
Other current directorships	Director of Bezant Resources plc (AIM: BZT) Director of Jubilee Metals Group plc (AIM: JLP)	
Former directorships over the past 3 years	Director of New Energy Minerals (ASX: NXE) and Director of Nyota Minerals Limited (ASX & AIM: NYO)	
Special responsibilities	Non-Executive Director Chairman of the Remuneration Committee Chairman of the Nominations Committee Member of the Audit and Risk Management Committees Member of the Technical Committee (Informal)	
Interests in shares and options (post-consolidation)[1]	Ordinary Shares in Europa Metals Ltd	25,858
	Options held in Europa Metals Ltd	245,000

Mr Laurence Read (Age 43), BA (Hons), Executive Director & Chief Executive Officer		
Experience and expertise	Mr Read brings over 20 years' of experience to the Board working with quoted and private companies within the natural resources sector. During his career he has worked with companies in most key natural resources regions operating across a wide range of commodities, often working on behalf of professional investment groups. Within the publicly quoted company arena Mr Read has significant experience working within the regulatory frameworks of the UK exchanges, TSX, JSE, ASX, Oslo and Hong Kong.	
Other current directorships	None	
Former directorships over the past 3 years	Chief Executive Officer of Bezant Resources plc (AIM: BZT) Director of Capital Metals Ltd Director of Tomco Energy plc (AIM: TOM) Director of Ixis Resources Limited Director of Mowbrai Ltd Director of Anglo Tanzania Gold Limited	
Special responsibilities	Chief Executive Officer Member of the Audit Committee Member of Nominations Committee	
Interests in shares and options (post-consolidation)[1]	Ordinary Shares in Europa Metals Ltd	47,826
	Options held in Europa Metals Ltd	925,000

Directors' Report

continued

Myles Campion (Age 51), BSc Geology (Hons), MSc Mineral Exploration, Executive Chairman/Technical Director		
Experience and expertise	Mr Campion served as a Fund Manager of Oceanic Asset Management Pty Ltd, Australian Natural Resources OEIC and Global Connections Funds plc – Junior Resources Fund. Mr Campion has 24 years' experience in the natural resources sector, including as a Resource analyst, Fund Manager, equities research and project and debt financing. He has over 10 years experience as a field geologist that includes success at the Emily Ann Nickel Sulphide Mine. He was based in London for five years working at Barclays Capital in their natural resources team and as a Senior Resource Analyst at WH Ireland. He also served as Fund Manager of CF Global Resources Fund. He held the role of Project Geologist at LionOre responsible for the exploration, discovery and BFS completion of the Emily Ann Nickel Sulphide Mine. Mr Campion's financial experience ranges from Australian and UK equities research through to project and debt financing in London, covering the entire spectrum of mining companies with an extensive knowledge of the global resources market covering the three main bourses, the Toronto Stock Exchange, AIM and the ASX. He holds a Graduate Diploma of Business (Finance) and is an Associate of the Royal School of Mines. Mr Campion earned an M.Sc. in Minerals Exploration from the Royal School of Mines in London and B.Sc. Honours in Geology from University of Wales College Cardiff.	
Other current directorships	Director of Katoro Gold Plc (AIM: KAT) Director of Virico Limited Director of Torrum Limited Director of Energy Minerals Investments Limited	
Former directorships over the past 3 years	None	
Special responsibilities	Executive Chairman/Technical director Member of the Remuneration Committee Chairman of the Technical Committee (Informal)	
Interests in shares and options (post-consolidation)[1]	Ordinary Shares in Europa Metals Ltd	170,362*
	Options held in Europa Metals Ltd	991,666

* – Mr Campion also has an indirect interest in a further 666,666 ordinary shares and 333,333 options via his directorship/shareholding of Energy Minerals.

Daniel Smith (Age 36), BA (International Relations), FGIA , GradDip ACG, Non-Executive Director, Company Secretary		
Experience and expertise	Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement. Mr Smith is currently a director and company secretary of ASX-listed Lachlan Star Limited and Hipo Resources Limited, non-executive director of Artemis Resources Limited and White Cliff Minerals Limited, and is Company Secretary for Taruga Minerals Limited and Vonex Limited. He holds a BA in International Relations from Curtin University, Western Australia.	
Other current directorships	Director of Lachlan Star Limited (ASX:LSA) Director of Hipo Resources Limited (ASX:HIP) Director of Artemis Resources Limited (ASX:ARV) Director of White Cliff Minerals Limited (ASX:WCN) Director of Alien Metals Ltd (AIM:UFO)	
Former directorships over the past 3 years	Director of Taruga Minerals Limited (ASX:TAR) Director of PLC Financial Solutions Limited (ASX:PLC)	
Special responsibilities	Company Secretary Member of Remuneration Committee Member of the Nominations Committee Chairman of Audit and Risk Committee	
Interests in shares and options (post-consolidation)[1]	Ordinary Shares in Europa Metals Ltd	–
	Options held in Europa Metals Ltd	100,000

[1] Share consolidation completed on 16 July 2020 on a 500:1 basis.

Directors' Report

continued

Corporate

Capital Raisings

On 30 September 2019, the Company announced that it had completed an oversubscribed fundraising of £1,000,000 (before expenses), comprising the issue of, in aggregate, 4,000,000,000 (pre-consolidation) new ordinary shares at an issue price of 0.025 pence per share. In addition, one warrant exercisable for a period of 2 years from admission of the fundraising shares to trading on AIM at a subscription price of 0.0375 pence per share were issued to all participants in the fundraising for every two new ordinary shares subscribed. Accordingly, 2,000,000,000 warrants were issued pursuant to the fundraising. In addition, Turner Pope and Brandon Hill, the Company's then joint brokers, were issued 204,000,000 warrants and 36,000,000 warrants respectively to subscribe for new ordinary shares at 0.025 pence per share, exercisable for a period of three years from admission.

On 20 December 2019, the Company announced that Turner Pope had assumed the role of sole broker to the Company with immediate effect.

Post financial year end, on 19 August 2020, the Company announced that it had raised £2,000,000 (before expenses) via the issue of, in aggregate, 15,686,274 (post-consolidation) new ordinary shares at an issue price of 12.75 pence per share to certain existing and new investors.

Options/Warrants

On 4 September 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 212,000,000 new ordinary shares at a price of 0.015 pence per share and 133,333,334 new ordinary shares at a price of 0.025 pence per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £65,133.

On 13 September 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 166,666,667 new ordinary shares at a price of 0.025 pence per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £41,667.

On 10 October 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 66,666,667 new ordinary shares at a price of 0.025 pence per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £16,667.

On 24 October 2019, the Company announced that it had received notices of exercise in respect of certain pre-existing warrants to subscribe for 166,666,666 new ordinary shares at a price of 0.025 pence per share. In aggregate, the exercise of such warrants amounted to a cash subscription of approximately £41,667.

Shareholder Meetings

At the Annual General Meeting of the Company held on 28 November 2019, shareholders approved the re-election of Mr Campion and Mr Smith as directors.

Post the financial year end, on 15 July 2020, the Company held a General Meeting whereby all resolutions, including those in respect of a 500:1 consolidation of the Company's share capital and the issue of Director incentive options, were approved by shareholders by way of a poll.

Consolidation

Post the financial year end and further to the receipt of the requisite shareholder approval, on 16 July 2020 the consolidation of the Company's ordinary shares on a 500:1 basis was effected.

Dividends

No dividend has been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year (2019: Nil).

Principal activities

The principal activity of the entities within the consolidated entity during the financial year was that of exploration for minerals.

Review of operations and activities

Lead-Zinc-Silver Exploration Project, Spain

Following the completion of the Scoping Study announced by the Company in December 2018, workstreams have focused on additional resource drilling, geotechnical drilling, metallurgical testwork and environmental baseline studies.

On 25 September 2019, the Company announced assay results for drill holes TOD-021, TOD-022, TOD-023 and TOD-023D, in respect of its drill campaign initiated in May 2019. The drilling programme provided valuable information for initial metallurgical test work analysis, in order to determine potential processing routes and likely concentrate products for potential future sale, and for infilling gaps in historical drilling within the inferred resource area at Toral. Results from the drilling programme were provided to Addison Mining Services Limited ("AMS") in order to obtain an independent update to the project's existing JORC (2012) resource estimate.

Image 1 below presents a grade contour section of one of the high-grade zones at the Toral Project. Hole TOD-023 sits within a zone of >8% ZnEq (PbAg) and supports the premise that the main corridor of mineralisation is continuous.

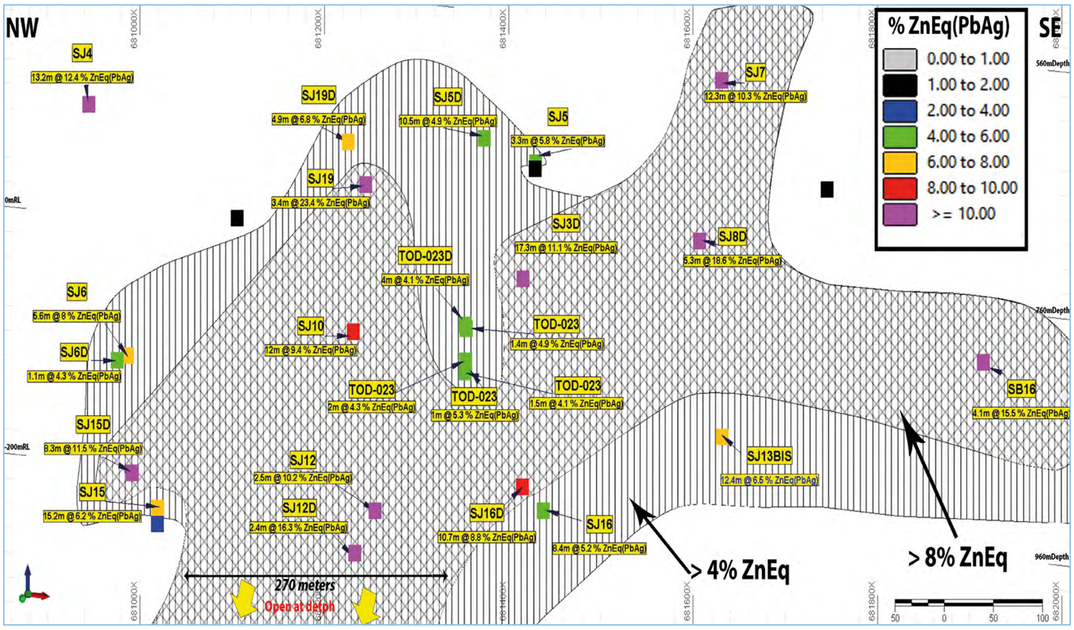

Image 1: Grade contour map of one of the high-grade zones at the Toral Project

Image 2 below illustrates the location of Image 1 within the existing Toral inferred resource block model (as reported on 10 December 2018).

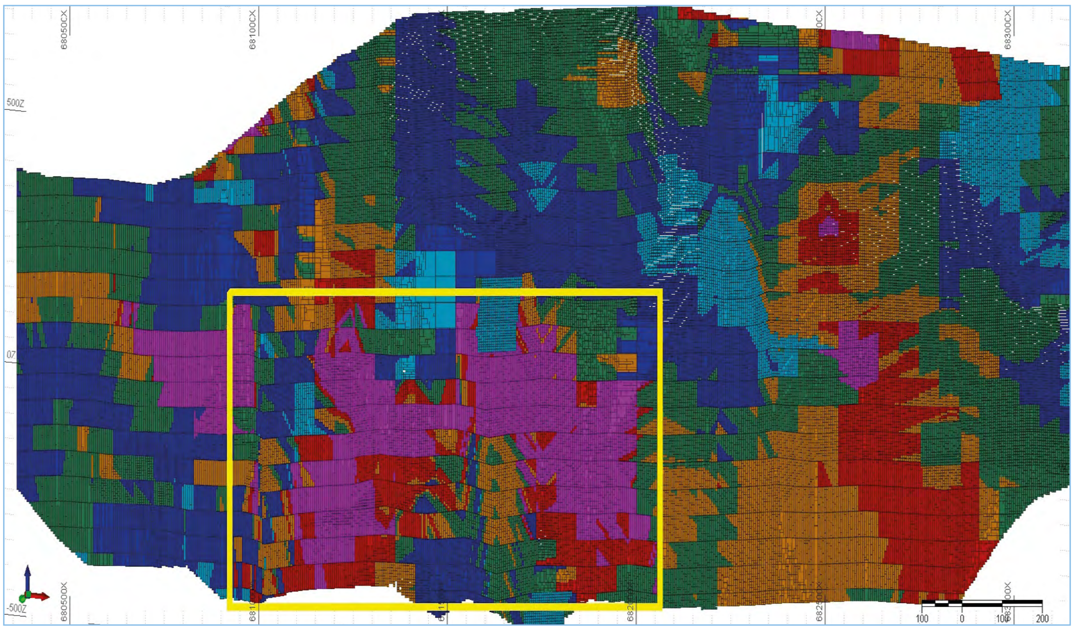

Image 2: Location of high-grade zone within the Toral Project's inferred resource block model

Directors' Report

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Updated Resource Estimate

Post the financial year end on 14 August 2020, the Company announced an updated mineral resource estimate ('MRE') at Toral. The updated MRE led to a 40% increase in the indicated resource to 3.8 million tonnes ("Mt") @ 8.3% zinc equivalent ("ZnEq") (including Pb credits) and 30g/t Ag. Accordingly, the updated MRE led to a:

- 40% increase in indicated resource tonnes;
- 38% increase in indicated contained tonnes of zinc to approximately 180,000 tonnes;
- 36% increase in indicated contained tonnes of lead to approximately 150,000 tonnes; and
- 32% increase in indicated contained ounces of silver to approximately 3.7 million ounces.

The MRE incorporated data obtained from:

- 113 diamond (including wedges) and 4 reverse circulation (RC) drill holes totalling 60,915.65 metres; and
- 19 underground channels for 18.75 metres,

The MRE, effective as of 12 August 2020 comprises:

- An indicated resource of approximately 3.8Mt @ 8.3% Zn Equivalent (including Pb credits), 4.7% Zn, 3.9% Pb and 30g/t Ag, including:
  - 180,000 tonnes of zinc, 150,000 tonnes of lead and 3.7 million ounces of silver.
- An inferred resource of approximately 14Mt @ 6.5% Zn Equivalent (including Pb credits), 4% Zn, 2.7% Pb and 23 g/t Ag, including:
  - 540,000 tonnes of zinc, 360,000 tonnes of lead and 10 million ounces of silver.
- A total resource of approximately 17Mt @ 6.9% Zn Equivalent (including Pb credits), 4.1% Zn, 2.9% Pb and 24 g/t Ag, including:
  - 720,000 tonnes of zinc, 510,000 tonnes of lead and 14 million ounces of silver.

The Company's Board believes the results of this update compare favourably with the previously reported MRE, announced on 29 October 2019, comprising the following tonnages and grade:

- An indicated resource of approximately 2.7Mt @ 8.9% Zn Equivalent (including Pb credits), 5% Zn, 4.2% Pb and 32 g/t Ag, 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 22 g/t Ag, including:
  - 690,000 tonnes of zinc, 450,000 tonnes of lead and 11 million ounces of silver.
- A total resource of approximately 18Mt @ 7.4% Zn Equivalent (including Pb credits), 4.5% Zn, 3.1% Pb and 24 g/t Ag, including:
  - 830,000 tonnes of zinc, 570,000 tonnes of lead and 14 million ounces of silver.

* Zn Eq % is the calculated Zn equivalent incorporating lead credits; (Zn Eq (Pb)% = Zn + Pb*0.926). Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead; (Zn Eq (PbAg)% = Zn + Pb*0.926 + Ag*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.

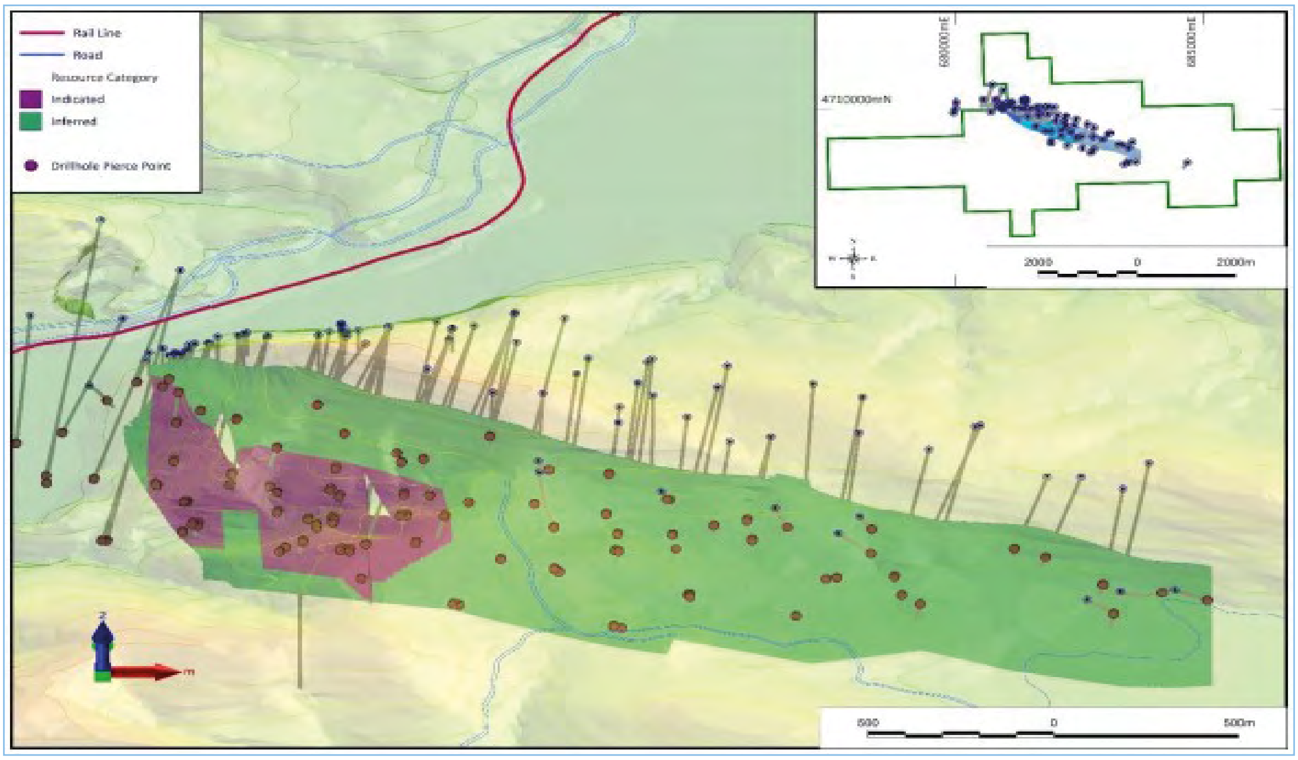


Image 3: showing AMS' resource block model for Toral as a 3D view looking north, by resource category

2019/2020 Work Programme

On 22 January 2020, the Company announced an operational and strategic update in respect of its wholly owned Toral Project stating that following a strategic review of the project's operations and existing data, the Board intended to focus the Company's activities on engineering and processing optimisation during the course of H1 2020, with drilling activities halted following the completion of hole TOD-025.

On 31 January 2020, the Company announced that the drilling of hole TOD-025 had been duly completed with a wedge, hole TOD-025D, also being drilled off the parent hole to conclude the latest drilling campaign. Core samples obtained from both holes TOD-025 and TOD-025D, and the previously drilled hole TOD-024, were then being sent for independent assay.

On 14 February 2020, the Company announced the completion of a geotechnical study on the Toral Poject based on the geotechnical logging of the core drilled previously. The geotechnical study recommended that the already selected cut and fill mining method would be the best option to pursue.

On 28 February 2020, the Company announced the results from a recently completed conceptual hydrogeological study and an update on the water monitoring programme in respect of the Toral Project. Eight piezometers for monitoring water conditions in and around the Toral Project area had been installed as part of a planned quarterly monitoring programme.

The piezometers programme follows the recommendations of the conceptual hydrogeological study commissioned by Europa Metals on the Toral Project and is considered a first phase of an ongoing programme. The study assessed the following parameters:

- Permeability on the area where the project will be developed;
- Piezometric network for future monitoring;
- Inflow expected during mining works; and
- Flow direction and time.

Directors' Report

continued

On 11 March 2020, the Company announced assay results for the abovementioned drill holes TOD-024 and TOD-025. Key results from the drilling included:

- Thick, high-grade zone confirmed outside of the current Indicated resource area in hole TOD-025:
  - **7.70m @ 17.3%** ZnEq(PbAg) from **483.6m to 491.3m**, including **4.3m @ 25.6%** ZnEq(PbAg) from 486.3m to 490.6m;
  - Highest grade intersection returned by Europa Metals to date from its drilling campaigns at Toral;
- Mineralisation confirmed above current indicated resource area in hole TOD-024:
  - 1.7m @ 5.1% ZnEq(PbAg) from 280.8m to 282.5m;
- Copper results identified in hole TOD-024:
  - 0.9m @ 1.5% Cu from 278.9m to 279.8m.

Core obtained from holes TOD-024 and TOD-025 had been sampled and sent to ALS Laboratories in Spain, with initial results confirming the visual mineralisation as high-grade, with certain samples having to be re-assayed due to the Pb content being above the detection limit at the laboratory. The assay results contained the highest-grade intersection obtained by the Company to date from its drilling campaign on the Toral Project and extended the current known high-grade area of the deposit as well as establishing consistency with the results of historic third party drilling campaigns in the 1980s.

Metallurgical programme

Following completion of the abovementioned drill programme, metallurgical testwork commenced by WAI in late September 2019 on the full core wedge (hole TOD-023D) and ¼ core from hole TOD-023 comprising a 61.6kg sample. The preliminary results were reported on 18 December 2019.

On 16 April 2020, the Company announced that, following completion of the second phase of metallurgical testwork, it had received an updated independent metallurgical report from WAI, in respect of material from the Toral Project. The metallurgical results contained within the report arose from a testing programme that culminated in a second locked cycle test. Such testwork achieved the following recoveries:

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

These results showed that the amount of lead recovered had remained broadly unchanged versus the lead recoveries obtained from the first locked cycle test. However, there had been a 2.5% increase in the Pb concentrate grade and zinc recovery had 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.

Following these results, Europa Metals commenced 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 was then 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 also, simultaneously with the above mentioned ore sorting analysis, undertook a further metallurgical test on mineralisation sampled from the high-grade intersection encountered in hole TOD-025, providing further context to the variability work required to advance the project towards a PFS by spatially assessing the mineralisation across the possible mining area identified within the scoping study (as announced by the Company in December 2018). The results of this Phase III metallurgical test work were announced post the financial year end, on 28 August 2020.

Stakeholder engagement

On 9 August 2019, the Company announced that it had submitted an initial document (the "ID") for formal review by all key administration stakeholders, including the department of the environment, Castilla y León region, Northwest Spain, and private stakeholders consulted by such administration, in connection with the process for obtaining an exploitation license at the Toral Project.

The ID contained a conceptual plan for the Toral Project based on the findings of the Scoping Study, announced by the Company on 10 December 2018. The Company's local engagement activities with principal stakeholders will enable the evaluation, in particular, of the technical infrastructure aspects of the project's future development and seek to secure greater social support.

Feedback from such requisite review will be utilised to structure the environmental parameters for a full exploitation license for Toral and, consequently, enable a first impression by the Junta de Castilla y León on the appropriateness of the Toral Project being developed into a future mining operation.

Investigation Permit Renewal

On 8 June 2020, the Company announced that it had submitted an application to the Junta of Castilla y León for a new three year investigation permit ("Investigation Permit") in respect of the Toral Project.

The Company was granted an initial Investigation Permit for Toral in 2017, which is due to expire in November 2020 following conclusion of the customary three year period. An Investigation Permit provides a company with the right to pursue exploration activities at a project. As such, since 2017, under the existing Investigation Permit, the Company has commissioned and conducted a significant amount of work on the Toral Project, including, *inter alia*, a maiden JORC inferred resource and first indicated resource estimate, a detailed scoping study, hydrogeological analysis, geotechnical studies, environmental monitoring, social engagement and initial metallurgical test work.

Europa Metals continues to be engaged on a number of work streams at Toral, which the Directors expect to add further value to the project. The Company has identified a series of further tasks that it intends to undertake before refining and submitting a final development application.

The Investigation Permit renewal application was prepared in close consultation with the relevant bodies of the Junta of Castilla y León, whose involvement in the submission process served to reinforce the Company's decision to apply. The Company currently anticipates that a decision in respect of the grant of a new Investigation Permit will occur prior to the scheduled expiry of the existing permit.

Coronavirus (COVID-19) impact on operations

The Board is actively monitoring the impact of COVID-19 on the group's operations on an ongoing basis.

The Company's response to the global coronavirus (COVID-19) health event has been to safeguard all key personnel at all sites and limit all travel, including to work at its sites, following the advice and guidance issued by all relevant health authorities. For the time being, site visits from overseas have been suspended and operations have been amended to primarily reflect the uncertain health security issues, but also to take into account the current status of international equity and commodity markets. With a significant amount of core samples and data having already been retrieved, the Company took steps to conserve its existing capital and continue with a series of key, desktop or laboratory based workstreams.

The Company has reacted to the coronavirus health emergency by carefully following guidance issued by the Spanish and UK governments and has halted all non-essential travel and instructed the majority of its workforce to remain working remotely at home. Nevertheless, metallurgical and flow sheet optimisation work can continue from the samples already retrieved.

There does not currently appear to be any material impact on the Company at present or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The Company is currently well funded having raised £2 million (before expenses) in August 2020 and is well positioned in the short to medium term.

Financial Position

In carrying out its operations during the reporting period, the Group has incurred a loss after income tax for the period from 1 July 2019 to 30 June 2020 of $2,362,660 (2019: loss of $2,392,170). The Group had net assets of $2,499,370 (2019: $2,707,503) as set out in the Consolidated Statement of Financial Position.

Significant changes in the Group's state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report that have not otherwise been disclosed elsewhere in the Annual Report.

Significant events after the reporting date

There are subsequent events to report, as follows:

On 15 July 2020, the Company announced the results of it's General Meeting, whereby all resolutions were duly passed by way of a poll conducted in accordance with section 251AA of the Corporations Act 2001.

Directors' Report

continued

On 16 July 2020, the Company's ordinary shares were consolidated on a 500:1 basis following approval of resolution 1 at the Company's General Meeting held on 15 July 2020.

On 24 July 2020, the Company announced that following approval of resolutions 5 to 9 at the Company's General Meeting held on 15 July 2020, the Company had granted, in aggregate, 1,980,000 options to the Company's Executive and Non-Executive Directors (the "Incentive Options"). The Incentive Options are exercisable at varying premiums to 6.03 pence, being the 30-day VWAP up to and including 23 July 2020.

On 5 August 2020, the Company announced that Mr Colin Bird had resigned as a director of the board. On the same day, Mr Myles Campion was appointed Executive Chairman and Mr Laurence Read was appointed as Chief Executive Officer.

On 14 August 2020, the Company released the results of an updated Mineral Resource Estimate at Toral, which led to an approximate 40% increase in the indicated resource to 3.8Mt at 8.3% Zn Equivalent (including Pb credits) and 30g/t Ag.

On 19 August 2020, the Company announced that it had raised £2,000,000 (before expenses) via the issue of, in aggregate, 15,686,274 new ordinary shares at an issue price of 12.75 pence per share to certain existing and new investors. The net proceeds from the fundraising are primarily being utilised towards completion of certain key components of a PFS to be undertaken at Toral.

On 28 August 2020, the Company announced the results of the Phase III metallurgical testwork and ore sorting undertaken at Toral. The positive Phase III metallurgical results and ore sorting analysis is to be utilised, alongside all key work conducted since the 2018 Scoping Study, to update the Toral Project's estimated economics through an independent study being conducted by Bara Consulting.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during the remainder of 2020 and into 2021.

No other matters or circumstances have arisen since the end of the year, other than as noted above, that may significantly affect the operations of the Company, the results of these operations, or the state of affairs in future financial years.

Likely developments and expected results

The Group will continue to carry out its business plans, including:

- Conclusion of an independent economic study to determine the impact of the significant work undertaken in the period since the 2018 Scoping Study was announced.
- Securing the grant of a new three year Investigation Permit for the Toral Project that is currently progressing through the regional application procedure.
- Completion of certain of the key elements of a Pre Feasability Study for the Toral Project:
  - Hydrogeological drilling and monitoring report to confirm the findings of the 2020 Independent analysis that water levels at Toral are within acceptable boundaries for future development.
  - Combined resource and metallurgical drilling campaigns to improve surety in the resource and processing design/concentrate characteristics.
  - Further community, geotechnical, waste management and environmental work to continue to be progressed.
- Development of third party engagement through concentrate marketing partners and directly by the Board to establish value accretive pathways forward for the Toral Project.
- Continuing to persue and evaluate potential transactional opportunities for the Toral Project or the Company itself in order to seek to increase shareholder value.
- Seeking to secure EU backed grants for project progression.

There can be no guarantee either that further exploration of the Group's existing project will result in exploration or development success or that any potential additional strategic acquisitions considered by the Directors to be likely to add value to the Group will become available to the Group.

Environmental regulation and performance

The Group's activities are subject to Spanish legislation relating to the protection of the environment. The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. The Group is in compliance with the NGER Act 2007.

There have been no known breaches of these regulations and principles.

Directors' Report

continued

Competent Person's Statement

The 2018 Scoping Study and JORC (2012) resource estimate for Toral therein was prepared by Mr J.N. Hogg, MSc. MAIG Principal Geologist for Addison Mining Services Limited ("AMS"), Mr J. Bennett BSc (Hons). ARSM, FIMMM CEng Associate Principal Mining Engineer for AMS, Dr N. Holloway, CEng, FIMMM Associate Processing Engineer for AMS, and Dr S. Struthers CEnv, FIMMM, Associate Environmental Consultant for AMS together being independent Competent Persons within the meaning of the JORC (2012) code and qualified persons under the AIM Note for Mining and Oil & Gas Companies. The Scoping Study was aided by Mr R. J. Siddle, MSc, MAIG Senior Resource Geologist for AMS, under the guidance of the competent persons.

Mr Hogg, Mr Bennett, Mr Holloway and Ms Struthers have reviewed and verified the technical information that forms the basis of, and has been used in the preparation of, the Scoping Study and these accounts, including all analytical data, assumed and acquired technical and economic inputs, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques, and consent to the inclusion in these accounts of the matters based on the information, in the form and context in which it appears. Mr Hogg, Mr Bennett, Mr Holloway and Ms Struthers have also reviewed and approved the technical information in their capacities as qualified persons under the AIM Rules for Companies.

Indemnification and Insurance of Directors and officers

The Group has entered into deeds of access and indemnity with the officers of the Group, indemnifying them against liability incurred, including costs and expenses in defending any legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the Director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

(a) owed to the Group or a related body corporate of the Group;

(b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or

(c) owed to someone other than the Group or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Similarly, the indemnity does not extend to liability for legal costs and expenses:

(a) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c) above;

(b) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or

(c) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

During or since the financial year end, the Company has paid premiums in respect of a contract insuring all the Directors and officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since the financial year end.

Non-audit services

The Group may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the Group's auditors, BDO International for non-audit services provided during the financial year are set out below.

	2020 $	2019 $
Remuneration of the auditor, BDO International for Group and subsidiary statutory reporting:		
– other assurance related services	—	—
– tax compliance services	**7,460**	17,340
– corporate finance (valuation of options)	**3,200**	—
	10,660	17,340

Directors' meetings

Meetings of directors held and their attendance during the financial year were as follows:

	Board Meetings		Remuneration Committee	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**
Evan Kirby	7	7	1	1
Laurence Read	7	7	—	—
Myles Campion	7	7	—	—
Colin Bird	7	7	1	1
Daniel Smith	7	7	1	1

Remuneration Report (audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, and includes Directors of the Company.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

The Remuneration Report is presented under the following sections:

1. Individual KMP disclosures
2. Remuneration at a glance
3. Board of Directors (the "Board") oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements
6. Directors and KMP contractual arrangements
7. Equity instruments disclosures
8. Loans to KMP and their related parties
9. Transactions with KMP and their related parties
10. Voting of Shareholders at last year's annual general meeting.

1. Individual key management personnel disclosures

(i) Directors:

Name	Role	Appointed	Resigned
Evan Kirby	Non-Executive Director	31 March 2016	—
Laurence Read	Non-Executive Director Chief Executive Officer	25 January 2017 4 August 2020	—
Myles Campion	Executive Technical Director Executive Chairman	17 October 2017 4 August 2020	—
Colin Bird	Non-Executive Chairman	11 January 2018	4 August 2020
Daniel Smith	Non-Executive Director Company Secretary	16 January 2018 16 January 2018	—

(ii) Executives:

Name	Role	Appointed
Laurence Read	Chief Executive Officer	4 August 2020
Myles Campion	Executive Chairman	4 August 2020

2. Remuneration at a glance

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Provide significant portions of executive remuneration "at risk" through participation in incentive plans

Shares and options issued under incentive plans provide an incentive to stay with the Group. At this stage, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Group, having regard to the current state of its development.

The Company has established a directors' and executives' salary sacrifice plan, pursuant to which individuals may elect for a nominated fixed period to sacrifice all or an agreed percentage of their salary or fees to be applied in the subscription for on-market purchase of shares in the Company. As such shares may not be purchased or subscribed for during periods that are close periods or when individuals are in possession of inside information, the entitlement to subscribe for shares is determined by calculating the number of shares using the market price for the month concerned. The plan was established to allow for the subsequent settlement of salary or fees from 1 April 2012. Directors and executives have previously elected to participate in the plan with effect from that date. During the period to 30 June 2020 no Directors or executives participated (2019: Nil) in the salary sacrifice plan. Shares listed under the plan are not subject to performance conditions. Shareholder approval for the plan and for the issue of shares under the plan was obtained on 8 August 2012.

The Company also recognised that, at this stage in its development, it is most economical to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the Directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its Directors and executives, whether they are employees of or consultants to the Company.

Directors' Report

continued

3. Board oversight of remuneration

Remuneration Committee Responsibilities

A Remuneration Committee was established on 14 January 2010 and reconstituted on 15 October 2010 and again on 9 March 2015.

The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

4. Non-Executive Director remuneration arrangements

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's Constitution specifies that the aggregate remuneration of Non-Executive Directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the Non-Executive Directors as agreed. The current aggregate limit of remuneration for non-executive directors is $250,000 as approved at the 2010 Annual General Meeting of Shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to Non-Executive Directors of comparable companies, when undertaking the annual review process. No remuneration or external consultants were used during the financial year.

Each Non-Executive Director receives a fee for being a Director of the Company. No additional fee is paid for participating in Board Committees.

Non-Executive Directors may participate in the Company's share and option plans as described in this report.

Mr Evan Kirby is on a contract dated 31 March 2016, which provides for a fixed fee of $2,750 per month. Mr Daniel Smith (through Minerva Corporate Pty Ltd) is on a contract dated 15 January 2018 which provides for a fixed fee of $2,000 per month.

5. Executive remuneration arrangements

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

- At this time, the cash component of remuneration paid to executive Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.
- The Executive Directors may also participate in the Company's share and option plans as described in this report, including the salary sacrifice share plan. Refer to page 23 for details of options previously granted.

Performance table

The following table details the net profit/(loss) of the Company from continuing operations after income tax, together with the basic earnings/(loss) per share for the last five financial years:

	2020 $	2019 $	2018 $	2017 $	2016 $
Net (loss) from continuing operations after income tax	**(2,362,660)**	(2,392,170)	(1,883,446)	(11,286,803)	(1,573,533)
Basic (loss) per share in cents	**(0.02)**	(0.03)	(0.06)	(0.91)	(0.22)
Share Price in cents	**0.11**	0.21	0.20	0.10	0.40

6. Executive contractual arrangements

Laurence Read – Chief Executive Officer

Salary £75,000 per annum

Term Ongoing

Termination 6 months notice period by either party

Myles Campion – Executive Chairman/Technical Director

Salary £100,000 per annum

Term Ongoing

Termination 6 months notice period by either party

EUROPA METALS

Directors' Report

continued

Remuneration of key management personnel of the Company and the Consolidated Entity

Table 1: Remuneration for the years ended 30 June 2019 and 30 June 2020

		Short-term benefits		Post-employment	Long-term benefits		Share-based payments		Total	Performance related	Options
		Salary & fees $	Cash bonus $	Super-annuation $	Cash Incentives $	Long Service Leave $	Options $	Shares $	$	%	%
Non-executive directors											
Evan Kirby	2020	32,615	—	—	—	—	—	—	**32,615**	—	—
	2019	30,000	—	—	—	—	—	—	**30,000**	—	—
Colin Bird	2020	65,649	—	—	—	—	—	—	**65,649**	—	—
	2019	64,891	—	—	—	—	—	—	**64,891**	—	—
Daniel Smith	2020	23,200	—	—	—	—	—	—	**23,200**	—	—
	2019	24,000	—	—	—	—	—	—	**24,000**	—	—
Subtotal Non-executive directors	2020	124,464	—	—	—	—	—	—	**121,464**	—	—
Subtotal Non-executive directors	2019	118,891	—	—	—	—	—	—	**118,891**	—	—
Executive directors											
Laurence Read	2020	134,277	—	—	—	—	—	—	**134,277**	—	—
	2019	135,549	—	—	—	—	—	—	**135,549**	—	—
Myles Campion	2020	182,966	—	—	—	—	—	—	**182,966**	—	—
	2019	180,484	—	—	—	—	—	—	**180,484**	—	—
Subtotal executive directors	2020	317,243	—	—	—	—	—	—	**317,243**	—	—
Subtotal executive directors	2019	316,033	—	—	—	—	—	—	**316,033**	—	—
Total KMP	2020	438,707	—	—	—	—	—	—	**438,707**	—	—
Total KMP	2019	434,924	—	—	—	—	—	—	**434,924**	—	—

Refer to page 19 for all appointment dates.

Directors' Report

continued

7. Equity instrument disclosures

Table 2: Share holdings

2020	Shares (pre-consolidation) Balance 1 July 2019	Rights Exercised	On Exercise of Options	Net Change Other	Balance 30 June 2020
Directors					
Evan Kirby	12,929,158	—	—	—	12,929,158
Laurence Read	23,913,043	—	—	—	23,913,043
Myles Campion	85,181,159	—	—	—	85,181,159
Colin Bird	313,833,191*	—	—	—	313,833,191*
Daniel Smith	—	—	—	—	—
	435,856,551	**—**	**—**	**—**	**435,856,551**

* – includes 130,499,858 shares in which he has an indirect interest via his directorship of African Pioneer plc.

Table 4: Option holdings

2020	Options (pre-consolidation) Balance 1 July 2019	Granted	Received as Remuneration	Options Expired	Net Change Other	Balance 30 June 2020	Vested & Exercisable 30 June 2020	Vested & Not Exercisable 30 June 2020
Directors								
Evan Kirby	22,500,000	—	—	—	—	22,500,000	22,500,000	—
Laurence Read	112,500,000	—	—	—	—	112,500,000	112,500,000	—
Myles Campion	145,833,334	—	—	—	—	145,833,334	145,833,334	—
Colin Bird	171,666,666	—	—	—	—	171,666,666	171,666,666	—
Daniel Smith	10,000,000	—	—	—	—	10,000,000	10,000,000	—
	462,500,000	**—**	**—**	**—**	**—**	**462,500,000**	**462,500,000**	**—**

Executive Share Incentive Plan (ESIP)

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group.

During the 2019 and 2020 reporting period no new shares were issued under the ESIP.

If, at any time during the exercise period an employee ceases to be an employee, all options held by that employee vest immediately and will lapse one month after their employment end date. As such, there is not considered to be any service conditions attaching to the grant of shares under the ESIP, and the full expense is recognised at the grant date.

Directors' Report

continued

Fair value of award granted

Shares granted under the ESIP are accounted for as "in-substance" options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of rights issued under the ESIP is determined using a binomial model.

8. Loans to Key Management Personnel and their Related Parties

There were no loans to Directors or other key management personnel at any time during the year ended 30 June 2020 (2019: Nil).

9. Transactions with Key Management Personnel and their Related Parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2020 and 2019.

	2020 $	2019 $
Rental fees were paid to Lion Mining Finance, a company of which Colin Bird is a director. Fees were paid at arms length and on commercial terms.	**27,370**	24,551
Company secretarial and accounting fees were paid to Minerva Corporate Pty Ltd, a company of which Daniel Smith is a director. Fees were paid at arms length and on commercial terms.	**84,000**	89,000
Mr L Read, an executive director of the Company, was until recently also a director of Mowbrai Ltd. During the year, Mowbrai Ltd received fees for consulting services. These fees are based on normal commercial terms and conditions.	**134,277**	135,549
Mr M Campion, an executive director of the Company, is also a director of Virico Limited. During the year, Virico Limited received fees for consulting services. These fees are based on normal commercial terms and conditions.	**182,966**	180,484
	428,613	429,584

10. Voting of Shareholders at last year's annual general meeting (AGM)

Europa Metals Ltd received 99.80% votes in favour of its remuneration report for its 2019 financial year. The Company did not receive any specific feedback at the AGM or through the year on its remuneration practices.

End of audited Remuneration Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 58 and forms part of this report.

This report is made in accordance with a resolution of the Directors.

Daniel Smith
Non-Executive Director
Perth

Coporate Governance Statement

STATEMENT REGARDING COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

Chairman's Corporate Governance Statement

The Board of the Company, which is responsible for the direction and oversight of its activities, believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is essential to the Company's success both in the medium and long term. As announced on 12 June 2020, the Company has therefore adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as its benchmark for governance matters. The application of such principles enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Company, including employees, suppliers and business partners.

My role as Executive Chairman effectively combines the roles of chairman and an executive director although, in practise, much of the day-to-day running of the Company's operations is delegated to key executives who are not directors of the Company. Whilst this does not satisfy the QCA guidance that the "chair must have adequate separation from the day-to-day business to be able to make independent decisions", this reflects the size, nature and early stage of development of the Company and its business and the continued combination of the two roles will be regularly reviewed as the business develops further.

The Board currently comprises an Executive Chairman, one other executive director and two non-executive directors. It is the main decision-making body of the Company, being responsible for: a) the overall direction and strategy of the Company; b) monitoring performance; c) understanding risk; and d) reviewing controls. It is collectively responsible for the success of the Company. The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director. However, the Company operates Audit, Remuneration and Nominations Committees.

Daniel Smith, a non-executive director of the Company, is also employed as its Company Secretary and assists with the preparation of its accounts. The Board considers that this does not impair his judgement as an independent director of the Company.

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage in its development in accordance with general market practice.

The Board maintains a regular dialogue with Strand Hanson Limited, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules for Companies and other governance requirements.

We continue to review our approach to governance and how the views of stakeholders are represented in our oversight of the business.

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to any additional regulatory or other relevant guidance.

Myles Campion
Executive Chairman

6 October 2020

Coporate Governance Statement

continued

Adoption of the QCA Corporate Governance Code

As a company quoted on AIM, Europa Metals is required to comply with a recognised corporate governance code. At this stage of its development and with its primary market quotation being in the UK, the Board believes it appropriate for Europa Metals to adopt the QCA Code, which is specifically designed for growing companies.

This statement summarises how Europa Metals currently complies or otherwise with each of the ten core principles of the QCA Code. Europa Metals will report further on its compliance with the QCA Code on an annual basis.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Europa Metals has a clearly articulated strategy and business plan as a European focused exploration and development company, with its wholly owned Toral lead-zinc-silver project in northern Spain (the “Toral Project”).

Our business model is centred on the continued advancement of the Company’s Toral Project located in the province of Castilla y León, north west Spain. We are pursuing our efficient and cost effective approach to exploration and development including the prosecution of several drilling campaigns designed to extract maximum value and information from each drill hole. This approach has seen Europa Metals successfully complete a number of workstreams that will ultimately feed into a Pre-Feasibility Study.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the information included in the Company’s annual and interim reports and required public announcements, there is regular dialogue between the Board and senior management and shareholders including regular presentations to investors, including one-to-one meetings with major shareholders in addition to specific meetings with shareholders relating to major transactions.

An up to date information flow is also maintained on the Company’s website (www.europametals.com) which contains all press announcements and financial reports as well as operational information on the Company’s activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of each year’s activity and the corporate outlook for the Company.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board believes that long-term success relies upon good relations with a range of different stakeholder groups, both internal and external. Most importantly, however, we act with utmost respect for people, communities and the environment.

As part of our business model, we identify the relationships on which the Company relies, including suppliers, customers, partners and other stakeholders, and seek to maintain and improve these relationships in a number of ways. We regularly seek to obtain, and take action on, feedback from our employees, our suppliers and other parties with whom we transact, as to how we can best maintain and improve our dealings with each other. We have also embarked on a formal stakeholder engagement process with respect to the planned eventual securing of an exploitation licence for the Toral Project.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Financial controls

The Board is responsible for reviewing and approving overall Company strategy, approving budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Budgeting and planning is undertaken by management in conjunction with the Executive Chairman.

Non-financial controls

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to the Company’s plans. The Board has ultimate responsibility for the Company’s system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

Coporate Governance Statement

continued

The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Company. The principal elements of the Company's internal control system include:

- Close management of the day-to-day activities of the Company by the Executive Directors;
- A forecast budget is utilised to track actual performance on a regular basis, including detailed periodic reporting of performance against budget; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Company continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available.

Other areas subject to regular ongoing review as the Company grows, include regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity).

Risk management policies

As part of its Corporate Governance Plan, the Company has a number of policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Corporate Code of Conduct
- Share Dealing Code / Trading Policy
- Shareholder Communications Strategy
- Audit and Risk Committee Charter
- Risk Management Processes
- Anti-Bribery Policy
- Whistleblower Policy

Roles and responsibilities

The risk management and other policies listed above describe the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the risk management policies and for satisfying itself that the Company has a sound system of risk management and internal control that is operating effectively.

Risk management and other policies will be reviewed annually.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board currently comprises an Executive Chairman, one executive director/CEO and two non-executive directors. All directors retire by rotation with at least one third submitting themselves for re-election each year at the Company's Annual General Meeting.

Executive directors of the Company are required to work such hours as are required to fulfil their obligations to the Company and have service contracts with a 6-month notice period. They are not precluded from having other outside business commitments.

Non-executive directors have letters of appointment with a 1-month notice period and are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. Their letters of appointment provide no indicative time commitment, but they are required to devote sufficient time as may reasonably be necessary for the proper performance of their duties.

The Board considers that both of the non-executive directors, are independent in character and judgement.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

During the financial year ended 30 June 2020 the number of Board meetings held and those attended by each Director were as follows:

Director	No. of Board meetings eligible to attend	No. of Board meetings attended
Myles Campion	7	7
Laurence Read	7	7
Evan Kirby	7	7
Daniel Smith	7	7

In addition to the formal meetings of Directors above, the Board has held regular and frequent discussions throughout the year and passed circular resolutions on all material matters.

Coporate Governance Statement

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Experience and capabilities

The Board is satisfied that, between its Directors, it has an effective balance of skills and experience including technical and commercial mining industry knowledge and expertise and experience in sales, operations, performance improvement, finance, commercial law and capital markets. Each Board member brings a mix of different capabilities which blend well into a successful and effective team.

Board members maintain their skillsets through practice in day-to-day roles enhanced with continuing professional development and specific training where required.

Biographies for each Board member are published on the Company's website and in the Directors' Report.

Internal Advisory Responsibilities

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director.

All Directors have access to the advice and services provided by the Company Secretary whose appointment and removal is a matter reserved for the Board. Daniel Smith, a non-executive director of the Company, fulfils the role of Company Secretary by, amongst other things, carrying out the following functions:

- preparing board packs, agendas and minutes and facilitating the flow of Board information between senior executives and non-executive Directors;
- implementing Board policies and procedures;
- liaising with the Company's nominated adviser and other professional advisers;
- advising the Board, on corporate governance matters, the application of the Company's Constitution, and other applicable laws; and
- inducting new Directors.

The Board maintains a regular dialogue with Strand Hanson Limited, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules for Companies and other governance requirements.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage in its development in accordance with general market practice.

Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board believes that a healthy corporate culture both protects and generates value for the Company. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. We do this using certain rule based procedures (such as our formal Corporate Code of Conduct) and, more importantly, by the behavioural example of individual Board members and senior managers. These values, which we seek to instil throughout the Company, include integrity, respect, honesty and transparency. As a small company, these characteristics are far more visible to staff than might otherwise be the case. We also hold internal meetings at which Directors and staff discuss matters, both formally and informally.

The Company operates a well-defined organisational structure through which we seek to determine that these ethical values and behaviours are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board

The Board is responsible for the long-term performance of the Company. There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Corporations Act. This list includes matters relating to: a) appointing executive directors and determining their remuneration; b) determining strategy and policy; c) reviewing and ratifying risk management and compliance systems and controls; d) approving major capital expenditure, acquisitions and disposals; e) approving and monitoring budgets and the integrity of financial reporting; f) approving interim and annual financial reports; g) approving significant changes to the organisational structure; h) approving any issues of shares or other securities; i) ensuring high standards of corporate governance and regulatory compliance; j) the appointment of the Company's auditors.

The Executive Chairman's role involves both the leadership of the Board (including responsibility for the establishment of sound corporate governance principles and practices) and leading the Company's executive management team in the execution of its strategy. He also plays a pivotal role in developing and reviewing the strategy in consultation with the Board.

Notwithstanding the QCA Code's recommendation that the role of Chairman and an Executive Director are not combined, Europa's use of an Executive Chairman reflects the size, nature and early stage of development of its business. The Board anticipates that the continued combination of the two roles will be regularly reviewed as the business develops further.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in day-to-day operations, providing executive leadership to managers, championing the Company's core values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge and are tasked with scrutinising the performance of management, providing constructive challenge to the executive directors and ensuring that the Company is operating within the governance and risk framework approved by the Board.

Board Committees

The Company's Board Charter requires it to establish Audit, Remuneration and Nominations Committees to assist the Board in fulfilling its duties once the Board has determined that it is of a sufficient size and structure.

The Company has established and operates an Audit Committee, a Remuneration Committee and a Nominations Committee. The Company has also established an (informal) technical committee.

Evolution of the Corporate Governance Framework

During 2020, a number of changes have been introduced to the Company's corporate governance procedures which will serve to improve ongoing compliance with the QCA Code as far as practicable and appropriate.

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to any additional regulatory and other relevant guidance.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through its annual report and accounts, half yearly results and other updates, its annual general meeting and one-to-one meetings with certain existing and potential new shareholders.

The Company's website contains, *inter alia*, the outcomes of shareholder votes cast at such Annual General Meeting and historic annual accounts, half-year reports and AGM notices.

In formally adopting the QCA Code as its corporate governance framework, the Board has reviewed all aspects of compliance and has taken action to improve disclosures in its annual report and accounts and on its website.

This corporate governance statement is dated 6 October 2020 and has been approved by the Board.

Website disclosures

In accordance with AIM Rule 26, the Company is required to maintain on its website details of the QCA Code, how the Company complies with the QCA Code and an explanation of any deviations from such code. This information is required to be reviewed annually and going forward it is intended that it will be reviewed at the same time as the Company's Annual Report is prepared.

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.europametals.com, under the section titled Corporate Governance.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	3(a)	**3**	42
Other income	3(b)	**—**	7,212
Administration expenses	3(c)	**(1,000,227)**	(974,577)
Occupancy expenses		**(2,824)**	(32,489)
Exploration expenditure		**(1,375,442)**	(1,390,379)
Foreign exchange gain/(loss)		**15,830**	(1,979)
Loss before taxation		**(2,362,660)**	(2,392,170)
Income tax benefit/(expense)	5	**—**	—
Loss after income tax for the year from continuing operations		**(2,362,660)**	(2,392,170)
Net loss for the year		**(2,362,660)**	(2,392,170)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net exchange gain on translation of foreign operation		**171,072**	62,293
Other comprehensive income for the year, net of tax		**171,072**	62,293
Total comprehensive loss for the year		**(2,191,588)**	(2,329,877)
Net loss for the year attributable to:			
Equity holders of the Parent		**(2,191,588)**	(2,329,877)
		(2,191,588)	(2,329,877)
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		**(2,191,588)**	(2,329,877)
		(2,191,588)	(2,329,877)
		Cents per share	Cents per share
Loss per share			
Basic loss for the year attributable to ordinary equity holders of the Parent	7	**(0.02)**	(0.03)
Diluted loss for the year attributable to ordinary equity holders of the Parent	7	**(0.02)**	(0.03)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and short term deposits	8	**700,642**	1,052,411
Trade and other receivables	9	**210,866**	291,201
Total current assets		**911,508**	1,343,612
Non-current assets			
Plant and equipment		**24,073**	31,657
Other receivables	9	**193,096**	—
Right of use assets		**39,035**	—
Capitalised exploration expenditure	10	**1,577,953**	1,423,943
Total non-current assets		**1,834,157**	1,455,600
Total assets		**2,745,665**	2,799,212
Liabilities and equity			
Current liabilities			
Trade and other payables	11	**207,462**	91,709
Lease liability		**22,328**	—
Total current liabilities		**229,790**	91,709
Non-current liabilities			
Lease liability		**16,505**	—
Total non-current liabilities		**16,505**	—
Total liabilities		**246,295**	91,709
Net assets		**2,499,370**	2,707,503
Equity			
Contributed equity	12	**42,489,962**	40,572,924
Accumulated losses	15	**(43,121,940)**	(40,759,280)
Reserves	14	**3,131,348**	2,893,859
Total equity		**2,499,370**	2,707,503

This Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows used in operating activities			
Interest received		**3**	42
Exploration and evaluation expenditure		**(1,507,897)**	(1,387,317)
Payments to suppliers and employees		**(828,272)**	(1,337,373)
Net cash flows used in operating activities	19	**(2,336,166)**	(2,724,648)
Cash flows used in investing activities			
Payments for plant and equipment		**(5,953)**	—
Net cash flows used in investing activities		**(5,953)**	—
Cash flows from financing activities			
Lease principal repayments		**(49,096)**	—
Proceeds from issue of shares		**2,212,254**	2,684,170
Transaction costs on issue of shares		**(183,506)**	(184,832)
Net cash flows from financing activities		**1,979,652**	2,499,338
Net (decrease)/increase in cash and cash equivalents held		**(362,468)**	(225,310)
Net foreign exchange difference		**10,699**	5,394
Cash and cash equivalents at 1 July		**1,052,411**	1,272,327
Cash and cash equivalents at 30 June	8	**700,642**	1,052,411

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Attributable to the equity holders of the Parent					
	Issued capital $	Accumulated losses $	Employee share incentive reserve $	Option reserve $	Foreign exchange reserve $	Total equity $
At 1 July 2018	**38,079,499**	**(38,367,110)**	**491,577**	**2,028,253**	**252,152**	**2,484,371**
Loss for the year	—	(2,392,170)	—	—	—	(2,392,170)
Other Comprehensive Income (net of tax)	—	—	—	—	62,293	62,293
Total comprehensive loss (net of tax)	—	(2,392,170)	—	—	62,293	(2,329,877)
Transactions with owners in their capacity as owners:						
Shares issued during the year net of transaction costs	2,493,425	—	—	—	—	2,493,425
Options issued to Brokers	—	—	—	59,584	—	59,584
	40,572,924	**(40,759,280)**	**491,577**	**2,087,837**	**314,445**	**2,707,503**
At 1 July 2019	**40,572,924**	**(40,759,280)**	**491,577**	**2,087,837**	**314,445**	**2,707,503**
Loss for the year	—	(2,362,660)	—	—	—	(2,362,660)
Other Comprehensive Income (net of tax)	—	—	—	—	171,072	171,072
Total comprehensive loss (net of tax)	—	(2,362,660)	—	—	171,072	(2,191,588)
Transactions with owners in their capacity as owners:						
Shares issued during the year net of transaction costs	1,917,038	—	—	—	—	1,917,038
Options issued to Brokers	—	—	—	66,417	—	66,417
At 30 June 2020	**42,489,962**	**(43,121,940)**	**491,577**	**2,154,254**	**485,517**	**2,499,370**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2020

Note 1: Corporate information

The consolidated financial statements of Europa Metals Ltd and its subsidiaries (collectively, the "Group") for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 6 October 2020.

Europa Metals Ltd, the parent, is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the London Stock Exchange (AIM) and the AltX of the Johannesberg Stock Exchange.

Domicile:	Australia
Registered Office:	c/o Minerva Corporate Pty. Ltd, Level 8, 99 St Georges Terrace, Perth, WA, 6000.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of Australian law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Europa Metals Ltd and its subsidiaries.

The Financial Report has also been prepared on a historical cost basis.

All amounts are presented in Australian dollars, unless otherwise stated.

(b) Statement of compliance

The Financial Report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

(c) Going concern

The Annual Report has been prepared on a going concern basis and this basis is predicated on a number of initiatives being undertaken by the Group with respect to ongoing cost reductions and funding as set out below.

The Group incurred an operating loss after income tax of $2,362,660 for the year ended 30 June 2020 (2019: $2,392,170). In addition, the Group had net current assets of $681,718 (2019: $1,251,903), and shareholders' equity of $2,499,370(2019: $2,707,503) as at 30 June 2020.

There does not currently appear to be any material impact on the Company or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The Company is currently well funded having recently raised £2 million (before expenses) and is well positioned in the short to medium term.

The Group's forecast cash flow requirements for the 15 months ending 30 September 2021 reflect cash outflows from operating and investing activities, which take into account a combination of committed and uncommitted but currently planned expenditure. The ability of the Group to continue as a going concern is dependent on raising additional funds to meet the Group's ongoing working capital requirements when required.

These conditions indicate a material uncertainty which may cast significant doubt as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

This Annual Report has been compiled on a going concern basis. In arriving at this position the Directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure. The Directors are satisfied that they will be able to raise additional funds either through implementation of strategic joint ventures or via a form of debt and/or equity raising. In addition, the Directors have embarked on a strategy to reduce costs.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2: Summary of significant accounting policies continued

(d) Adoption of new and revised standards

Europa Metals Ltd and its subsidiaries ('the Group') has adopted all new and amended Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2019, including:

AASB 16 Leases

The Group leases office space for its corporate offices.

Impact of application of AASB 16 Leases ("AASB 16")

AASB 16 provides a model for the identification and treatment of lease arrangements in the financial statements. AASB 16 superseded the lease guidance including AASB 117 Leases and the related Interpretations, when it became effective for the Group for the accounting period beginning 1 July 2019.

The Group has chosen the modified retrospective application of AASB 16. Consequently, the Group has not restated the comparative information.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered into or modified before 1 July 2019.

The change in the definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group has applied the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019. The Directors have determined that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Operating leases

AASB 16 has changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-statement of financial position.

On initial application of AASB 16, for all leases (except as noted below), the Group has:

(a) Recognised Right-of-Use assets ("ROU Assets") and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognised depreciation of ROU Assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16 lease incentives (e.g. rent-free period) are recognised as part of the measurement of the ROU Assets and lease liabilities. Previously lease incentives resulted in the recognition of a lease liability incentive amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, ROU Assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group recognised ROU Assets with a net book value of $82,590 and corresponding lease liabilities of $82,590 at 1 July 2019. After accounting for depreciation and lease principal payments during the year the balances as at 30 June 2020 were ROU Assets with a net book value of $39,035 and lease liabilities of $38,833.

Note 2: Summary of significant accounting policies continued

The impact on the consolidated statement of profit or loss (increase/(decrease)) for the period is:

Expense	$	Notes
Tenancy and operating	51,241	Rent expense on previously recognised operating lease
Depreciation expense	(43,556)	Depreciation of lease asset recognised under AASB 16
Finance costs	(7,484)	Interest on lease recognised under AASB 16
Net impact on loss for the period	201	

Under AASB 117, lease payments from operating leases were included in cash flows from operating activities. Under AASB 16 lease repayments are included in cash flows from financing activities. The impact on cash flows for the period from adopting AASB 16 is to increase cash flows from operating activities by $49,096 and to reduce cash flows from financing activities by $49,096.

There is no impact on other comprehensive income and the basic and diluted EPS.

Determination of whether variable payments are in-substance fixed

For lease agreements subject to lease payments with fixed increases, the Group factored in the fixed increases into the calculation of the lease liability. The Group has no lease agreements subject to lease payments based on a variable index.

Determination of the appropriate rate to discount the lease payments

The Group estimated the incremental borrowing rate applicable to its lease as the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security the funds necessary to obtain an asset of a similar value to the ROU Asset. The estimate was based on a risk adjusted rate and considered the materiality of the impacts of applying a range of interest rates. The incremental borrowing rate applied is 12.5%.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	$
Operating lease commitments disclosed at 30 June 2019	94,460
Less: discount applied using incremental borrowing rate	(11,870)
Lease liability recognised at 1 July 2019	82,590
Right-of-Use asset (value determined solely with reference to the lease liability value)	82,590

The recognised ROU Asset relates to office premises.

Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(e) Accounting standards issued but not yet effective

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.
- Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

(g) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

Where the fair value of the goods or services provided by employees or consultants cannot be reliably determined the Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, using the assumptions detailed in Note 16.

Coronavirus (Covid-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(h) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian controlled entity is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign operations is Euro (EUR), and United States dollars (USD).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the parent Company's financial statements are taken to profit or loss unless they relate to the translation of subsidiary related loans and borrowings which are considered part of the net investment value taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

As at the reporting date the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(i) Exploration and evaluation expenditure

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Note 2: Summary of significant accounting policies continued

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(j) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

(k) Goods & Services Tax/Value Added

Tax Revenues, expenses and assets are recognised net of the applicable amount of GST/VAT except:

- where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(n) Revenue recognition

Interest Income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company's own shares, which are re-acquired for later use in the employee share based payment arrangements, are deducted from equity.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Loss per share

Basic loss per share is calculated as net loss attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the Company adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 2: Summary of significant accounting policies continued

(r) Other Financial Assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset.

(s) Share-based payment transactions

The Company provides benefits to its employees and consultants (including key management personnel ("KMP") in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model, further details of which are given in Note 16.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity on the date the equity right is granted. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share (see note 7).

(t) Comparatives figures

When required by Accounting Standards, comparative figures have been restated to conform to changes in presentation for the current financial year.

Note 3: Revenue and expenses

Revenue and expenses from continuing operations

	2020 $	2019 $
(a) Revenue		
Interest received	**3**	42
	3	42
(b) Other Income		
Other Income	**–**	7,212
	–	7,212

Notes to the consolidated financial statements

continued

Note 3: Revenue and expenses continued

Revenue and expenses from continuing operations

	2020 $	2019 $
(c) Profit or loss		
Other expenses include the following:		
Depreciation	**75,000**	12,252
Consulting services	**186,736**	153,237
Employment related		
– Directors' fees	**436,073**	434,924
Corporate	**172,278**	237,009
Travel	**7,857**	46,500
Other	**122,283**	90,655
	1,000,227	974,577

Note 4: Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Europa Metals Ltd operates in the mineral exploration industry in Spain.

Given the nature of the Group, its size and current operations, management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group's management operates the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Note 5: Income tax expense

	2020 $	2019 $
Reconciliation of income tax expense to the pre-tax net loss		
Loss before income tax	**(2,362,660)**	(2,392,170)
Income tax calculated at 30% (2019: 30%) on loss before income tax	**(708,798)**	(717,651)
Add tax effect of: non-deductible expenses	**501,232**	230,897
Difference in tax rate of subsidiaries operating in other jurisdictions	**61,143**	(69,250)
Unused tax losses and temporary differences not brought to account	**146,423**	556,004
Income tax (profit)/expense	**—**	—

Notes to the consolidated financial statements

continued

Note 5: Income tax expense continued

	2020 $	2019 $
Analysis of deferred tax balances		
Deferred tax liabilities		
Assessable temporary differences		
Prepayments	**(5,422)**	(4,745)
Other	**(5,169)**	
Deferred tax liabilities offset by deferred tax assets	**10,591**	4,745
Net deferred tax liabilities	**—**	—
Deferred tax assets		
Share issue expenses	**2,660**	—
Payables and provisions	**19,611**	11,175
Other	**—**	4,600
Unused tax losses	**5,399,972**	5,313,714
	5,422,243	5,329,489
Total unrecognised deferred tax assets	**(5,411,652)**	(5,324,744)
Deferred tax assets	**10,591**	4,745
Deferred tax assets offset by deferred tax liabilities	**(10,591)**	(4,745)
Net deferred tax assets	**—**	—

Unused tax losses set out above have not been recognised due to the uncertainty of future taxable profit streams.

Note 6: Auditors' remuneration

	2020 $	2019 $
Remuneration of the auditor of the Company for:		
– auditing or reviewing the financial statements		
BDO Audit (WA) Pty Ltd	**41,382**	28,025
	41,382	28,025
– other assurance related services		
BDO Corporate Finance (WA) Pty Ltd (valuation of options)	**3,200**	—
BDO (WA) Pty Ltd – Taxation services	**7,460**	
	52,042	28,025

Notes to the consolidated financial statements

continued

Note 7: Loss per share

	2020 $	2019 $
Basic loss per share (cents per share)	**(0.02)**	(0.03)
Diluted loss per share (cents per share)	**(0.02)**	(0.03)
Loss used in calculating basic loss per share	**(2,362,660)**	(2,392,170)
Adjustments to basic loss used to calculate dilutive loss per share	**—**	—
Loss used in calculating dilutive loss per share	**(2,362,660)**	(2,392,170)
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic loss per share	**15,401,910,945**	7,125,884,907
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**15,401,910,945**	7,125,884,907

5,694,083,234 share options outstanding as at 30 June 2020 (30 June 2019: 4,199,416,595) have not been included in the calculation of dilutive loss per share as these are anti-dilutive.

Note 8: Cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2020 $	2019 $
Cash at bank	**700,642**	1,052,411

See note 20 for the risk exposure analysis for cash and cash equivalents.

Note 9: Trade and other receivables

	2020 $	2019 $
Current		
Sundry debtors	**4,418**	77,541
GST/VAT	**185,274**	196,492
Prepayments	**21,174**	17,168
	210,866	291,201
Non-current		
GST/VAT(1)	**193,096**	—

(1) VAT is considered recoverable but is not expected to be received within 12 months.

Non-trade debtors are non-interest bearing and are generally on 30-90 days credit terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

Notes to the consolidated financial statements

continued

Note 10: Capitalised exploration expenditure

	2020 $	2019 $
At 1 July	**1,423,943**	1,344,013
Foreign exchange movement	**154,010**	79,930
At 30 June	**1,577,953**	1,423,943

Note 11: Trade and other payables

	2020 $	2019 $
Current		
Trade payables and other payables	**207,462**	91,709
	207,462	91,709

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 12: Contributed Equity

	2020 No. of shares	2019 No. of shares	2020 $	2019 $
(a) Share Capital				
Ordinary Shares				
Ordinary shares fully paid	**16,719,909,651**	11,976,876,317	**42,755,264**	40,838,226
Employee share incentive plan shares	**(2,300,000)**	(2,300,000)	**(265,302)**	(265,302)
	16,717,609,651	11,974,576,317	**42,489,962**	40,572,924

Capital management

When managing capital (which is defined as the Company's total equity), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

During the year ended 30 June 2020, nil (2019: nil) shares were issued back to the market from the Employee Incentive Share Plan.

Notes to the consolidated financial statements

continued

Note 12: Contributed Equity continued

(b) Movements in ordinary share capital

Date	Details	Number of shares	$
30 June 2018	Closing Balance	4,849,757,667	38,344,801
10 August 2018	Placing shares	727,118,650	987,490
29 March 2019	Placing shares	6,400,000,000	1,750,351
	Costs associated with share issues	—	(244,416)
30 June 2019		**11,976,876,317**	**40,838,226**
27 August 2019	Exercise of warrants	212,000,000	57,737
28 August 2019	Exercise of warrants	133,333,334	60,779
04 September 2019	Exercise of warrants	83,333,334	37,382
06 September 2019	Exercise of warrants	83,333,333	37,453
09 October 2019	Exercise of warrants	66,666,667	30,242
11 October 2019	Placing shares	3,400,000,000	1,582,223
17 October 2019	Exercise of warrants	166,666,666	78,530
5 November 2019	Placing shares	600,000,000	282,615
	Cost associated with share issues	—	(249,923)
30 June 2020	**Closing Balance**	**16,722,209,651**	**42,755,264**
Less:	Employee share plan shares on issue	(2,300,000)	(265,302)
30 June 2020		**16,719,909,651**	**42,489,962**

If, at any time during the exercise period, an employee ceases to be an employee, all share options held by that employee will lapse one month after their employment end date. Therefore, employee shares above are only recognised in issued capital when issued to the employees concerned.

(c) Movements in employee share plan shares issued with limited recourse employee loans

Date	Details	Number of shares	$
	Opening balance	2,300,000	(265,302)
	Cancelled during 2019	—	—
	Issued during 2019	—	—
30 June 2019	**Closing balance**	2,300,000	(265,302)
	Opening balance	**2,300,000**	**(265,302)**
	Cancelled during 2020	**—**	**—**
	Issued during 2020	**—**	**—**
30 June 2020	**Closing balance**	**2,300,000**	**(265,302)**

No employee share plan shares were issued in 2020 (2019: Nil).

This account is used to record the value of shares issued under the Executive Share Incentive Plan (ESIP). The ESIP is accounted for as an “in-substance” option plan due to the limited recourse nature of the loan between employees and the Company to finance the purchase of ordinary shares. The total fair value of the “in substance” options issued under the plan is recognised as a share-based payment expense over the vesting period, with a corresponding increase in equity.

Notes to the consolidated financial statements

continued

Note 13: Options

The following table illustrates the movements in share options during the period:

	30 June 2020 Number	30 June 2019 Number
Outstanding at 1 July 2019	**4,199,416,595**	855,365,729
Issued during the period	**2,240,000,000**	3,550,000,000
Cancelled/exercised during the period	**(745,333,361)**	(205,949,134)
Outstanding at 30 June 2020	**5,694,083,234**	4,199,416,595
Exercisable at 30 June 2020	**5,694,083,234**	4,199,416,595

The table in note 16 summarises the model inputs (post consolidation) for options granted during the year ended 30 June 2020.

Note 14: Reserves

	Employee share incentive reserve $	Options reserve $	Foreign exchange reserve $	Total $
At 30 June 2018	**491,577**	**2,028,253**	**252,152**	**2,771,982**
Options issued to Brokers[1]	—	59,584	—	59,584
Currency translation differences	—	—	62,293	62,293
At 30 June 2019	**491,577**	**2,087,837**	**314,445**	**2,893,859**
Options issued to Brokers[1]	—	66,417	—	66,417
Currency translation differences	—	—	171,072	171,072
At 30 June 2020	**491,577**	**2,154,254**	**485,517**	**3,131,348**

[1] The value of the service could not be reliably determined and therefore, the options were valued using the Black Scholes Model.

Nature and purpose of reserves

Employee share incentive reserve

This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration under the Executive Share Incentive Plan.

Options reserve

This reserve is used to record the value of options issued, other than share-based payments to directors, employees and consultants as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity reserve

The equity reserve is used to record the acquisition of the non-controlling interest by the Group and to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

The reserve is attributable to the equity of the parent.

Notes to the consolidated financial statements

continued

Note 15: Accumulated losses

	2020 $	2019 $
Accumulated losses at the beginning of the financial year	**(40,759,280)**	(38,367,110)
Net loss for the year	**(2,362,660)**	(2,392,170)
Accumulated losses at the end of the financial year	**(43,121,940)**	(40,759,280)

Note 16: Share based payments

Expenses arising from share-based payment transactions

Total costs arising from share-based payment transactions recognised during the year were as follows:

	2020 $	2019 $
Options issued to Brokers as part of capital raising (included in Equity)	**66,417**	59,584
	66,417	59,584

Fair value of options granted

The value of the above services was unable to be reliably measured so the fair value of the options issued was used.

The fair value at the grant date of options issued is determined using the Black Scholes model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

1. The table below summarises the model inputs (pre-consolidation) for options granted prior to the year ended 30 June 2020:

	2020	2019
Options granted for no consideration	**240,000,000**	350,000,000
Exercise price (GBP)	**0.00025**	0.00015
Issue date	**30 September 2019**	22 May 2018
Expiry date	**30 September 2022**	22 May 2023
Underlying security spot price at grant date (GBP)	**0.00025**	0.00015
Expected price volatility of the Company's shares	**100%**	100%
Expected dividend yield	**0%**	0%
Expected life (years)	**3**	2
Risk-free interest rate	**2.0%**	2.0%
Black Scholes model valuation per option (AUD cents per share)	**0.027673**	0.000170
Total fair value	**$66,417**	$59,584

Notes to the consolidated financial statements

continued

Note 17: Commitments and contingencies

There are no material contingent liabilities or assets of the Group at the reporting date.

Note 18: Related party transactions

Compensation of Key Management Personnel

	2020 $	2019 $
Short-term employee benefits	**438,707**	434,924
Post-employment benefits	**—**	—
Share based payments	**—**	—
Termination benefits	**—**	—
	438,707	434,924

Transactions between related parties are on normal commercial terms and conditions and no more favourable than those available to other parties unless otherwise stated.

Subsidiaries

The consolidated financial statements include the financial statements of Europa Metals Ltd and the subsidiaries listed in the following table.

		% Beneficial Equity Interest	
Name	Country of Incorporation	2020	2019
Ferrum Metals Pty Ltd	Australia	**100**	100
Europa Metals Iberica S.L. (Formally GoldQuest Iberica S.L.)	Spain	**100**	100

Europa Metals Ltd is the ultimate Australian parent entity and the ultimate parent of the Group. Transactions between Europa Metals Ltd and its controlled entities during the year consisted of loan advances by Europa Metals Ltd. All intergroup transactions and balances are eliminated on consolidation.

Trade payables

		Income from Related Parties $	Expenditure to Related Parties $	Amounts Owed by Related Parties at year end $	Amounts Owed to Related Parties at year end $
Minerva Corporate Pty Ltd(i)	**2020**	**—**	**84,000**	**—**	**9,525**
	2019	—	89,000	—	9,000
Mowbrai Ltd(ii)	**2020**	**—**	**134,277**	**—**	**8,523**
	2019	—	135,549	—	8,534
Virico Limited(iii)	**2020**	**—**	**182,966**	**—**	**6,819**
	2019	—	180,484	—	—

(i) Mr D Smith, a non-executive director and company secretary for the Company, is also a director of Minerva Corporate Pty Ltd. During the year, Minerva Corporate Pty Ltd received the above fees for company secretarial and accounting services. These fees are based on normal commercial terms and conditions. Mr D Smith was appointed on 16 January 2018.

(ii) Mr L Read, an executive director of the Company, was until recently also a director of Mowbrai Ltd. During the year, Mowbrai Ltd received the above fees for consulting services. These fees are based on normal commercial terms and conditions.

(iii) Mr M Campion, an executive director of the Company, is also a director of Virico Limited. During the year, Virico Limited received the above fees for consulting services. These fees are based on normal commercial terms and conditions.

Notes to the consolidated financial statements

continued

Note 18: Related party transactions continued

The following transactions were undertaken between the Company, executive officers and director-related entities during 2020 and 2019.

	2020 $	2019 $
Rental fees were paid to Lion Mining Finance, a company of which Colin Bird is a director	**27,370**	24,551
Company secretarial and accounting fees were paid to Minerva Corporate Pty Ltd, a company of which Daniel Smith is a director	**84,000**	89,000
Mr L Read, an executive director of the Company, was until recently also a director of Mowbrai Ltd. During the year, Mowbrai Ltd received the above fees for consulting services. These fees are based on normal commercial terms and conditions.	**134,277**	135,549
Mr M Campion, an executive director of the Company, is also a director of Virico Limited. During the year, Virico Limited received the above fees for consulting services. These fees are based on normal commercial terms and conditions.	**182,966**	180,484
	428,613	429,584

Note 19: Cash flow information

	2020 $	2019 $
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	**(2,362,660)**	(2,392,170)
Depreciation	**75,000**	12,252
Interest on unwinding of lease	**7,485**	
Net foreign exchange differences	**(15,830)**	(1,750)
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(205,013)**	(213,691)
(Decrease)/increase in payables and provisions	**164,852**	(129,289)
Cash flows used in operations	**(2,336,166)**	(2,724,648)

Note 20: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short term deposits.

The main purpose of the financial instruments is to finance the Group's operations. The Company also has other financial instruments such as receivables and payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Notes to the consolidated financial statements

continued

Note 20: Financial risk management objectives and policies continued

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, is set out in the following table. The effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant would result in an immaterial difference.

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non Interest Bearing $	Total $
2020					
Financial Assets					
Cash	**0.05%**	**741**	**—**	**699,901**	**700,642**
Trade and other receivables		**—**	**—**	**403,962**	**403,962**
Total Financial Assets		**741**	**—**	**1,103,863**	**1,104,604**
Financial Liabilities					
Trade and other payables		**—**	**—**	**207,465**	**207,465**
Lease liabilities	**12.5%**	**—**	**—**	**38,833**	**38,833**
Total Financial Liabilities		**—**	**—**	**246,298**	**246,298**
2019					
Financial Assets					
Cash	0.05%	736	—	1,051,675	1,052,411
Total Financial Assets		736	—	1,051,675	1,052,411
Financial Liabilities					
Trade and other payables		—	—	91,709	91,709
Total Financial Liabilities		—	—	91,709	91,709

(b) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. All material liabilities are expected to be settled within 12 months.

(c) Credit Risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities and financing activities including deposits with banks and investments with insurance companies. The credit risk control procedure adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

Notes to the consolidated financial statements

continued

Note 20: Financial risk management objectives and policies continued

(c) Credit Risk continued

The maximum exposure to credit risk on financial assets of the Company which have been recognised in the statement of financial position is generally limited to the carrying amount.

Cash is maintained with Westpac, Banco Popular and Unicaja Banco of Spain and the Standard Bank of South Africa, with ratings from Standard & Poors of AA or above (long term).

(d) Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2020 $	**2019 $**	**2020 $**	**2019 $**
Great British Pounds (GBP)	**(107,257)**	—	**686,414**	908,511
South African Rand (ZAR)	**(3,557)**	(1,767)	**9**	3,099
Euro (EUR)	**(43,085)**	(41,447)	**3,933**	135,418

Foreign currency sensitivity analysis

The Group is exposed to Great British Pound (GBP), and Euro (EUR) currency fluctuations.

A sensitivity analysis has not been disclosed as the impact of any reasonable fluctuation in exchange rates is not considered to be material to the Group.

(e) Fair value

The fair values of cash, trade and other receivables and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates.

Note 21: Parent Entity Information

	2020 $	**2019 $**
Current assets	**1,481,961**	1,575,573
Total assets	**2,663,748**	2,757,765
Current liabilities	**164,379**	50,262
Total liabilities	**164,379**	50,262
Issued capital	**46,802,885**	44,885,847
Accumulated Losses	**(47,388,489)**	(45,196,901)
Reserves	**3,084,972**	3,018,556
Total shareholders' equity	**2,499,368**	2,707,502
Loss of the parent entity	**(2,191,588)**	(2,717,672)

There have been no guarantees entered into by the parent entity in relation to any debts of its subsidiaries.

The parent entity has no contingent liabilities as at 30 June 2020 (2019: Nil).

Note 22: Significant events after the reporting date

There are subsequent events to report, as follows:

On 15 July 2020, the Company announced the results of its General Meeting, whereby all resolutions were duly passed by way of a poll conducted in accordance with section 251AA of the Corporations Act 2001.

On 16 July 2020, the Company's securities were consolidated on a 500:1 basis further to the approval of resolution 1 at the Company's General Meeting held on 15 July 2020.

On 24 July 2020, the Company announced that further to the approval of resolutions 5 to 9 at the Company's General Meeting held on 15 July 2020, the Company had granted, in aggregate, 1,980,000 options to the Company's Executive and Non-Executive Directors (the "Incentive Options"). The Incentive Options are exercisable at varying premiums to 6.03 pence, being the 30-day VWAP up to and including 23 July 2020.

On 5 August 2020, the Company announced that Mr Colin Bird had resigned as a director of the Board. On the same day, Mr Myles Campion was appointed Executive Chairman and Laurence Read was appointed as Chief Executive Officer.

On 14 August 2020, the Company released the results of an updated Mineral Resource Estimate at Toral, which led to a ~40% increase in the indicated resource to 3.8Mt at 8.3% Zn Equivalent (including Pb credits) and 30g/t Ag.

On 19 August 2020, the Company announced that it had raised £2,000,000 (before expenses) via the issue of, in aggregate, 15,686,274 new ordinary shares at an issue price of 12.75 pence per share to certain existing and new investors. The net proceeds from the fundraising are primarily being utilised towards completion of certain key components of a PFS in respect of Toral.

On 28 August 2020, the Company announced the results of the Phase III metallurgical testwork and ore sorting undertaken at Toral. The positive Phase III metallurgical results and ore sorting analysis is to be utilised, alongside all key work conducted since the 2018 Scoping Study, to update the Toral Project's estimated economics via an independent study being conducted by Bara Consulting.

Directors' Declaration

In the opinion of the directors of Europa Metals Ltd:

(a) the financial statements and notes set out on pages 30 to 53 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001, professional requirements and other mandatory requirements;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and

(c) subject to the matters discussed in Note 2(c), there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2020.

This declaration is made in accordance with a resolution of the directors.

D Smith
Non-Executive Director
Perth

6 October 2020

Independent auditor's report

To the members of Europa Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Europa Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report

continued

Recoverability of Capitalised Exploration Expenditure

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 10 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. In accordance with relevant accounting standards, the recoverability of exploration and evaluation expenditure required significant judgement by management in determining whether there are any facts or circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, AIM announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and • Assessing the adequacy of the related disclosure in Note 10 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

Independent auditor’s report

continued

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor’s report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraphs pages 21 to 27 of the directors’ report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Europa Metals Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

Phillip Murdoch
Director

Perth, 6 October 2020

Auditor's independence declaration

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF EUROPA METALS LIMITED

As lead auditor of Europa Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Europa Metals Limited and the entities it controlled during the period.

Phillip Murdoch
Director

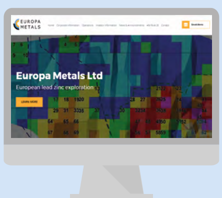
BDO Audit (WA) Pty Ltd

Perth, 6 October 2020

JSE Limited Requirements

Headline earnings reconciliation	2020 $	2019 $
Loss attributable to ordinary equity holders of the parent entity	**(2,362,660)**	(2,392,170)
Add back IAS 16 loss on the disposal of plant and equipment	**—**	—
Less profit on sale of available for sale investments	**—**	—
Total tax effects of adjustments	**—**	—
Headline loss	**(2,362,660)**	(2,392,170)
Basic loss per share	**(2,362,660)**	(2,392,170)
Weighted average shares in issue	**15,401,910,945**	7,125,884,907
Basic loss per share (cents)	**(0.02)**	(0.03)
Headline loss	**(2,362,660)**	(2,392,170)
Weighted average shares in issue	**15,401,910,945**	7,125,884,907
Headline loss per share (cents)	**(0.02)**	(0.03)

For your notes



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