



Europa Metals Ltd

Lead, Zinc and Silver, Spain

Annual Report

For the year ended 30 June

2021



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



I think it is a reflection of the Europa Metals team's professionalism and capability that not a single case of COVID-19 infection was reported within the Group during the period whilst a series of significant operational and corporate milestones were delivered

Dear Fellow Shareholders,

As a responsible natural resource development company, workforce and stakeholder safety are of principal importance to us as a Board of Directors. During the reporting period full health security measures, based on Spanish, UK and Australian best practice, were maintained and monitored as the Coronavirus (COVID-19) pandemic continued.

I think it is a reflection of the Europa Metals team's professionalism and capability that not a single case of COVID-19 infection was reported within the Group during the period whilst a series of significant operational and corporate milestones were delivered. We have continued to advance our understanding of our wholly owned Toral lead, zinc and silver project (the "Toral Project" or "Toral") as a potential future low capex, high margin lead, zinc and silver mine located within the EU.

During 2020, a clear strategy was pursued to complete all the requisite work for a revised (from the 2018 Scoping Study), independent preliminary economic study to be commissioned and its findings published. Such report, compiled by Bara Consulting and Addison Mining Services Limited ("AMS") and published on schedule in November 2020, encompassed an indicated resource estimate for the first time, the results of a series of metallurgical test work programmes including an initial ore sorting analysis, and both geotechnical and hydrogeological studies. The report's findings were significant with a substantial increase in run-of-mine ("ROM") tonnes to 700,000 tonnes per annum ("tpa") with an all-in cost of US\$63.56/t, US\$79m upfront capex to production and project payback in year four realising an NPV of US\$156m at an 8% discount rate with a 31.3% IRR. Importantly, the study identified that the 12 year mine life "ends" in the highest zinc grades for production consequently highlighting the expansion potential at depth and to the east once Toral achieves future production, thereby affording the possibility for a longer term and larger mining operation than originally envisaged and outlined.

For the last four years, Europa Metals has progressed Toral, situated in the province of Castilla y León, north west Spain, as a realisable project, with potential for robust margins in a safe jurisdiction. The abovementioned updated economic study, enables us to seek to progress our corporate objectives to secure a pathway forward for the Company that delivers equity value through project development, including partnerships or a potential substantial transaction. In support of our corporate objectives, the Company proposed a series of resolutions to shareholders at a general meeting held in July 2020 in order to, *inter alia*, strengthen Europa Metals' capital structure and governance. All such resolutions were duly passed including a 500:1 share consolidation, the implementation of more UK market standard pre-emption rights and approval of an options package to align the directors' incentivisation with equity value growth. Subsequently, Europa Metals secured £2m (before expenses) via a market fundraising at a premium to the six month pre-consolidation volume weighted average shareprice ("VWAP").

At the time of writing, Europa Metals has recently successfully concluded its upper zone drilling campaign and announced a significant resource upgrade.

Corporately, we continue to progress and are actively involved in a number of initiatives that we believe could ultimately lead to a potential major value event for all Europa Metals' shareholders in due course. Further updates will be made as and when appropriate.

Myles Campion
Executive Chairman

29 October 2021

Chief Executive Officer's operational and financial review



Following the recent completion of the resource update, we are now commencing a new stage of metallurgical testwork with Wardell Armstrong International, to look at increasing efficiencies and earlier payback options within the upper zone of Toral.

First of all, I would like to add to our Chairman's comments regarding Europa Metals' operations during the ongoing Coronavirus (COVID-19) pandemic. Safety always sits at the heart of our decision-making process and I am pleased to confirm no incidents of COVID-19 amongst our workforce during the reporting period and to date. The diligence of our Spanish team on the ground is to be commended in terms of both implementing and communicating best practice protocols regarding social distancing, hygiene and all other guidance from the relevant authorities during this global health crisis. In light of our prioritisation of worker and stakeholder safety, we continue to be mindful of not providing any guidance to the market on workflow timing as we wish to avoid setting any metrics that could lead to inappropriate decisions being made at any level within the Company. What is very evident though is the significant amount of operational and development work achieved during the financial year and to date.

Following the appropriate governance and share capital related changes being approved by Europa Metals' shareholders in July 2020, the Company signed a product marketing agreement with Conrad Partners ("Conrad"), a leading Hong Kong based concentrate agent within the industrial metals space. Conrad's review of the Toral Project's dataroom contributed to the marketing section of the updated independent preliminary economic study undertaken by Bara Consulting and AMS, the key findings of which were announced on schedule in November 2020, and the Group has begun actively marketing the project to potential future customers.

During August 2020, the Company announced a 40% increase in the project's indicated resource at an average grade of 8.3% zinc equivalent (including Pb credits) and 30g/t Ag; a significant average grade above cut-off. The Phase III metallurgical and ore sorting results were also announced, further to work undertaken by Wardell Armstrong International, which showed significant grade and recoveries including the following from hole TOD-025H: 83.9% Pb recovery to a 79.2% Pb concentrate; 87.7% Ag recovery to 512ppm Ag within Pb concentrate; and 87.7% Zn recovery to a 60.0% Zn concentrate.

The ore sorting results were incorporated into the independent economic study and contributed to an uplift in the potential margins and scale outlined within the new financial model.

Europa Metals also secured a €466,801.50 interest free loan by way of a grant (the "Grant") from the Spanish Governmental agency, CDTI. Such interest free loan is an innovation grant further to our established partnership with the University of Salamanca (Air Institute), SPI drilling and Soluciones Generales de Ingenieria S.L. ("SGI"), with the funds drawn down to be allocated towards the development of R&D technologies relating to the recording and correction of drillhole deviation at the Toral Project. The Grant comprises up to three tranches, drawable with the prior agreement of the CDTI, with the initial tranche, comprising an amount of €163,380, duly received by the Company. The second and third tranches are scheduled to be drawn down over a period of approximately 18 months subject to certain, defined, operational milestones being achieved. In addition to being able to secure asset level funding, the importance of partnering with such key regional stakeholders cannot be over emphasised.

Following the CDTI Grant, Europa Metals secured a new, three-year Investigation Permit for Toral, until 15 November 2023, from the Junta of Castilla y León. The application was made further to consultation with, and feedback from, the Junta and the Company will continue to work towards fulfilling all the requisite criteria in preparation for a formal mining licence application in due course. One of the benefits of working within the region is that, due to its long history of mining activity, the processes to be undertaken and completed towards a mine development decision are clear, well informed and well established. With increasing focus on supply chain transparency, stakeholder engagement and environmental best practice, we believe that the robust regulatory structure within Castilla y León stands us in good stead against a changing investment and commodity markets' backdrop.

At the time of writing, our latest 2021 drill campaign has been successfully concluded with eight new parent

Chief Executive Officer's operational and financial review

continued

exploration drill holes, TOD-028 to TOD-035, and six successful new daughter drill holes completed. The results were significantly in advance of our initial expectations with the drilling focused in the upper zone area of Toral typically characterised as having lower grade ore. Following this campaign, a new independent JORC (2012) resource estimate was commissioned showing a 55% increase in the indicated category to 5.9Mt @ 7.1% Zn Equivalent (including Pb credits) and 27g/t Ag. This represents a meaningful increase in metal within the indicated resource with a 55% increase in the indicated tonnes, 39% increase in contained zinc, 30% increase in contained lead and a 40% increase in contained silver ounces. The overall resource has now reached approximately 20Mt @ 6.3% Zn Equivalent (including Pb credits), 3.9% Zn, 2.7% Pb and 22g/t Ag, giving a metals content of 790,000 tonnes of zinc, 550,000 tonnes of lead and 14 million ounces of silver.

Copper was also repeatedly reported within the assays but is not currently at a significant enough level to be brought into the resource. Our operational focus will therefore remain on derisking the lead, zinc and silver mining profile within the established resource as the current area looks to be highly economic with a ten year plus mine life. The Company is assessing various avenues, including potential technical partnerships, to look further at the copper content and for expansion possibilities. With the last 12 months of the mining schedule (Year 12) set out by Bara Consulting showing the highest grade of zinc recovery, we believe that Toral has significant potential to be expanded at depth and to the East.

The grade level of intersections encountered during the 2021 drill campaign enabled us to commence a series of metallurgical daughter holes which have provided us with a high level of material for use in processing and production testwork. Following the recent completion of the resource update, we are now commencing a new stage of metallurgical testwork with Wardell Armstrong International, to look at increasing efficiencies and earlier payback options within the upper zone of Toral. Such work will include further ore sorting analysis for the upper zones as well as waste processing testing for a dry stack/backfill storage process that utilises low levels of water.

A hydrogeological testing campaign was also undertaken during the financial year and we await the independent report from the borehole and tracer programme in order to assess both potential water conditions within the planned future mining area and to benchmark the local area.

Group Highlights

Corporate

- The Company has diligently followed all instructions and best practice guidance issued by the relevant authorities with regards to maintaining the safety of its work force in Spain, the UK and Australia with a series of operational procedures and monitoring initiatives being implemented. Europa Metals puts the safety of its workforce ahead of all other considerations and continues to operate strictly within the parameters of social distancing and adhere to guidelines.
- Following receipt of shareholder approval at last year's AGM, a series of measures to strengthen shareholder rights and align Europa Metals with AIM best practice were implemented. A 500 to 1 share consolidation was also effected thereby significantly reducing the number of ordinary shares in issue
- Myles Campion appointed as Executive Chairman and Laurence Read as CEO following the resignation of Colin Bird as Chairman in August 2020.
- £2,000,000 (gross) fundraising completed via the issue of, in aggregate, 15,686,274 new ordinary shares of no par value at an issue price of 12.75 pence per share in order to undertake the key components of a pre-feasibility study ("PFS") for the Toral Project including resource/geotechnical and metallurgical drilling and testing work, a hydrogeological campaign and metallurgical/waste assessment work.
- Adam Habib appointed as corporate adviser to the Board in January 2021. The appointment has subsequently been terminated with effect from 1 November 2021.

Operational – Toral Pb, Zn & Ag Project, Spain

- Environmental studies continued throughout the reporting period; Company undertaking long term baseline studies and monitoring to requisite PFS and Mining Licence application levels.
- Resource update in August 2020; 40% increase in the project's indicated resource at an average grade of 8.3% zinc equivalent (including Pb credits) and 30g/t Ag; a significant average grade above cut-off.
- Metallurgical and ore sorting results from work undertaken by Wardell Armstrong International – significant grade and recoveries including the following from hole TOD-025H: 83.9% Pb recovery to a 79.2% Pb concentrate; 87.7% Ag recovery to

Chief Executive Officer's operational and financial review

continued

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

- Toral's Investigation Permit renewed by the Junta of Castilla y León until November 2023 in November 2020.
- Non-exclusive concentrate marketing agreement signed with Conrad in August 2020.
- In October 2020, €466,801.50 innovation grant awarded by the CDTI towards exploration work assessing a correctional algorithm for drilling deviation at Toral with its partners. The CDTI is a Public Business Entity in Spain, under the auspices of the Ministry of Science and Innovation, which fosters the technological development and innovation of Spanish companies.
- In November 2020, updated independent preliminary economic study for Toral demonstrated a US\$156m NPV and 31.3% IRR with a 49% operating margin.
- Drilling campaign commenced in January 2021:
 - Focused on assessing upper material zone that would potentially host the early years of future production.
 - Targeted gaps within the project's JORC (2012) resource model in order to enhance understanding of the block model, retrieve geotechnical information for mine design and identify opportunities to gather further metallurgical samples from within the substantive intersections encountered.
 - Collating of data to inform development plans for the early years of Toral's future production and refine the economic model within a 4-year payback period.
- Drilling data provided to the abovementioned innovation partnership with the University of Salamanca (Air Institute), SPI and SGI. Milestone I work successfully completed and submitted to CDTI post the reporting period end.
- Hydrogeological bore holes and testing commenced in order to test water levels/conditions within the proposed future mining area and piezometer work to monitor local water conditions. Operations concluded, post the reporting period end, and independent results/report awaited.
- In June 2021, Wardell Armstrong International appointed as PFS Manager.

Post period end

- 2021 upper zone drilling campaign successfully concluded; high grade Zn, Pb & Ag intersections consistently intersected. Copper assays also returned.
 - 8 new parent exploration drill holes, TOD-028 to TOD-035, and six successful new daughter drill holes (for metallurgical/geotechnical data).
 - Intersections/assays considerably ahead of management's expectations.
 - Development of fault models.
 - Development of new lithological facies domain models.
- Further independent updated Mineral Resource Estimate commissioned and findings reported in October 2021:
 - Indicated resource estimate of approximately 5.9Mt @ 7.1% Zn Equivalent (including Pb credits) and 27g/t Ag, representing an approximate:
 - 55% increase in Indicated resource tonnes;
 - 39% increase in Indicated contained tonnes of zinc to approximately 251,000 tonnes;
 - 30% increase in Indicated contained tonnes of lead to approximately 196,000 tonnes; and
 - 40% increase in Indicated contained ounces of silver to approximately 5.2 million ounces.
 - A total resource of approximately 20Mt @ 6.3% Zn Equivalent (including Pb credits), 3.9% Zn, 2.7% Pb and 22 g/t Ag, including:
 - 790,000 tonnes of zinc, 550,000 tonnes of lead and 14 million ounces of silver.
- Outlook: Company seeking to make further operational progress with additional metallurgical and waste analysis to de-risk the project's future production and processing design, especially within the early years of mining. Continuing to pursue and assess a number of initiatives and opportunities with discussions aimed at delivering a potential value accretive event.

Chief Executive Officer's operational and financial review

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Toral Project Summary

As of 30 June 2021

US\$156m NPV at an 8% discount rate

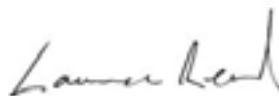
- 31.3% IRR
- 17Mt @ 6.7% ZnEq (including Pb credits) resource (JORC 2012) including indicated resource of 3.8Mt @ 8.1% ZnEq (including Pb and Ag credits) – 4% cut off grade
- Sub-Level Longhole Stopping (“SLOS”) mining method selected
- 700k tonnes per annum operation with a 7.6% ZnEq mined grade:
 - SLOS with ramp/raise-bore shaft access;
 - 10% dilution;
- 3.5m average mined mineralised widths
- Processing comprises an ore sorting front-end using X-ray Transmission (“XRT”) followed by grinding and flotation
- Grade/recovery: 3.3% Pb/87%; 4.2% Zn/86%; 26.7g/t Ag/85%
- US\$79m upfront Capex
- 3-year trailing average metals prices of US\$2,668/t for zinc, US\$2,099/t for lead and US\$16.5/oz for silver
- US\$963m Revenue over Life of Mine (“LOM”)
- US\$477m Opex over LOM
- US\$471m EBITDA over LOM
- 49% Operating Margin (US\$63.56/t all-in cost)
- 12-year LOM scenario
- Conceptual LOM production schedule incorporates 100% of the Indicated resource in the early years, ending with elevated zinc grades in the deep Inferred zones
- Deposit open to the east and at depth for potential production expansion during the mine's life
- Project's 3-year Investigation Permit renewed until 15 November 2023

Post the period end, the mineral resource estimate was updated to, at the time of writing:

- Indicated resource estimate of approximately 5.9Mt @ 7.1% Zn Equivalent* (including Pb credits) and 27g/t Ag, representing an approximate:
 - 55% increase in Indicated resource tonnes;
 - 39% increase in Indicated contained tonnes of zinc to approximately 251,000 tonnes;
 - 30% increase in Indicated contained tonnes of lead to approximately 196,000 tonnes; and
 - 40% increase in Indicated contained ounces of silver to approximately 5.2 million ounces.
- A total resource of approximately 20Mt @ 6.3% Zn Equivalent (including Pb credits), 3.9% Zn, 2.7% Pb and 22 g/t Ag, including:
 - 790,000 tonnes of zinc, 550,000 tonnes of lead and 14 million ounces of silver.

* Zn price of US\$2,516/t, Pb price of US\$1,961/t and Ag price of US\$19.4/Oz

** RNS Announcement 1.10.21, AMS Consulting.



Laurence Read
CEO

29 October 2021

Corporate Information

Directors:

Myles Campion
Laurence Read
Evan Kirby
Daniel Smith

Company Secretary:

Daniel Smith

Auditor:

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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 2021.

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 70), BSc (Hons) Metallurgy, PhD Metallurgy, Non-Executive Director		
Experience and expertise	Dr Kirby is a metallurgist with over 40 years of 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) Director of Anglo Tanzania Gold Limited	
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	Ordinary Shares in Europa Metals Ltd	25,858
	Options held in Europa Metals Ltd	345,000

Mr Laurence Read (Age 44), 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 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	Ordinary Shares in Europa Metals Ltd	126,257
	Options held in Europa Metals Ltd	1,525,000

Directors' Report

continued

Myles Campion (Age 52), BSc Geology (Hons), MSc Mineral Exploration, Executive Chairman/Technical Director	
Experience and expertise	<p>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.</p> <p>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.</p>
Other current directorships	<p>Director of Katoro Gold Plc (AIM: KAT)</p> <p>Director of Virico Limited</p> <p>Director of Torrum Limited</p>
Former directorships over the past 3 years	<p>Director of Energy Minerals Investments Limited</p>
Special responsibilities	<p>Executive Chairman/Technical Director</p> <p>Member of the Remuneration Committee</p> <p>Chairman of the Technical Committee (Informal)</p>
Interests in shares and options	<p>Ordinary Shares in Europa Metals Ltd</p> <p style="text-align: right;">248,794</p>
	<p>Options held in Europa Metals Ltd</p> <p style="text-align: right;">1,591,667</p>

Directors' Report

continued

Daniel Smith (Age 37), BA (International Relations), FGIA , GradDip ACG, Non-Executive Director, Company Secretary		
Experience and expertise	Mr Smith is a Fellow of the Governance Institute of Australia and has over 13 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/or company secretary of a number of companies listed on ASX, NSX and AIM. He holds a BA in International Relations from Curtin University, Western Australia.	
Other current directorships	Director of Lachlan Star Limited (ASX:LSA) Director of QX Resources Limited (ASX:QXR) 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	None	
Special responsibilities	Company Secretary Member of the Remuneration Committee Member of the Nominations Committee Chairman of Audit and Risk Committee	
Interests in shares and options	Ordinary Shares in Europa Metals Ltd	–
	Options held in Europa Metals Ltd	180,000

Directors' Report

continued

Corporate

Capital Raising

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.

Shareholder Meetings

At the Annual General Meeting of the Company held on 30 November 2020, all resolutions were duly approved by shareholders by way of a poll.

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 (2020: 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.

Updated Resource Estimate

On 1 October 2021, the Company announced an updated independent mineral resource estimate ("MRE") for Toral. The updated MRE showed a 55% increase in the indicated resource to 5.9 million tonnes ("Mt") @ 7.1% zinc equivalent ("ZnEq") (including Pb credits) and 27g/t Ag. In summary, the updated MRE showed a:

- 55% increase in indicated resource tonnes;
- 39% increase in indicated contained tonnes of zinc to approximately 251,000 tonnes;
- 30% increase in indicated contained tonnes of lead to approximately 196,000 tonnes; and
- 40% increase in indicated contained ounces of silver to approximately 5.2 million ounces.

A total resource was reported of approximately 20Mt @ 6.3% zinc equivalent (including Pb credits), 3.9% Zn, 2.7% Pb and 22g/t Ag, including:

- 790,000 tonnes of zinc, 550,000 tonnes of lead and 14 million ounces of silver

The MRE incorporated data obtained from, *inter alia*:

- 172 diamond (including wedges) and 4 reverse circulation (RC) drill holes totalling 59,658.73 metres of drilling (including environmental drillholes); and
- 19 underground channels for 18.75 metres.

* Zn Eq % is the calculated Zn equivalent incorporating lead credits; $(Zn\ Eq\ (Pb)\% = Zn + Pb * 0.867)$. Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead; $(Zn\ Eq\ (PbAg)\% = Zn + Pb * 0.867 + Ag * 0.027)$. 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\$2,516/t, Pb price of US\$1,961/t and Ag price of US\$19.4/oz.

Directors' Report

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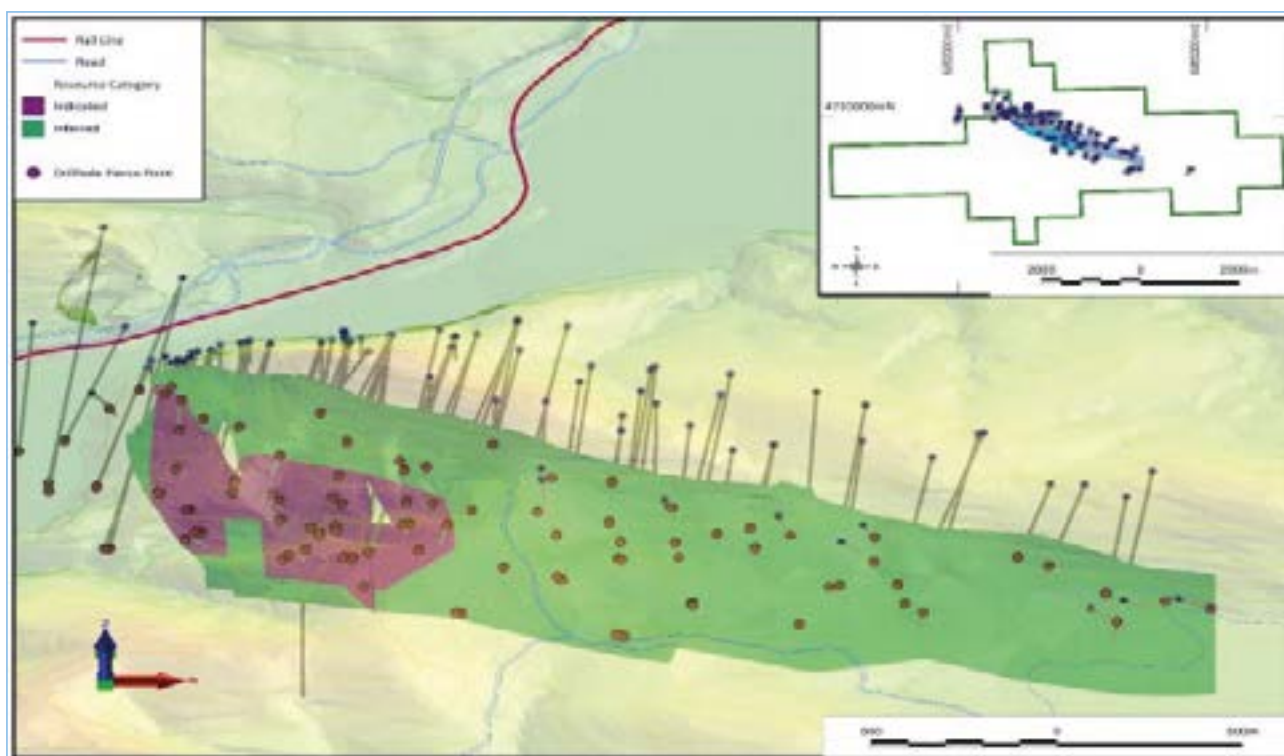


Image 3: showing AMS' resource block model for Toral as a 3D view looking north, by resource category

Metallurgical work programme

Objectives of the Phase III metallurgical testwork and ore sorting analysis

During the period under review, the Company reported the results of ongoing metallurgical testwork at Toral. Wardell Armstrong International (WAI) conducted tests on metallurgical samples, representing the expected ore types from Toral, in order to develop a flowsheet for the potential economic feasible beneficiation of Toral ores to produce marketable concentrates, as well as establishing basic processing data for input into engineering studies. Such work built on the positive results from WAI's two previous metallurgical programmes, with the design based on its previous recommendations. Work was also undertaken with Bara Consulting regarding an analysis of the potential for ore sorting at the Toral Project, in order to refine a potential future production process for the discrete treatment of different areas of the resource with increased metal recovery.

Three samples were submitted to WAI for testing, representing different ore types likely to be encountered within Toral during potential future production, with all of the ore sorting samples firstly subjected to an ore sorting process followed by flotation testing. The representative samples were as follows:

1. High-grade intersection from drill hole TOD-025 (TOD-025H), which was subjected to flotation tests.
2. Low-grade fresh sample from drill hole TOD-025 (TOD-025L) for determining the use of XRT ore sorting technology.
3. Weathered, low-grade, sample from drill hole TOD-024, also subjected to XRT analysis.

Directors' Report

continued

Summary of ore sorting

Ore sorting has been identified as having the potential to unlock value in the shallower, lower grade zones previously not considered to be economically mineable in the 2018 Scoping Study. Testing was therefore undertaken to investigate the potential of pre-concentrate material from the Toral deposit by means of sensor-based sorting. If successful, pre-concentration of the ore could provide a number of potential benefits for the project including:

- Reducing the size of the requisite process plant (crushing, grinding and dewatering circuits) whilst maintaining the same overall throughput;
- Enabling ore that may otherwise be sub-economic based on grade to be processed; and
- Allowing higher mining rates without necessarily having to increase the size of the processing plant.

Overall, the sorting results for both the TOD-024 and TOD-025L samples were considered to be excellent, with between 45% – 50% of the mass rejected at, for the TOD-024 sample, 98% Pb recovery, 97% Zn recovery and 92% Ag recovery, and at, for the TOD-025L sample, 98% Pb recovery, 94% Zn recovery and 82% Ag recovery.

The increasing head assay was also pleasing with the TOD-024 sample increasing from 1.04% Pb and 1.01% Zn in the feed to 2.34% Pb and 2.15% Zn and an approximate doubling of the grade in the sorter product. In the TOD-025L sample the increase in grade was more pronounced with uplifts in the Pb grade from 1.13% Pb to 4.03% and Zn grade from 0.62% Zn in the feed to 2.06% Zn in the sorter product.

Ore sorting process

Ore sorting by means of XRT is an established process for sorting Pb/Zn ores by way of rejecting waste dilution from

ores at low cost prior to more conventional processing by flotation. Sensor-based sorting was selected for WAI's investigation as it offers a number of benefits over alternative pre-concentration methods, such as Dense Media Separation (DMS), including the ability to change the sorting criteria depending on the feed material and target specific metals/minerals of interest along with the added flexibility of not having to be continuously operated.

Toral ore sorting analysis

Based on the minerals of interest in the feed (galena/sphalerite) and the predominant host mineralisation (calcite/dolomite), sorting by means of XRT sensing was selected for investigation as part of the study as it allows detection of the minerals of interest both on the surface and within the particle being sorted.

Two low grade samples were taken and submitted for analysis to WAI for sorting testwork alongside TOMRA, a leading provider of ore sorting technology based in Germany and overseen by Bara Consulting. The objective of the work was to identify the potential economic benefits of processing low-grade and weathered material through beneficiation circuits during the future mine life of Toral alongside the central, high-grade core of the project. The samples analysed were TOD-025L and TOD-024.

The results, presented in Table 1 below, showed lead and zinc stage recoveries in excess of 94.5% for the TOD-024 sample and in excess of 89.2% for the TOD-025L sample.

Overall, taking into account the metal contained within the -10.0mm "fines" fraction, the data showed that in excess of 94% of the overall lead and zinc in the feed could be recovered through the ore sorting process whilst rejecting a minimum of 40% of the original mass.

Directors' Report

continued

Table 1: Summary of ore sorting results from the TOD-024 and TOD-025L samples:

TOD-024 (Sort+Float) Sorter Test Results

Size Fraction (mm)	Product	Mass		Assay		Sorter Recovery (%)		Overall Recovery (%)	
		(kg)	(%)	Pb (%)	Zn (%)	Pb	Zn	Pb	Zn
-25.0+10.0	Stage 1 Product	5.21	22.76	2.34	2.15	96.43	94.52	51.08	48.23
	Stage 2 Product	2.16	9.41	0.08	0.07	1.40	1.33	0.74	0.68
	Stage 2 Waste	9.06	39.54	0.03	0.05	2.17	4.15	1.15	2.12
-10.0	Fines	6.48	28.29	1.73	1.75	—	—	47.03	48.98
Feed	—	22.90	100.00	1.04	1.01	—	—	100.00	100.00

TOD-025 (Sort+Float) Sorter Test Results

Size Fraction (mm)	Product	Mass		Assay		Sorter Recovery (%)		Overall Recovery (%)	
		(kg)	(%)	Pb (%)	Zn (%)	Pb	Zn	Pb	Zn
-25.0+10.0	Stage 1 Product	3.91	14.24	4.03	2.06	96.08	89.22	50.81	46.97
	Stage 2 Product	2.73	9.96	0.13	0.18	2.24	5.52	1.19	2.90
	Stage 2 Waste	8.59	31.31	0.03	0.06	1.68	5.27	0.89	2.77
-10.0	Fines	12.20	44.49	1.20	0.66	—	—	47.11	47.36
Feed	—	27.42	100.00	1.13	0.62	—	—	100.00	100.00

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 was 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, as permitted under the Investigation Permit, the Company has commissioned and conducted a significant amount of work on the Toral Project, including, *inter alia*, drilling, commissioning of several independent JORC mineral resource estimates, a detailed scoping study, hydrogeological analysis, geotechnical studies, environmental monitoring, social engagement and several phases of metallurgical test work.

On 12 November 2020, the Company announced that the Investigation Permit had been successfully renewed, following, *inter alia*, a consultation process conducted by

the relevant bodies of the Junta of Castilla y León, for a further three years until 15 November 2023.

During the period to 15 November 2023, Europa Metals will seek to prioritise the completion of all necessary tasks in order to enable application to be made for a Mining Licence in respect of the Toral Project, in pursuit of an appropriate, sustainable, mining development project at Toral.

Economics Update

On 18 November 2020, the Company announced the results from an independent Preliminary Economic Study (the “Study”) in respect of Toral. The Study, *inter alia*, updated the economics from the previous Scoping Study undertaken by Addison Mining Services Limited (“AMS”) in late 2018 (the “2018 Scoping Study”), and incorporated the positive findings generated from the workstreams conducted by the Company and its consultants over the previous 12-18 months, including the results from ore-sorting undertaken by Bara Consulting, metallurgical testwork by WAI, as well as reflecting a change in the selected future mining method and a general improvement in metal prices since 2018.

Directors' Report

continued

CDTI Loan Funding

On 19 October 2020, the Company announced that following an extensive submission process, an interest-free loan by way of a grant of €466,801.50 (the "Grant") had been awarded to the Company by the Centre for the Development of Industrial Technology (CDTI) for use towards research and development ("R&D") at Toral.

The CDTI is a Public Business Entity in Spain, under the auspices of the Ministry of Science and Innovation, which fosters the technological development and innovation of Spanish companies. The Grant is categorised as a partly refundable loan (with a nil per cent. interest rate) with the funds received to be allocated towards the development of R&D technologies relating to the recording and correction of drillhole deviation at the Toral Project. Application for the Grant was made further to ongoing work by Europa Metals and the AIR Institute, linked to the Salamanca University, and drilling contractors Sondeos y Perforaciones Industriales de Bierzo SA ("SPI").

The Grant monies can be drawn down in up to three tranches, with the prior agreement of the CDTI, with the initial tranche of €163,380 received and utilised by the Company during the reporting period. The second and third tranches are scheduled to be drawn down over a period of approximately 18 months subject to certain, defined, operational milestones. The core objectives of the Innovation Programme are to retrieve and process data from the 2021 Toral drilling campaign in order to develop algorithmic software for use in exploration campaigns to correct drilling deviation. Biannual repayments of €21,822 begin in 2024, running for 7 years until 2031, with a fixed interest rate of nil per cent.

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

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, further to the advice and guidance issued by all relevant health authorities and the Spanish and UK governments.

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.

Competent Person's Statement

The information above that relates to Exploration Results is based on information compiled by Mr J.N. Hogg, MSc. MAIG Principal Geologist for AMS, an independent Competent Person within the meaning of the JORC (2012) code and qualified person under the AIM Note for Mining and Oil & Gas Companies. Mr Hogg has reviewed and verified the technical information that forms the basis of, and has been referred to in the preparation of this annual report including all analytical data, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques. Mr Hogg consents to the inclusion in this annual report of the matters based on the information, in the form and context in which it appears. Mr Hogg has also reviewed and approved the technical information in his capacity as a qualified person under the AIM Rules for Companies.

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 2020 to 30 June 2021 of \$3,258,664 (2020: loss of \$2,362,660). The Group had net assets of \$2,428,852 (2020: \$2,499,370) 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 19 July 2021, the Company announced that it had completed the requisite work and collated and submitted all the relevant documentation to the CDTI in relation to the Stage 1 milestone of its €466,801.50 innovation grant, further details of which were announced on 19 October 2020.

Directors' Report

continued

On 7 September 2021, the Company announced the results of further drill assays from the Toral Project, including high-grade intersection of lead, zinc and silver.

On 1 October 2021, the Company announced the abovementioned independent updated mineral resource estimate for Toral.

On 26 October 2021, the Company announced that it had raised, in aggregate, gross proceeds of £1.5 million through the placing of 19,527,920 Placing Shares to certain institutional and other investors and a subscription by certain other investors directly with the Company of a further 10,472,080 Subscription Shares in each case at a price of 5 pence per share (the "Fundraising").

The Fundraising is being conducted in two tranches with the initial tranche of new Ordinary Shares being issued under the Company's pre-existing share capital authorities and the second tranche subject to shareholder approval at the Company's forthcoming 2021 Annual General Meeting.

No other matters or circumstances have arisen since the end of the financial 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 progress its business plan and work programmes, including:

- Completing certain of the key elements of a Pre-Feasibility Study for the Toral Project, namely:
 - A hydrogeological drilling and monitoring report to confirm the findings of independent analysis in 2020 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.
- Continued engagement with third parties via the Group's engagement through concentrate marketing partners and directly by the Board to seek to establish value accretive pathways forward for the Toral Project.

- Identification and evaluation of potential transactional opportunities for the Toral Project and the Group as a whole in order to seek to increase shareholder value and the Group's asset portfolio.
- 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, and be secured by, 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.

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.

Directors' Report

continued

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.

	2021 \$	2020 \$
Remuneration of the auditor, BDO International for Group and subsidiary statutory reporting:		
– tax compliance services	8,110	7,460
– corporate finance (valuation of options)	—	3,200
	8,110	10,660

The Board of Directors are satisfied that the provision of non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit services provided do not compromise the independence of the auditor.

Directors' meetings

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

Director	Board Meetings		Remuneration Committee	
	Eligible	Attended	Eligible	Attended
Evan Kirby	10	9	2	2
Laurence Read	10	10	—	—
Myles Campion	10	10	2	2
Colin Bird	1	1	-	-
Daniel Smith	10	10	2	2

Directors' Report

continued

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 Champion	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 Champion	Executive Chairman	4 August 2020

Directors' Report

continued

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 2021 no Directors or executives participated (2020: 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.

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.

Directors' Report

continued

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 \$3,000 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 \$3,000 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.

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:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Net (loss) from continuing operations after income tax	(3,258,664)	(2,362,660)	(2,392,170)	(1,883,446)	(11,286,803)
Basic (loss) per share in cents	(7.03)	(7.67)	(16.34)	(30.62)	(455.69)
Share Price in cents	0.18	0.11	0.21	0.20	0.10

6. Executive contractual arrangements

Laurence Read – Chief Executive Officer

Salary	£112,000 per annum
Term	Ongoing
Termination	6 months notice period by either party

Myles Champion – Executive Chairman/Technical Director

Salary	£112,000 per annum
Term	Ongoing
Termination	6 months notice period by either party

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 22 for details of options previously granted.

Directors' Report

continued

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

Table 1: Remuneration for the years ended 30 June 2020 and 30 June 2021

		Short-term benefits		Post-employment	Long-term benefits		Share-based payments		Total	Performance related
		Salary & fees	Cash bonus	Super-annuation	Cash Incentives	Long Service Leave	Options	Shares		
		\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
Evan Kirby	2021	30,075	—	—	—	—	18,039	—	48,114	37
	2020	32,615	—	—	—	—	—	—	32,615	—
Colin Bird	2021	4,435	—	—	—	—	23,680	—	28,115	84
	2020	65,649	—	—	—	—	—	—	65,649	—
Daniel Smith	2021	30,400	—	—	—	—	8,117	—	38,517	21
	2020	23,200	—	—	—	—	—	—	23,200	—
Subtotal Non-executive directors	2021	64,910	—	—	—	—	49,836	—	114,746	—
Subtotal Non-executive directors	2020	124,464	—	—	—	—	—	—	121,464	—
Executive directors										
Laurence Read	2021	171,556	—	5,875	—	—	69,885	—	247,316	28
	2020	134,277	—	—	—	—	—	—	134,277	—
Myles Campion	2021	178,495	—	5,425	—	—	69,885	—	253,805	28
	2020	182,966	—	—	—	—	—	—	182,966	—
Subtotal executive directors	2021	350,051	—	11,300	—	—	139,770	—	501,121	—
Subtotal executive directors	2020	317,243	—	—	—	—	—	—	317,243	—
Total KMP	2021	414,961	—	11,300	—	—	189,606	—	615,867	—
Total KMP	2020	438,707	—	—	—	—	—	—	438,707	—

Refer to Page 17 for all appointment dates.

Directors' Report

continued

7. Equity instrument disclosures

Table 2: Share holdings

2021	Shares						Balance 30 June 2021
	Balance 1 July 2020	Rights Exercised	On Exercise of Options	Consolidation 500:1	Net Change Other		
Directors							
Evan Kirby	12,929,158	—	—	(12,903,300)	—	25,858	
Laurence Read	23,913,043	—	—	(23,865,217)	78,431	126,257	
Myles Campion	85,181,159	—	—	(85,010,796)	78,431	248,794	
Colin Bird	313,833,191 ¹	—	—	(313,205,525)	(627,666) ²	—	
Daniel Smith	—	—	—	—	—	—	
	435,856,551	—	—	(434,984,838)	(470,804)	400,909	

¹ Includes 130,499,858 shares in which he has an indirect interest via his directorship of African Pioneer plc.

² On his resignation on 4 August 2020.

Table 3: Option holdings

2021	Options							
	Balance 1 July 2020	Consolidation 500:1	Granted	Received as Remuneration	Net Change Other	Balance 30 June 2021	Vested & Exercisable 30 June 2021	Vested & Not Exercisable 30 June 2021
Directors								
Evan Kirby	22,500,000	(22,455,000)	—	300,000	—	345,000	245,000	—
Laurence Read	112,500,000	(112,275,000)	—	1,300,000	—	1,525,000	925,000	—
Myles Campion	145,833,334	(145,541,667)	—	1,300,000	—	1,591,667	991,667	—
Colin Bird	171,666,666	(171,323,333)	—	300,000	(643,333) ¹	—	—	—
Daniel Smith	10,000,000	(9,980,000)	—	160,000	—	180,000	100,000	—
	462,500,000	(461,575,000)	—	3,360,000	(643,333)	3,641,667	2,261,667	—

¹ On his resignation on 4 August 2020.

Fair value of options granted

The value of the above services could not be reliably measured so the fair value of the options issued was used instead.

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 the 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.

Directors' Report

continued

The tables below summarise the model inputs for options granted during the financial year ended 30 June 2021:

	Directors – July 2020		
	Tranche 1	Tranche 2	Tranche 3
Options granted for no consideration	300,000	1,400,000	300,000
Exercise price (GBP)	0.075	0.090	0.106
Issue date	24/07/20	24/07/20	24/07/20
Expiry date	24/07/23	24/07/23	24/07/23
Underlying security spot price at grant date (GBP)	0.065	0.065	0.065
Expected price volatility of the Company's shares	125%	125%	125%
Expected dividend yield	0%	0%	0%
Expected life (years)	3	3	3
Risk-free interest rate	0.14%	0.14%	0.14%
Black-Scholes model valuation per option (AUD cents per share)	0.0821	0.0789	0.0762
Total fair value	\$24,622	\$110,507	\$22,849
Expensed during the period	\$24,622	\$110,507	\$22,849

	Directors – December 2020			
	Executive Directors			Non-executive directors
	Tranche 1	Tranche 2	Tranche 3	Tranche 2
Options granted for no consideration	400,000	400,000	400,000	180,000
Exercise price (GBP)	0.089	0.089	0.089	0.129
Issue date	18/12/20	18/12/20	18/12/20	18/12/20
Expiry date	18/12/23	18/12/23	18/12/23	18/12/23
Underlying security spot price at grant date (GBP)	0.095	0.095	0.095	0.095
Expected price volatility of the Company's shares	125%	125%	125%	125%
Expected dividend yield	0%	0%	0%	0%
Expected life (years)	3	3	3	3
Risk-free interest rate	0.14%	0.14%	0.14%	0.14%
Black-Scholes model valuation per option (AUD cents per share)	0.1249	0.1249	0.1249	0.1158
Total fair value	\$49,974	\$49,974	\$49,974	\$20,851
Expensed during the period	\$10,468	\$10,468	\$10,468	\$4,054

Vesting Conditions for the December 2020 options

Tranche 1: vests on the delineation, by an independent third party, of greater than a 4.5Mt Indicated Resource estimate at the Toral Project, reported in accordance with JORC (2012).

Tranche 2: vests on the delivery of a positive Pre-Feasibility Study for the Toral Project with an independent recommendation for the Company to continue advancing the project.

Tranche 3: vests on the submission of an application for a Mining Licence at the Toral Project.

The Directors consider the probability of the above Tranches vesting within their three year term to be 100%. Therefore, the fair value of the options is expensed over three years to 18 December 2023.

Directors' Report

continued

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 2021 (2020: 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 2021 and 2020.

	2021 \$	2020 \$
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
Company secretarial and accounting fees were paid to Minerva Corporate Pty Ltd, a company of which Mr D Smith is a director. Fees were paid at arms length and on commercial terms.	84,000	84,000
Mr L Read, an executive director of the Company, was formerly a director of Mowbrai Ltd. During the 2020 financial year, Mowbrai Ltd received fees for consulting services. These fees were based on normal commercial terms and conditions.	—	134,277
Mr M Champion, 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 were based on normal commercial terms and conditions.	140,256	182,966
	224,256	428,613

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

Europa Metals Ltd received 99.71% votes in favour of its remuneration report for its 2020 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 56 and forms part of this report.

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



Daniel Smith
Non-Executive Director
Perth

29 October 2021

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 practice, 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 Champion
Executive Chairman

29 October 2021

Corporate 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 2021 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	10	10
Laurence Read	10	10
Evan Kirby	10	9
Daniel Smith	10	10

Corporate Governance Statement

continued

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.

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.

Coporate Governance Statement

continued

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 such 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 Metals' 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 were introduced to the Company's corporate governance procedures which should 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 Meetings 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 29 October 2021 and has been approved by the Board.



Corporate Governance Statement

continued

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 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 on 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 2021

	Note	2021 \$	2020 \$
Revenue	3(a)	—	3
Other income	3(b)	147,537	—
Administration expenses	3(c)	(1,357,427)	(1,000,227)
Occupancy expenses		—	(2,824)
Exploration expenditure		(2,044,095)	(1,375,442)
Foreign exchange gain/(loss)		(4,679)	15,830
Loss before taxation		(3,258,664)	(2,362,660)
Income tax benefit/(expense)	5	—	—
Loss after income tax for the year from continuing operations		(3,258,664)	(2,362,660)
Net loss for the year		(3,258,664)	(2,362,660)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net exchange (loss)/gain on translation of foreign operation		(383,469)	171,072
Other comprehensive income for the year, net of tax		(383,469)	171,072
Total comprehensive loss for the year		(3,642,133)	(2,191,588)
Net loss for the year attributable to:			
Equity holders of the Parent		(3,642,133)	(2,191,588)
		(3,642,133)	(2,191,588)
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		(3,642,133)	(2,191,588)
		(3,642,133)	(2,191,588)
		Cents per share	Cents per share
Loss per share			
Basic loss for the year attributable to ordinary equity holders of the Parent	7	(7.03)	(7.67)
Diluted loss for the year attributable to ordinary equity holders of the Parent	7	(7.03)	(7.67)

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 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and short term deposits	8	1,180,768	700,642
Trade and other receivables	9	84,720	210,866
Total current assets		1,265,488	911,508
Non-current assets			
Plant and equipment		66,718	24,073
Other receivables	9	190,523	193,096
Right of use assets		29,277	39,035
Capitalised exploration expenditure	10	1,276,964	1,577,953
Total non-current assets		1,563,482	1,834,157
Total assets		2,828,970	2,745,665
Liabilities and equity			
Current liabilities			
Trade and other payables	11	261,886	207,462
Lease liability		16,505	22,328
Total current liabilities		278,391	229,790
Non-current liabilities			
Lease liability		—	16,505
Borrowings	12	121,727	—
Total non-current liabilities		121,727	16,505
Total liabilities		400,118	246,295
Net assets		2,428,852	2,499,370
Equity			
Contributed equity	13	45,695,303	42,489,962
Accumulated losses	16	(46,380,604)	(43,121,940)
Reserves	15	3,114,153	3,131,348
Total equity		2,428,852	2,499,370

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 2021

	Note	2021 \$	2020 \$
Cash flows used in operating activities			
Interest received		—	3
Exploration and evaluation expenditure		(1,959,132)	(1,507,897)
Payments to suppliers and employees		(1,135,162)	(828,272)
Net cash flows used in operating activities	20	(3,094,294)	(2,336,166)
Cash flows used in investing activities			
Payments for plant and equipment		(28,056)	(5,953)
Net cash flows used in investing activities		(28,056)	(5,953)
Cash flows from financing activities			
Lease principal repayments		(25,879)	(49,096)
Proceeds from issue of shares		3,633,082	2,212,254
Transaction costs on issue of shares		(253,101)	(183,506)
Proceeds from borrowings		258,513	—
Net cash flows from financing activities		3,612,615	1,979,652
Net increase/(decrease) in cash and cash equivalents held		490,265	(362,468)
Net foreign exchange difference		(10,139)	10,699
Cash and cash equivalents at 1 July		700,642	1,052,411
Cash and cash equivalents at 30 June	8	1,180,768	700,642

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 2021

	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 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
At 1 July 2020	42,489,962	(43,121,940)	491,577	2,154,254	485,517	2,499,370
Loss for the year	—	(3,258,664)	—	—	—	(3,258,664)
Other Comprehensive Income (net of tax)	—	—	—	—	(383,469)	(383,469)
Total comprehensive loss (net of tax)	—	(3,258,664)	—	—	(383,469)	(3,642,133)
Transactions with owners in their capacity as owners:						
Shares issued during the year net of transaction costs	3,205,341	—	—	—	—	3,205,341
Options issued to Brokers	—	—	—	174,639	—	174,639
Options issued to directors and management	—	—	—	191,635	—	191,635
At 30 June 2021	45,695,303	(46,380,604)	491,577	2,520,528	102,048	2,428,852

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 2021

Note 1: Corporate information

The consolidated financial statements of Europa Metals Ltd and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 29 October 2021.

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 Johannesburg 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 the 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 \$3,258,664 for the year ended 30 June 2021 (2020: \$2,362,660). In addition, the Group had net current assets of \$987,097 (2020: \$681,718), and shareholders’ equity of \$2,428,852 (2020: \$2,499,370) as at 30 June 2021.

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 Group’s forecast cash flow requirements for the 15 months ending 30 September 2022 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 continued to pursue 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.

Notes to the consolidated financial statements

continued

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 2020.

(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 2021. 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 2021. 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.

Exploration and evaluation costs carried forward

The Group's main activity is exploration and evaluation for minerals. The nature of exploration activities are such that it requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate mining viability may change from period to period. In addition, exploration activities by their nature are inherently uncertain. Changes in all these factors can impact exploration asset carrying values.

Discount rates

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

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 17.

Non-current assets

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. VAT receivable is recognised as non-current to the extent that the timing of the refund is uncertain.

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.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

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.

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, the 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.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

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.

(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 any 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.

Notes to the consolidated financial statements

continued

Note 2: Summary of significant accounting policies continued

(q) Loss per share

Basic loss per share is calculated as the 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.

(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 17.

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.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

(v) Grant income

Grant income is recognised in profit or loss over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

Notes to the consolidated financial statements

continued

Note 3: Revenue and expenses

Revenue and expenses from continuing operations

	2021 \$	2020 \$
(a) Revenue		
Interest received	—	3
	—	3
(b) Other Income		
Grants received	147,537	—
	147,537	—
	2021 \$	2020 \$
(c) Profit or loss		
Other expenses include the following:		
Depreciation	35,843	75,000
Consulting services	299,488	186,736
Employment related		
– Directors’ fees	426,261	436,073
– Share Based Payments	191,635	—
Corporate	219,078	172,278
Travel	—	7,857
Other	185,122	122,283
	1,357,427	1,000,227

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 in 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.

Notes to the consolidated financial statements

continued

Note 5: Income tax expense

	2021 \$	2020 \$
Reconciliation of income tax expense to the pre-tax net loss		
Loss before income tax	(3,258,664)	(2,362,660)
Income tax calculated at 30% (2020: 30%) on loss before income tax	(977,599)	(708,798)
Add tax effect of: non-deductible expenses	828,914	501,232
Difference in tax rate of subsidiaries operating in other jurisdictions	83,670	61,143
Unused tax losses and temporary differences not brought to account	65,015	146,423
Income tax (profit)/expense	—	—
	2021 \$	2020 \$
Analysis of deferred tax balances		
<i>Deferred tax liabilities</i>		
Assessable temporary differences		
Prepayments	(6,381)	(5,422)
Other	—	(5,169)
Deferred tax liabilities offset by deferred tax assets	6,381	10,591
Net deferred tax liabilities	—	—
<i>Deferred tax assets</i>		
Share issue expenses	1,773	2,660
Payables and provisions	8,460	19,611
Other	—	—
Unused tax losses	5,630,623	5,395,222
	5,640,856	5,417,493
Total unrecognised deferred tax assets	(5,634,475)	(5,406,902)
Deferred tax assets	6,381	10,591
Deferred tax assets offset by deferred tax liabilities	(6,381)	(10,591)
Net deferred tax assets	—	—

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

Notes to the consolidated financial statements

continued

Note 6: Auditors' remuneration

	2021 \$	2020 \$
Remuneration of the auditor of the Company for:		
– auditing or reviewing the financial statements		
BDO Audit (WA) Pty Ltd	48,452	41,382
	48,452	41,382
– other assurance related services		
BDO Corporate Finance (WA) Pty Ltd (valuation of options for Notice of Meeting)	—	3,200
BDO (WA) Pty Ltd – Taxation services	8,110	7,460
	56,562	52,042

Note 7: Loss per share

	2021 \$	2020 \$
Basic loss per share (cents per share)	(7.03)	(7.67)
Diluted loss per share (cents per share)	(7.03)	(7.67)
Loss used in calculating basic loss per share	(3,258,664)	(2,362,660)
Adjustments to basic loss used to calculate dilutive loss per share	—	—
Loss used in calculating dilutive loss per share	(3,258,664)	(2,362,660)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	46,375,623	30,803,822
Weighted average number of ordinary shares used in the calculation of diluted loss per share	46,375,623	30,803,822

15,116,087 share options outstanding as at 30 June 2021 (30 June 2020: 11,388,166) have not been included in the calculation of dilutive loss per share as these are anti-dilutive.

The comparative figures have been amended to reflect the share consolidation of 500:1 effected on 15 July 2020.

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:

	2021 \$	2020 \$
Cash at bank	1,180,768	700,642

See note 23 for the risk exposure analysis for cash and cash equivalents.

Notes to the consolidated financial statements

continued

Note 9: Trade and other receivables

	2021 \$	2020 \$
Current		
Sundry debtors	22,014	4,418
GST/VAT	35,059	185,274
Prepayments	27,647	21,174
	84,720	210,866
Non-current		
GST/VAT ⁽¹⁾	190,523	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.

Note 10: Capitalised exploration expenditure

	2021 \$	2020 \$
At 1 July	1,577,953	1,423,943
Foreign exchange movement	(300,989)	154,010
At 30 June	1,276,964	1,577,953

Note 11: Trade and other payables

	2021 \$	2020 \$
Current		
Trade payables and other payables	261,886	207,462
	261,886	207,462

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

Note 12: Borrowings

	2021 \$	2020 \$
Opening balance	—	—
Loan received	121,727	—
Closing balance	121,727	—

On 19 October 2020, the Company announced that following an extensive submission process, an interest-free loan by way of a grant of €466,801.50 (the "Grant") had been awarded to the Company by the Centre for the Development of Industrial Technology (CDTI) for use towards research and development ("R&D") at the Company's wholly owned Toral lead, zinc and silver project ("Toral" or the "Toral Project") situated in the region of Castilla y León, north-west Spain.

Notes to the consolidated financial statements

continued

Note 12: Borrowings continued

The CDTI is a Public Business Entity in Spain, under the auspices of the Ministry of Science and Innovation, which fosters the technological development and innovation of Spanish companies. The Grant is categorised as a partly refundable loan (with a nil per cent. interest rate) with the funds received to be allocated towards the development of R&D technologies relating to the recording and correction of drillhole deviation at the Toral Project. Application for the Grant was made further to ongoing work by Europa Metals and the AIR Institute, linked to the Salamanca University, and drilling contractors Sondeos y Perforaciones Industriales de Bierzo SA (“SPI”).

The Grant monies are drawable in up to three tranches, with the prior agreement of the CDTI, with the initial tranche, comprising an amount of €163,380 (AUD \$261,872), received by the Company during the reporting period. The second and third tranches are scheduled to be drawn down over a period of approximately 18 months subject to certain, defined, operational milestones. The core objectives of the Innovation Programme are to retrieve and process data from the latest Toral drilling campaign in order to develop algorithmic software for use in exploration campaigns to correct drilling deviation. Biannual repayments of €21,822 begin in 2024, running for 7 years until 2031, with a fixed interest rate of nil per cent.

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

In accordance with AASB 120 *Accounting for Government Grants* the above loan has been fair valued using a discount rate of 12%. The discounted loan balance is recognised as a loan with the remaining amount of \$144,362 recognised as other income over the period the related expenditure is incurred.

The loan will accrue interest at a deemed interest rate over the life of the loan and be unwound as the loan repayments are made.

Note 13: Contributed Equity

	2021 No. of shares	2020 No. of shares	2021 \$	2020 \$
(a) Share Capital				
Ordinary Shares				
Ordinary shares fully paid	49,130,649	16,722,209,651	45,960,605	42,755,264
Employee share incentive plan shares	(4,600) ¹	(2,300,000)	(265,302)	(265,302)
	49,126,049	16,719,909,651	45,695,303	42,489,962

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 2021, nil (2020: nil) shares were issued back to the market from the Employee Incentive Share Plan.

Notes to the consolidated financial statements

continued

Note 13: Contributed Equity continued

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$
30 June 2019	Closing Balance	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
15 July 2020	Share consolidation 500:1	(16,688,765,276)	—
19 August 2020	Placing shares	15,686,274	3,633,082
	Cost associated with share issue	—	(427,741)
		49,130,649	45,960,605
Less:	Employee share plan shares on issue	(4,600)	(265,302)
		49,126,049	45,695,303

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 2020	—	—
	Issued during 2020	—	—
30 June 2020	Closing balance	2,300,000	(265,302)
	Opening balance	2,300,000	(265,302)
	Cancelled during 2021	—	—
	Issued during 2021	—	—
30 June 2021	Closing balance	2,300,000	(265,302)

No employee share plan shares were issued in 2021 (2020: 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 14: Options

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

	30 June 2021 Number	30 June 2020 Number
Outstanding at 1 July 2020	5,627,416,568	4,199,416,595
Consolidation 500:1	(5,616,161,747)	—
	11,254,821	4,199,416,595
Issued during the period	4,331,765	2,240,000,000
Expired during the period	(470,499)	—
Exercised during the period	—	(812,000,027)
Outstanding at 30 June 2021	15,116,087	5,627,416,568
Exercisable at 30 June 2021	13,716,087	5,627,416,568

The table in note 17 summarises the model inputs (post consolidation) for options granted during the year ended 30 June 2021.

Note 15: Reserves

	Employee share incentive reserve \$	Options reserve \$	Foreign exchange reserve \$	Total \$
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
Options issued to Brokers ⁽¹⁾	—	174,639	—	174,639
Options issued to Directors	—	191,635	—	191,635
Currency translation differences	—	—	(383,469)	(383,469)
At 30 June 2021	491,577	2,520,528	102,048	3,114,153

⁽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.

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 16: Accumulated losses

	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(43,121,940)	(40,759,280)
Net loss for the year	(3,258,664)	(2,362,660)
Accumulated losses at the end of the financial year	(46,380,604)	(43,121,940)

Note 17: 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:

	2021 \$	2020 \$
Options issued to Brokers as part of capital raising (included in Equity)	174,639	66,417
Options issued to directors/management – July 2020	157,979	—
Options issued to directors/management – December 2020	33,656	—
	366,274	66,417

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 tables below summarise the model inputs for options granted during the financial year ended 30 June 2021:

	Directors – July 2020		
	Tranche 1	Tranche 2	Tranche 3
Options granted for no consideration	300,000	1,400,000	300,000
Exercise price (GBP)	0.075	0.090	0.106
Issue date	24/07/20	24/07/20	24/07/20
Expiry date	24/07/23	24/07/23	24/07/23
Underlying security spot price at grant date (GBP)	0.065	0.065	0.065
Expected price volatility of the Company's shares	125%	125%	125%
Expected dividend yield	0%	0%	0%
Expected life (years)	3	3	3
Risk-free interest rate	0.14%	0.14%	0.14%
Black-Scholes model valuation per option (AUD cents per share)	0.0821	0.0789	0.0762
Total fair value	\$24,622	\$110,507	\$22,849
Expensed during the period	\$24,622	\$110,507	\$22,849

Notes to the consolidated financial statements

continued

Note 17: Share based payments continued

	Directors/Management – December 2020			
	Executive Directors			Non-executive directors/management
	Tranche 1	Tranche 2	Tranche 3	Tranche 2
Options granted for no consideration	400,000	400,000	400,000	200,000
Exercise price (GBP)	0.089	0.089	0.089	0.129
Issue date	18/12/20	18/12/20	18/12/20	18/12/20
Expiry date	18/12/23	18/12/23	18/12/23	18/12/23
Underlying security spot price at grant date (GBP)	0.095	0.095	0.095	0.095
Expected price volatility of the Company's shares	125%	125%	125%	125%
Expected dividend yield	0%	0%	0%	0%
Expected life (years)	3	3	3	3
Risk-free interest rate	0.14%	0.14%	0.14%	0.14%
Black-Scholes model valuation per option (AUD cents per share)	0.1249	0.1249	0.1249	0.1158
Total fair value	\$49,974	\$49,974	\$49,974	\$23,168
Expensed during the period	\$10,468	\$10,468	\$10,468	\$2,252

Vesting Conditions for the December 2020 options

Tranche 1: vests on the delineation, by an independent third party, of greater than a 4.5Mt Indicated Resource estimate at the Toral Project, reported in accordance with JORC (2012).

Tranche 2: vests on the delivery of a positive Pre-Feasibility Study for the Toral Project with an independent recommendation for the Company to continue advancing the project.

Tranche 3: vests on the submission of an application for a Mining Licence at the Toral Project.

The Directors consider that the probability of the above Tranches vesting within their three year term to be 100%. Therefore, the fair value of the options is expensed over three years to 18 December 2023.

	Options issued to Brokers
Options granted for no consideration	931,765
Exercise price (GBP)	0.1275
Issue date	19/08/2020
Expiry date	19/08/2023
Underlying security spot price at grant date (GBP)	0.14
Expected price volatility of the Company's shares	125%
Expected dividend yield	0%
Expected life (years)	3
Risk-free interest rate	0.14%
Black-Scholes model valuation per option (AUD cents per share)	0.187
Total fair value	\$174,639
Debited to equity during the period	\$174,639

Notes to the consolidated financial statements

continued

Note 18: Commitments and contingencies

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

Note 19: Related party transactions

Compensation of Key Management Personnel

	2021 \$	2020 \$
Short-term employee benefits	426,261	438,707
Post-employment benefits	—	—
Share based payments	189,606	—
	615,867	438,707

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.

Name	Country of Incorporation	% Beneficial Equity Interest	
		2021	2020
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.

		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⁾	2021	—	84,000	—	11,067
	2020	—	84,000	—	9,525
Mowbrai Ltd⁽ⁱⁱ⁾	2021	—	—	—	—
	2020	—	134,277	—	8,523
Virico Limited⁽ⁱⁱⁱ⁾	2021	—	140,256	—	—
	2020	—	182,966	—	6,819

(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 formerly a director of Mowbrai Ltd. During 2020, Mowbrai Ltd received the above fees for consulting services. These fees were 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 were based on normal commercial terms and conditions.

Notes to the consolidated financial statements

continued

Note 19: Related party transactions continued

The following transactions were undertaken between the Company, executive officers and director-related entities during 2021 and 2020.

	2021 \$	2020 \$
Rental fees were paid to Lion Mining Finance, a company of which Colin Bird is a director	—	27,370
Company secretarial and accounting fees were paid to Minerva Corporate Pty Ltd, a company of which Daniel Smith is a director	84,000	84,000
Mr L Read, an executive director of the Company, was formerly also a director of Mowbrai Ltd. During 2020, Mowbrai Ltd received the above fees for consulting services. These fees were based on normal commercial terms and conditions.	—	134,277
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 were based on normal commercial terms and conditions.	140,256	182,966
	224,256	428,613

Note 20: Cash flow information

	2021 \$	2020 \$
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(3,258,664)	(2,362,660)
Other income	(147,537)	
Depreciation	35,843	75,000
Interest on unwinding of lease	11,180	7,485
Net foreign exchange differences	4,679	(15,830)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(57,656)	(205,013)
(Decrease)/increase in payables and provisions	317,861	164,852
Cash flows used in operations	(3,094,294)	(2,336,166)

Note 21: Non-cash investing and financing activities

	2021 \$	2020 \$
Share issue costs (settled through issue of options)	174,639	66,417

Notes to the consolidated financial statements

continued

Note 22: Changes in liabilities arising from financing activities

	Loans \$	Lease liability \$
Consolidated		
Balance at 1 July 2019	—	—
Acquisition of leases	—	38,833
Balance at 30 June 2020	—	38,833
Repayment of lease liabilities	—	(22,328)
Borrowings – gross amount received	209,862	—
Borrowings – non-cash discount	(88,135)	—
Balance at 30 June 2021	121,727	16,505

Note 23: 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:

(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.

Notes to the consolidated financial statements

continued

Note 23: Financial risk management objectives and policies continued

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
2021					
Financial Assets					
Cash	0.01%	4,032	—	1,176,736	1,180,768
Trade and other receivables		—	—	275,243	275,243
Total Financial Assets		4,032	—	1,451,979	1,456,011
Financial Liabilities					
Trade and other payables		—	—	261,885	261,885
Lease liabilities	12.5%	—	—	16,505	16,505
Borrowings	12%	—	—	121,727	121,727
Total Financial Liabilities		—	—	400,117	400,117
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

(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.

Borrowings are repayable between 2 to 6 years with the total amount of €163,380 (AUD \$261,872) discounted to 30 June 2021. The contractual maturities of borrowings is as follows:

	Less than 12 months \$	Between 1 to 2 years \$	Between 2 and 5 years \$	Over 5 years \$
Borrowings	—	—	209,862	52,010

Notes to the consolidated financial statements

continued

Note 23: Financial risk management objectives and policies continued

(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.

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 National Australia Bank, Banco Popular and Unicaja Banco of Spain, 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	
	2021 \$	2020 \$	2021 \$	2020 \$
Great British Pounds (GBP)	(12,456)	(107,257)	958,637	686,414
South African Rand (ZAR)	(1,627)	(3,557)	10	9
Euro (EUR)	(191,760)	(43,085)	168,396	3,933

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.

Notes to the consolidated financial statements

continued

Note 24: Parent Entity Information

	2021 \$	2020 \$
Current assets	1,402,200	1,481,961
Total assets	2,583,682	2,663,748
Current liabilities	154,830	164,379
Total liabilities	154,830	164,379
Issued capital	50,008,226	46,802,885
Accumulated Losses	(51,030,621)	(47,388,489)
Reserves	3,451,247	3,084,972
Total shareholders' equity	2,428,853	2,499,368
Loss of the parent entity	(3,642,132)	(2,191,588)

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 2021 (2020: Nil).

Note 25: Significant events after the reporting date

There are subsequent events to report, as follows:

On 19 July 2021, the Company announced that it had completed the requisite work and collated and submitted all the relevant documentation to the CDTI in relation to the Stage 1 milestone of its €466,801.50 innovation grant, further details of which were announced on 19 October 2020.

On 7 September 2021, the Company announced the results of further drill assays from its Toral Project, including high-grade intersection of lead, zinc and silver.

On 1 October 2021, the Company announced an updated independent Mineral Resource Estimate in accordance with JORC (2012) for the Toral Pb, Zn & Ag project.

On 26 October 2021, the Company announced that it had raised, in aggregate, gross proceeds of £1.5 million through the placing of 19,527,920 Placing Shares to certain institutional and other investors and a subscription by certain other investors directly with the Company of a further 10,472,080 Subscription Shares in each case at a price of 5 pence per share (the "Fundraising").

The Fundraising is being conducted in two tranches with the initial tranche of new Ordinary Shares being issued under the Company's pre-existing share capital authorities and the second tranche subject to shareholder approval at the Company's forthcoming 2021 Annual General Meeting.

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

Directors' Declaration

In the opinion of the directors of Europa Metals Ltd:

- (a) the financial statements and notes set out on pages 34 to 54 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 2021 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 2021.

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



D Smith
Non-Executive Director
Perth

29 October 2021

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 2021, 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 2021 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 2 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
<p>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.</p> <p>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.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• 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 2021, 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 pages 17 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Europa Metals Limited, for the year ended 30 June 2021, 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



Ashleigh Woodley
Director

Perth, 29 October 2021



Auditor's independence declaration

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF EUROPA METALS LIMITED

As lead auditor of Europa Metals Limited for the year ended 30 June 2021, 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.

Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd

Perth, 29 October 2021

Additional JSE Information

	2021 \$	2020 \$
Headline earnings reconciliation		
Loss attributable to ordinary equity holders of the parent entity	(3,258,664)	(2,362,660)
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	(3,258,664)	(2,362,660)
Basic loss per share	(3,258,664)	(2,362,660)
Weighted average shares in issue	46,375,623	30,803,822
Basic loss per share (cents)	(7.03)	(7.67)
Headline loss	(3,258,664)	(2,362,660)
Weighted average shares in issue	46,375,623	30,803,822
Headline loss per share (cents)	(7.03)	(7.67)



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