

10 May 2021

## EUROPEAN METALS HOLDINGS LIMITED

### EMH BELIEVES CINOVEC TO HAVE A LOW CARBON FOOTPRINT COMPARED TO PEERS AND WILL ADOPT GOLD STANDARD OF ESG REPORTING

*European Metals Executive Chairman, Keith Coughlan, believes that the Project's CO<sup>2</sup> footprint will be low when compared with other hard rock lithium projects. "The proximity to end users resulting in low transport CO<sup>2</sup>, the fully integrated nature of the Project and anticipated lower CO<sup>2</sup> emissions from mining and processing strongly suggest that lithium from Cinovec will have a low carbon footprint compared to its peers". "We are quietly confident and look forward to releasing the results of our Carbon Footprint assessment".*

European Metals Holdings Limited (ASX & AIM: EMH, NASDAQ: ERPNF) ("EMH", "European Metals" or the "Company") is pleased to announce that the Company has adopted a set of Environmental, Social and Governance ("ESG") metrics and disclosures following the recommendations released by the World Economic Forum ("WEF") in Geneva, Switzerland<sup>1</sup> which are acknowledged as the gold standard for ESG reporting.

#### HIGHLIGHTS

- Establishment of an ESG Committee at Board level, to be chaired by Ambassador Lincoln Bloomfield who has considerable private sector experience centred on sustainability, resilience and renewable energy
- Engagement of Socialsuite ESG technology platform - a global leader in ESG impact management systems and sustainability reporting
- Initiation of ESG reporting, monitoring and improvement for European Metals utilising Socialsuite
- EMH's ESG transparency commitment is a precursor to an independent lithium production Life Cycle Assessment<sup>2</sup> ("LCA") which includes a full Carbon Footprint assessment

#### ADOPTING AN ESG FRAMEWORK

ESG and impact investing have become key criteria for both investors and fund managers, leading a new path to how companies are being assessed. In 2020, 33% of the US\$51.4 trillion in total US assets under professional management used ESG investment criteria, with demand for ESG compliance continuing to rise sharply<sup>3</sup> with total Global sustainable investment now topping \$30 trillion—up 68% since 2014 and tenfold since 2004.<sup>4</sup>

The acceleration has been driven by heightened social, governmental, and consumer attention on the broader impact of corporations, as well as by the investors and executives who acknowledge that a strong ESG proposition is a key indicator of a company's long-term success.

ESG reporting offers a tool and roadmap for investors and society to hold companies to account, to make sure that the issues such as climate change, social justice, equality, diversity and environmental protection are reflected and appropriately addressed by the company in focus.

European Metals Executive Chairman, Keith Coughlan, commented: *"ESG principles are increasingly important in the overall assessment of companies and their projects. I am proud to be part of the introduction of ESG*

reporting at European Metals. We are proud to utilise the acknowledged private sector experience centred on sustainability, resilience and renewable energy of Ambassador Bloomfield to spearhead our efforts in this regard.

“Although we are formally adopting these principles now, we have been developing the Cinovec Project to the very highest level of ESG standards since the beginning. I believe that this is evident in our current assessment and will become more so as the Cinovec Project develops further.

“In particular, I believe that the Project’s CO<sup>2</sup> footprint will be very low when compared with other hard rock lithium projects. Our proximity to end users, the fully integrated nature of the Project and anticipated lower CO<sup>2</sup> emissions from mining and processing strongly suggest that lithium from Cinovec will have a low carbon footprint compared to its peers.

“We will engage in a formal Life Cycle Assessment, including a Carbon Assessment study, utilising globally recognised independent consultants during 2021.

“I look forward to the progressive reporting of our ESG status with regular updates in the future.”

### EMH BASELINE ESG DASHBOARD

The Company has deployed Socialsuite’s ESG technology platform to set its initial ESG baseline in its first quarterly ESG dashboard. With a tailored action plan, the Company will focus on delivering and reporting ongoing progress toward disclosing and improving ESG metrics and indicators (see below).

Socialsuite’s ESG reporting technology provides an easy way for investors and other stakeholders to assess the commitment and progress of the Company on its journey to create “best in class” ESG credentials and outcomes.

The Company’s ESG baseline dashboard report available for public viewing here:

<https://esg.socialsuitehq.com/social-suite-dashboard/1615602452145x194492351498682370?report=1615602481493x225365516719143520>

	MATERIAL	PRIORITY	TIMEFRAME	DISCLOSURE ITEM	
<b>Governance</b>					
GO-01-A	Setting purpose	Y	Y	Q1 2021	Board discusses need for purpose statement
GO-01-A	Setting purpose	Y	Y	Q1 2021	Purpose statement is drafted
GO-02-A	Governance body composition	Y	Y	H1 2021	Director skills reviewed and ESG-inclusive Board matrix adopted
GO-02-A	Governance body composition	Y	Y	H1 2021	Board has ESG competencies
GO-02-A	Governance body composition	Y	Y	H1 2021	Board has non-executive Directors and independence
GO-02-A	Governance body composition	Y	Y	H1 2021	Director tenure and other commitments are transparently reported
GO-03-A	Material issues impacting stakeholders	Y	Y	H1 2021	Analysis and comparison of company with stakeholder material issues conducted and provided back to stakeholders
GO-03-A	Material issues impacting stakeholders	Y	Y	H1 2021	On-going stakeholder consultation process to keep material issues list up-to-date
GO-05-A	Integrating risk and opportunity into business process	Y	Y	Q2 2021	A company-specific risks and opportunities assessment is conducted with specific inclusion of ESG
GO-05-A	Integrating risk and opportunity into business process	Y	Y	Q2 2021	Management's enterprise risk management systems operational and inclusive of ESG
<b>Planet</b>					

## **BACKGROUND TO WORLD ECONOMIC FORUM REPORTING GUIDELINES**

Before choosing an investment or purchase, all stakeholders want to be assured businesses are truly “walking the ESG walk” and not just “ESG washing”. However, the key challenge for many companies is the lack of a universal and consistent framework to measure and report the shared and sustainable value it creates.

During 2019, the World Economic Forum’s International Business Council (“IBC”), flagged the existence of multiple ESG reporting frameworks and the lack of consistency and comparability of metrics as major issues preventing companies from credibly demonstrating to all stakeholders its progress on sustainability and its contributions to the sustainable development goals.

In collaboration with Deloitte, EY, KPMG and PwC, the IBC worked to identify a set of universal, material ESG metrics and recommended disclosures that could be reflected in the mainstream annual reports of companies on a consistent basis across industry sectors and countries.

The metrics were designed to be capable of verification and assurance, to enhance transparency and alignment among corporations, investors, and all stakeholders.

The result of this process is a set of 21 core and 34 expanded metrics and disclosures, which have been adopted by Socialsuite in its ESG reporting platform to help companies such as European Metals effortlessly and instantly commence ESG reporting.

### **ABOUT SOCIALSUITE**

Socialsuite is a fast-growing global company based in Melbourne, Australia. It has clients across Asia Pacific, the Americas and Europe. Its clients include financial institutions, large companies, government agencies, philanthropic foundations, not-for-profits and NGOs that want to monitor and fully understand how they impact people and the environment.

As a global leader in impact management systems, Socialsuite delivers an efficient and rigorous measurement and monitoring service that is simple to use, infinitely adjustable and tailored to European Metals’ requirements. Its automated data-collection, analysis and reporting tools provide accurate and timely insights to allow European Metals to monitor and understand the impact of the Company’s initiatives.

Socialsuite’s impact monitoring technology provides structured ESG data collection, ongoing ESG reports that can be directly inserted into quarterly reports, benchmarking across other similar companies’ ESG journeys and expanding ESG reporting depth/complexity as the company grows over time.

Socialsuite provides a clear and practical way businesses can get started with ESG measurement based on the company’s size and resources, which can be scaled and extended as capacity increases. It uses the World Economic Forum’s 21 material ESG metrics and records “ESG Progress velocity” from quarter to quarter, enabling businesses to measure, track and report progress toward the ESG indicators. The benefits of ESG compliance for small to medium listed companies are significant, which is why the first cohort of ESG reporters have been so quick to pioneer ESG compliance in Australia by beginning to measure progress and demonstrate its credentials.

A technology platform like Socialsuite combined with the new WEF ESG metrics has made gold standard ESG reporting accessible and easily understandable.

The information referred to in this announcement relates to the following sources:

<sup>1</sup> *World Economic Forum, White Paper: Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation [22 September 2020]*

<sup>2</sup> *Life Cycle Assessment is defined by and assessed under ISO 14040:2006 “Principles and frameworks of LCA”; and ISO 14044:2016 “Requirements and guidelines for LCA standards”*

<sup>3</sup> *Socialsuite Early Adopters Report January 2021*

<sup>4</sup> *Global Sustainable Investment Review 2018, Global Sustainable Investment Alliance, 2018, [gsi-alliance.org](http://gsi-alliance.org)*

## BACKGROUND INFORMATION ON CINOVEC

### PROJECT OVERVIEW

#### Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li<sub>2</sub>O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li<sub>2</sub>O and 0.04% Sn containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 263kt of tin reported 28 November 2017 (**Further Increase in Indicated Resource at Cinovec South**). An initial Probable Ore Reserve of 34.5Mt at 0.65% Li<sub>2</sub>O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate reported 11 July 2018 (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

This makes Cinovec the largest hard rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

In June 2019 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD1.108B and an IRR of 28.8% and confirmed that the Cinovec Project is a potential low operating cost producer of battery grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test-work has produced both battery grade lithium hydroxide and battery grade lithium carbonate in addition to high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

The economic viability of Cinovec has been enhanced by the recent strong increase in demand for lithium globally, and within Europe specifically.

There are no other material changes to the original information and all the material assumptions continue to apply to the forecasts.

## **BACKGROUND INFORMATION ON CEZ**

Headquartered in the Czech Republic, CEZ a.s. is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 33,000 employees and annual revenue of approximately EUR 7.24 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 10.08 billion.

As one of the leading Central European power companies, CEZ intends to develop several projects in areas of energy storage and battery manufacturing in the Czech Republic and in Central Europe.

CEZ is also a market leader for E-mobility in the region and has installed and operates a network of EV charging stations throughout Czech Republic. The automotive industry in Czech is a significant contributor to GDP and the number of EV's in the country is expected to grow significantly in coming years.

## **CONTACT**

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or see full contact details at the end of this release.

## **COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist (certified by the American Institute of Professional Geologists), a member of the American Institute of Professional Geologists, a Fellow of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and a Qualified Person for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. Dr Reichl holds CDIs in European Metals.

The information in this release that relates to Mineral Resources and Exploration Targets has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

## **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## LITHIUM CLASSIFICATION AND CONVERSION FACTORS

Lithium grades are normally presented in percentages or parts per million (ppm). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percent lithium oxide ( $\text{Li}_2\text{O}$ ) content or percent lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) content.

Lithium carbonate equivalent (“LCE”) is the industry standard terminology for, and is equivalent to,  $\text{Li}_2\text{CO}_3$ . Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent  $\text{Li}_2\text{CO}_3$  value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of  $\text{Li}_2\text{CO}_3$  from the deposit.

Lithium resources and reserves are usually presented in tonnes of LCE or Li.

The standard conversion factors are set out in the table below:

**Table: Conversion Factors for Lithium Compounds and Minerals**

Convert from		Convert to Li	Convert to $\text{Li}_2\text{O}$	Convert to $\text{Li}_2\text{CO}_3$	Convert to $\text{LiOH}\cdot\text{H}_2\text{O}$
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	$\text{Li}_2\text{O}$	0.464	1.000	2.473	2.809
Lithium Carbonate	$\text{Li}_2\text{CO}_3$	0.188	0.404	1.000	1.136
Lithium Hydroxide	$\text{LiOH}\cdot\text{H}_2\text{O}$	0.165	0.356	0.880	1.000
Lithium Fluoride	LiF	0.268	0.576	1.424	1.618

**WEBSITE**

A copy of this announcement is available from the Company's website at [www.europeanmet.com](http://www.europeanmet.com).

**ENQUIRIES:**

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who authorised for the release of this announcement on behalf of the Company was Keith Coughlan, Executive Chairman.