



10 October 2014

Dear Shareholder

EUROPEAN METALS HOLDINGS LIMITED – PRO RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 3 October 2014, European Metals Holdings Limited (ARBN 154 618 989) (the **Company**) announced to the Australian Securities Exchange (**ASX**) the details of a pro-rata non-renounceable entitlement issue (**Entitlement Issue**) on the basis of four (4) new CHESS Depository Interests (**CDI**) for seven (7) existing CDIs held in the Company by shareholders (**Shareholders**) as at 5:00pm (WST) on the record date at an issue price of \$0.05 per CDI, together with one (1) free attaching option exercisable at \$0.10 each on or before 30 June 2016 (**New Option**) for every one (1) CDI subscribed for and issued (**Offer**).

A prospectus relating to the Entitlement Issue (**Prospectus**) will be sent to eligible Shareholders on 20 October 2014 (and is available on the Company’s website and ASX announcements platforms under the code ‘EMH’). The Prospectus is an important document and should be read in its entirety.

The Offer is fully underwritten by 708 Capital Pty Ltd (**Underwriter**). The Company must pay the Underwriter a fee of 4% of the value of the underwritten CDIs and New Options. The Offer is also sub-underwritten by various parties, some of whom are related to directors of the Company. Further information on the underwriting and sub-underwriting arrangements is set out in the Prospectus.

Key Dates for the Offer

Event	Proposed Date
Release of Prospectus and Appendix 3B to ASX	8 October 2014
Notice sent to Shareholders	10 October 2014
Ex-Date (date from which securities commence trading without the Entitlement to participate in the Offer)	13 October 2014
Record Date 5:00pm (WST) (date for determining entitlements of eligible Shareholders to participate in the Entitlement Issue)	15 October 2014
Prospectus dispatched to Shareholders (expected date of dispatch of Prospectus and the accompanying Entitlement and Acceptance Form)	20 October 2014
Last day to extend the Closing Date	24 October 2014
Closing Date* 5:00pm (WST)	29 October 2014
Securities quoted on a deferred settlement basis	30 October 2014

ASX notified of under subscriptions	3 November 2014
Issue date/CDIs and New Options entered into Shareholders' security holdings	6 November 2014
Quotation of CDIs and New Options issued under the Offer	7 November 2014

** The Directors may extend the Closing Date by giving at least three (3) business days' notice to ASX prior to the Closing Date. As such the date the CDIs and New Options are expected to commence trading on ASX may vary.*

Use of Funds

The Company intends to apply the funds raised from the Offer to:

Activity	Allocated Funds
Exploration on Company projects (in particular to complete the current scoping study on the Company's flag-ship Cinovec Tin, Tungsten and Lithium Project in the Czech Republic)	\$650,000
Working capital (comprising administration costs including salaries, rents, regulatory fees and other various costs)	\$370,916
Expenses of the Offer	\$76,227
Total	\$1,097,143

The above table is a statement of current intentions as of the date of the Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board of the Company reserves the right to alter the way funds are applied on this basis.

Capital Structure

The capital structure of the Company on completion of the Entitlement Issue will be as follows:

Activity	CDIs	Performance Shares ⁽²⁾	Options
Balance as at the date of this Prospectus	38,400,006	10,000,000	1,200,000
To be issued under the Offer ⁽¹⁾	21,942,860	Nil	21,942,860
Total	60,342,866	10,000,000	23,142,860

Notes:

- (1) The number of CDIs to be issued under the Offer assumes that no Options are exercised before the record date.
- (2) Comprising 5,000,000 Class A Performance Shares and 5,000,000 Class B Performance Shares.

New CDIs offered will rank equally with the CDIs on issue as at the date of the Prospectus. The terms and conditions of the free-attaching New Options, and the rights and liabilities attaching to the Company's existing CDIs, are set out in section 6 of the Prospectus. In calculating entitlements under the Entitlement Issue fractions will be rounded up to the nearest whole number.

Action Required by Eligible Shareholders

The Entitlement Issue is made to Shareholders with registered addresses (as at the record date) in Australia, New Zealand, Hong Kong, United Kingdom, Guernsey, Indonesia, Singapore and Switzerland (**Eligible Shareholders**).

Eligible Shareholders may take a number of actions:

- You may wish to accept all of your rights to subscribe for CDIs and New Options pursuant to the Prospectus (**Entitlement**). To take up all of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5.00pm (WST) on 29 October 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a payment by BPAY® in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.05 per CDI). ***If you are paying by BPAY® you will need to ensure your payment is received by the Company by 3.00pm (WST) on 29 October 2014.***
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5.00pm (WST) on 29 October 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of CDIs and New Options you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies or by making a payment by BPAY® in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.05 per CDI). ***If you are paying by BPAY® you will need to ensure your payment is received by the Company by 3.00pm (WST) on 29 October 2014.***
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of CDIs, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Further Information

Full detail of the Entitlement Issue will be contained in the Prospectus that will be mailed to all Eligible Shareholders on the record date. Shareholders should read the Prospectus carefully.

If you have any questions in relation to any of the above matters, please contact the Company's Share Registry, Computershare Investor Services Pty Limited, on 08 9323 2000. For other questions, you should contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

Yours sincerely



Julia Beckett
COMPANY SECRETARY



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- (2) Comprising 5,000,000 Class A Performance Shares and 5,000,000 Class B Performance Shares.

New CDIs offered will rank equally with the CDIs on issue as at the date of the Prospectus.

Eligibility to Participate in the Offer

The Entitlement Issue is made to Shareholders with registered addresses (as at the record date) in Australia, New Zealand, Hong Kong, United Kingdom, Guernsey, Indonesia, Singapore and Switzerland (**Eligible Shareholders**).

A Shareholder who has a registered address outside of these countries (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

On this basis, you are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Hong Kong, United Kingdom, Guernsey, Indonesia, Singapore and Switzerland compared with the small number of Ineligible Shareholders and the number and value of CDIs and New Options to which they would otherwise be entitled.

Full details of the Entitlement Issue will be contained in the Prospectus that will be mailed to all Eligible Shareholders on 20 October 2014.

If you have any questions in relation to any of the above matters, please contact the Company's Share Registry, Computershare Investor Services Pty Limited, on 08 9323 2000 or contact Mr Keith Coughlan, Managing Director and CEO, on +61 41 999 6333. For other questions, you should contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

Yours sincerely



Julia Beckett
COMPANY SECRETARY