For immediate release

13 December 2016

EUROPEAN METALS HOLDINGS LIMITED

CINOVEC LITHIUM PROJECT: PRODUCTION OF BATTERY GRADE LITHIUM CARBONATE FROM SODIUM SULPHATE ROAST

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (**ASX** and **AIM: EMH**) is pleased to announce the successful manufacture of >99.5% pure lithium carbonate using an industry proven, sodium sulphate roast-based flow-sheet from mica-concentrate from the Cinovec Project.

Cinovec, which contains the largest lithium resource in Europe and one of the largest undeveloped tin resources in the world, is the Company's 100% owned lithium and tin project located in the Czech Republic.

The roasting flow-sheet reflects a simplified version of the well-proven technology that converts spodumene concentrate to lithium carbonate. Numerous lithium carbonate plants currently employ this technology internationally.

Highlights:

- **Production of >99.5% battery grade lithium carbonate**
- **High roast recoveries of 87% achieved**
- **Reduced process costs – key reagent recycled**
- **Minimal leaching of unwanted impurities, resulting in simpler precipitation of battery grade lithium carbonate**
- **Offtaker and end user testing – production of lithium carbonate samples underway**

European Metals Managing Director Keith Coughlan said, "This is a major milestone in the development of the Cinovec project and we are delighted with the results. We have now produced battery grade lithium carbonate via a second process route. This follows the successful production of battery grade material via acid leach during the scoping study last year.

These results follow the previous success of the project team in developing a robust, simplified flow-sheet for beneficiating the run-of-mine ore to produce a lithium mica concentrate using high intensity wet magnetics.

Having proven the processing circuit, the team is now focused on delivering the Pre- Feasibility Study by the end of March 2017. Part of this process includes further optimising the roasting and hydrometallurgical circuits to produce market samples for off taker and end user testing."

Further details of the Sodium Sulphate Roast flow-sheet

The tests were conducted at Nagrom Metallurgy, who have industry-wide experience treating lithium ore, and have ISO:8000 accreditation. The testwork was a progression from the extensive investigation carried out by Dorfner Anzaplan earlier in the year which identified the process as one of two preferred routes that should be progressed for lithium carbonate precipitation.

The sodium sulphate flow-sheet is similar to the well proven Chinese sulphation roast but instead of using acid for leaching the concentrate, sodium sulphate is used and recycled back to the roast. This technology uses far less reagents and is more environmentally friendly as it does not produce unwanted by-products. An additional benefit of this process, other than the minimal use of reagents and elimination of acid usage, is that its chemical conditions are milder, which is expected to translate into lower costs compared with the sulphation processes.

Next steps for Sodium Sulphate Roast

Current results are from the first phase of the test work program. A larger program begins in mid-December. During the next phase of testwork, the hydrometallurgical parameters will be fine-tuned in with a focus on improving lithium recovery and reducing reagent consumption. The aim of the upcoming larger testwork program is to:

- further optimise the roasting and hydrometallurgical conditions
- provide design input into the Pre-feasibility Study which is due to be completed by the end of March 2017
- produce a 5kg battery grade lithium carbonate sample for offtaker and end user testing
- improve understanding of variability effects for changes in concentrate feed composition

Tin and Tungsten Testwork Results

ALS Bernie in Tasmania have recently concluded a tin and tungsten liberation Lock-cycle testwork program with favourable results. A final tin concentrate grade of 61.7% was achieved after dressing.

Tin, in particular remains a key co-product credit for the Cinovec Project. The current price of tin on the London Metals Exchange is at recent highs in the vicinity of USD 21,000/t. Prices in this range represent a significant economic benefit to the project.

Under an EU funded research program FAME, metallurgical testwork on Cinovec samples provided by the Company continues. The program is principally focused on crushing and milling optimisation.

Nagrom Metallurgy

Nagrom conducts testwork and analysis for a number of Australian based lithium explorers and developers. They have also carried out a significant amount of lithium hydromet work for major industry participants, and have been actively involved in the Australian mining industry for some 30 years.

QA/QC

Strict QA/QC program has been implemented by both Nagrom and EMH, all samples are duplicated with industry standards inserted. Nagrom has used multiple assay runs, including XRF, ICP-MS and ICP-OES to confirm the accuracy of the results.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

European Metals owns 100% of the Cinovec lithium-tin deposit in the Czech Republic. Cinovec is an historic mine incorporating a significant undeveloped lithium-tin resource with by-product potential

including tungsten, rubidium, scandium, niobium and tantalum and potash. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 232.8 Mt @ 0.45% Li_2O and an Inferred Mineral Resource of 606.8 Mt @ 0.43% Li_2O containing a combined 6.46 million tonnes Lithium Carbonate Equivalent.

This makes Cinovec the largest lithium deposit in Europe and the fourth largest non-brine deposit in the world.

Within this resource lies one of the largest undeveloped tin deposits in the world, with total Indicated Mineral Resource of 28.6 Mt @ 0.23% Sn and an Inferred Mineral Resources of 59.7 Mt grading 0.21% Sn for a combined total of 178kt of contained tin. The Mineral Resource Estimates have been previously released on 23 November 2016. The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

A Scoping Study conducted by specialist independent consultants indicates the deposit could be amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and high-grade tin concentrate at excellent recoveries with the Scoping Study. 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.

CONTACT

For further information on this update or the Company generally, please visit our website at www.europeanmet.com or contact:

Mr. Keith Coughlan
Managing Director

COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by European Metals Director 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 (Li_2O) content or percent lithium carbonate (Li_2CO_3) content.

Lithium carbonate equivalent ("**LCE**") is the industry standard terminology for, and is equivalent to, Li_2CO_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 Li_2CO_3 value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li_2CO_3 from the deposit.

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

To convert the Li Inferred Mineral Resource of 532Mt @ 0.20% Li grade (as per the Competent Persons Report dated May 2016) to Li_2O, the reported Li grade of 0.20% is multiplied by the standard conversion factor of 2.153 which results in an equivalent Li_2O grade of 0.43%.

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 Li_2O**	**Convert to Li_2CO_3**
Lithium	Li	**1.000**	2.153	5.323
Lithium Oxide	Li_2O	0.464	**1.000**	2.473
Lithium Carbonate	Li_2CO3	0.188	0.404	**1.000**

WEBSITE

A copy of this announcement is available from the Company's website at www.europeanmet.com.

TECHNICAL GLOSSARY

The following is a summary of technical terms:

"carbonate"	refers to a carbonate mineral such as calcite, $CaCO_3$
"cut-off grade"	lowest grade of mineralised material considered economic, used in the calculation of Mineral Resources
"deposit"	coherent geological body such as a mineralised body
"exploration"	method by which ore deposits are evaluated
"g/t"	gram per metric tonne
"grade"	relative quantity or the percentage of ore mineral or metal content in an ore body
"Indicated" or **"Indicated Mineral Resource"**	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate
"Inferred" or **"Inferred Mineral Resource"**	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes which may be limited or of uncertain quality and reliability
"JORC Code"	Joint Ore Reserve Committee Code; the Committee is convened under the auspices of the Australasian Institute of Mining and Metallurgy
"kt"	thousand tonnes
"LCE"	the total equivalent amount of lithium carbonate (see explanation above entitled Explanation of Lithium Classification and Conversion Factors)
"lithium"	a soft, silvery-white metallic element of the alkali group, the lightest of all metals
"lithium carbonate"	the lithium salt of carbonate with the formula Li_2CO_3
"Measured" or Measured	Measured: a mineral resource intersected and tested by drill holes,

Mineral Resources"	underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability
"metallurgical"	describing the science concerned with the production, purification and properties of metals and their applications
"Mineral Resource"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge; mineral resources are sub-divided into Inferred, Indicated and Measured categories
"mineralisation"	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"Mt"	million tonnes
"ppm"	parts per million
"recovery"	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
"roast"	A processing of converting mineralogical composition of a concentrate by using heat and a reagent.
"spodumene"	A mineral, Li Al Si_2O_6; monclinic-Aluminosilicates; colourless, yellow, light green, emerald-green, pink to violet, purple, white, grey; in granites, pegmatites. Current hard rock source for lithium producers.
"stope"	underground excavation within the orebody where the main production takes place
"t"	a metric tonne
"tin"	A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO_2
"treatment"	Physical or chemical treatment to extract the valuable metals/minerals
"tungsten"	hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram
"W"	chemical symbol for tungsten

ADDITIONAL GEOLOGICAL TERMS

"apical"	relating to, or denoting an apex
"cassiterite"	A mineral, tin dioxide, SnO2. Ore of tin with specific gravity 7
"cupola"	A dome-shaped projection at the top of an igneous intrusion
"dip"	the true dip of a plane is the angle it makes with the horizontal plane

"granite"	coarse-grained intrusive igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz and balance of plagioclase feldspars and ferromagnesian silicates
"greisen"	A pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals
"igneous"	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
"muscovite"	also known as potash mica; formula: $KAl_2(AlSi_3O_{10})(F,OH)_2$.
"quartz"	a mineral composed of silicon dioxide, SiO2
"rhyolite"	An igneous, volcanic rock of felsic (silica rich) composition. Typically >69% SiO_2
"vein"	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
"wolframite"	A mineral, $(Fe,Mn)WO_4$; within the huebnerite-ferberite series
"zinnwaldite"	A mineral, $KLiFeAl(AlSi_3)O_{10}$ $(F,OH)_2$; mica group; basal cleavage; pale violet, yellowish or greyish brown; in granites, pegmatites, and greisens

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.