
EUROPEAN METALS HOLDINGS LIMITED

ARBN 154 618 989

NOTICE OF GENERAL MEETING

DATE: Friday, 31 July 2015

TIME: 10:00am WST

PLACE: 1st Floor, 11 Ventnor Avenue
WEST PERTH WA 6005

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 6141 3500.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of the Shareholders, to which this Notice of General Meeting relates, will be held at 10:00am WST on Friday, 31 July 2015 at 1st Floor, 11 Ventnor Avenue, West Perth WA 6005.

SHAREHOLDER ATTENDANCE, VOTING AND PROXY APPOINTMENT

The Directors have determined pursuant to Regulation 7.4 of the Articles of Association that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am WST on 29 July 2015.

If you are a Shareholder, to vote in person, attend the Meeting at the time, date and place set out above.

If you are a Shareholder, to vote by proxy, please complete and sign the enclosed Proxy Form and return by one of the methods and by the deadline set out on the Proxy Form.

Proxy Forms received later than the specified time will be invalid.

CDI HOLDERS ATTENDANCE, VOTING AND PROXY APPOINTMENT

CDIs, representing beneficial interests in the Shares, have been issued to allow trading on the electronic transfer and settlement system operated by the ASX as the laws of the British Virgin Islands, the place of incorporation of the Company, do not recognise electronic transfer of legal title to Shares.

A CDI holder is not a Shareholder and, under the laws of the British Virgin Islands, is not entitled to attend the Meeting unless as a proxy.

Each CDI holder registered at 10:00am WST on 29 July 2015 has the right to:

- (a) direct CHESSE Depository Nominees Pty Ltd (CDN), the legal holder of the Shares to which the CDIs relate, how to vote the underlying Shares in respect of their CDIs in respect of the business of the Meeting; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder the CDI holder's proxy for the purposes of attending and voting at the Meeting.

If you are a CDI holder and you wish to direct or instruct CDN in the manner contemplated above, please read, complete and sign the enclosed CDI Voting Instruction Form and return by one of the methods and by the deadline set out on the CDI Voting Instruction Form.

CDI Voting Instruction Forms received later than the specified time will be invalid.

ASX

A final copy of this Notice of Annual General Meeting and Explanatory Statement has been lodged with the ASX. ASX, nor any of their respective officers, takes any responsibility for the contents of this document.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 9,339 430 TRANCHE ONE CDIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,339,430 Tranche One CDIs at an issue price of \$0.08 per CDI, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on the Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL OF ISSUE OF 9,410,578 TRANCHE TWO CDIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 9,410,578 Tranche Two CDIs at an issue price of \$0.08 per CDI, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation:

Under Listing Rule 7.1, the Company may issue up to 15% of its ordinary share capital in any 12 month rolling period without shareholder approval. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution, the Company retains the flexibility to make future issues of securities up to that threshold. Please refer to the Explanatory Statement for details.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. ISSUE OF CDIS TO RELATED PARTY – MR DAVID REEVES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 496,725 CDIs to Mr David Reeves (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Mr David Reeves (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – RE-ELECTION OF MR DAVID REEVES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 14.4 and for all other purposes, Mr David Reeves, retires, and being eligible, is re-elected as a Director on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 5 – RE-ELECTION OF DR PAVEL REICHL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 14.4 and for all other purposes, Dr Pavel Reichl, retires, and being eligible, is re-elected as a Director on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 6 – RATIFICATION OF CDI ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 462,000 CDIs at an issue price of \$0.065 per CDI, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO RELATED PARTY – MR KEITH COUGHLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Mr Keith Coughlan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Mr Keith Coughlan (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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8. RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – MR DAVID REEVES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Mr David Reeves (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Mr David Reeves (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY – DR PAVEL REICHL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 750,000 Options to Dr Pavel Reichl (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Dr Pavel Reichl (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 15 July 2015

By Order of the Board

Julia Beckett
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 9,339,430 TRANCHE ONE CDIS

1.1 Background

On 22 June 2015, the Company announced that it was in the process of entering into subscription agreements to issue approximately 18,750,000 CDIs at an issue price of \$0.08 per CDI in order to raise \$1,500,000. Fractional securities will be rounded down. The capital raising is proceeding in two tranches, as follows:

- (a) the first tranche of 9,339,430 CDIs at \$0.08 per CDI to raise \$747,154 were issued on 30 June 2015 (**Tranche One CDIs**);
- (b) the second tranche of 9,410,578 CDIs at \$0.08 per CDI, to raise \$752,846 (**Tranche 2 CDIs**) will be issued following Shareholder approval under Resolution 2, (together the **Placement**).

None of the subscribers of the Tranche One CDIs were related parties of the Company. Resolution 1 seeks Shareholder approval for the issue of the Tranche One CDIs. The Company is also seeking Shareholder approval for the issue of the Tranche Two CDIs pursuant to Resolution 2.

1.2 Summary of ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 TECHNICAL INFORMATION REQUIRED BY ASX LISTING RULE 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 1:

- (a) the total number of Tranche One CDIs issued was 9,339,430 CDIs. Of those CDIs, 9,339,430 CDIs were issued using the Company's capacity under ASX Listing Rule 7.1 and accordingly shareholder approval under ASX Listing Rule 7.4 is sought for 9,339,430 Tranche One CDIs;
- (b) the Tranche One CDIs were issued on 30 June 2015;
- (c) the Tranche One CDIs were issued at a price of \$0.08 per CDI;
- (d) the Tranche One CDIs rank equally with the Company's current issued CDIs;
- (e) the Tranche One CDIs were issued to institutional and sophisticated investors. None of the subscribers were related parties of the Company; and
- (f) the funds raised from the issue of the Tranche One CDIs are being used for the further development of the Cinovec Project and for working capital.

2. RESOLUTION 2 – ISSUE OF 9,410,578 TRANCHE TWO CDIS

Resolution 2 seeks Shareholder approval for the issue the of the Tranche Two CDIs.

A summary of ASX Listing Rule 7.1 is set out in Section 1 above.

The effect of Resolution 2 will be to allow the Directors to issue the Tranche Two CDIs during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.1 TECHNICAL INFORMATION REQUIRED BY ASX LISTING RULE 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution 2:

- (a) the maximum number of securities to be issued is 9,410,578 CDIs;
- (b) the Tranche Two CDIs will be issued at a price of \$0.08 per CDI;
- (c) the Tranche Two CDIs will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Tranche Two CDI's will occur on the same date;
- (d) the Tranche Two CDIs will rank equally with the Company's current issued CDIs. The Company will seek quotation of the CDIs on ASX;
- (e) the Tranche Two CDIs will be issued to institutional and sophisticated investors. None of the subscribers were related parties of the Company; and
- (f) the Company intends to use the funds raised from the issue of Tranche Two CDIs as set out in Section 1.3(f).

3. RESOLUTION 3 - APPROVAL OF ISSUE OF CDIS IN LIEU OF PAYMENT OF DIRECTOR AND CONSULTANCY FEES – MR DAVID REEVES

3.1 General

The effect of Resolution 3 will be to allow the Company to issue CDIs to Mr David Reeves (or his respective nominee).

3.2 Details of Fees Payable

Mr Reeves was appointed to the Board on 6 March 2014. For the period commencing November 2014 and ending April 2015, Mr Reeves was not paid in full for his services. During this period, the Company accrued consulting fees owing to Mr Reeves totalling \$30,000 (excluding GST). The Company and Mr Reeves have agreed that 100% of this amount be satisfied by way of an issue of 496,725 CDIs at an issue price as disclosed in Section 3.3(d) below. Such CDIs are intended to be issued as soon as possible following the receipt of Shareholder approval pursuant to Resolution 3.

The Company has opted to satisfy the specified fees owing in this manner in order to conserve a greater proportion of the Company's cash in extinguishing a proportion of the specified debts on the Company's balance sheet.

In this regard, the Company has agreed, subject to obtaining Shareholder approval, to issue and allot a total of 496,725 CDIs (Related Party CDI) to the Related Party on the terms and conditions set out below. In the event that Shareholder approval is not obtained, the Related Party will retain his right to the payments to which they would otherwise be entitled.

The grant of the Related Party CDIs constitutes giving a financial benefit and Mr Reeves is a related party of the Company by virtue of being a Director.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party CDIs involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.3 Shareholder Approval (ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party CDIs:

- (a) the related party is Mr David Reeves and he is a related party, being a Director of the Company;
- (b) the maximum number of Related Party CDIs (being the nature of the financial benefit being provided) to be granted to the Related Parties is 496,725 Related Party CDIs;
- (c) the Related Party CDIs will be granted to the Related Party no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party CDIs will be issued on one date;
- (d) the Related Party CDIs be full CHESS Depository Interests and will have an issue price based on the following monthly Volume Weighted Average Price (VWAP):
 - (i) November 2014 5.977 cents
 - (ii) December 2014 4.294 cents
 - (iii) January 2015 4.550 cents
 - (iv) February 2015 5.973 cents
 - (v) March 2015 7.280 cents
 - (vi) April 2015 14.589 cents

per CDI.

The number of CDIs issued is based upon monthly consulting fees of \$5,000 at the above rates;

- (e) The CDIs will be issued on the same terms as the Company's existing CDIs;
- (f) the Related Party CDIs will be granted for nil cash consideration, rather they will be issued in partial extinguishment of a debt, and accordingly no funds will be raised;
- (g) the relevant interests of the Related Party in securities of the Company is set out below:

CDIs	Class B Performance Shares	Options \$0.30 Exercise Price Expiring 19 July 2015
2,565,147	5,000,000	1,200,000

- (h) the remuneration and emoluments from the Company to the Related Party for the previous financial years and the proposed remuneration and emoluments for the current financial year are set out below:

Current Financial Year 2016 (proposed) \$	Financial Year to June 2015
\$96,000	\$67,000

- (i) if Resolution 3 is passed, a total of 496,725 CDIs would be issued. This will increase the number of CDIs on issue from 75,144,459 to 75,641,184 with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.66%;
- (j) the trading history of the CDIs on ASX in the 12 months before the date of this Notice is set out below:

	Date	Price \$
Highest	28 April 2015	\$0.265
Lowest	12 December 2014	\$0.040
Last	14 July 2015	\$0.14

- (k) the Board acknowledges the grant of Related Party CDIs to Mr David Reeves is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party CDIs to Mr Reeves is reasonable in the circumstances for the reason set out in paragraph (l);
- (l) Mr David Reeves declines to make a recommendation to Shareholders in relation to Resolution 3 due to Mr Reeve's material personal interest in the outcome of the Resolution on the basis that Mr Reeves is to be granted Related Party CDIs in the Company should Resolution 3 be passed;

- (m) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party CDI to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party CDIs to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 4 AND 5 – RE-ELECTION OF DIRECTORS – MR DAVID REEVES & DR PAVEL REICHL

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Mr David Reeves and Dr Pavel Reichl were appointed on 6 March 2014. There is no requirement under the laws of the British Virgin Islands, the place of incorporation of the Company, to hold an annual general meeting of Shareholders, accordingly Mr Reeves and Dr Reichl must not hold office past 6 March 2017 without re-election. As the Company does not currently intend to hold a further Shareholders meeting prior to 6 March 2017 the re-elections of Mr Reeves and Dr Reichl are being sought at this Meeting.

MR DAVID REEVES

Mr Reeves is a qualified mining engineer with 20 years' experience in Africa and Australia and is a highly experienced underground mining specialist. Mr Reeves holds a First Class Honours Degree in Mining Engineering from the University of New South Wales, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and a First Class Mine Managers Certificate of Competency. He is currently Managing Director of Ferrex Plc (AIM).

At the time of this General Meeting, Mr Reeves term of office will be approximately 16 months.

The Board considers Mr Reeves to be an independent director and unanimously supports his re-election.

DR PAVEL REICHL

Dr Reichl has over 15 years' experience in precious, base and PGE metals exploration and production and has a PhD in geology from the University of Montana. He was formerly Business Unit Manager of a Canadian listed minerals exploration company responsible for Europe and Central Asia. Before, Dr Reichl was the head of Newmont's acquisition program in Eastern Europe, and exploration manager for Kyrgyzstan and Uzbekistan. He is fluent in English, Czech and Russian. Dr Reichl does not hold other directorships.

At the time of this General Meeting, Dr Reichl's term of office will be approximately 16 months.

The Board considers Dr Reichl to be an independent director and unanimously supports his re-election.

5. RESOLUTION 6 – RATIFICATION OF CDI ISSUE

5.1 General

On 20 April 2015 the Company announced the issue of 462,000 CDIs at \$0.065 each.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 462,000 CDIs (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out at Section 1 above.

A summary of ASX Listing Rule 7.4 is set out at Section 1 above.

By ratifying this issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Information Required for the purposes of ASX Listing Rule 7.4

Pursuant to and in accordance ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 462,000 CDIs were issued;
- (b) the issue price was \$0.065 per CDIs;
- (c) the CDIs were issued to S3 Consortium Pty Ltd, who is not a related party of the Company;

- (d) the CDIs issued were CDIs in the capital of the Company issued on the same terms and conditions as the Company's existing CDIs; and
- (e) no funds were raised from this issue as the CDIs were issued as part-payment of fees for advertising services rendered to the Company to the abovementioned party in an aggregate amount of \$30,030 which were incurred in April 2015.

6. RESOLUTIONS 7, 8 AND 9 – ISSUE OF OPTIONS TO RELATED PARTIES – MESSRS KEITH COUGHLAN, DAVID REEVES AND PAVEL REICHL

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 3,750,000 Options (**Related Party Options**) to Messrs Keith Coughlan, David Reeves and Pavel Reichl (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must give the benefit within 15 months following such approval.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Keith Coughlan, David Reeves and Pavel Reichl are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

6.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (i) the related parties are Messrs Keith Coughlan, David Reeves and Pavel Reichl by virtue of being Directors;
- (ii) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (A) 2,000,000 Related Party Options to Mr Keith Coughlan;
 - (B) 1,000,000 Related Party Options to Mr David Reeves; and
 - (C) 750,000 Related Party Options to Dr Pavel Reichl;
- (iii) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (iv) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (v) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (vi) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (vii) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	CDIs	Class B Performance Shares	Options
Keith Coughlan	4,500,000	Nil	4,000,000 ¹
David Reeves	2,565,147	542,651 ²	658,372 ¹
Pavel Reichl	2,778,672	793,906 ²	Nil

¹ 4,658,372 Options exercisable at 10 cents each on or before 30 June 2016.

² Subject to the definitive feasibility study commissioned by the board of the Company in respect of the Permits (DFS) and prepared by a reputable independent third party engaged by the board of the Company being provided to the Company on or before that date which is 2 years after the date of issue of the B Class Performance Shares (Milestone). For clarity, the DFS must be:

- (i) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study;
 - (ii) capable of supporting a decision to mine on the Permits; and
 - (iii) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a net present value of not less than US\$100,000,000 using a discount rate of 10% and a tin price of no less than 90% of the average closing cash price of tin as published by the London Stock Exchange for the 6 months immediately preceding completing of the study.
- (viii) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year 2016	Previous Financial Year 2015
Keith Coughlan	\$200,000	\$200,000
David Reeves	\$96,000	\$64,000
Pavel Reichl	\$36,000	\$96,000

- (ix) if the Related Party Options granted to the Related Parties are exercised, a total of 3,750,000 CDIs would be issued. This will increase the number of CDIs on issue from 75,144,459 to 78,894,459 (assuming that no other Options are exercised and no other CDIs are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.99%.

The market price for CDIs during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the CDIs are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;

- (x) the trading history of the CDIs on ASX in the 12 months before the date of this Notice is set out below:

	Date	Price \$
Highest	28 April 2015	\$0.265
Lowest	12 December 2014	\$0.040
Last	14 July 2015	\$0.14

- (xi) the Board acknowledges the grant of Related Party Options to each of the Directors is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to each of the Directors is reasonable in the circumstances for the reason set out in paragraph (xiii);
- (xii) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (xiii) Mr Keith Coughlan declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that Mr Keith Coughlan is to be granted Related Party Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 8 to 9, Mr Keith Coughlan recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (A) the grant of Related Party Options to the Related Parties, in particular, the vesting conditions of the Related Party Options, will align the interests of the Related Parties with those of Shareholders;
 - (B) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (C) there is no significant opportunity costs to the Company or opportunity foregone by the Company in granting the Related Party Options upon the terms proposed;

- (xiv) Mr David Reeves declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 7 and 9, Mr David Reeves recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (xiii);
- (xv) Dr Pavel Reichl declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 7 and 8, Dr Pavel Reichl recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (xiii);
- (xvi) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of CDIs, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (xvii) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7, 8 and 9.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

7. ENQUIRIES

Shareholders are requested to contact Ms Julia Beckett on + 61 8 6141 3500 if they have any queries in respect of the matters set out in these documents.

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) **Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Option will be that amount that is 140% of the 5 day volume weighted average price prior to the date of the Meeting (**Exercise Price**)
- (c) **Expiry Date**
Each Option will expire at 5.00pm (WST) 5 years from date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of CDIs on exercise**
Within 15 Business Days after the later of the following:
- (i) the Exercise Date; and
 - (ii) no later than 20 Business Days after the Exercise Date, the Company will:
 - (ii) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (h) **CDIs issued on exercise**
CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.
- (i) **Quotation of CDIs issued on exercise**
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the CDIs issued upon the exercise of the Options.
- (j) **Reconstruction of capital**
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price**
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Transferability**
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 7, 8 and 9 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options ascribed the following value:

Assumptions:

<i>Valuation date</i>	1 July 2015
<i>Market price of Shares</i>	13 cents
<i>Exercise price</i>	16.73 cents
<i>Expiry date (length of time from issue)</i>	5 years
<i>Risk free interest rate</i>	2.28%
<i>Volatility (discount)</i>	136.83%

<i>Indicative value per Related Party Option</i>	11.245 cents
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<i>Total Value of Related Party Options</i>	\$421,700
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- Mr Keith Coughlan	\$224,907
- Mr David Reeves	\$ 112,453
- Dr Pavel Reichl	\$ 84,340

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

GLOSSARY

\$ means Australian dollars.

Articles of Association means the annexure to the Memorandum of Association of European Metals Holdings Limited.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of European Metals Holdings.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CDI means a CHESS Depository Interest representing beneficial ownership in a Share.

CDI Voting Instruction Form means the form accompanying the Notice with that title.

Chair means the chair of the Meeting.

Company means European Metals Holdings Limited (ARBN 154 618 989).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of European Metals Holdings.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of General Meeting means this meeting including the Explanatory Statement, the CDI Voting Instruction Form and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of General Meeting, or any one of them, as the context requires.

Securities means CDIs, Shares, A Class Performance Shares and B Class Performance Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

CDI VOTING INSTRUCTION FORM

Please mark to indicate your directions.

Please send CDI Voting Instruction Form no later than 10:00am WST on 29 July 2015 to:

PO Box 52
WEST PERTH WA 6872

Or via fax number +61 8 6141 3599.

STEP 1 Complete Shareholding Details

Name: _____
Address: _____

Holder ID: _____

STEP 2 CHESSE Depository Nominees will vote as directed

Voting Instructions to CHESSE Depository Nominees Pty Ltd

PLEASE MARK BOX A OR B

I/We being a holder of CHESSE Depository Interests of European Metals Holdings Limited hereby

A Instruct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the General Meeting of European Metals Holdings Limited to be held at 1st Floor, 11 Ventnor Avenue, West Perth, Western Australia on Friday, 31 July 2015 at 10:00am WST and at any adjournment or postponement of that meeting in the manner instructed in Step 3. By execution of this CDI Voting Instruction Form and selection of Box A the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote as instructed and otherwise in their discretion on such business as may properly come before the meeting.

B Instruct CHESSE Depository Nominees Pty Ltd to appoint the following person as my/our proxy in respect of the shares underlying my/our holding at the General Meeting of European Metals Holdings Limited to be held at 1st Floor, 11 Ventnor Avenue, West Perth, Western Australia on Friday, 31 July 2015 at 10:00am WST and at any adjournment or postponement of that meeting.

STEP 3 Items of Business

** PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.*

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratify Tranche One CDIs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratify Tranche Two CDIs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of CDIs to Related Party – Mr David Reeves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director – Mr David Reeves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Director – Mr Pavel Reichl	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratify CDI Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Related Party – Mr Keith Coughlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Related Party – Mr David Reeves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Related Party – Dr Pavel Reichl	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed*

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):