

**European Metals
Holdings Limited**

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Directors

David Reeves
Non-Executive Chairman

Keith Coughlan
Managing Director

Dr Pavel Reichl
Executive Director

Company Secretary

Ms Julia Beckett

Corporate Information

ASX Code: EMH

CDIs on Issue: 60.8M

Market Cap: \$14.9M



EUROPEAN METALS

30 APRIL 2015

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT – MARCH 2015

- **Metallurgical test work demonstrated high tin recoveries**
- **Exceptional lithium flotation and leach results achieved**
- **Battery grade lithium carbonate precipitated**
- **Substantial increase in inferred lithium resource**

The March quarter was a particularly busy and productive one for European Metals Holdings Limited (“EMH”, “European Metals” or “the Company”). Significant advancements were made on a number of fronts with the Cinovec Lithium, Tin and Tungsten Project.

Tin recoveries

Consultants ALS conducted metallurgical test work for tin at their facility in Burnie, Tasmania. The highlights of the final report from the test work were:

- potential tin recovery of 80%
- gravity concentrate of 13.9% Sn
- preliminary assessment indicates that the tin grade can be increased by processing through a gravity dressing circuit to greater than 50% Sn

Lithium flotation results

In December 2014 the Company announced a MoU with Cobre Montana (ASX CXB) to further investigate the lithium mineralisation within the Cinovec Project. Cobre Montana reported very encouraging results from the initial test work in early February. The highlights of the results were:

- 98% of lithium recovered via flotation to concentrate
- The concentrate also contained significant levels of potassium, which could produce potentially significant quantities of potash as a by-product
- The concentrate contains >6% LCE

Lithium leach results

The second stage of metallurgical testing for lithium from the Cinovec ore achieved extremely high recovery of lithium from leach tests. The highlights of the testing were:

- 99.5% of lithium was recovered from concentrate via leaching
- 97.6% of the lithium was recovered in a short leach time of only 4 hours
- The overall recovery from ore to leach liquor exceeded 97.5%

Substantial increase in resources

On 9 February 2015 the Company announced a significant increase in resources at the Cinovec Project. Of particular note was the very large increase in the lithium resource, in light of the recent excellent results from the lithium test work being conducted. With the announcement of the increase in the resources, Cinovec has become a globally significant lithium and tin deposit. The highlights of the revised estimates are:

- an Inferred Li Resource of 5.5 Mt LCE, 514.8 Mt @ 0.43% Li₂O (0.1% Li cutoff); 285% increase in tonnage and 175% increase in contained lithium
- an additional Exploration Target of 3.4 – 5.3Mt LCE, 350 – 450 Mt @ 0.39-0.47% Li₂O
- an Inferred Sn-W Resource of 111.4 Kt tin, 30.1 Mt @ 0.37% Sn, 0.04% W, 0.47% Li₂ (0.2% Sn cutoff); 7% increase in tonnage, contained tin and tungsten

DEVELOPMENTS POST 31 MARCH 2015

Precipitation of battery grade Li₂O₃

The Company announced on 17 April 2015 the successful production of battery grade lithium carbonate from a sample of ore from the Cinovec Project. The sample yielded 99.56% pure lithium carbonate. This is a significant development in the life of the project.

In addition, a potassium sulphate by-product was also successfully precipitated. Potassium sulphate is otherwise known as potash, and is a major ingredient in the production of fertilizers globally.

The ore sample achieved lithium leach recovery of 92% in a leach residence time of 18 hours.

Further positive lithium test work

Follow up test work conducted by Cobre Montana in April 2015 produced higher purity battery grade lithium carbonate. Cobre Montana estimates that the operating cost is likely to be less than US\$2,000/tonne of lithium carbonate produced, after potash credit. Furthermore, on a project basis, and after credits for tin and tungsten, operating cost estimates for lithium carbonate are likely to reduce further. These estimates compare very favourably with published operating costs of all known lithium carbonate producers worldwide.

PROJECT OVERVIEW

Cinovec Tin Project

Cinovec is an historic tin mine incorporating a significant undeveloped tin resource with by-product potential including tungsten, lithium, rubidium, scandium, niobium and tantalum. Cinovec is one of the largest undeveloped tin deposits in the world, with a total inferred resource of 30.1Mt grading 0.37% Sn for 111,370 tonnes of contained tin. Cinovec also hosts a partly-overlapping hard rock lithium deposit with a total inferred resource of 514.8Mt @ 0.43% Li₂O. The resource estimates are based primarily on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit is amenable to bulk underground mining and has had over 400,000 tonnes trial mined as a sub-level open stope. Historical metallurgical testwork, including the processing of the trial mine ore through the previous on-site processing plant, indicates the ore can be treated using simple gravity methods with good recovery rates for tin and tungsten of approximately 75%.

Recent metallurgical testwork on tin indicates the potential for upwards of 80% recovery; initial results of testwork on lithium extraction using proprietary technology has been highly encouraging, with the capability to produce battery grade lithium carbonate. Cinovec is very well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.

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, a member of the American Institute of Petroleum 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, Minerals Resources and Ore Reserves. 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.

The information in this report that relates to Mineral Resources 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 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. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

For further information please contact:

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Julia Beckett
COMPANY SECRETARY

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

EUROPEAN METALS LIMITED (EMH)

ABRN

154 618 989

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(159)	(456)
(b) development	-	-
(c) production	-	-
(d) administration	(92)	(460)
(e) project development costs	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(248)	(911)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net Investing Cash Flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(248)	(911)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(248)	(911)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	(4)	1,028
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(4)
	Net financing cash flows	(4)	1,024
	Net increase (decrease) in cash held	(252)	113
1.20	Cash at beginning of quarter/year to date	744	379
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	492	492

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive director fees and superannuation expense.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	41
4.2 Development	-
4.3 Production	-
4.4 Administration	126
Total	167

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	492	744
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	492	744

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	60,343,029	60,343,029		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options (description and conversion factor)	1,200,000 21,943,023	- -	<u>Exercise price \$</u> \$0.30 \$0.10	<u>Expiry date</u> 19/07/2015 30/06/2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-	<u>Exercise price \$</u> -	<u>Expiry date</u> -
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		
7.13 Performance securities	10,000,000	-		
7.14 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Signed: 

Dated: 30 April 2015

Company Secretary

Print name: Julia Beckett




Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
 Cinovec Tin-Tungsten-Lithium Project	Czech Republic	100%	0%	0%
 Zlaty Kopec polymetallic Tin-Zin-Indium Project	Czech Republic	100%	0%	0%
 Prebuz Exploration Permit	Czech Republic	100%	0%	0%

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				

Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				