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Corporate Information

ASX: EMH

AIM: EMH

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INFILL DRILLING COMMENCED

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (**ASX & AIM: EMH**) is pleased to announce the commencement of a focused infill drilling program at Cinovec South.

HIGHLIGHTS

- **Six core drillholes for a total of 2,800m planned.**
- **Infill drilling in two areas where data density low and 'gaps' in the resource model occur.**
- **Expected to add high grade resource at Cinovec South in critical areas where mining will start.**
- **Results will be utilized during the DFS program to optimize the current mine plan.**

European Metals Managing Director Keith Coughlan said, "I am pleased to announce that we have started to drill the first of six drillholes planned at Cinovec South this year. The program will close two gaps in our newest block model, where 'n' blocks were established in the new block model due to paucity of data. Our geologic model suggests that this drilling program will convert the no-class blocks and a good part of the Inferred blocks into Indicated category, which will make them available for mine plan optimization. Based on geologic model, the no-class blocks are mostly in greisen and greisenized granite, which means we can expect higher Li and Sn grades. By adding high quality resource in areas of initial mining the economic model for Cinovec will be further optimised."

GEOLOGY

The most recent block model prepared by Widenbar and Associates for the PFS study contains three classes of resource. In addition to Indicated and Inferred Resource, a so called 'no-class' material is defined in two areas at Cinovec South. This forms 'holes', or 'gaps', within the Inferred resource, and is caused by paucity of analytical data at the increased resolution of the most recent resource model (see Figure 1). The 'no-class' material is located in parts of the deposits where greisen and greisenized granite are well developed, and flanked by high grade Li and Sn resource blocks (see Figure 2). The 2017 drill program, which just started, is designed with the view of converting the 'no-class' material to Indicated category, as well as to convert a great part of the Inferred Resource to the Indicated category, particularly in the eastern part of Cinovec South.

The current PFS mine plan utilises only the Indicated Resource. The conversion of the 'no-class' and Inferred Resource in the immediate vicinity of the current mine plan will allow optimisation of the mine plan, in particular with respect to early years of mining, thus positively impacting the overall cost structure.

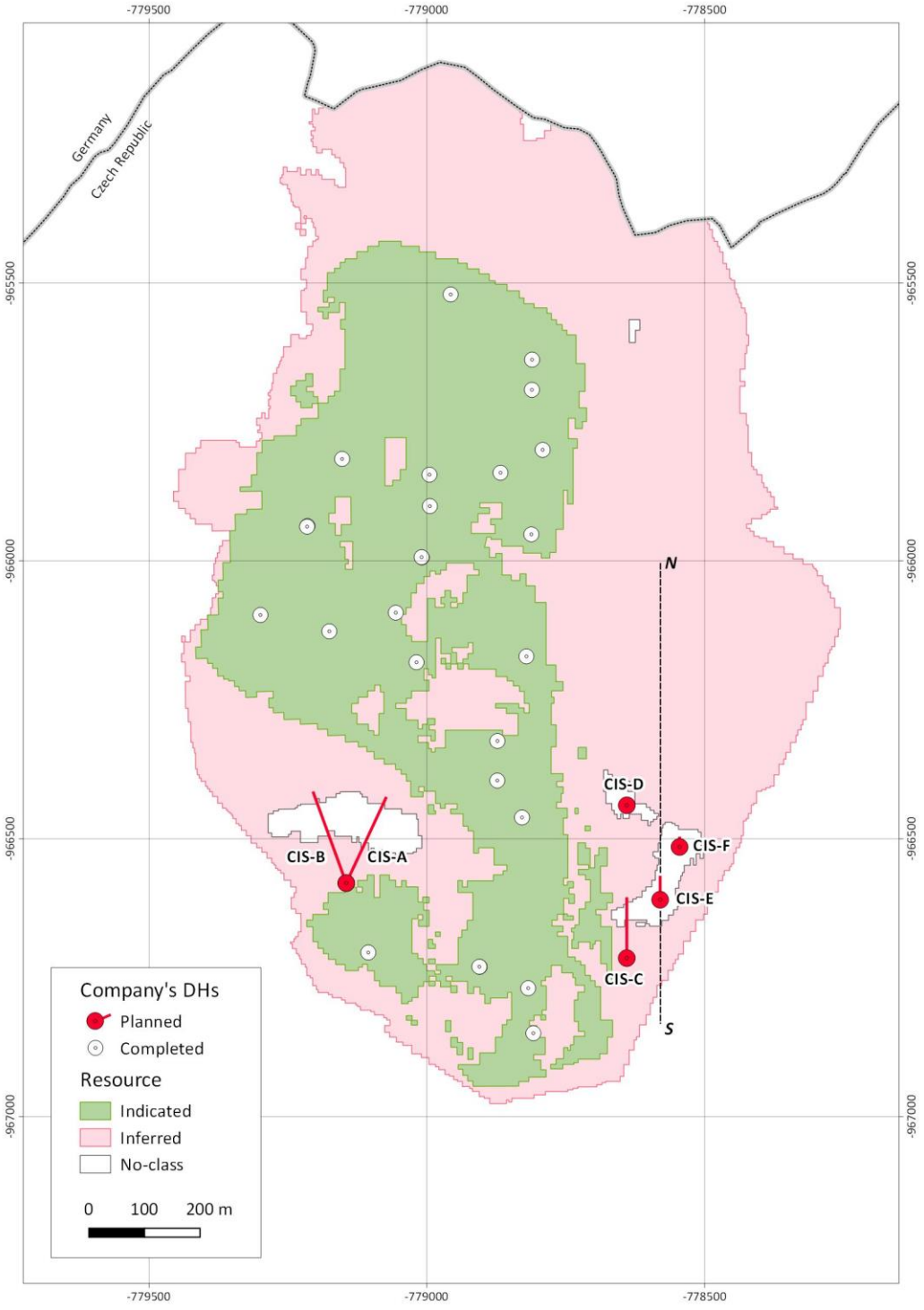

Figure 1: Plan view with projected resource blocks, EMH past and planned drill hole locations

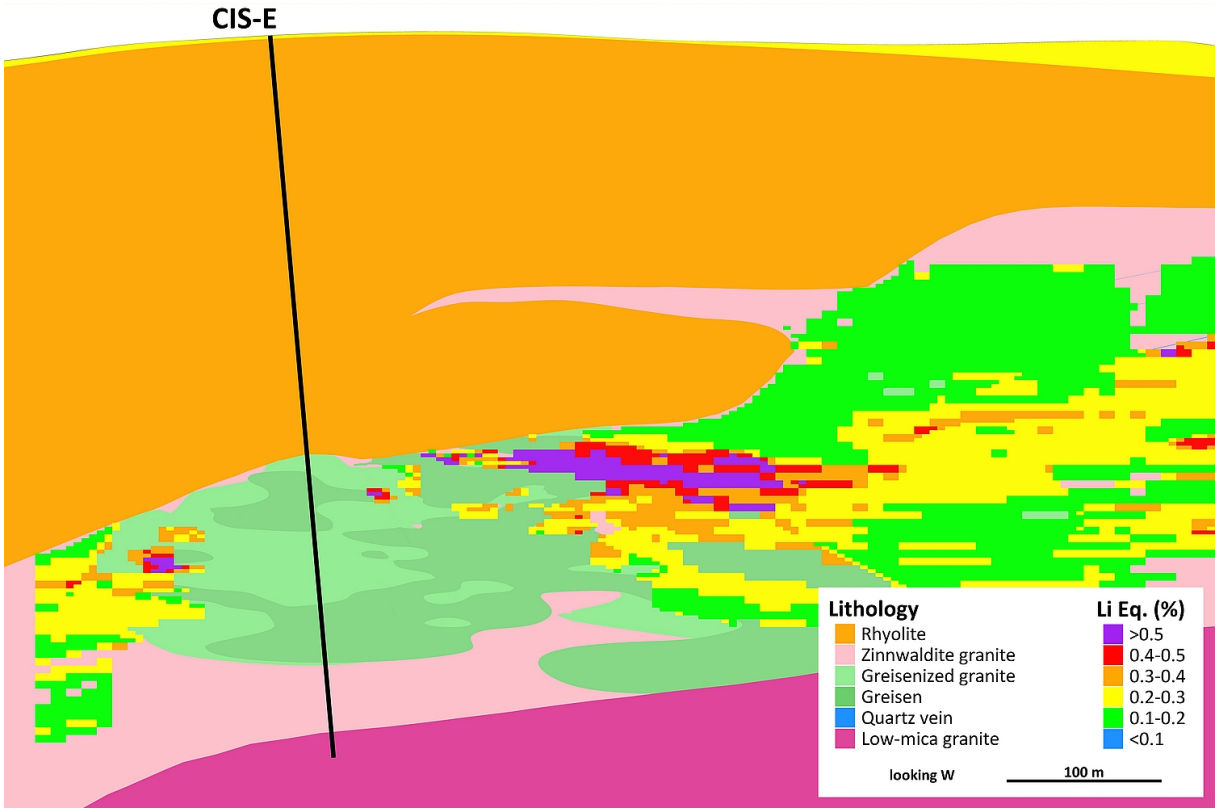

Figure 2: Section view of planned drillhole, filling a gap in resource blocks.

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 348Mt @ 0.45% Li_2O and 0.04% Sn and an Inferred Mineral Resource of 309Mt @ 0.39% Li_2O and 0.04% Sn containing a combined 7.0 million tonnes Lithium Carbonate Equivalent and 263kt of tin.

This makes Cinovec the largest 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.

The recently completed Preliminary Feasibility Study, conducted by specialist independent consultants, returned a post tax NPV of USD540m and an IRR of 21%. It confirmed the deposit is be amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and 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.

CONTACT

For further information on this update or the Company generally, please visit our website at www.http://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.

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	5.324
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:

"beneficiation" or **"benefication"**	in extractive metallurgy, is any process that improves (benefits) the economic value of the ore by removing the gangue minerals, which results in a higher grade product (concentrate) and a waste stream (tailings)
"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 Mineral Resources"	Measured: a mineral resource intersected and tested by drill holes, 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
"micrometer"	(symbol μm) is an SI unit of length equal to one millionth of a metre
"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
"P80"	the mill circuit product size in micrometers
"ppm"	parts per million
"PSD"	particle size distribution
"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
"run-of-mine"	mined ore of a size that can be processed without further crushing
"semi-autogenous grinding" or **"SAG"**	a method of grinding rock into fine powder whereby the grinding media consist of larger chunks of rocks and steel balls
"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
"glaserite"	A colourless or white crystalline compound, K_2SO_4, used in glassmaking and fertilisers and as a reagent in analytical chemistry
"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.