

# Hot off the Press

## Materials Research



**European Metals Holdings Limited (EMH)**

**\$1.00/share**

**Recommendation: Speculative Buy**

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### Event

- European Metals Holdings (EMH) has released an update on the Cinovec Project in the Czech Republic.
- Cinovec has received The Preliminary Mining Permit covering the majority of the Cinovec Project has been awarded by the Czech Ministry of Environment.
- A further Exploration Licence has been granted for the ground immediately south of the main deposit.
- A de-watering permit has been obtained from the Ohře River Authority to pump out the historic workings.

### Impact

- We welcome the advances in permits the Cinovec Project. We highlight that Company can now start dewatering process of the underground mine. Accessing the mine will allow the collection of samples for the lithium carbonate pilot-plant which will be used to send samples to potential off-take customers. EMH estimates that ramp up to production may start in CY2020.
- Last week, EMH released results from the PFS on the Cinovec Project. The PFS concluded that Cinovec could produce 20.8kt of LCE for 21 years with the lowest cost for a hard-rock lithium project globally (US\$3,483/t LCE, including all credits). The PFS's NPV was US\$540m, after investing of US\$393m in Capex, with an IRR of 21%.
- Cinovec could experience high interest from the new battery plants being constructed (Samsung, LG and others) or planned to be developed in Europe to supply the car industry. Tesla has indicated that it could build its second Giga-factory in the Czech Republic.
- We believe that Cinovec has the potential to become a long life, low cost (Tier 1) lithium operation. We recently initiated coverage on EMH with a Speculative Buy and a valuation of **A\$1.68/share**.

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