For immediate release

31 July 2017

EUROPEAN METALS HOLDINGS LIMITED

QUARTERLY ACTIVITIES REPORT – JUNE 2017

HIGHLIGHTS

- **Preliminary Feasibility Study confirms Cinovec as potentially low cost Lithium Carbonate producer**
- **Grant of permits**
- **Infill drilling commenced**
- **Maiden Ore Reserve**
- **Board changes**
- **Interim funding**

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (**ASX & AIM: EMH**) is pleased to announce continued progress in the development of its 100% owned globally significant Cinovec Lithium/Tin Project in Czech Republic during the three month period ending June 2017.

PRELIMINARY FEASIBILITY STUDY CONFIRMS CINOVEC AS POTENTIALLY LOW COST LITHIUM CARBONATE PRODUCER

The Company successfully completed the Preliminary Feasibility Study and the results highlight that Cinovec can be a low cost lithium carbonate producer. The highlights of the study are as follows ($ figures quoted in USD):

- Net overall cost of production - $3,483 / tonne Li_2CO_3
- Net Present Value (NPV) - $540 M (post tax, 8%)
- Internal Rate of Return (IRR) - 21% (post tax)
- Total Capital Cost - $393 M
- Annual production of Battery Grade Lithium Carbonate - 20,800 tonnes
- Study based on only 9.9% of defined Indicated Mineral Resources

The completion of the PFS follows a comprehensive metallurgical testwork campaign managed by European Metals. The PFS was undertaken by independent consultants who are specialists in the required areas of work. These included:

- Resource Estimation – Widenbar and Associates Pty Ltd
- Mining – Bara Consulting Ltd
- Front-End Comminution and Beneficiation ("FECAB") – Ausenco Limited
- Lithium Carbonate Plant ("LCP") – Hatch Pty Ltd

The study is based upon a mine life of 21 years processing on average 1.7 Mtpa of ore, producing 20,800 tpa of battery grade lithium carbonate via a sodium sulphate roast.

GRANT OF PERMITS

The Company was informed in late January that the Cinovec South resource estimate was added to the Czech State Register of Mineral deposits, which was the first step towards achieving a mining licence. As a next step, the Preliminary Mining Permit (PMP) covering the majority of the Cinovec Project has now been awarded by the Czech Ministry of Environment.

In addition, the Company was awarded an additional exploration licence for the ground immediately south of the deposit which will allow preparatory geotechnical work for the exploration adit, including excavation of the adit itself when appropriate, to begin. A de-watering permit has also been obtained from the Ohře River Authority which will allow the Company to finalise the de-watering process of the partially flooded underground historic mine shafts well in advance to the commencement of operations.

INFILL DRILLING COMMENCES

The Company commenced a focused infill drilling program at Cinovec South. There are six core drill holes for a total of 2,800m planned in two areas where data density is low and there are 'gaps' in the resource model. This program is expected to add high grade resources in critical areas where mining will start and the results will be utilized during the DFS program to optimize the current mine plan.

MAIDEN ORE RESERVE

Based upon the Preliminary Feasibility Study undertaken for the Cinovec Project, the Company declared a maiden Probable Ore Reserve of 34.5 Mt @ 0.65% Li_2O, as detailed below. The Probable Reserves have been declared solely from the Indicated Mineral Resource category and are classified based on a PFS level of study and category of Mineral Resource.

CINOVEC ORE RESERVES SUMMARY					
	Tonnes	**Li**	**Li_20**	**Sn**	**W**
Category	(Millions)	%	%	%	%
Proven Ore Reserves	0	0	0	0	0
Probable Ore Reserves	34.5	0.30	0.65	0.09	0.03
Total Ore Reserves	**34.5**	**0.30**	**0.65**	**0.09**	**0.03**

Notes to Reserves Table.
1. Probable Ore Reserves have been prepared by Bara International in accordance with the guidelines of the JORC Code (2012).
2. The effective date of the Probable Ore Reserves is June 2017.
3. All figures are rounded to reflect the relative accuracy of the estimate.
4. The operator of the project is Geomet S.R.O. a wholly-owned subsidiary of EMH. Gross and Net Attributable Probable Ore Reserves are the same.
5. Any apparent inconsistencies are due to rounding errors.

The Ore Reserve was based on the Mineral Resource for the Cinovec deposit prepared by Widenbar and Associates and issued in February 2017. The Mineral Resource is reported in the report Cinovec Resource Estimation published by Widenbar and Associates and is reported in accordance with the JORC 2012 guidelines. The table below summarises the Mineral Resource declared:

CINOVEC 2017 RESOURCE						
	Cutoff	**Tonnes**	**Li**	**Li_2O**	**Sn**	**W**
	%	(Millions)	%	%	%	%
INDICATED	0.1%	347.7	0.21	0.45	0.04	0.015

INFERRED	0.1%	308.8	0.18	0.39	0.04	0.014
TOTAL	0.1%	656.5	0.20	0.43	0.04	0.014

BOARD CHANGES

Mr Richard Pavlik was appointed to the Board to replace Mr Pavel Reichl, who resigned on his request to pursue other interests. Mr Pavlik is the General Manager of Geomet s.r.o., the Company's wholly owned Czech subsidiary, and is a highly experienced Czech mining executive. Mr Pavlik holds a Master's Degree in Mining Engineer from the Technical University of Ostrava in Czech Republic. He is the former Chief Project Manager and Advisor to the Chief Executive Officer at OKD. OKD has been a major coal producer in the Czech Republic. He has almost 30 years of relevant industry experience in the Czech Republic.

INTERIM FUNDING

The Company is actively engaged in discussions with potential European strategic partners with regards to the funding and development of the Cinovec Project. Given the high level of interest in Europe in the lithium market, the Company is confident of a successful outcome in the near term in this regard. In order to allow sufficient time to finalise discussions and properly assess the various options open to the Company, the Company arranged an interim funding facility to maintain momentum in developing the project.

This facility has been provided by an Australian based sophisticated investor, 6466 Investments Pty Ltd, and allows for the draw-down of up to AUD 2 million in tranches as required over 12 months. Any funds drawn down will convert to CDI's in the Company at a 10% discount to the 10 day vwap in the Company's securities. The funds will be used in the preparation of the Company's Definitive Feasibility Study, for further drilling and general working capital. The issue of shares pursuant to draw-downs does not require shareholder approval.

SUMMARY

European Metals has had another productive quarter with several key developments which are all very positive. The Company is now focused on accelerating the project towards development of the largest lithium resource in Europe through completion of the definitive feasibility study.

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 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. An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li2O and 0.09% Sn has been declared to cover the first 20 years mining at an output of 20,800tpa of lithium carbonate.

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.

EMH has completed a Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return 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 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:

"ball and rod indices"	Indicies that provide an assessment of the energy required to grind one tonne of material in a ball or rod mill
"carbonate"	refers to a carbonate mineral such as calcite, $CaCO_3$
"comminution"	The crushing and/or grinding of material to a smaller scale
"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
"flotation"	selectively separating hydrophobic materials from hydrophilic materials to upgrade the concentration of valuable minerals
"g/t"	gram per metric tonne
"grade"	relative quantity or the percentage of ore mineral or metal content in an ore body
"heavy liquid separation"	is based on the fact that different minerals have different densities. Thus, if a mixture of minerals with different densities can be placed in a liquid with an intermediate density, the grains with densities less than that of the liquid will float and grains with densities greater than the liquid will sink
"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
"magnetic separation"	is a process in which magnetically susceptible material is extracted from a mixture using a magnetic force
"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
"optical microscopy"	the determination of minerals by observation through an optical microscope
"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
"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
"SAGability"	testing material to investigate its performance in a semi-autonomous grinding mill
"spiral concentration"	a process that utilises the differential density of materials to concentrate valuable minerals
"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

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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.