

For immediate release

9 November 2017

**EUROPEAN METALS HOLDINGS LIMITED**

**Notice of Annual General Meeting  
Employee Securities Incentive Plan ("Plan")  
Proposed issue of Plan CDIs to Directors**

European Metals Holdings Limited ("European Metals" or "the Company") (**ASX** and **AIM: EMH**), advises that it has today published the Notice of Annual General Meeting ("Notice") which will be held at 11.00am WST on 30 November 2017 at Suite 12, Level 1, 11 Ventnor Avenue, West Perth WA 6005. A copy of the Notice is available from the company's website.

The Notice includes a resolution (Resolution 7) to approve the adoption of an employee securities incentive plan ("Plan"). Under the Plan, should it be approved, the Company can issue shares, options or performance rights to eligible Directors, employees and consultants in order to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to all Shareholders. Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of which is set out at Schedule 3 of the Notice and which is reproduced in full in the Appendix to this announcement without material adjustment or amendment.

If Resolution 7 to approve the Plan is passed at the Annual General Meeting, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. No Equity Securities have previously been issued under the proposed Plan as it is a new employee incentive scheme and has not previously been approved by Shareholders.

The Notice also included a resolution (Resolution 8) to award in aggregate 1,650,000 CHES Depository Interests representing beneficial ownership in a Share ("CDIs") to the Directors under the Plan on the following basis:

<b>Director</b>	<b>CDIs to be awarded under the Plan</b>
Mr Keith Coughlan	850,000 CDIs
Mr David Reeves	300,000 CDIs
Mr Richard Pavlik	300,000 CDIs
Mr Kiran Morzaria	200,000 CDIs

The aggregate CDIs conditionally awarded to Directors, subject to shareholder approval at the Annual General Meeting, ("Director Plan CDIs"), will represent approximately 1.25 per cent. of the current issued share capital of the Company.

Under the Plan the Director Plan CDIs will be issued at an issue price per new CDI based on the market price of the Company's Shares, being the volume weighted average price of Shares traded on the ASX over the 5 trading days immediately preceding the issue of the Director Plan CDIs (which is expected to occur shortly following the conclusion of the Annual General Meeting).

The subscription amount due to the Company in respect of the new Director Plan CDIs will be accounted for by a limited-recourse interest-free loan provided by the Company to the Director pursuant to the Plan. There is therefore no cash impact on the Company. As and when a Director sells his Director Plan CDIs, then the proceeds from any such sale must be applied first to settle the loan

(and thereby the equivalent subscription amount). The balance, if any, is retained by the Director. The proceeds from a sale by a Director of all of his Plan CDIs, even if less than his respective loan, will settle his loan in full under the Plan.

Under the terms of the Plan, the Director Plan CDIs will be subject to an ASX holding lock until the loan is repaid in full, and cannot be otherwise be transferred until various voluntary escrow periods have expired and the relevant Director has completed 12 months' service with the Company from the date of issue.

The Director Plan CDIs will be issued no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Plan CDIs will be issued on one date.

A further announcement will be made following the Annual General Meeting as and when the Director Plan CDIs are issued.

#### **Enquiries:**

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### **Appendix**

**The following Schedule, which has been extracted without material adjustment or amendment from the Schedule 3 of the Notice of Annual General Meeting, sets out the detailed terms of the employee securities incentive plan**

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#### **SCHEDULE 3 – SUMMARY OF EMPLOYEE SECURITIES INCENTIVE PLAN**

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A summary of the key terms of the Plan is set out below:

**(a) Eligible Participant**

Eligible Participant means a person that:

- (i) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

**(b) Purpose**

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and

- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

**(c) Plan administration**

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

**(d) Eligibility, invitation and application**

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

**(e) Loan**

Subject to applicable laws, the Company may invite an Eligible Participant to apply for a limited recourse loan on the terms set out in the Plan, the relevant invitation and loan facility to enable the Eligible Participant to acquire Securities. The Securities will be subject to a holding lock and the Company will retain a lien over the relevant Securities until the loan is repaid in full. If a loan is not repaid in full by the relevant date for repayment, the Company may, in the Board's sole discretion, sell the relevant Securities and apply the proceeds of the sale towards repayment of the loan and any accrued interest, with the balance (if any) after payment of sale costs returned to the Participant.

**(f) Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

**(g) Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

**(h) Vesting of Securities**

Any vesting conditions applicable to the grant of Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Securities have vested. Unless and until the vesting notice is issued by the Company, the Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Security are not satisfied and/or otherwise waived by the Board, that Security will lapse.

**(i) Exercise of Convertible Securities and cashless exercise**

To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

**(j) Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

**(k) Forfeiture of Securities**

Where a Participant who holds Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

**(l) Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

**(m) Rights attaching to Plan Shares**

All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. Subject to the existence of any outstanding loan under paragraph (e), a Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

**(n) Disposal restrictions on Plan Shares**

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

**(o) Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend

reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

**(p) Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

**(q) Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect. No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

**(r) Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants. If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

ENDS