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**EUROPEAN METALS HOLDINGS LIMITED**

**ARBN 154 618 989**

**NOTICE OF ANNUAL GENERAL MEETING**

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**DATE:** Thursday, 30 November 2017

**TIME:** 11:00am WST

**PLACE:** Suite 12, Level 1  
11 Ventnor Avenue  
WEST PERTH WA 6005

**A copy of the European Metals Holdings Limited 2017 Annual Report can be found at:**

[www.europeanmet.com](http://www.europeanmet.com)

**This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 6141 3500.**

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## IMPORTANT INFORMATION

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### **TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders, to which this Notice of Annual General Meeting relates, will be held at 11:00am WST on Thursday, 30 November 2017 at Suite 12, Level 1, 11 Ventnor Avenue, West Perth WA 6005.

### **SHAREHOLDER ATTENDANCE, VOTING AND PROXY APPOINTMENT**

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The Directors have determined pursuant to Regulation 7.4 of the Articles of Association that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm WST on 28 November 2017.

If you are a Shareholder, to vote in person, attend the Meeting at the time, date and place set out above.

If you are a Shareholder, to vote by proxy, please complete and sign the enclosed Proxy Form and return by one of the methods and by the deadline set out on the Proxy Form.

Proxy Forms received later than the specified time will be invalid.

### **CDI HOLDERS ATTENDANCE, VOTING AND PROXY APPOINTMENT**

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CDIs, representing beneficial interests in the Shares, have been issued to allow trading on the electronic transfer and settlement system operated by the ASX as the laws of the British Virgin Islands, the place of incorporation of the Company, do not recognise electronic transfer of legal title to Shares.

A CDI holder is not a Shareholder and, under the laws of the British Virgin Islands, is not entitled to attend the Meeting unless as a proxy.

Each CDI holder registered at 4:00pm WST on 28 November 2017 has the right to:

- (a) direct CHES Depository Nominees Pty Ltd (**CDN**), the legal holder of the Shares to which the CDIs relate, how to vote the underlying Shares in respect of their CDIs in respect of the business of the Meeting; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder the CDI holder's proxy for the purposes of attending and voting at the Meeting.

If you are a CDI holder and you wish to direct or instruct CDN in the manner contemplated above, please read, complete and sign the enclosed CDI Voting Instruction Form and return by one of the methods and by the deadline set out on the CDI Voting Instruction Form.

CDI Voting Instruction Forms received later than the specified time will be invalid.

### **DI HOLDERS ATTENDANCE, VOTING AND PROXY APPOINTMENT**

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DIs, representing beneficial interests in the Shares, have been issued as the laws of the British Virgin Islands, the place of incorporation of the Company, do not recognise electronic transfer of legal title to Shares and securities of foreign issuers cannot be directly registered, transferred or settled through CREST (which is the electronic settlement system in the UK). DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting.

## **FORM OF INSTRUCTION**

In order to have votes cast at the Meeting on their behalf, DI holders must complete, sign and return the Forms of Instruction forwarded to them along with the Notice to the Company's agent, Computershare UK, 27 November 2017 at 4.30pm (GMT).

## **CREST MEMBERS**

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than 27 November 2017 at 4.30pm (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

## **ASX**

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A final copy of this Notice of Annual General Meeting and Explanatory Statement has been lodged with the ASX. ASX, nor any of their respective officers, takes any responsibility for the contents of this document.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ELECTION OF DIRECTOR – MR RICHARD PAVLIK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Article 8.1 of the Company’s Memorandum and Articles of Association, ASX Listing Rule 14.4 and for all other purposes, Mr Richard Pavlik, who was appointed as a Director during the course of the year, retires, and being eligible, is elected as a Director.”*

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#### 2. RESOLUTION 2 – RE-ELECTION OF MR KIRAN MORZARIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Article 8.5 of the Company’s Memorandum and Articles of Association and for all other purposes, Mr Kiran Morzaria retires, and being eligible, is re-elected as a Director on the terms and conditions set out in the Explanatory Statement.”*

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#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO CONSULTANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 500,000 Options to Consultants on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on the Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO MR RICHARD PAVLIK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 400,000 Options to Mr Richard Pavlik on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on the Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF CDIs – FUNDING FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,904,203 CDIs on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on the Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is

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cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**6. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **special resolution**:

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – APPROVAL OF EMPLOYEE SECURITIES INCENTIVE PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.2, exception 9(b) and for all other purposes, the Company adopt the securities incentive scheme known as the "European Metals Holdings Limited Employee Securities Incentive Plan" and the issue of securities under that plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any Director and any of their respective associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – APPROVAL TO ISSUE CDIs TO DIRECTORS**

To consider and, if thought fit, to pass, with or without amendment, each as a **separate ordinary resolution** the following:

*“That, for pursuant to and in accordance with ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to an aggregate total of 1,650,000 CDIs to the following Directors (or their respective nominees) under the Company's Employee Securities Incentive Plan:*

- (a) 850,000 CDIs to Mr Keith Coughlan;*
- (b) 300,000 CDIs to Mr David Reeves;*
- (c) 300,000 CDIs to Mr Richard Pavlik; and*
- (d) 200,000 CDIs to Mr Kiran Morzaria,*

*on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any Director (and their respective nominees) who is eligible to participate in the Employee Securities Incentive Plan and any of their respective associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Dated: 9 November 2017

By Order of the Board

Julia Beckett  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution which are the subject of the business of the Meeting.

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### 1. RESOLUTION 1 – ELECTION OF DIRECTOR – MR RICHARD PAVLIK

Pursuant to Article 8.1 of the Company's Articles of Association a director shall be elected by ordinary resolution or by resolution of Directors.

Pursuant to ASX Listing Rule 14.4, any Director appointed to fill a casual vacancy or as an addition to the existing Directors, holds office only until the next following annual general meeting and is then eligible for election by Shareholders.

Accordingly, Mr Pavlik, who was appointed as an additional Executive Director on 27 June 2017, retires, and being eligible, seeks election by ordinary resolution at this meeting.

Resolution 1 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 1.

The Board (other than Mr Pavlik) recommends Shareholders vote in favour of Resolution 1.

#### Qualifications and other material directorships

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 Masters 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. Mr Pavlik also has experience as a Project Analyst at Normandy Capital in Sydney as part of a postgraduate programme from Swinburne University. Mr Pavlik has held previous senior positions within OKD and New World Resources as Chief Engineer, and as Head of Surveying and Geology. He has also served as the Head of the Supervisory Board of NWR Karbonia, a Polish subsidiary of New World Resources (UK) Limited. He has an intimate knowledge of mining in the Czech Republic.

At the time of this Annual General Meeting, Mr Pavlik's term of office will be approximately 5 months.

Mr Pavlik is an executive director and the Board unanimously supports his election.

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### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR KIRAN MORZARIA

Pursuant to Article 8.5 of the Company's Articles of Association, at each annual general meeting one third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election.

Accordingly, Mr Morzaria, who was previously re-elected as a Non-Executive Director on 18 November 2016, retires, and being eligible, seeks re-election by ordinary resolution at this meeting.

Resolution 2 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 2.

The Board (other than Mr Morzaria) recommends Shareholders vote in favour of Resolution 2.

#### Qualifications and other material directorships

Mr Morzaria is currently Chief Executive Officer and Director of the Company's largest shareholder, Cadence Minerals Plc. He is also a Non-Executive Director of Bacanora Minerals Limited.

Mr Morzaria holds a Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and a Masters of Business Administration (MBA) (Finance) from CASS Business School. He has extensive experience in the mineral resource industry working in both operation and management roles. Mr Morzaria spent the first four years of his career in exploration, mining and civil engineering before obtaining his MBA. He has served as a director of a number of public companies in both an executive and non-executive capacity.

At the time of this Annual General Meeting, Mr Morzaria's term of office will be approximately 23 months.

Mr Morzaria is a non-executive director and the Board unanimously supports his re-election.

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### **3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO CONSULTANTS**

#### **3.1 Background**

On 17 May 2017, the Company issued 500,000 Options to consultants, as per their consultancy agreements, on the terms and conditions set out in Schedule 1 (**Consultant Options**). The Consultant Options were issued within the 15% annual limit permitted under ASX Listing Rule 7.1, without the need for Shareholder approval.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 500,000 Consultant Options exercisable at \$0.28 each on or before 30 April 2018.

#### **3.2 Summary of ASX Listing Rules 7.1 and 7.4**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **3.3 Technical Information Required By ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 3:

- (a) a total of 500,000 Consultant Options were issued on 17 May 2017 as follows:
  - (i) 250,000 Consultant Options were issued to R&H Trust Co (Guernsey) Limited, who is not a related party, for part consideration of project managing the Preliminary Feasibility Study for the Cinovec Project; and
  - (ii) 250,000 Consultant Options were issued to LCA Pty Ltd, who is not a related party, for part consideration of supervising the Preliminary Feasibility Study for the Cinovec Project, including technical advice;
- (b) the Consultant Options were issued in part consideration for consultancy provided to the Company services (as detailed above) and were therefore issued at an issue price of nil;
- (c) the terms of the Consultant Options are found in Schedule 1;
- (d) no funds were raised from the issue of the Consultancy Options; and
- (e) a voting exclusion statement is included in the Notice.

#### **3.4 Board recommendation**

Resolution 3 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 3.

The Board recommends Shareholders vote in favour of Resolution 3.

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### **4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO MR RICHARD PAVLIK**

#### **4.1 Background**

On 17 May 2017, the Company appointed Mr Richard Pavlik as General Manager of Geomet s.r.o. the Company's wholly owned Czech subsidiary and issued 400,000 Options to him as part of his agreed remuneration package, on the terms and conditions set out in Schedule 2 (**GM Options**). The GM Options

were issued within the 15% annual limit permitted under ASX Listing Rule 7.1, without the need for Shareholder approval.

Mr Pavlik was the Board appointed as an Executive Director of the Company on 27 June 2017.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 400,000 GM Options exercisable at \$0.58 on or before 3 January 2020.

#### **4.2 Summary of ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Shareholder approval under ASX Listing Rule 10.11 was not required for the issue of the GM Options as ASX Listing Rule 10.12, exception 6 applied.

#### **4.3 Summary of ASX Listing Rules 7.1 and 7.4**

A summary of ASX Listing Rules 7.1 and 7.4 is provided in Section 3.2 above.

By ratifying this issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **4.4 Technical Information Required By ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 4:

- (a) 400,000 GM Options were issued on 17 May 2017 to Mr Pavlik in accordance with his employment contract;
- (b) the GM Options were issued in part of his remuneration package and were therefore issued at an issue price of nil;
- (c) the terms of the GM Options are found in Schedule 2;
- (d) no funds were raised from the issue of the GM Options; and
- (e) a voting exclusion statement is included in the Notice.

#### **4.5 Board recommendation**

Resolution 4 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 4.

The Board (other than Mr Pavlik) recommends Shareholders vote in favour of Resolution 4.

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## **5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF CDIS – FUNDING FACILITY**

### **5.1 Background**

On 27 June 2017 the Company announced it had signed an interim funding facility agreement with 6466 Investments Pty Ltd, an Australian based sophisticated investor, and allows for the drawdown of up to \$2 Million in tranches as required over 12 months. Any funds drawn down will convert to CDIs in the Company at a 10% discount to the 10 day VWAP in the Company's securities. To date a total of 1,880,459 CDIs have been issued under the funding facility agreement within the 15% annual limit permitted under ASX Listing Rule 7.1, without the need for Shareholder approval.

### **5.3 Summary of ASX Listing Rules 7.1 and 7.4**

A summary of ASX Listing Rule 7.1 is provided in Section 3.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **5.4 Technical Information Required By ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 5:

- (a) a total of 1,880,459 CDIs have been issued over 5 tranches as follows:
  - (i) 416,783 CDIs were issued at \$0.7138 each on 30 June 2017 in respect to the first advance of \$250,000, in settlement of the facility establishment fee of 2% (\$40,000) and the draw down fee of 3% (\$7,500) on the first advance;
  - (ii) 364,679 CDIs were issued at \$0.706 each on 1 August 2017 in respect to the second advance of \$250,000 and the draw down fee of 3% (\$7,500) on the second advance;
  - (iii) 351,448 CDIs were issued at \$0.7327 each on 10 August 2017 in respect to the third advance of \$250,000 and the draw down fee of 3% (\$7,500) on the third advance;
  - (iv) 375,905 CDIs were issued at \$0.685 each on 1 September 2017 in respect to the fourth advance of \$250,000 and the draw down fee of 3% (\$7,500) on the fourth advance; and
  - (v) 371,644 CDIs were issued at \$0.693 each on 10 October 2017 in respect to the fifth advance of \$250,000 and the draw down fee of 3% (\$7,500) on the fifth advance;
- (b) the CDIs were issued to 6466 Investments Pty Ltd, which is not a related party of the Company;
- (c) the CDIs issued rank equally with all other CDIs of the Company;
- (d) the funds raised will be used in the preparation of the Company's Definitive Feasibility Study, for further drilling and general working capital; and
- (e) a voting exclusion statement is included in the Notice.

## 5.5 Board recommendation

Resolution 5 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 5.

The Board recommends Shareholders vote in favour of Resolution 5.

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## 6. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

### 6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 6.2 below).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

The Chair will cast all available proxies in favour of Resolution 6.

The Board recommends Shareholders vote in favour of Resolution 6.

### 6.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being the CDIs (ASX Code: EMH).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of CDIs on issue 12 months before the date of issue or agreement:
- (a) plus the number of CDIs issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (b) plus the number of CDIs that became fully paid in the previous 12 months;
  - (c) plus the number of CDIs issued in the previous 12 months with approval of holders of CDIs under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid CDIs under the entity's 15% placement capacity without shareholder approval; and
  - (d) less the number of CDIs cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 6.3 Technical information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 6.3(a)(i), the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration, then, In accordance with the Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

(c) **Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any CDIs under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing CDIs would be as shown in the table below, subject to the assumptions listed below the table.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of CDIs and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company will have on issue at the date of the Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price. The voting dilution impact where the number of CDIs on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of CDIs issued under the 10% Placement Capacity.

Number of CDIs on Issue ("Variable A")	Dilution			
	Issue Price (per CDI)	\$0.3775 (50% decrease in current issue price)	\$0.755 (Current issue price)	\$1.51 (50% increase in current issue price)
131,797,585 (Current Variable A)	<b>10% Voting Dilution</b>	13,179,759 CDIs	13,179,759 CDIs	13,179,759 CDIs
	<b>Funds Raised</b>	\$4,975,359	\$9,950,718	\$19,901,435
197,696,378 (50% increase in Variable A)*	<b>10% Voting Dilution</b>	19,769,638 CDIs	19,769,638 CDIs	19,769,638 CDIs
	<b>Funds Raised</b>	\$7,463,038	\$14,926,076	\$29,852,153
263,595,170 (100% increase in Variable A)*	<b>10% Voting Dilution</b>	26,359,517 CDIs	26,359,517 CDIs	26,359,517 CDIs
	<b>Funds Raised</b>	\$9,950,718	\$19,901,435	\$39,802,871

\*The number of CDIs on issue (variable A in the formula) could increase as a result of the issue of CDIs that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 131,797,585 CDIs on issue.
2. The issue price set out above is the closing price of the CDIs on the ASX on 23 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1 and Rule 7.1A, or subsequently ratified under Listing Rule 7.4 at this Meeting.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of CDIs. It is assumed that no Options or Warrants are exercised into CDIs before the date of issue of the Equity Securities.

6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Cinovec Project and for general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

**(e) Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined but may include current Shareholders or new investors (or both), none of whom will be related parties of the Company. Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new assets or investments.

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2016 Annual General Meeting held on 18 November 2016 (**Previous Approval**). The

details of all issues of equity securities by the Company during the 12 months preceding the date of the Meeting are detailed below:

Number/Class of equity securities issued	Terms and Purpose of Issue	Price and discount to closing market price on the date of issue (if any)	Consideration details	Allottees of the Securities
<b>Securities issued on 22 November 2016</b>				
500,000 CDIs	Exercise of Warrants, exercise price of 14 cents expiring on 11 November 2018	Issue price of 14 cents per CDI.  Discount of 79% to the closing price of 67 cents on the 22 November 2016.	Cash consideration of \$70,000.  The amount of cash that has been spent is \$70,000, which was 100% used to further develop the Cinovec Project and working capital.	Beaumont Cornish, the Company's Nominated Adviser in the UK
<b>Securities issued on 24 November 2016</b>				
5,000,000 CDIs	Placement of 5,000,000 CDIs to Cadence Minerals plc (previously named Rare Earth Minerals plc) as approved by Shareholders at the 2016 Annual General Meeting.	Issue price of 52 cents per CDI.  Discount of 17% to the closing price of 63 cents on the 24 November 2016.	Cash consideration of \$2,600,000.  The amount of cash that has been spent is \$2,600,000, which was 100% used to further develop the Cinovec Project, complete the Company's prefeasibility study and working capital.	Cadence Minerals plc
5,000,000 B Class Performance Shares	Issue of B Class Performance Shares in consideration for the previous acquisition of European Metals (UK) Ltd as approved by Shareholders at Annual General Meeting held 18 November 2016	Issue price of nil.	Issued in consideration for the previous acquisition of European Metals (UK) Ltd.  Grant date Value <sup>(2)</sup> = \$2,669,701 Current Value <sup>(2)</sup> = \$2,289,685	Issued to Vendors
<b>Securities issued on 17 May 2017</b>				
500,000 Options	Issue of Options, exercise price of 28 cents expiring on 30 April 2018	Issue price of nil.	Issued to independent consultants as per consultancy agreements.  Consideration was consultancy services.  Grant date Value <sup>(1)</sup> = \$376,215 Current Value <sup>(1)</sup> = \$252,354	250,000 Options to LCA Pty Ltd and 250,000 Options to R&H Trust Co (Guernsey) Limited
400,000 Options	Issue of Options, exercise price of 58 cents expiring 3 January 2020	Issue price of nil.	Issued to General Manager (Czech Republic) as per contract of employment.  Consideration was executive director services.	Mr Richard Pavlik

Number/Class of equity securities issued	Terms and Purpose of Issue	Price and discount to closing market price on the date of issue (if any)	Consideration details	Allottees of the Securities
			Grant date Value <sup>(1)</sup> = \$177,352 Current Value <sup>(1)</sup> = \$209,,235	
<b>Securities issued on 1 June 2017</b>				
250,000 CDIs	Exercise of Options, exercise price of 28 cents expiring on 30 April 2018	Issue price of 28 cents per CDI.  Discount of 69% to the closing price of 91 cents on the 1 June 2017.	Cash consideration of \$70,000.  The amount of cash that has been spent is \$70,000, which was 100% used to further develop the Cinovec Project, complete the Company's prefeasibility study and working capital.	LCA Pty Ltd <Harman Family Trust>
<b>Securities issued on 6 June 2017</b>				
250,000 CDIs	Exercise of Options, exercise price of 28 cents expiring on 30 April 2018	Issue price of 28 cents per CDI.  Discount of 69% to the closing price of 90.5 cents on the 1 June 2017.	Cash consideration of \$70,000.  The amount of cash that has been spent is \$70,000, which was 100% used to further develop the Cinovec Project, complete the Company's prefeasibility study and working capital.	Mr Andrew R H Smith
<b>Securities issued on 30 June 2017</b>				
416,783 CDIs	First advance of the Facility Funding Agreement, settlement of the facility establishment fee of 2% (\$40,000 value) and the drawdown fee of 3% (\$7,500 value) on the first advance.	Issue price of 71.38 cents per CDI.  Discount of 10% of the 10 day VWAP prior to the issue of securities, as per the funding agreement.	Cash consideration of \$250,000.  The amount of cash that has been spent is \$250,000, which was 100% used to further develop the Cinovec Project, complete the Company's defeasibility study and working capital	6466 Investments Pty Ltd
<b>Securities issued on 1 August 2017</b>				
364,679 CDIs	Second advance of the Facility Funding Agreement and the drawdown fee of 3% (\$7,500 value) on the second advance.	Issue price of 70.61 cents per CDI.  Discount of 10% of the 10 day VWAP prior to the issue of securities, as per the funding agreement.	Cash consideration of \$250,000.  The amount of cash that has been spent is \$250,000, which was 100% used to further develop the Cinovec Project, complete the Company's defeasibility study and working capital	6466 Investments Pty Ltd

<b>Securities issued on 10 August 2017</b>				
351,448 CDIs	Third advance of the Facility Funding Agreement and the drawdown fee of 3% (\$7,500 value) on the third advance.	Issue price of 73.27 cents per CDI.  Discount of 10% of the 10 day VWAP prior to the issue of securities, as per the funding agreement.	Cash consideration of \$250,000.  The amount of cash that has been spent is \$250,000, which was 100% used to further develop the Cinovec Project, complete the Company's defeasibility study and working capital	6466 Investments Pty Ltd
<b>Securities issued on 1 September 2017</b>				
375,905 CDIs	Fourth advance of the Facility Funding Agreement and the drawdown fee of 3% (\$7,500 value) on the fourth advance.	Issue price of 68.5 cents per CDI.  Discount of 10% of the 10 day VWAP prior to the issue of securities, as per the funding agreement.	Cash consideration of \$250,000.  The amount of cash that has been spent is \$250,000, which was 100% used to further develop the Cinovec Project, complete the Company's defeasibility study and working capital	6466 Investments Pty Ltd
371,644 CDIs	Fifth advance of the Facility Funding Agreement and the drawdown fee of 3% (\$7,500 value) on the fifth advance.	Issue price of 69.3 cents per CDI.  Discount of 10% of the 10 day VWAP prior to the issue of securities, as per the funding agreement.	Cash consideration of \$250,000.  The amount of cash that has been spent is \$250,000, which was 100% used to further develop the Cinovec Project, complete the Company's defeasibility study and working capital	6466 Investments Pty Ltd

<sup>(1)</sup> The value of unquoted Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares). The grant date value reflects the reported value in accordance with Accounting Standards. The current value is a hypothetical value required for ASX Listing Rule 7.3A.6. The current value disclosed above will not be used to adjust the reported accounting values at grant date.

<sup>(2)</sup> The value of performance shares has been determined in accordance with Accounting Standards. The value utilises the 5 day volume weighted share price and a probability factor of achieve performance milestones to determine the number of shares that will be granted upon satisfaction of the performance conditions. The value is determined by multiplying this result by the share value at grant date (in the case of the grant date value), and as at 23 October 2017 (in the case of the current value).

**(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

- (ii) the information required by Listing Rule 3.10.5A for release to the market.

#### **6.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

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### **7. RESOLUTION 7 – APPROVAL OF EMPLOYEE SECURITIES INCENTIVE PLAN**

#### **7.1 General**

The Company considers that it is desirable to maintain an incentive securities plan pursuant to which 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.

Accordingly, Resolution 7 seeks approval for the adoption of the employee securities incentive plan titled 'European Metals Holdings Limited Employee Securities Incentive Plan' (**Plan**) in accordance with ASX Listing Rule 7.2, exception 9(b).

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.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company in Australia until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

#### **7.2 Summary of ASX Listing Rule 7.2, Exception 9(b)**

A summary of ASX Listing Rule 7.1 is provided in Section 3.2 above.

ASX Listing Rule 7.2, exception 9(b) provides an exception to ASX Listing Rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 7 is passed, 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 been issued under the proposed Plan as it is a new employee incentive scheme and has not previously been approved by Shareholders.

Prior Shareholder approval will be required under ASX Listing Rule 10.14 before any Director or related party of the Company can participate in the Plan.

#### **7.3 Board recommendation**

Resolution 7 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 7.

A voting exclusion statement is included in the Notice for Resolution 7.

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### **8. RESOLUTION 8 – APPROVAL TO ISSUE CDIs TO DIRECTORS**

#### **8.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,650,000 CDIs in the amounts and to the Directors listed below (or their respective nominees):

- (a) 850,000 CDIs to Mr Keith Coughlan;
- (b) 300,000 CDIs to Mr David Reeves;
- (c) 300,000 CDIs to Mr Richard Pavlik; and
- (d) 200,000 CDIs to Mr Kiran Morzaria,

(together, **Director CDIs**).

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with CDIs is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these CDIs to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The resolutions which form part of Resolution 7 seek Shareholder approval for the issue of the Director CDIs under the Company's Employee Securities Incentive Plan to the Directors (or their respective nominees). Shareholder approval is required under ASX Listing Rule 10.14 where an entity issues, or agrees to issue, securities to a director (or associate of a director) under an employee incentive scheme.

As Shareholder approval is sought under ASX Listing Rule 10.14, approval under ASX Listing Rules 7.1 or 10.11 is not required.

Each of the resolutions which form part of Resolution 7 is a separate ordinary resolution.

The Chair intends to exercise all available proxies in favour of each of the resolutions which form part of Resolution 7.

## **8.2 Technical Information Required By ASX Listing Rule 10.15**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Director CDIs:

- (a) the Directors are Messrs Coughlan, Reeves, Pavlik and Morzaria;
- (b) the maximum aggregate number of Director CDIs to be issued to the Directors (or their nominees) is up to 1,650,000 CDIs, in the proportions set out in Section 8.1 above;
- (c) should resolution 7 be passed, the Director's Plan CDIs will be issued at an issue price per new CDI based on the market price of the Company's Shares, being the VWAP of Shares traded on the ASX over the 5 trading days immediately preceding the issue of the Plan CDIs (which is expected to occur shortly following the conclusions of the Annual General Meeting);
- (d) no CDIs or Equity Securities have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (e) subject to the requirements of the Listing Rules and the determination of the Board, all Directors and their respective nominees and associates are entitled to participate in the Plan;
- (f) the subscription amount for the new CDIs to be issued by the Company 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 Plan CDIs, then the proceeds from such sale must be applied first to settle the loan (and thereby the subscription). The balance is retained by the Director. The proceeds from a sale of all of the Plan CDIs by a Director, even if less than the loan, will settle the loan in full under the Plan.
- (g) the Director CDIs will be issued no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director CDIs will be issued on one date; and
- (h) a voting exclusion statement is included in the Notice.

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## **9. ENQUIRIES**

Shareholders are invited to contact the Company Secretary, Ms Julia Beckett, on + 61 8 6141 3500 if they have any queries in respect of the matters set out in these documents.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF CONSULTANT OPTIONS

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- (a) **Entitlement**  
Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) **Exercise Price**  
Subject to paragraph (j), the amount payable upon exercise of each Option will be 28 cents (**Exercise Price**).
- (c) **Expiry Date**  
Each Option will expire at 5.00pm (WST) on 30 April 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**  
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**  
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**  
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of CDIs on exercise**  
Within 15 Business Days after the later of the following:
- (i) the Exercise Date; and
  - (ii) no later than 20 Business Days after the Exercise Date, the Company will:
    - (ii) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
    - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (h) **CDIs issued on exercise**  
CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.
- (i) **Quotation of CDIs issued on exercise**  
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the CDIs issued upon the exercise of the Options.
- (j) **Reconstruction of capital**  
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**  
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price**  
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Transferability**  
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 2 – TERMS AND CONDITIONS OPTIONS TO RICHARD PAVLIK

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- (a) **Entitlement**  
Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) **Exercise Price**  
Subject to paragraph (j), the amount payable upon exercise of each Option will be 58 cents (**Exercise Price**).
- (c) **Expiry Date**  
Each Option will expire at 5.00pm (WST) on 3 January 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Vesting Period**  
(i) 250,000 Options will vest at the completion of the Definitive Feasibility Study (DFS); and  
(ii) 150,000 Options will vest 12 months thereafter.
- (e) **Exercise Period**  
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (f) **Notice of Exercise**  
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (g) **Exercise Date**  
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (h) **Timing of issue of CDIs on exercise**  
Within 15 Business Days after the later of the following:  
(i) the Exercise Date; and  
(ii) no later than 20 Business Days after the Exercise Date, the Company will:  
(ii) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;  
(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (i) **CDIs issued on exercise**  
CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.
- (j) **Quotation of CDIs issued on exercise**  
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the CDIs issued upon the exercise of the Options.
- (k) **Reconstruction of capital**  
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) **Participation in new issues**  
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) **Change in exercise price**  
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (n) **Transferability**  
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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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.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 6.1.

**Admission** means the admission to trading of the Shares on AIM.

**AIM** means AIM, a market operated by London Stock Exchange plc.

**AIM Rules** means the AIM Rules for Companies, the AIM Note and the AIM Rules for Nominated Advisers, each published by the London Stock Exchange plc, as amended from time to time.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Articles** or **Articles of Association** means the memorandum and articles of association of the Company as adopted from time to time.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of European Metals Holdings.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**BVI Companies Act** means the BVI Business Companies Act 2004, as amended from time to time.

**CDI** means a CHESS Depository Interest representing beneficial ownership in a Share.

**CDI Voting Instruction Form** means the form accompanying the Notice with that title.

**Chair** means the chair of the Meeting.

**Company** means European Metals Holdings Limited (ARBN 154 618 989).

**DI** means a Depository Interest.

**Directors** means the current directors of European Metals Holdings.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Notice** or **Notice of General Meeting** means this meeting including the Explanatory Statement, the CDI Voting Instruction Form and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Plan** means the Company's Employee Securities Incentive Plan.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of General Meeting, or any one of them, as the context requires.

**Security** means an Equity Security of the Company.

**Share** means a fully paid ordinary share in the capital of the Company or a CDI (as applicable).

**Shareholder** means a holder of a Share.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**CDI VOTING INSTRUCTION FORM**

Please mark  to indicate your directions.

Please send CDI Voting Instruction Form no later than 11:00am WST on 28 November 2017 to:

PO Box 52  
WEST PERTH WA 6872

Or via fax +61 8 6141 3599 or email to [julia@europeanmet.com](mailto:julia@europeanmet.com)

**STEP 1 Complete Shareholding Details**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Holder ID: \_\_\_\_\_

**STEP 2 CHESSE Depository Nominees will vote as directed**

**Voting Instructions to CHESSE Depository Nominees Pty Ltd**

PLEASE MARK BOX A OR B

I/We being a holder of CHESSE Depository Interests of European Metals Holdings Limited hereby

A  Instruct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of European Metals Holdings Limited to be held at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia on 30 November 2017 at 11:00am WST and at any adjournment or postponement of that meeting in the manner instructed in Step 3. By execution of this CDI Voting Instruction Form and selection of Box A the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote as instructed and otherwise in their discretion on such business as July properly come before the meeting.

B  Instruct CHESSE Depository Nominees Pty Ltd to appoint the following person as my/our proxy in respect of the shares underlying my/our holding at the Annual General Meeting of European Metals Holdings Limited to be held at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia on 30 November 2017 at 11:00am WST and at any adjournment or postponement of that meeting.

**STEP 3 Items of Business**

*\* PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.*

		FOR	AGAINST	ABSTAIN
Resolution 1	Election of Director – Mr Richard Pavlik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Kiran Morzaria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Options to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Options to Mr Richard Pavlik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue of CDIs – Funding Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8(a)	Approval to issue CDIs to Directors – Mr Keith Coughlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8(b)	Approval to issue CDIs to Directors – Mr David Reeves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8(c)	Approval to issue CDIs to Directors – Mr Richard Pavlik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8(d)	Approval to issue CDIs to Directors – Mr Kiran Morzaria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SIGN Signature of Securityholder(s) This section must be completed**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_