

For immediate release

1 October 2018

## EUROPEAN METALS HOLDINGS LIMITED

### DFS LEVEL DRILLING PERMITS GRANTED – LITHIUM HYDROXIDE TESTWORK COMMENCED

European Metals Holdings Limited (“**European Metals**” or “**the Company**”) is pleased to provide a project update highlighting further significant advancements made in the development of the Cinovec Lithium-Tin Project (“**the project**” or “**Cinovec**”).

#### HIGHLIGHTS

- **Permits required for the DFS resource drilling campaign have been granted.**
- **A total of 13 drill holes for a total drilled length of 3,386 metres have been permitted.**
- **The first 4 geotechnical drill holes at the proposed site of the mine portal have been completed.**
- **Testing of the revised lithium hydroxide product flowsheet commenced on schedule.**

The Company has received permission from the relevant statutory authorities in the Czech Republic for the commencement of the planned comprehensive diamond drilling campaign. The drilling is aimed at converting a sufficient portion of the existing Indicated Mineral Resource to the Measured Resource category to cover the first 2 years of the scheduled mining plan. A total of 8 diamond drill holes will be completed for 2,560 metres. This is a key activity in terms of the ongoing ramp up of the project’s definitive feasibility study (DFS).

A second round of drilling to define Measured Resources to extend coverage to the first 5 years of mining may be undertaken subsequently depending on feedback from on-going discussions with financing entities and their requirements.

The Company is also pleased to report the completion of the initial 4 geotechnical holes reported on 4 September 2018 (**CINOVEC PROJECT UPDATE – SIGNIFICANT ADVANCEMENTS**), for the portal area. Geotechnical logging of the four holes will be completed by 7 October 2018. The rig is continuing with drilling a further five geotechnical holes along the planned mining decline route to allow final development ready designs to be completed for the portal and decline designs.

The Company can also report that testwork at Dorfner Anzaplan in Germany commenced on schedule. The first stage of the testwork is focused on proving up a flowsheet developed for the production of lithium hydroxide. It is the intention that this work will be followed by locked cycle testing of the flowsheet settled upon.

European Metals Managing Director Keith Coughlan commented, “It is very pleasing to receive permission from the relevant Czech authorities to begin our DFS drilling programme. The timing allows us to begin the programme ahead of the winter season and provide an upgrade to the existing resource at Cinovec as part of the DFS -it is encouraging to be able to move quickly into the next stage of development. The drilling of the geotechnical holes for portal design and location has been completed in good time and will be followed by a second programme establishing ground conditions for the mine decline. Dorfner Anzaplan have begun testwork on proving up a flowsheet for the production of lithium hydroxide as announced to the market last month. We expect this work to be very positive for the predicted financial outcomes from the project and look forward to releasing the results.”

## **BACKGROUND INFORMATION ON CINOVEC**

### **PROJECT OVERVIEW**

#### **Cinovec Lithium/Tin Project**

European Metals, through its wholly owned Subsidiary, Geomet s.r.o., controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 348Mt @ 0.45% Li<sub>2</sub>O and 0.04% Sn and an Inferred Mineral Resource of 309Mt @ 0.39% Li<sub>2</sub>O and 0.04% Sn containing a combined 7.0 million tonnes Lithium Carbonate Equivalent and 263kt of tin. An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li<sub>2</sub>O and 0.09% Sn has been declared to cover the first 20 years mining at an output of 20,800tpa of lithium carbonate.

This makes Cinovec the largest lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

EMH has completed a Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD540m and an IRR of 21%. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

The economic viability of Cinovec has been enhanced by the recent strong increase in demand for lithium globally, and within Europe specifically.

### **CONTACT**

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or contact:

**Mr. Keith Coughlan**  
**Managing Director**

### **COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist (certified by the American Institute of Professional Geologists), a member of the American Institute of Professional Geologists, a Fellow of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and a Qualified Person for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. Dr Reichl holds CDIs in European Metals.

The information in this release that relates to Mineral Resources and Exploration Targets has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and

Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

### **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

### **LITHIUM CLASSIFICATION AND CONVERSION FACTORS**

Lithium grades are normally presented in percentages or parts per million (ppm). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percent lithium oxide ( $\text{Li}_2\text{O}$ ) content or percent lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) content.

Lithium carbonate equivalent (“**LCE**”) is the industry standard terminology for, and is equivalent to,  $\text{Li}_2\text{CO}_3$ . Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent  $\text{Li}_2\text{CO}_3$  value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of  $\text{Li}_2\text{CO}_3$  from the deposit.

Lithium resources and reserves are usually presented in tonnes of LCE or Li.

The standard conversion factors are set out in the table below:

**Table: Conversion Factors for Lithium Compounds and Minerals**

<b>Convert from</b>		<b>Convert to Li</b>	<b>Convert to Li<sub>2</sub>O</b>	<b>Convert to Li<sub>2</sub>CO<sub>3</sub></b>
Lithium	Li	<b>1.000</b>	2.153	5.324
Lithium Oxide	Li <sub>2</sub> O	0.464	<b>1.000</b>	2.473
Lithium Carbonate	Li <sub>2</sub> CO <sub>3</sub>	0.188	0.404	<b>1.000</b>

## WEBSITE

A copy of this announcement is available from the Company's website at [www.europeanmet.com](http://www.europeanmet.com).

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who arranged for the release of this announcement on behalf of the Company was Keith Coughlan, Managing Director.