

For immediate release

2 April 2019

EUROPEAN METALS HOLDINGS LIMITED

CINOVEC PROJECT UPDATE – BATTERY GRADE LITHIUM HYDROXIDE SAMPLE PRODUCED

HIGHLIGHTS

- **Flowsheet successfully developed and tested for the production of lithium hydroxide from Cinovec ore.**
- **A potential production rate in excess of 25,000 tpa lithium hydroxide has been demonstrated to be possible utilising a robust process route proven in the lithium production sector.**
- **A formal update of the project PFS reflecting the production of lithium hydroxide is underway and will be completed within the next 6 weeks.**

European Metals Holdings Limited (“**European Metals**” or “**the Company**”) is pleased to provide a project update highlighting the outcomes from a recently completed engineering assessment of the flowsheet and subsequent testwork aimed at demonstrating the ability to produce lithium hydroxide from Cinovec ore. The move by the company to develop a process for the production of lithium hydroxide from the Cinovec project is in response to market forces that continue to move Czech and European manufacturers towards the production of advanced technology batteries.

The engineering assessment and associated testwork were conducted on aspects of the hydrometallurgical portion of the flowsheet of the Preliminary Feasibility Study (PFS) reported on 19 April 2017 (**PFS confirms potential low-cost lithium carbonate producer**).

A series of tests were completed in recent months by Dorfner Anzaplan in Germany looking initially at the direct production of lithium hydroxide from leach liquors and subsequently testing a more traditional route of converting lithium carbonate through to lithium hydroxide.

While both process routes were successful in producing battery grade lithium hydroxide, assessment of the relevant process risks indicated that the more robust flowsheet involved the production of battery grade lithium carbonate followed by conversion to battery grade lithium hydroxide.

This data is now being used as the foundation for an update of the PFS such that the final product from the process will be battery grade lithium hydroxide with the option to produce battery grade lithium carbonate should the market support both products.

European Metals MD Keith Coughlan commented, “The clear majority of European battery producers are indicating a requirement for lithium input to be supplied as battery grade lithium hydroxide. The fact that EMH has now demonstrated the ability to produce this product from Cinovec ore is an exciting development that will enable the Company to supply its final product into the European marketplace.

Meeting the European battery market’s requirements and expectations is foremost in our considerations. EMH’s next step is a formal update of the 2017 PFS, the outcomes from which will be reported shortly.”

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 372.4Mt @ 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt @ 0.39% Li₂O and 0.04% Sn containing a combined 7.18 million tonnes Lithium Carbonate Equivalent and 263kt of tin reported 28 November 2017 (**Further Increase in Indicated Resource at Cinovec South**). An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li₂O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate reported 11 July 2018 (**Cinovec Production Modelled to Increase to 22,500tpa 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% reported 19 April 2017 (**PFS Confirms Potential Low Cost Lithium Carbonate Producer**). 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.

There are no other material changes to the original information and all the material assumptions continue to apply to the forecasts.

CONTACT

For further information on this update or the Company generally, please visit our website at 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 (Li₂O) content or percent lithium carbonate (Li₂CO₃) content.

Lithium carbonate equivalent (“LCE”) is the industry standard terminology for, and is equivalent to, Li_2CO_3 . Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent Li_2CO_3 value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li_2CO_3 from the deposit.

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

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

Table: Conversion Factors for Lithium Compounds and Minerals

Convert from		Convert to Li	Convert to Li_2O	Convert to Li_2CO_3
Lithium	Li	1.000	2.153	5.324
Lithium Oxide	Li_2O	0.464	1.000	2.473
Lithium Carbonate	Li_2CO_3	0.188	0.404	1.000

WEBSITE

A copy of this announcement is available from the Company’s website at www.europeanmet.com.

TECHNICAL GLOSSARY

The following is a summary of technical terms:

“ball and rod indices”	Indices that provide an assessment of the energy required to grind one tonne of material in a ball or rod mill
“carbonate”	refers to a carbonate mineral such as calcite, CaCO_3
“comminution”	The crushing and/or grinding of material to a smaller scale
“cut-off grade”	lowest grade of mineralised material considered economic, used in the calculation of Mineral Resources
“deposit”	coherent geological body such as a mineralised body
“exploration”	method by which ore deposits are evaluated
“flotation”	selectively separating hydrophobic materials from hydrophilic materials to upgrade the concentration of valuable minerals
“g/t”	gram per metric tonne
“grade”	relative quantity or the percentage of ore mineral or metal content in an ore body
“heavy liquid separation”	is based on the fact that different minerals have different densities. Thus, if a mixture of minerals with different densities can be placed in a liquid with an intermediate density, the grains with densities less than that of the liquid will float and grains with densities greater than the liquid will sink
“Indicated” or “Indicated Mineral Resource”	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate

“Inferred” or “Inferred Mineral Resource”	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes which may be limited or of uncertain quality and reliability
“JORC Code”	Joint Ore Reserve Committee Code; the Committee is convened under the auspices of the Australasian Institute of Mining and Metallurgy
“kt”	thousand tonnes
“LCE”	the total equivalent amount of lithium carbonate (see explanation above entitled Explanation of Lithium Classification and Conversion Factors)
“LiOH”	lithium hydroxide monohydrate (LiOH.H ₂ O), the commercial form of lithium hydroxide
“lithium”	a soft, silvery-white metallic element of the alkali group, the lightest of all metals
“lithium carbonate”	the lithium salt of carbonate with the formula Li ₂ CO ₃
“magnetic separation”	is a process in which magnetically susceptible material is extracted from a mixture using a magnetic force
“metallurgical”	describing the science concerned with the production, purification and properties of metals and their applications
“Mineral Resource”	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge; mineral resources are sub-divided into Inferred, Indicated and Measured categories
“mineralisation”	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
“Mt”	million tonnes
“optical microscopy”	the determination of minerals by observation through an optical microscope
“ppm”	parts per million
“recovery”	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
“resources”	Measured: a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability
“SAGability”	testing material to investigate its performance in a semi-autonomous grinding mill

“spiral concentration”	a process that utilises the differential density of materials to concentrate valuable minerals
“stope”	underground excavation within the orebody where the main production takes place
“t”	a metric tonne
“tin”	A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO ₂
“treatment”	Physical or chemical treatment to extract the valuable metals/minerals
“tungsten”	hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram
“W”	chemical symbol for tungsten

ADDITIONAL GEOLOGICAL TERMS

“apical”	relating to, or denoting an apex
“cassiterite”	A mineral, tin dioxide, SnO ₂ . Ore of tin with specific gravity 7
“cupola”	A dome-shaped projection at the top of an igneous intrusion
“dip”	the true dip of a plane is the angle it makes with the horizontal plane
“granite”	coarse-grained intrusive igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz and balance of plagioclase feldspars and ferromagnesian silicates
“greisen”	A pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals
“igneous”	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
“muscovite”	also known as potash mica; formula: KAl ₂ (AlSi ₃ O ₁₀)(F,OH) ₂ .
“quartz”	a mineral composed of silicon dioxide, SiO ₂
“rhyolite”	An igneous, volcanic rock of felsic (silica rich) composition. Typically >69% SiO ₂
“vein”	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
“wolframite”	A mineral, (Fe,Mn)WO ₄ ; within the huebnerite-ferberite series
“zinnwaldite”	A mineral, KLiFeAl(AlSi ₃)O ₁₀ (F,OH) ₂ ; mica group; basal cleavage; pale violet, yellowish or greyish brown; in granites, pegmatites, and greisens

ENQUIRIES:

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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.