

For immediate release

30 APRIL 2020

EUROPEAN METALS HOLDINGS LIMITED

QUARTERLY ACTIVITIES REPORT – MARCH 2020

European Metals Holdings Limited (“**European Metals**” or the “**Company**”) is pleased to provide an update on its activities during the three-month period ending 30 March 2020 which highlights the continued progress in the development of the globally significant Cinovec Lithium / Tin Project (“**the project**” or “**Cinovec**”) in the Czech Republic.

HIGHLIGHTS:

- **Final agreement reached with CEZ on significant project investment**
- **Completion of capital raising**

POST QUARTER

- **Successful completion of CEZ transaction – EUR 29.1m received by Geomet**
- **Covid-19 update**
- **Grant of Preliminary Mining Permit**

Final agreement reached with CEZ on significant Project investment

On 27 March 2020 the Company announced that it had reached final agreement with CEZ regarding a strategic partnership and significant investment into the Cinovec Project. The agreement was subject only to the approval of EMH shareholders, which has now been granted.

CEZ through its wholly-owned subsidiary SDAS, has acquired 51% of Geomet s.r.o. the Company’s previously wholly owned Czech subsidiary and the holder of the Cinovec licences for EUR 29.1 million. These funds have now been received into the Geomet bank account.

CEZ’s core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. As one of the leading Central European power companies, CEZ intends to develop energy storage projects in the Czech Republic and in Central Europe which include energy storage and charging infrastructure and electricity supply, for users of electric vehicles.

With the completion of the agreement with CEZ, Geomet will now immediately commence the Definitive Feasibility Study (“DFS”) and Front-End Engineering Design (“FEED”) programmes of work.

Completion of capital raising

The Company completed a capital raising in early January and raised gross proceeds of GBP 350,000 via a share placing to UK investors. A total of 2,295,080 new ordinary shares of no par value were issued to new and existing investors by way of the issue of depositary interests representing Placing Shares.

POST QUARTER

Successful conclusion of CEZ transaction

On 28 April 2020 the Company announced that the investment of EUR 29.1 million by CEZ a.s. for a 51% equity interest in Geomet, the Company's Czech subsidiary and holder of the Cinovec licenses had completed. The payment of EUR 29.1 million will see the Cinovec project fully funded to the decision to construct, paving the way for Cinovec to become the first European Union producer of battery grade lithium compounds from a local lithium resource.

Preliminary Mining Permit at Cinovec granted

On 30 April 2020 the Company advised that the Czech Ministry of the Environment had granted Geomet with the Preliminary Mining Permit related to the Northwestern part of the Cinovec deposit. The preliminary approval for the Northwestern part of the deposit covers an area of 1.27 km² and, together with the existing Preliminary Mining Permit for the Southern part, now encompasses the entire Cinovec ore reserve. This permit significantly strengthens Geomet's position as the only possible miner and paves the way for obtaining the remaining permits to start construction, mining, and processing activities.

*(Please refer to the announcement on the European Metals website for the graphic of **Figure 1: Preliminary Mining Permit – Cinovec Project** – www.europeanmet.com.)*

Covid-19 update

Also on 23 April 2020 the Company provided the market with an update regarding its operations and Covid-19.

With the completion of the agreement with CEZ, work will commence on the Definitive Feasibility Study ("DFS") and Front-End Engineering Design ("FEED") programmes of work. The funds contributed by CEZ will fully finance Geomet and Cinovec through the period to construction permitting and commencement of construction. The principal components of the next phase of work on Cinovec are the availability of management and staff, ore samples for test work and laboratory staff and time.

It was reported that all management and staff of both EMH and Geomet are unaffected by COVID-19 and the current restrictions on travel and meetings are not expected to have any impact for the foreseeable future; all staff are able and continue to work remotely. To-date, the Cinovec Project has drilled in excess of 13,800m of diamond drilling under the management of EMH. Extensive sample quantities are available from the resulting drill core as well as material recovered from historic adit drives into the ore body. Significant quantities of ore sample are held at our laboratory partners in Germany and at the project office in the Czech Republic. European Metals and Geomet have confirmed with our laboratory and engineering partners in Germany and Australia that staff and laboratories involved in the DFS and FEED programmes over the next 3 months are ready and open for work on an immediate basis.

CORPORATE

Payments to Related Parties

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$86K in payments were made to directors and their associates as director remuneration. Amounts paid to Wild West Enterprises Pty Ltd are related entities of David Reeves, Managing Director, for rent (\$3k).

Performance Shares

As at 31 March 2020 the issued performance shares including the terms and conditions were as follows:

Number	Description	Summary Terms & Conversion Hurdles
1,000,000	A Class Performance Shares	Convert into Shares and an equivalent number of CDIs upon the issuance of the preliminary mining licenses relating to the Cinovec Project. The A Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 1,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to the date the final preliminary mining license is issued. Class A Performance Shares expire on 18 December 2021.
3,000,000	A Class Performance Shares	Convert into Shares and an equivalent number of CDIs upon the completion of a definitive feasibility study (DFS). For clarity, the DFS must be: (i) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study; (ii) capable of supporting a decision to mine on the Permits; and (iii) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a pre-tax net present value of not less than US\$250,000,000. The A Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 3,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to date of receipt of the completed DFS. Class A Performance Shares expire on 18 December 2021.

(Together the **Milestones** and each a **Milestone**. For the avoidance of doubt, the number of Shares and equivalent number of CDIs which will be issued on conversion of the A Class Performance Shares and B Class Performance Shares will not exceed a ratio of 1 for 1.)

The Company advises that 4,000,000 B Class Performance Shares expired pre quarter.

TENEMENT SCHEDULE

Permit	Code	Deposit	Interest at beginning of the quarter	Acquired/ Disposed	Interest at end of the quarter
Exploration Area	Cinovec	n.a.	100%	N/A	100%
	Cinovec II		100%	N/A	100%
	Cinovec III		100%	N/A	100%
	Cinovec IV		100%	N/A	100%
Preliminary Mining Permit	Cinovec III	Cinovec South	100%	N/A	100%
	Cinovec IV	Cinovec NW	100%	N/A	100%

PMP Extension under Application	Cinovec II	Cinovec East	100%	N/A	100%
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BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li₂O and 0.04% Sn containing a combined 7.22 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 at 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 hard rock 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.

In June 2019 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD1.108B and an IRR of 28.8% and confirmed that the Cinovec Project is a potential low operating cost, producer of battery grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test-work has produced both battery grade lithium hydroxide and battery grade lithium carbonate in addition to 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.

BACKGROUND INFORMATION ON CEZ

Headquartered in the Czech Republic, CEZ a.s. is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 33,000 employees and annual revenue of approximately EUR 7.24 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 10.08 billion.

As one of the leading Central European power companies, CEZ intends to develop several projects in areas of energy storage and battery manufacturing in the Czech Republic and in Central Europe.

CEZ is also a market leader for E-mobility in the region and has installed and operates a network of EV charging stations throughout Czech Republic. The automotive industry in Czech is a significant contributor to GDP and the number of EV's in the country is expected to grow significantly in coming years.

CONTACT

For further information on this update or the Company generally, please visit our website at www.europeanmet.com or see full contact details at the end of this release.

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, Li₂CO₃. 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 Li₂CO₃ value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li₂CO₃ 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 Li₂O	Convert to Li₂CO₃
Lithium	Li	1.000	2.153	5.324
Lithium Oxide	Li ₂ O	0.464	1.000	2.473
Lithium Carbonate	Li ₂ CO ₃	0.188	0.404	1.000
Lithium Hydroxide	LiOH.H ₂ O	0.165	0.356	0.880

WEBSITE

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

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 authorised for the release of this announcement on behalf of the Company was Keith Coughlan, Managing Director.