

For immediate release

23 September 2020

## EUROPEAN METALS HOLDINGS LIMITED

### APPOINTMENT OF LEADING GLOBAL ENGINEER

European Metals Holdings Limited (ASX & AIM: EMH, FSE: E861.F) ("**European Metals**" or the "**Company**") is pleased to announce the appointment of SMS group Process Technologies GmbH ("**SMS group**") as the lead engineer for the minerals processing and lithium battery-grade chemicals production at the Cinovec Project (the "**Agreement**").

The Cinovec Project, a joint venture between European Metals and ČEZ Group through its subsidiary Severočeské doly, has recently received investment in the amount of EUR 29m, funding the Project through to the construction decision.

Under the Agreement, SMS group will provide a complete Front-End Engineering Design ("**FEED**") study as the major component of the ongoing Definitive Feasibility Study ("**DFS**") work at Cinovec.

Headquartered in Dusseldorf, the German family-owned SMS group is one of the world's leading companies in plant construction and mechanical engineering for the technology metals and materials sector. Employing more than 14,000 people globally and with a presence in more than 50 countries, SMS group earned global revenues of €2.9bn in the year ended 31 December 2019. SMS group is also a world leader in electrical and automation systems including digital solutions for self-learning processing plants to continuously optimise plant performance, product quality and energy consumption. Being in business for more than 150 years, SMS group has a rich track record in the successful development and delivery of complex large-scale integrated plants.

Under the Agreement, SMS will provide the following to the Cinovec Project:

- Full process integration from the point of delivery of ore to the underground crusher through to the delivery of finished battery-grade lithium chemicals for battery and cathode manufacturers.
- The FEED will include all of the process steps – comminution, beneficiation, roasting, leaching and purification.
- The FEED will encompass both the lithium process flowsheet and the tin/tungsten recovery circuit delivering metal concentrates to refineries.
- The FEED is intended to deliver a binding fixed price lump sum turnkey EPC contract with associated process guarantee and product specification guarantees for battery-grade lithium chemicals. The combination of these will greatly assist to underwrite project financing from leading European and global financial institutions lending into this new energy EV-led industrial revolution.

The FEED study will commence immediately and is expected to deliver the EPC contract, as the final component part of the Cinovec DFS, by the end of 4Q 2021.

Herbert Weissenbaeck, Senior Vice President for Strategic Project Development at SMS group, commented "Having successfully completed thorough technical due diligence we believe in the compelling value proposition of Geomet's Cinovec Lithium/Tin/Tungsten project, which is set to

become a cornerstone of the e-mobility driven European battery metals landscape. SMS group is delighted to deploy its second-to-none technology metals and materials production know-how and EPC capabilities into this exciting project.”

EMH Executive Chairman, Keith Coughlan commented, “SMS is the ideal engineering partner for the Cinovec Project as it is based in neighbouring Germany with a globally-respected process design capability. The appointment of SMS is the culmination of a negotiation and due diligence process that has lasted over a year. EMH, Geomet and ČEZ have all been consistently impressed by SMS group’s capabilities and insights into the development of efficient high recovery plants capable of producing very high-quality end-products. Successful delivery of the FEED study will provide a gateway to financing institutions and off-takers of the highest quality. We believe that the intended product and process guarantees will greatly enhance the Project finance either directly through commercial lenders or through the recently announced collaborative agreement with EIT InnoEnergy.”

Pavel Čmelík, CEO of Geomet a.s. and Director, New Ventures Development, ČEZ a.s., commented “ČEZ is very happy to have a world-leading process engineer join the Cinovec Project, an integrated mine and battery-grade chemicals producer which is expected to be a key contributor to the ongoing energy sector transformation within the European Union. We look forward to working together with SMS group to fulfil the considerable potential of this Czech project in the wider European context”.

## ABOUT SMS GROUP

SMS group is a group of companies internationally active in plant construction and mechanical engineering for the steel and non-ferrous metals industries. It has some 14,000 employees who generate world-wide annual sales of more than EUR 2.9 billion. The sole owner of the holding company SMS GmbH is the Familie Weiss Foundation.

SMS group covers a wide range of products and services for new plant and equipment, revamps and upgrades and turnkey projects along the whole process chain. Its technology portfolio covers plants for the steel, aluminum, non-ferrous, battery metals and technology metals industries, as well as for logistics and recycling, founded on strong capabilities in process and project development (PFS, DFS, FEED), engineering, project management, EPC and integrated plants supply, service and maintenance, electrics and automation as well as in advanced digital solutions, energy management and financial services.

SMS group is represented at over 50 locations worldwide. In addition to its plants in Germany, the group also has a wide-ranging and continually expanding network of international service and manufacturing locations in close proximity to all its customers.

## 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% Li<sub>2</sub>O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li<sub>2</sub>O 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% Li<sub>2</sub>O 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**).

The quantity of these resources directly attributable to the Company is equivalent to the 49% shareholding the Company has in Geomet s.r.o.

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](http://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 (Li<sub>2</sub>O) content or percent lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) content.

Lithium carbonate equivalent (“LCE”) is the industry standard terminology for, and is equivalent to, Li<sub>2</sub>CO<sub>3</sub>. 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<sub>2</sub>CO<sub>3</sub> value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li<sub>2</sub>CO<sub>3</sub> 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>
Lithium Hydroxide	LiOH.H <sub>2</sub> O	0.165	0.356	<b>0.880</b>

## WEBSITE

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

### ENQUIRIES:

#### **European Metals Holdings Limited**

Keith Coughlan, Executive Chairman

Tel: +61 (0) 419 996 333

Email: [keith@europeanmet.com](mailto:keith@europeanmet.com)

Kiran Morzaria, Non-Executive Director

Tel: +44 (0) 20 7440 0647

Julia Beckett, Company Secretary

Tel: +61 (0) 8 6245 2050

Email: [julia@europeanmet.com](mailto:julia@europeanmet.com)

#### **Beaumont Cornish (Nomad & Broker)**

Michael Cornish

Tel: +44 (0) 20 7628 3396

Email: [corpfin@b-cornish.co.uk](mailto:corpfin@b-cornish.co.uk)

Roland Cornish

**Shard Capital (Joint Broker)**

Damon Heath

Erik Woolgar

Tel: +44 (0) 20 7186 9950

**Blytheweigh (Financial PR)**

Tim Blythe

Megan Ray

Tel: +44 (0) 20 7138 3222

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, Executive Chairman.