

For immediate release

31 July 2020

**EUROPEAN METALS HOLDINGS LIMITED**  
**QUARTERLY ACTIVITIES REPORT – JUNE 2020**

European Metals Holdings Limited (ASX & AIM: EMH, FSE: E861.F) (“**European Metals**” or “**the Company**”) is pleased to provide an update on its activities during the three-month period ending 30 June 2020 which highlights the continued progress in the development of the globally significant Cinovec Lithium/Tin Project (“**the Project**” or “**Cinovec**”) in Czech Republic.

**CEZ INVESTMENT IN CINOVEC PROJECT APPROVED**

On 23 April 2019, European Metals advised that shareholders had approved the investment of EUR 29.1 million (~ AUD 50.2 million) by CEZ a.s. (“**CEZ**”) for a 51% equity interest in Geomet, the Company’s Czech subsidiary and holder of the Cinovec licenses at the Extraordinary General Meeting held on 23 April 2020.

European Metals advised on 28 April 2020 that the above investment was completed, and that project work would commence immediately.

The investment of EUR 29.1 million will see the Cinovec project fully funded to the decision to construct.

**PRELIMINARY MINING PERMIT AT CINOVEC GRANTED**

On 16 June 2020, European Metals advised that the Czech Ministry of the Environment had granted Geomet an updated Preliminary Mining Permit related to the Eastern part of the Cinovec deposit.

The permit was issued for a period of 8 years. A Preliminary Mining Permit is a necessary legal pre-qualification before obtaining a Final Mining Permit and guarantees the Company the priority right to apply for and obtain a Final Mining Area and a Final Mining Permit.

The approval for the Cinovec-East Preliminary Mining Permit of the deposit covers an area of 0.201 km<sup>2</sup> and, together with the existing Preliminary Mining Permits, encompasses the entire Cinovec ore reserve with Preliminary Mining Permits. There are three Preliminary Mining Permits issued with medium-term validity periods; Cinovec Northwest and Cinovec-East are valid until 2028 and Cinovec-South until 2025. The Company intends to amalgamate all three Preliminary Mining Permits into a single Preliminary Mining Permit as a pre-requisite for a single Final Mining Area and Final Mining Permit to simplify the development of the mine.

*(Please refer to the announcement on the European Metals Website for the graphic of Figure 1: Preliminary Mining Permit – Cinovec Project - [www.europeanmet.com](http://www.europeanmet.com))*

**BOARD CHANGES**

On 30 June 2020, the Company announced that Mr David Reeves had resigned as a Director and Non-Executive Chairman of the Company due to the increased demands on his time as Managing Director of Calidus Resources. At the same time Mr Keith Coughlan moved from his position of Managing Director to Executive Chairman as an interim measure.

## POST QUARTER

On 14 July 2020, the Company announced the following:

- **Appointment of European Investor Relations Advisor**

EMH has appointed DGWA, the German Institute for Asset and Equity Allocation and Valuation ("Deutsche Gesellschaft für Wertpapieranalyse GmbH", "DGWA"), one of the leading mining and resource focused European investment banking boutiques, as its Investor and Corporate Relations advisor in Europe.

DGWA will collaborate with European Metals to help gain investor awareness and drive investment opportunities from the European financial markets and will provide investor relations services to help European Metals position itself in the German-speaking financial markets. DGWA will also introduce European Metals to its extensive network within the European corporate and federal community to assist the Company in exploring offtake-agreements and potential grants and subsidies.

- **Proposed Czech Listing**

The Company is in discussions with the Prague Stock Exchange regarding the proposed listing of the Company's securities. Given the high profile that the Cinovec Project has within the Czech Republic, the Company would like to provide the opportunity for Czechs to invest directly via their domestic exchange.

- **Interim Funding**

EMH has arranged an interim funding facility to assist in financing the new initiatives listed above and for ongoing operations. The facility has been provided by an Australian based sophisticated investor, 6466 Investments Pty Ltd, and allows for a drawdown of up to AUD 1 million in tranches as required over 12 months. Any funds drawn down will convert to CDI's in the Company at a 15% discount to the 10-day vwap in the Company's securities. The issue of shares pursuant to draw downs is not subject to shareholder approval.

The first draw down was completed on 17 July 2020.

- **Partnership Agreement with European Union Body**

On 28 July 2020, the Company announced that a "Value Added Services Agreement" with KIC InnoEnergy SE ("EIT InnoEnergy"), the principal facilitator and organiser of the European Battery Alliance, had been entered into by Geomet s.r.o. in respect of the Cinovec Lithium Project in the Czech Republic ("Cinovec" or the "Project").

The Project, a joint venture between European Metals and CEZ, has been recently funded to the amount of approximately EUR 29m, taking the Project through to construction decision and the purpose of the financing agreement with EIT InnoEnergy (the Agreement) is to support the construction financing and ultimate commercialisation of Cinovec, the largest hard rock lithium deposit in Europe, by EIT InnoEnergy providing assistance to EMH to support the:

- Sourcing of construction finance;
- Securing of grant funding; and
- Assisting in offtake introductions and negotiations.

## CORPORATE

## Performance Shares

As at 30 June 2020 the issued performance shares including the terms and conditions were as follows:

Number	Description	Summary Terms & Conversion Hurdles
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 and B 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.

## Payments to Related Parties

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$83k in payments were made to related parties and their associates for director salaries, consultancy fees, superannuation and other related costs. A portion of these expenses are to be reimbursed directly from Geomet.

## TENEMENT SCHEDULE

Permit	Code	Deposit	Interest at beginning of Quarter	Acquired / Disposed	Interest at end of 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 II	Cinovec South	100%	N/A	100%
	Cinovec III	Cinovec East	100%	N/A	100%
	Cinovec IV	Cinovec NorthWest	100%	N/A	100%

## 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).

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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, Executive Chairman.