

For immediate release

28 July 2020

EUROPEAN METALS HOLDINGS LIMITED

PARTNERSHIP AGREEMENT WITH EUROPEAN UNION BODY

European Metals Holdings Limited (ASX & AIM: EMH, FSE: E861.F) ("**European Metals**" or "**the Company**") is pleased to announce that a "Value Added Services Agreement" with KIC InnoEnergy SE ("**EIT InnoEnergy**"), the principal facilitator and organiser of the European Battery Alliance, has been entered into today 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 construction finance;
- Securing grant funding; and
- Assisting in offtake introductions and negotiations.

EIT InnoEnergy leads the the European Battery Alliance which was initiated by the European Commission in 2017 to create a competitive and sustainable battery cell manufacturing value chain in Europe.

Last week the EU approved the Green Stimulus Plan, agreeing to invest more than 500 billion euros into a climate change plan including electric vehicles and renewable energy.

Based on Cinovec's economics, long mine life and proximity to the key manufacturing centers in Europe leading the EV development, the Project is well positioned to work with EIT InnoEnergy and other European organisations to ensure timely development to assist in meeting the expected significant increase in this demand.

Keith Coughlan commented, "European Metals and its development partner, CEZ, look forward to receiving support from EIT InnoEnergy and working together closely with their industrial and financial partners to deliver production at Cinovec, and contribute to a sustainable supply chain for a world leading centre for EV development and manufacture in Europe.

"Cinovec is the largest hard rock lithium resource in Europe and is strategically located to produce lithium in Europe for Europe. The requirement for locally sourced raw materials for the e-mobility movement has become more apparent during COVID-19, and Cinovec is well positioned in close proximity to Europe's manufactures. Over the coming months we look forward to commencing the DFS work programmes, and subsequent permitting and construction of Cinovec."

Diego Pavia, CEO, EIT InnoEnergy commented, "The clear mandate of the EBA250 and EIT InnoEnergy is to secure raw materials, technological development and industrial production of modern energy technologies in Europe, for Europe to be largely self-supporting in these critical sectors. Lithium is central to this as the single most critical metal required for almost all energy storage technologies – as the lightest metal and with the highest charge density to mass ratio, it cannot be replaced. We see Cinovec as critical to the development of Europe's energy storage industry – it is the largest hard-rock lithium resource in Europe and the fourth largest globally, as such representing a strategic and

accessible source of supply of a raw material critical to meeting the EU's climate goals of electrification of mobility and large-scale development of renewable energy storage. We very much look forward to supporting the development of Cinovec and full integration of this project into the European battery value chain, with local, ethical, traceable and sustainable production of lithium."

EIT InnoEnergy is a fully-commercial company, supported by the European Institute of Innovation and Technology. Formed in 2010, it has some 500 industrial partners and 24 shareholders. It leads the European Battery Alliance ("EBA250"), formed in 2017, which brings together over 120 European and non-European stakeholders representing the entire European battery value chain. This includes major auto manufacturers, battery and cathode manufacturers.

The objective of EBA250 is to build a strong pan-European battery industry that is able to help Europe capture a growing market worth €250 billion per annum by 2025. This industrial development programme supports the European Green Deal, which is the EU's roadmap for making the EU's economy sustainable. Under the Value Added Services Agreement, EIT InnoEnergy will support Geomet in the financing and development of Cinovec by assisting Geomet in:

- Securing construction finance for Cinovec, potentially up to the full amount of the capex and working capital required to put the mine and lithium chemical plant into production;
- Securing grant funding from applicable EU, national or regional grant schemes, for Project optimisation studies and economic development objectives, for development of green/sustainable energy projects (for example, through the Just Transition Fund recently announced by the European Commission);
- Developing relationships with EIT InnoEnergy's partner offtakers, with the intention of facilitating and advising on the negotiation of offtake agreements, potentially including offtake pre-financing; and
- Providing general support including education, communication and societal and environmental acceptance.

The Agreement is non-exclusive and EIT InnoEnergy will work together with Geomet's other advisers in finance, environmental and social advisory.

BACKGROUND INFORMATION ON EIT INNOENERGY AND EBA250

EIT InnoEnergy is the innovation engine for sustainable energy across Europe, supported by the European Institute of Innovation and Technology (EIT). InnoEnergy has been entrusted by the European Commission to drive forward and promote the EBA250 activities. InnoEnergy's role in the European Battery Alliance is to provide background data and to define key questions, recommendations and actions. InnoEnergy also supports the establishment of a European battery ecosystem by providing EBA250 workshops, a meeting place for key stakeholders along the entire value chain. (Refer to link: <https://bipeba.com/#/network>.)

To view the full EMH press release showing the structure of interaction of EBA250, EIT InnoEnergy and the Business Investment Platform, please go to: <https://www.europeanmet.com/announcements/>.

The full list of industrial and financial partners of the EBA250 may be found at:
<https://www.eba250.com/about-eba250/network/>

For more about EIT InnoEnergy, please visit <https://www.innoenergy.com/>
For more about the European Battery Alliance, please visit <https://www.eba250.com/>

CONTACT

A copy of this announcement can be found on our website, along with further information on this update or the Company generally, at website at 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.

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.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

Cinovec is the largest hard rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource. It has 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.

A Preliminary Feasibility Study was completed in June 2019, 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.

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.

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.

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_2O) content or percent lithium carbonate (Li_2CO_3) 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 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