

European Metals Holdings Limited

ARBN 154 618 989

Suite 2
11 Ventnor Avenue
West Perth WA 6005
PO Box 1240
West Perth WA 6872
Phone + 61 8 6245 2050
Fax + 61 8 6245 2055
Website:
www.europeanmet.com

Directors & Management

Keith Coughlan
Executive Chairman

Richard Pavlik
Executive Director

Kiran Morzaria
Non-Executive Director

Lincoln Bloomfield
Non-Executive Director

Dennis Wilkins
Company Secretary

Corporate Information

ASX: EMH

AIM: EMH

NASDAQ: ERPNF

OTC: EMHLF

Frankfurt: E861.F

CDIs on Issue: 165.7M



EUROPEAN METALS

29 January 2021

QUARTERLY ACTIVITIES REPORT – DECEMBER 2020

European Metals Holdings Limited (ASX & AIM: EMH, NASDAQ: ERPNF) (“**European Metals**” or the “**Company**”) is pleased to provide an update on its activities during the three-month period ending 31 December 2020 which highlights the continued progress in the development of the globally significant Cinovec Lithium/Tin Project (“**the Project**” or “**Cinovec**”) in Czech Republic.

EUROPEAN METALS INCREASES INVESTMENT ACCESS

- **Commenced trading on NASDAQ International**

On 15 December 2020 the Company announced that it was accepted to trade on the globally renowned US based NASDAQ International OTC program and the Company commenced trading under the code ERPNF.

This program is run by Nasdaq International Securities Exchange (ISE) and the program is designed for non-U.S.-based companies that have Level 1 American Depositary Receipts or Canadian and Australian companies that have shares that trade on the OTC market. The Company anticipates that the membership will help grow its global brand, increase liquidity and shape its message to the US investment community. This program will also accelerate the Company’s exposure to US shareholders and offers a cost-effective method to access US investment, providing a nexus to the largest capital markets globally.

- **Commenced trading on the OTC Pink Market**

On 6 December 2020 the Company commenced trading on OTC Pink Market under the code PKC: EMHLF.

Entry to the US -based OTC markets, especially NASDAQ, will increase the ease with which North- American investors can purchase European Metals securities.

The ASX will continue to be the Company’s primary listing, with investors able to purchase shares through NASDAQ, OTC Pink, UK-based AIM market and Germany’s Frankfurt Börse.

- **Proposed Czech Listing**

The Company advised on the continued discussions with the Prague Stock Exchange (PSE) regarding the proposed listing of the Company’s securities. The discussions with the PSE have indicated a route forward towards listing for the Company. 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. A PSE listing would further leverage substantial national interest in the Cinovec project, located 100 km north-west of Prague on the Czech Republic border with Germany.

EUROPEAN METALS CONFIRMS FURTHER FUNDING AGREEMENT

On 30 December 2020 the Company was pleased to announce the arrangement of a further funding agreement with 6466 Capital Limited. The agreement allows for the draw down 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 price equal to a 15% discount to the 10 - day volume weighted average price of the Company's securities. The issue of shares pursuant to draw downs is not subject to shareholder approval.

CORPORATE AND ADMINISTRATION

- **Senior Management Changes**

On 2 November 2020, the Company announced the appointment of Mr. Dennis Wilkins as Company Secretary. Mr. Wilkins replaced Julia Beckett. Mr. Wilkins is the founder and principal of DWCorporate Pty Ltd, a corporate advisory firm servicing the natural resources industry.

- **Quarterly cashflow report**

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 31 December 2020. Included in those cashflows are Cinovec associated costs of \$214k in respect of the Company's investment in the Cinovec Lithium Exploration Project in the Czech Republic ("the Project").

Payments to Related Parties

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$76k 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.

Coronavirus

The potential effects of the Cov-19 pandemic continue to be monitored for impact on the Company's operations. While the second wave has had more of an impact than the initial wave (March – May 2020) the Company has continued to use remote meeting tools (Zoom and MS Teams) to maintain project momentum, albeit not as efficiently as physical meetings would have allowed. The Executive Management team closely monitor the ever evolving Cov-19 circumstances and have determined that, so far, the pandemic has not had a material impact on the Company's operations although timelines may be slightly longer than envisaged. Further updates will be provided in the event circumstances change.

Performance Shares

As at 31 December 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. |

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% |

This announcement has been approved for release by the Board.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project (“Cinovec”)

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 and is fully funded through to Final Investment Decision, expected early 2022.

Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS and controls the mineral exploration licenses awarded by the Czech State over Cinovec. 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. An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate.

The Preliminary Feasibility Study, conducted by specialist independent consultants, 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.

The economic viability of Cinovec has been further enhanced by the recent strong increase in demand for lithium and Tin 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 10.9 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 (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 Li_2O | Convert to Li_2CO_3 | Convert to $\text{LiOH}\cdot\text{H}_2\text{O}$ |
|---------------------|--------------------------------------|----------------------|--|---|---|
| Lithium | Li | 1.000 | 2.153 | 5.325 | 6.048 |
| Lithium Oxide | Li_2O | 0.464 | 1.000 | 2.473 | 2.809 |
| Lithium Carbonate | Li_2CO_3 | 0.188 | 0.404 | 1.000 | 1.136 |
| Lithium Hydroxide | $\text{LiOH}\cdot\text{H}_2\text{O}$ | 0.165 | 0.356 | 0.880 | 1.000 |
| Lithium Fluoride | LiF | 0.268 | 0.576 | 1.424 | 1.618 |

WEBSITE

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

ENQUIRIES:

European Metals Holdings Limited

Keith Coughlan, Executive Chairman

Tel: +61 (0) 419 996 333

Email: keith@europeanmet.com

Kiran Morzaria, Non-Executive Director

Tel: +44 (0) 20 7440 0647

Dennis Wilkins, Company Secretary

Tel: +61 (0) 417 945 049

Email: dennis@europeanmet.com

WH Ireland Ltd (Nomad & Joint Broker)

James Joyce/James Sinclair-Ford (Corporate Finance)

Tel: +44 (0) 20 7220 1666

Harry Ansell/Jasper Berry (Broking)

Shard Capital (Joint Broker)

Damon Heath

Tel: +44 (0) 20 7186 9950

Erik Woolgar

Blytheweigh (Financial PR - UK)

Tim Blythe

Tel: +44 (0) 20 7138 3222

Megan Ray

Chapter 1 Advisors (Financial PR – Aus)

David Tasker

Tel: +61 (0) 433 112 936