

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom before taking any action.**

Application will be made to the London Stock Exchange for the whole of the ordinary shares of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Shares will commence on AIM at 8.00 a.m. on 10 December 2015. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial advisor. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for nominated advisers. The London Stock Exchange Plc has not itself examined or approved the contents of this Appendix.**

---

## **European Metals Holdings Limited**

*(Incorporated and registered in the British Virgin Islands with registered number 1655704)*

### **APPENDIX TO AIM ANNOUNCEMENT**

#### **FURTHER INFORMATION IN CONNECTION WITH PROPOSED ADMISSION TO AIM**

#### **Beaumont Cornish Limited**

*Nominated Adviser and Broker*

*Shares immediately following Admission*

*87,051,762 Shares of no par value issued and fully paid*

---

This Appendix has been prepared in accordance with Schedule One (and its supplement for quoted applicants) of the AIM Rules for Companies published by London Stock Exchange plc. It includes, *inter alia*, all information that is equivalent to that required for an admission document and which is not found in the current public disclosure record of EMH, meaning all information filed with the ASX (available at [www.asx.com.au](http://www.asx.com.au)) and all information available on the website of the Company at [www.europeanmet.com](http://www.europeanmet.com), including the Competent Person's Report and the announcement of the findings of the Competent Person's Report dated 2 November 2015 (together comprising the "Public Record"). This Appendix which is dated 12 November 2015 should be read in conjunction with the 20 Day Announcement Form and the Public Record. This Appendix and the 20 Day Announcement Form will be available on the Company's website from the date of the Announcement. Copies of the Announcement will also be available during this period to the public free of charge at the offices of Beaumont Cornish Limited (2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ) for at least one month from the date of Admission. This Appendix does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this Appendix has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the FCA pursuant to section 85 of FSMA and a copy has not been delivered to the FCA under rule 3.2 of the Prospectus Rules.

The Directors and the Proposed Director, whose names appear on page 3 of this Appendix, and the Company, accept responsibility for the information contained in the Announcement. To the best of the knowledge and belief of the Directors and the Proposed Director and the Company (having taken all reasonable care to ensure such is the case), the information contained in this Appendix is in accordance with the facts and, when read in conjunction with the Public Record, contains no omission likely to affect the import of such information. In connection with this Appendix, no person is authorised to give any information or make any representation other than as contained in this Appendix.

Beaumont Cornish is authorised and regulated in the United Kingdom by the FCA and is acting as Nominated Adviser Broker for the purposes of the AIM Rules exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Beaumont Cornish, or for advising any other person on the contents of this Appendix or any matter referred to herein. The responsibilities of Beaumont Cornish, as Nominated Adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Shareholder or to any other subsequent purchaser of any of the Shares and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Beaumont Cornish as to, and no liability whatsoever is accepted by Beaumont Cornish in respect of, any of the contents of this Appendix (without limiting the statutory rights of any person to whom this Appendix is issued).

**You should read the whole text of this Appendix. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this Appendix. Your attention is drawn to Schedule A of this Appendix which sets out certain risk factors relating to any investment in the Company. All statements regarding the Company's business, financial position and prospects should be viewed in the light of the risk factors set out in Schedule A of this Appendix.**

The Shares will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Canada, Republic of Ireland or Japan. The distribution of this Appendix in certain jurisdictions may be restricted by law. In particular, this Appendix should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, and in particular, should not be distributed to persons with addresses in the United States of America, the Republic of South Africa, Canada, Republic of Ireland or Japan and, subject to certain exceptions, the Shares may not be offered or sold, directly or indirectly, or to or for the account or benefit of any national, resident or citizen in or into those jurisdictions. This Appendix does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. No action has been taken by the Company or by Beaumont Cornish that would permit an offer of any of the Shares or possession or distribution of this Appendix where action for that purpose is required. Persons into whose possession this Appendix comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

This Appendix is not a prospectus under the Corporations Act, and the Appendix has not been, and will not be, lodged with the Australian Securities and Investments Commission. The Company will not make any offer of Shares pursuant to a prospectus, offer information statement or other disclosure document pursuant to Part 6D.2 of the Corporations Act. This Appendix is not, and should not be construed as, a recommendation to any person to subscribe for Shares, and is not, and is not intended to be, financial product advice for the purposes of the Corporations Act.

### **FORWARD LOOKING STATEMENTS**

Certain statements in this Appendix are "Forward Looking Statements." These Forward Looking Statements are not based on historical facts but rather on the Directors' expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such Forward Looking Statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward Looking Statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking Statements including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the Forward Looking Statements contained in this Appendix are based upon what management believes to be reasonable assumptions the Company cannot assure investors that actual results will be consistent with these Forward Looking Statements.

### **NOTICE TO RESIDENTS OF THE UNITED STATES**

This Appendix is in respect of securities of a British Virgin Islands company filing an application for all of the issued and to be issued Shares to be admitted to trading on AIM, and has been created under the disclosure regime provided by the AIM Rules for Companies, which is materially different to disclosure prepared in accordance with US law. If you are a US investor you should not use this Appendix to assess whether to make an investment in the Company.

An application for the registration of securities on AIM is not subject to the rules governing the registration of securities under the United States Securities Act of 1933, as amended, nor those of the US states. Neither the Securities and Exchange Commission nor any other US or state securities commission nor regulatory authority has approved of or passed an opinion on the accuracy or adequacy of this Appendix. Any representation to the contrary is a criminal offence. Any financial information regarding the Company or its subsidiaries included in this Appendix has been prepared in accordance with International Financial Reporting Standards ("IFRS") that may not be comparable to the financial statements of US companies. US generally accepted accounting principles differ in many respects from IFRS. None of the financial information included in this Appendix has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States). Shareholders who are US persons may have difficulty in enforcing any rights or claims that they may have arising under US federal or state securities laws in respect of the Appendix or their holding of any Shares, as the Company is located in a country other than the United States and many of its officers and directors are residents of countries other than the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, to compel a non-US company and its affiliates to subject themselves to a US court's judgment may be difficult.

Holders subject to tax in the United States are strongly urged to contact their tax advisers about the consequences of holding Shares including the potential applicability of special rules concerning US shareholders of non-US corporations. You should note that, at this time, the Company does not intend to make special accommodations regarding its financial information to assist holders with their US tax obligations. This present intention may cause additional difficulty to US holders when attempting to assess the tax profile of the Shares.

## CONTENTS

	<i>Page</i>
<b>Admission statistics and expected timetable of principal events</b>	2
<b>Directors, Proposed Director, Secretary and Advisers</b>	3
<b>Information on the Group</b>	5
<b>Schedule A: Risk factors</b>	50
<b>Schedule B: Summary of the principal mining legislation in the Czech Republic</b>	58
<b>Schedule C: Definitions and technical glossary</b>	62

## ADMISSION STATISTICS

Number of Shares in issue at the date of this Appendix ( <i>Note 1</i> )	87,051,762
Anticipated market capitalisation of the Company at Admission ( <i>Note 2</i> )	£7.5 million
Number of Options and Warrants to subscribe for Shares in issue as at the date of this Appendix	28,693,023
Number of Class B Performance Shares in issue as at the date of this Appendix	5,000,000
ASX Code	EMH
AIM Ticker Symbol	EMH
ISIN	VGG3191T1021

*Note 1: Assuming there are no changes to the issued Shares of the Company between the date of this Appendix and the date of Admission.*

*Note 2: Based on the Company's Share price of A\$0.185 on ASX as of 11 November 2015 and assuming there are no changes to the market price per Share or the issued Shares of the Company between the date of this Appendix and the date of Admission.*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Appendix	12 November 2015
Admission to become effective and trading in the Shares on AIM to commence	10 December 2015
Settlement of Shares though CREST	10 December 2015

*Unless expressly stated otherwise, all future times and dates referred to in this Appendix are subject to change at the discretion of the Company and Beaumont Cornish. If any of the times and/or dates above change the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange ("RNS"). All times shown in this Appendix are references to Greenwich Mean Time unless otherwise stated.*

## DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	<u>David</u> Russell Stuart Reeves (aged 46)	<i>Non-Executive Chairman</i>
	<u>Keith</u> Dudley Coughlan (aged 50)	<i>Managing Director</i>
	<u>Pavel</u> Reichl (aged 59)	<i>Non-Executive Director</i>
Proposed Director	<u>Kiran</u> Caldas Morzaria (aged 41)	<i>Non-Executive Director</i>

all of:

Registered Office Address	Woodbourne Hall PO Box 3162 Road Town, Tortola VG1110 British Virgin Islands
Company Trading Address	Suite 12, Level 1 11 Ventnor Avenue West Perth Western Australia 6005 Australia Telephone: +61 (0) 8 6141 3500
Website	<a href="http://www.europeanmet.com">www.europeanmet.com</a>
Company Secretary	Ms <u>Julia</u> Maria Beckett Wolfstar Group Pty Limited Suite 12, Level 1 11 Ventnor Avenue West Perth Western Australia 6005 Australia
Nominated Adviser and Broker to the Company	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
Solicitors to the Company as to English Law	Kerman & Co LLP 200 Strand London WC2R 1DJ
Solicitors to the Company as to British Virgin Islands law	Maples and Calder Sea Meadow House PO Box 173 Road Town Tortola VG1110 British Virgin Islands
Solicitors to the Company as to Czech law	Baker & McKenzie advokátní kancelář Klimentská 46 110 02 Prague 1

	Czech Republic
Solicitors to the Company as to Australian law	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia
Solicitors to the Nominated Adviser	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Auditors	Stantons International Level 2 1 Walker Avenue West Perth 6005 Western Australia Australia
Reporting Accountants (UK)	Chapman Davis LLP 2 Chapel Ct London SE1 1HH
Competent Person	Wardell Armstrong International Limited Wheal Jane Baldhu Truro Cornwall TR3 6EH
BVI Registered Agent	Rawlinson & Hunter Limited Woodbourne Hall PO Box 362, Road Town Tortola British Virgin Islands VG1110
UK Depositary	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
Principal Bankers	Westpac Banking Corporation 1257 – 1261 Hay Street West Perth 6005 Western Australia Australia

## INFORMATION ON THE GROUP

### 1 INFORMATION ON THE COMPANY

EMH is a lithium and tin exploration and development company with assets in the Czech Republic.

The Company was incorporated and registered under the BVI Companies Act on 23 June 2011 and is domiciled in the British Virgin Islands (“**BVI**”) with registered number 1655704. The Company is listed on the ASX (quotation of the Company’s Shares commenced in July 2012) under the code “EMH”. The liability of its members is limited.

The Company’s wholly-owned subsidiary, Geomet S.R.O., owns mineral exploration licences for the Cinovec Project in the north of the Czech Republic. The Company completed the acquisition of the Cinovec Project in April 2014 following which it changed its name from Equamineral Holdings Limited to its current name, European Metals Holdings Limited.

Further details of the Company's operations, principal activities and principal markets, including an updated Competent Person's Report dated 2 November 2015, the announcement of the findings of a scoping study on the Cinovec Project and the audited accounts for the three years ended 30 June 2013, 2014 and 2015 are contained in the Public Record and are available on the Company's website ([www.europeanmet.com](http://www.europeanmet.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

On 28 July 2015, the Company announced that processing of a bulk sample collected from the Cinovec Project had commenced and would be used in lithium mini-plant testing at Strategic Metallurgy’s facility in Perth, Australia.

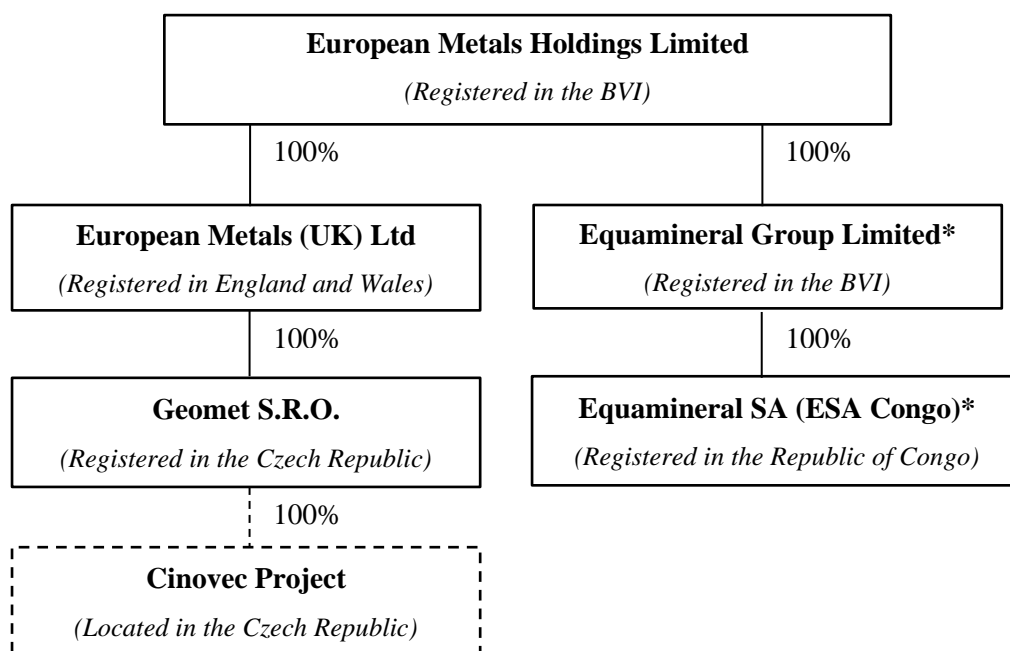
On 30 July 2015, the Company released a quarterly activities report and quarterly cash-flow report for the three months ended 30 June 2015 providing, *inter alia*, an update on the Company’s intention to raise A\$1,500,000 through a firm placement of 9,339,430 DIs and a conditional placement of a further 9,410,578 DIs (subject to Shareholder approval) to non-related European-based institutional and sophisticated investors, which was completed on 30 July 2015 and on 15 October 2015, the Company raised a further A\$360,000 by a placement of 2,000,000 DIs.

On 31 July 2015, the Company announced the results of the general meeting to ratify and approve, *inter alia*, the issue of the DIs pursuant to the Placement, the issue of 496,725 DIs to a Director in satisfaction of unpaid Director fees, the re-election of the Directors and the issue of 3,750,000 unlisted Options to the Directors exercisable at A\$0.166 per Option on or before 17 August 2020.

On 20 October 2015, the Company announced that pre-concentration and subsequent milling of a lithium bulk sample from the Cinovec Lithium-Tin-Tungsten Project has now been completed and would be shipped to be used in lithium mini-plant testing in Australia.

### 2 GROUP ORGANISATION

As shown in the below chart, the Company has the following subsidiary undertakings, which are all wholly-owned:



\* The Company has confirmed that it plans to de-register its wholly owned subsidiary, Equamineral Group Limited, the parent company to ESA Congo (the previous holder of the Oyabi project permits which were relinquished in the quarter ended 30 September 2014).

### 3 HISTORY AND OVERVIEW OF THE CINOVEC PROJECT

*The following description of the Group's interest in the Cinovec Project is extracted without material adjustment or amendment from the Executive Summary of the CPR prepared by Wardell Armstrong (pages 1 to 6) dated 2 November 2015 and which is available from the Company's Website.*

The Cinovec tin, lithium and tungsten deposit is located in the Krusne Hory, a mountain range that straddles the border between Germany and the Czech Republic. The district has an extensive mining history, with various metals having been extracted since the 14th Century. The main Cinovec deposit has been mined for in excess of 600 years with an estimated total of 40,000tons of tin recovered. Early activity in the region focussed on the high grade tin veins related to the granite intrusions in the region, whilst in 1879, tungsten ores were also exploited. However, the most active period of mining was during World War I and II, although after World War II, mining was active on the Czech side only until 1990 when the mine was abandoned. As the main deposit neared exhaustion in the 1970s, exploration by the government focused on the southern part of the system, the Cinovec South (or CJ) deposit.

During the 1970s and 1980s, an extensive exploration programme was conducted at Cinovec South, including core drilling from surface and underground and excavation of adits and cross-cuts on two levels. Historical data for the deposit were compiled and using these data, JORC Code Compliant Inferred Resources were compiled for both tin and lithium in late 2012. EMH completed a three-hole confirmatory drill programme in 2014 to test the tenor of the mineralisation and metallurgy. This was followed in 2015 by an update to the 2012 JORC compliant mineral resource estimate and the completion of a scoping study which looked at the overall project viability.



### Geology & mineralisation

The Cinovec tin-tungsten-lithium deposit is intimately associated with the cupola of the Cinovec-Zinnwald granite and comprises:

- irregular metasomatic greisen and greisenised granite zones from several tens to hundreds of metres thick that follow, and are located near or at, the upper contact of the cupola. Greisen comprises quartz and zinnwaldite with or without topaz, with irregular admixtures of sericite, fluorite and adularia-K feldspar;
- thin, flat greisen zones enclosing quartz veins up to 2 meters thick. Both the greisen and veins parallel the intrusive contact of the cupola, dipping shallowly to the north, south and east. Ore minerals are cassiterite (tin oxide), wolframite (tungsten oxide), scheelite (calcium tungstates) and zinnwaldite. In the greisen, disseminated cassiterite predominates over wolframite, while in veins wolframite is roughly equal to, or more abundant than, cassiterite; and
- steep quartz veins with wolframite.

Overall, Cinovec is best viewed as a large lithium deposit with associated tin and tungsten mineralisation. There does appear to be a spatial distribution of the metals with the highest lithium grades to the north, close to the German border, and nearer the surface. Moreover from an historic mining standpoint, it is likely that much of the production from Cinovec came from the high-grade vein material and not from the low-grade greisen mineralisation which forms the focus of this study.

Wardell Armstrong, the Competent Person inspected the core from the three holes drilled in 2014. The three sections of core examined showed broadly similar geology in that all are capped by the rhyolites below which lies the greisen altered granites and derivatives therefrom.

As a general characteristic, the highest lithium grades tend to be associated with the main greisen zones (typically darker and more silicified) which in turn are often broadly coincident with the highest tin values (and usually tungsten). However, these trends are not always seen, so assay grades are important in defining the higher grade zones. One important feature which has a direct bearing on the resource base is that the highest lithium grades are always located in the upper parts of the intrusion in line with classic greisen formation.

### Mineral Resources

A Mineral Resource model and Estimate was produced for the Cinovec deposit by Widenbar and Associates Pty Ltd in February 2012. This was audited by Wardell Armstrong in January 2013. Widenbar subsequently updated the Mineral Resource estimate in April 2015 to include a revised interpretation of the lithium mineralisation and include new drill-hole data. This was audited by Wardell Armstrong as part of the preparation of the CPR.

The current Mineral Resources as of April 2015 estimated by Widenbar are quoted separately for Tin (Sn) and Lithium (Li), as the resources show an overlap of mineralisation and are modelled separately. The resources are reported at a number of cut-off grades. The Mineral Resource estimates are set out in the tables below:

<b>Cinovec Tin Mineral Resource</b>																
<b>Category</b>		<b>Gross</b>							<b>Net Attributable</b>							<b>Operator</b>
	Cut-off Sn %	Tonnes (Mt)	Sn %	Sn t	W %	W t	Li %	Li t	Tonnes (Mt)	Sn %	Sn t	W %	W t	Li %	Li t	Geomet S.R.O.
Indicated	0.4	0.6	0.69	4,140	0.06	360	0.26	1,560	0.6	0.69	4,140	0.06	360	0.26	1,560	
	0.3	1.2	0.52	6,240	0.06	720	0.25	3,000	1.2	0.52	6,240	0.06	720	0.25	3,000	
	0.2	2.8	0.36	10,080	0.05	1,400	0.24	6,720	2.8	0.36	10,080	0.05	1,400	0.24	6,720	
	0.1	7.0	0.23	16,100	0.05	3,500	0.23	16,100	7.0	0.23	16,100	0.05	3,500	0.23	16,100	
Inferred	0.4	7.0	0.66	46,200	0.06	4,200	0.22	15,400	7.0	0.66	46,200	0.06	4,200	0.22	15,400	
	0.3	12.8	0.52	66,560	0.05	6,400	0.22	28,160	12.8	0.52	66,560	0.05	6,400	0.22	28,160	
	0.2	27.3	0.37	101,010	0.04	10,920	0.22	60,060	27.3	0.37	101,010	0.04	10,920	0.22	60,060	
	0.1	72.7	0.23	167,210	0.03	21,810	0.21	152,670	72.7	0.23	167,210	0.03	21,810	0.21	152,670	

**Notes:**

1. Mineral Resources are not reserves until they have demonstrated economic viability based on a Feasibility study or pre-feasibility study.
2. Mineral Resources are reported inclusive of any reserves and are prepared by Widenbar in accordance with the guidelines of the JORC Code (2012).
3. The effective date of the Mineral Resource is April 2015.
4. All figures are rounded to reflect the relative accuracy of the estimate.
5. Geomet S.R.O. is a wholly-owned subsidiary of EMH.

<b>Cinovec Lithium Mineral Resource</b>																
<b>Category</b>		<b>Gross</b>							<b>Net Attributable</b>							<b>Operator</b>
	Cut-off Li %	Tonnes (Mt)	Li %	Li t	W %	W t	Sn %	Sn t	Tonnes (Mt)	Li %	Li t	W %	W t	Sn %	Sn t	Geomet S.R.O.
Inferred	0.4	9.4	0.46	43,240	0.02	1,880	0.08	7,520	9.4	0.46	43,240	0.02	1,880	0.08	7,520	
	0.3	44.8	0.36	161,280	0.02	8,960	0.07	31,360	44.8	0.36	161,280	0.02	8,960	0.07	31,360	
	0.2	219.4	0.26	570,440	0.02	43,880	0.05	109,700	219.4	0.26	570,440	0.02	43,880	0.05	109,700	
	0.1	514.8	0.20	1,029,600	0.02	102,960	0.04	205,920	514.8	0.20	1,029,600	0.02	102,960	0.04	205,920	

**Notes:**

1. Mineral Resources are not reserves until they have demonstrated economic viability based on a Feasibility study or pre-feasibility study.
2. Mineral Resources are reported inclusive of any reserves and are prepared by Widenbar in accordance with the guidelines of the JORC Code (2012).
3. The effective date of the Mineral Resource is April 2015.
4. All figures are rounded to reflect the relative accuracy of the estimate.
5. Geomet S.R.O. is a wholly-owned subsidiary of EMH.

Additional unclassified mineralisation, defined as Exploration results, are reported within the resource model using a 0.1% Li cut-off. This is quoted as some 350-450Mt at 0.18% - 0.22% Li representing a large, low grade potential lithium resource. Wardell Armstrong concluded that the Widenbar model appears to have been prepared in a diligent manner and, given the data available, provides a reasonable estimate of the drill-hole assay data at the Cinovec deposit. However, Wardell Armstrong believe the classification of a small amount of the tin resource as Indicated is inappropriate, given that the update is based on only three new drill-holes, which although broadly coincident with known mineralisation, only provide a small increase of data density. Notwithstanding this, Wardell Armstrong believes that the inclusion of Indicated or otherwise is not an issue with regard to the global resource estimate.

### Processing

A limited programme of test work undertaken at ALS Laboratories on the Cinovec CJ ore type indicated that the cassiterite and tungsten minerals can be recovered by conventional gravity processing to produce a gravity concentrate grading 13.8% Sn and 2.64% WO<sub>3</sub> which represents tin and tungsten recoveries of 68.8% and 50.6% respectively. This concentrate was not processed further, so final recoveries cannot be determined from this work. However, historic metallurgical information suggested that the gravity pre-concentrate can be upgraded with cleaning stage recoveries of 96% and 84% to give separate concentrates grading 74% tin and 46% tungsten. This was achieved using a combination of magnetic, electrostatic and flotation processes.

GR Engineering has undertaken a scoping study for the design of a processing facility based on the treatment of 2.0Mtpa of ore and predicted an 80% tin recovery to a concentrate grading of 50% tin. The WO<sub>3</sub> recovery used in the scoping study was 53% with a tungsten concentrate grade of 60% WO<sub>3</sub>.

The ALS Laboratories test-work indicated an overall tin recovery in the region of 66% (68.8% x 96%), assuming the upgrade efficiency from historic metallurgical data. GR Engineering also allowed for a further 10% tin recovery using flotation to recover values from the fine tailings stream although no test-work has been undertaken and reported to date. Wardell Armstrong concluded that the overall tin recovery figure of 80% does appear to be reached by taking a generally optimistic view. Wardell Armstrong considers this achievable, but this has still to be demonstrated.

Similarly, the ALS Laboratories work gave a tungsten gravity recovery of 50.6% to a low grade concentrate of 2.64%. The historic upgrade efficiency of 84% would only give an overall recovery of 42%, compared with the GR study figure of 53%.

Further metallurgical development work may result in improvements in recoveries to those used in the GR Engineering study, but at this stage of the project's development, final recovery figures can only be broadly estimated. GR Engineering estimated the capital cost of a 2Mtpa plant to recover the tin and tungsten to be US\$72.4 million at Scoping Level (+/- 30%) and the process operating cost to be US\$11.24/tonne which Wardell Armstrong considers reasonable.

EMH has entered into a Memorandum of Understanding with Cobre Montana NL (now called Lithium Australia NL) to investigate the potential for recovering lithium from the Cinovec ore. Lithium Australia has a license to apply a unique process, developed by Strategic Metallurgy, to extract lithium from micas to produce lithium carbonate.

Test-work has demonstrated that 70% of the lithium can be recovered into a lithium carbonate product. It is thought that the main inputs into the process are sulphuric acid and potassium carbonate with potassium sulphate being produced as a by-product.

Strategic Metallurgy predicted a Capital cost of US\$163.3 million for a 2Mtpa plant, excluding an acid plant. The operating cost was predicted to be \$1,593 per tonne of Li<sub>2</sub>CO<sub>3</sub> produced, net of potassium sulphate credits. Therefore, total plant capital costs for the recovery of tin, tungsten and lithium are of the order of US\$236 million.

Wardell Armstrong was unable to comment on the accuracy of the cost estimates due to the confidential nature of the Strategic Metallurgy technology.

Wardell Armstrong concluded that the Cinovec Project represents a significant opportunity for the development of a large lithium-tin underground operation with the potential for open pit extraction should surface rights be acquired. The results of the 2015 scoping study clearly showed that given current and forecast metal prices, Cinovec is likely to be a lithium play with by product tin. However, future price fluctuations may change this dynamic. Given the favourable location of the deposit with respect to local infrastructure, markets and manpower, the extensive knowledge already gleaned on the geology and mineralisation, coupled with the positive results from the limited process test-work done to date, Wardell Armstrong believe that the Cinovec Project has the potential to be a significant producer of both lithium and tin (with lesser amounts of tungsten).

Notwithstanding this, significant further work is required to develop the project. This work will be initially focused on defining the metallurgical process for the recovery of a marketable lithium carbonate (or other lithium compound). This will involve further extensive testing at both lab and or pilot plant scale. Separately, in order to improve confidence in the mineral resource model and to convert the appropriate amount of Inferred resources to Indicated, Wardell Armstrong recommended that a programme of confirmatory drilling of infill and twinned holes be carried out in order to validate the historical drilling.

#### 4 LICENCE SUMMARIES

The Cinovec Project consists of two granted exploration permits, on which there are no minimum expenditures, as set out below:

Cinovec Permit Details						
Permit	Holder	Interest %	Status	Expiry Date	Area (Ha)	Comments
<b>Cinovec I</b> Czech Republic	Geomet S.R.O.	100%	Exploration	30/7/19	210.48	The Cinovec I permit was renewed in July 2014 for a further five year period until 31 July 2019
<b>Cinovec II</b> Czech Republic	Geomet S.R.O.	100%	Exploration	31/12/20	393.02	The Cinovec II permit was extended by a decision of the Ministry of Environment in August 2015 for a further five year period until 31 December 2020

#### 5 STRATEGY ON ADMISSION

An initial budget of up to approximately A\$220,000 has been allocated for the initial work programme over the next 12 months. There are no minimum work commitments under the terms of the Cinovec Project exploration licences. The Directors' overall objective is to proceed as quickly as possible to development and production of the Cinovec Project based on the existing defined resource envelope. The initial work programme will therefore focus on additional in-fill drilling. The total amount of drilling will be dependent on the results achieved and the initial programme will be between 500 to 1,000 metres of diamond drilling (at a total cost of up to approximately A\$150,000) to provide further cores for the metallurgical assessment of the potential lithium recovery process, metallurgical test-work and early pilot plant work. Preliminary work on acid leaching of the Cinovec gravity tailings demonstrated that 70% of the lithium may be recovered into a lithium carbonate product. The process involved atmospheric leaching using sulphuric acid. The initial objective of the additional metallurgical study (which is budgeted to cost up to approximately A\$70,000) will therefore be to assess this lithium recovery process further. Any further in-fill exploration drilling to establish a lithium inferred resource and commence a Pre-feasibility Study to define the project parameters and economics in more detail, would be subject to an additional budget at that time. The Company raised A\$1,500,000 through a placement of new shares to non-related European-based

institutional and sophisticated investors, which was completed on 30 July 2015, and a further A\$360,000 in October 2015, to provide further working capital to fund the Company's initial work programme, corporate expenses and the costs of Admission.

On completion of the initial work programme, the ability of the Company to improve confidence in the mineral resource model by converting the appropriate amount of Inferred resources to Indicated resources through additional drilling and the preparation of a pre-feasibility study is dependent upon the Company successfully raising additional finance to fund these costs. The Directors believe that the Admission will enable the Company to access a wider investor base and envisage that subsequent funding will be raised by further equity issues, and given the Cinovec Project location, principally subscribed by European-based investors. Any such further fundraising will be subject to prevailing market conditions and the availability of funds

## 6 LOCK-IN ARRANGEMENTS

Pursuant to the AIM Rules, each of the Directors and Rare Earth Minerals (the "Locked-in Parties") have undertaken to the Company and Beaumont Cornish that they will not, and will use all reasonable endeavours to procure that a person who is a Connected Person will not, sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in Shares at any time before the first anniversary of Admission. As at the date of this Appendix, the Locked-in Parties (and their Connected Persons) own 20,675,374 Shares representing 23.75 per cent. of the total issued Shares and also hold options to acquire a further 9,408,372 Shares and 1,336,557 Class B Performance Shares.

Further details of the Lock-in Agreement are set out in Section 25(h) of this Appendix.

## 7 FINANCIAL INFORMATION

The Group's consolidated audited financial statements and annual reports for the three years ended 30 June 2015, together with its unaudited interim results for the six month periods ended 31 December 2014 and 31 December 2013, are available from the Company's website ([www.europeanmet.com](http://www.europeanmet.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, or other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Save as disclosed in this Appendix or in the Public Record, there have been no significant changes in the financial or trading position of the Company or the Group since 30 June 2015, the date to which the audited financial information relating to the Group for the year ended 30 June 2015 was prepared and announced on 30 September 2015.

The Company will publish its interim report for the six months ended 31 December 2015 on or before 31 March 2016. The Company will publish its audited accounts for the year ended 30 June 2016 on or before 30 September 2016. The Company will publish its interim report for the six months ended 31 December 2016 on or before 31 March 2017. The accounting reference date of the Company is 30 June.

## 8 RISK FACTORS

**The exploration and development of natural resources is a highly speculative activity that involves a high degree of financial risk. The risk factors which should be taken into account in assessing the Group's activities and investment in the Company include, but are not necessarily limited to, those set out in Schedule A below. Any one or more of these risks could have a material effect on the value of any investment in the Company and should be taken into account in assessing the Group's activities.**

## 9 THE TAKEOVER CODE AND TAKEOVER PROTECTION

The Company is not subject to the Takeover Code, as being incorporated in the BVI, it is not treated by the Takeover Panel as resident in the UK, the Channel Islands or the Isle of Man. Neither is it considered 'Australian resident' by ASIC. Accordingly, transactions in the Shares will not be subject to the provisions of the Takeover Code or ASIC. Additionally, there is no Takeover Code or similar regulation of takeover offers applicable in the BVI. The New Articles contain certain provisions similar to Rule 9 of the City Code.

The New Articles (as they will be on Admission, subject beforehand to the passing of the enabling resolution by Shareholders) contain provisions which seek to replicate certain protections provided by the Takeover Code, although the Takeover Panel will have no responsibility or involvement in their enforcement. Regulation 24 of the New Articles provides that except with the consent of the Board, when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by his concert party) carry 30 per cent. or more of the voting rights of the Company; or
- (b) any person who (together with any concert party) holds not less than 30 per cent. but not more than 50 per cent. of the voting rights and such person (or any concert party), acquires additional Shares which increase his percentage of the voting rights,

such person (the "**Offeror**") shall extend an offer to the holders of all the issued Shares in the Company (the "**Offer**"). Any Offer must be:

- (a) conditional only upon the Offeror having received acceptances in respect of Shares which, together with Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror (and any concert party) holding Shares carrying more than 50 per cent. of the voting rights;
- (b) be in cash or accompanied by a cash alternative at not less than the highest price paid by the Offeror (or any concert party) for Shares during the offer period and within 12 months prior to its commencement. The cash offer or the cash alternative must remain open after the Offer has become unconditional as to acceptances for not less than 14 days after the date on which it would otherwise have expired; and
- (c) made on terms that are required by the Takeover Code, save to the extent that the Board otherwise determines. Any matter which under the Takeover Code would fall to be determined by the Takeover Panel shall be determined by the Board in its absolute discretion or by such person appointed by the Board.

If at any time the Board is satisfied that a Shareholder has failed to make an Offer as required by the Articles, then the Board may by notice to such Shareholders direct that such Shareholder shall not be entitled to vote at a general meeting or exercise any rights in respect of his Shares or participate in any dividend or distribution of capital except in a liquidation of the Company.

Further details of the New Articles are set out in Section 13 below.

## 10 BVI LAW AND THE AUSTRALIAN CORPORATIONS ACT 2001

The Company is incorporated in the BVI as a BVI business company under the provisions of the BVI Companies Act and therefore is subject to BVI law. Certain provisions of the BVI Companies Act are summarised in Sections 28 and 29 below, as are details of the New Articles based upon the BVI law and the interpretation of the BVI law applicable as at the date of this Appendix and is subject to change.

Foreign companies wishing to carry on a business in Australia must be registered under the Corporations Act. The Company has been validly registered as a foreign entity by the ASIC pursuant to the Corporations Act. The Company's Australian Registered Business Number ("**ARB**N") is 154 618 989.

As the Company is incorporated in the BVI, it is governed primarily by BVI law, rather than the Corporations Act. However, discreet sections of the Corporations Act apply to the Company as it is registered as a foreign body with ASIC and listed on the ASX. Investors should note the differences between holding an interest in a BVI company and holding an interest in an Australian company. In particular, investors should note differences between the takeover provisions and how new shares may be issued.

Below is a general description of relevant corporate laws and policy in Australia as they apply to the Company. This should not be relied upon by Shareholders or any other person. The law, policies and practice are subject to change from time to time. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Shares and interests in Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay. The Company is obliged to comply with the Corporations Act and also with specific obligations arising from other laws that relate to its activities. ASIC is responsible for administering and enforcing the Corporations Act.

#### Financial Reporting Requirements

In accordance with the Corporations Act, foreign registered companies (such as EMH) must notify ASIC of any changes to its details (directors, addresses, etc.) within 1 month of such change. Generally speaking, foreign companies must also lodge a financial report with ASIC each calendar year consisting of:

- (a) a balance sheet;
- (b) a profit and loss account;
- (c) a cash flow statement; and
- (d) any other documents (if any) that the company is required to lodge in its place of origin.

#### Takeovers

As a foreign registered entity established outside of Australia, the Company is not subject to Chapter 6 of the Corporations Act relating to changes in control and takeovers of public companies.

#### Substantial Shareholdings

Under the Corporations Act, a shareholder who begins or ceases to have a substantial holding in a listed company or has a substantial holding in a listed company and there is a movement by at least 1 per cent. in their holding, must give notice to the company and the ASX.

A person has a substantial holding if that person and that person's associates have a relevant interest in 5 per cent. or more of the voting shares in the company.

As the Company is a BVI incorporated entity registered in Australia, the provisions of the Corporations Act dealing with notification of substantial holdings do not apply to the Company.

## **11 ASX LISTING RULES**

As a company admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as they exist from time to time. The ASX Listing Rules address such matters as admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. ASX also publishes guidance notes regarding the interpretation of parts of the ASX Listing Rules.

The ASX Listing Rules and guidance notes can be found at [www.asx.com.au](http://www.asx.com.au)

## 12 COMPLIANCE AND CORPORATE GOVERNANCE

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Principles and Recommendations (3<sup>rd</sup> ed.) published by the ASX Corporate Governance Council (“**Corporate Governance Recommendations**”). The Company must disclose any departures from the Corporate Governance Recommendations in a corporate governance statement contained either in its annual report or on its website, together with the reasons for such departure. A copy of the Company's latest corporate governance statement and annual report is available in the Public Record and, specifically, at [www.europeanmet.com](http://www.europeanmet.com). There have been no corporate governance changes since the date of the latest annual report.

The Directors recognise the importance of sound corporate governance, commensurate with the size and nature of the Company and the interests of its Shareholders. The UK Corporate Governance Code does not apply to companies quoted on AIM. However, the Directors intend to implement steps to comply with the UK Corporate Governance Code, so far as it is practicable having regard to the size, nature and current stage of development of the Company. Whilst there is no equivalent to the UK Corporate Governance Code in the BVI, the BVI Companies Act brings with it a more formalised approach to corporate governance particularly in the areas of the laws and rules as to directors’ duties and liabilities and shareholders’ rights which apply to all BVI companies. These are described in more detail in Section 28 of this Appendix. The Directors are not aware of any breach by the Company of the applicable BVI requirements.

Set out below is a summary description of the Company’s current corporate governance practices which are set out in full in the Company’s Corporate Governance Plan, a copy of which is in the Public Record and available from the Company’s website at [www.europeanmet.com](http://www.europeanmet.com).

### Board and Board committees

The Board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. The Board has a formal schedule of matters specifically reserved to it for decision, including matters relating to management structure and appointments, strategic and policy considerations, transactions and finance. The Board is responsible for establishing and maintaining the Company’s system of internal financial controls and importance is placed on maintaining a robust control environment. As at the date of this Appendix, the Board includes two non-executive Directors (and one proposed non-executive Director, conditional on Admission) and if necessary, the non-executive Directors may take independent advice.

The Directors recognise that the Company’s internal financial control system can only provide reasonable, not absolute, assurance against material misstatement or loss. The effectiveness of the system of internal financial control operated by the Group will therefore be subject to continuing review by the Board.

To assist the Board in fulfilling its duties, the Board has established the following committees, each with written terms of reference (which are set out in full in the Company’s Corporate Governance Plan):

#### (a) *Audit and Risk Committee*

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. The Audit and Risk Committee comprises a minimum of three members and, to the extent possible, all members must be non-executive Directors. The Audit and Risk Committee will be chaired by an independent Director who is not chairman of the Company. A quorum shall be any two members of the Audit and Risk Committee. The Audit and Risk Committee will meet at least every financial quarter and additionally as circumstances may require for it to undertake its role effectively. The Audit and Risk Committee’s duties are to: (i) review the financial reports including a review of the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company’s financial reporting and overseeing the financial reports and the results of the external audits of those reports; (ii) review and approve the relationship with the external auditors; (iii) monitor and assess the internal audit function; and (iv) oversee the Company’s risk management systems. As at the date of this Appendix the Audit and Risk



Committee comprises Mr Keith Coughlan, Mr David Reeves and Dr Pavel Reichl and is chaired by Dr Reichl. Conditional on Admission, Mr Kiran Morzaria will replace Mr Coughlan as a member of the Audit and Risk Committee.

(b) *Remuneration Committee*

The role of the Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to Shareholders by reviewing and approving (*inter alia*) the executive remuneration policy. To the extent possible, the Remuneration Committee shall comprise at least three Directors, the majority being independent non-executive Directors. A quorum shall be any two members of the Remuneration Committee. The Remuneration Committee will meet at least once a year and additionally as circumstances may require. The Remuneration Committee's duties are to: (i) review and approve executive remuneration policy; (ii) consider and make recommendations to the Board on the remuneration of Executive Directors and senior management; (iii) review and approve any executive incentive plans and equity based plans. As at the date of this Appendix the Remuneration Committee comprises Mr Keith Coughlan, Mr David Reeves and Dr Pavel Reichl and is chaired by Mr Reeves. Conditional on Admission, Mr Kiran Morzaria will replace Mr Coughlan as a member of the Remuneration Committee.

(c) *Nomination Committee*

The role of the Nomination Committee is to support and advise the Board on the composition of the Board to ensure the Board contains a mix of skills and experience to be an effective decision-making body. To the extent possible, the Nomination Committee shall comprise at least three Directors, the majority being independent non-executive Directors. A quorum shall be any two members of the Nomination Committee. The Nomination Committee will meet at least once a year and additionally as circumstances may require. The Nomination Committee's duties are to periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors. As at the date of this Appendix the Nomination Committee comprises Mr Keith Coughlan, Mr David Reeves and Dr Pavel Reichl and is chaired by Mr Reeves.

ASX compliance

The Company confirms, following due and careful enquiry that, with the exception of the late lodgement of two Appendix 3Y Notices (as detailed below), it has adhered to all legal and regulatory requirements involved in having its securities traded on the ASX and the Company has complied with all the continuous disclosure and corporate governance requirements of the ASX.. There is no material information concerning EMH which has not been announced to the ASX as at the date of this Appendix.

On 21 June 2015, the Company lodged two Appendix 3Y notices (Change of Director's Interest Notice) with ASX (the "**Appendix 3Y Notices**"). On 23 June 2015, the Company was notified by ASX that it may be in breach of ASX Listing Rules 3.19A and/or 3.19B as the lodgement of the Appendix 3Y Notices should have been lodged with ASX no later than 3 June 2015. The Company was asked by ASX to explain why the Appendix 3Y Notices were lodged late. On 26 June 2015, the Company advised ASX that the Appendix 3Y Notices were lodged late due to an oversight. ASX subsequently accepted the Company's explanation and no further action was taken against the Company.

Bribery Act 2010

The Bribery Act 2010 ("**Bribery Act**") which came into force in the UK on 1 July 2011 prescribes criminal offences for individuals and businesses relating to the payment of bribes and, in certain cases, a failure to prevent the payment of bribes. The Company has therefore established procedures and adopted an anti-bribery and corruption policy designed to ensure that no member of the Group engages in conduct for which a prosecution under the Bribery Act may result.

Share dealing

The Company takes all reasonable steps to ensure compliance by the Directors and employees with the provisions of the AIM Rules for Companies relating to dealings in securities of the Company and has adopted a share dealing code for this purpose which is contained in the Company's Corporate Governance Plan. The Directors believe that the share dealing code adopted by the Board in the Company's Corporate Governance Plan is appropriate for the Company given that it is traded on AIM and listed on the ASX. The Board will comply with the ASX Listing Rules and Rule 21 of the AIM Rules for Companies relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules for Companies).

#### Further Share issues

Under the New Articles, following Admission and subject to the BVI Companies Act and the Listing Rules, the Directors are authorised in any period between consecutive annual general meetings, to allot any number of Shares on such terms as they shall in their discretion determine but only up to such maximum number as represents 50 per cent. of the issued Shares of the Company at the beginning of such period. Further Shares may be allotted on terms determined by the Directors but subject to the passing of a special resolution of Shareholders.

### **13 NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Company proposes to adopt the New Articles (subject to the approval of the enabling resolution at the Meeting of Shareholders). If approved, the New Articles will, with effect from Admission, incorporate new provisions giving Shareholders greater protection in the event of a takeover or stake building by any party and restrict the power of Directors to issue new Shares. The New Articles have been prepared to bring the Company in line with, either the AIM Rule requirements, or the generally accepted practices required of AIM traded companies. A summary of the principal changes to be approved is set out below:

- (a) Regulation 2.3 of the New Articles, subject to the BVI Companies Act and the Listing Rules (including the AIM Rules) will limit the authorisation of the Directors in any period between consecutive annual general meetings, to issue Shares on such terms as they shall in their discretion determine up to such maximum number as represents 50 per cent. of the issued Shares of the Company at the beginning of such period. Further Shares may be allotted on terms determined by the Directors but subject to the passing of a special resolution of Shareholders;
- (b) Regulation 7.1 of the New Articles will incorporate provisions that the board shall convene and the Company shall hold annual general meetings at least once in each calendar year;
- (c) Regulation 8.5 of the New Articles will incorporate provisions that at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation;
- (d) Regulation 24 of the New Articles will incorporate provisions similar to Rule 9 of the City Code, whereby a person, or persons acting in concert, may be prevented from acquiring a stake in the Company of 30 per cent. (or greater) of the issued Shares from time to time, without making an offer for the remainder of the issued Shares of the Company;
- (e) Regulation 25 of the New Articles will require all Shareholders with an interest in Shares exceeding three per cent. of the Company's issued Shares from time to time, to notify the Company of such interest, identify the Shares in which it is interested and, following this, to notify the Company should their interest go through a percentage point;
- (f) Regulation 25 of the New Articles will allow the Company to make investigations into the interests of Shareholders in Shares. Non-cooperation by any Shareholder may result in the Company serving a default notice imposing restrictions on the Shares of the defaulting Shareholder including suspension of the right to vote or attend meetings of Shareholders, suspension of the right to receive any dividends on Shares held by them, or suspension of the right to transfer or agree to transfer Shares held by them; and

## New Articles – Summary of rights attaching to Shares

Shareholders' attention is drawn to the Website which sets out the full text of the New Articles (as they will be on Admission, subject to the passing of enabling resolution at the Meeting of Shareholders). The rights attaching to the Shares, as set out in the New Articles, are summarised further in Section 29 below.

### 14 DISCLOSURE AND TRANSPARENCY RULES

As the Company is incorporated in the BVI, Shareholders are not obliged to disclose their interests in the Company in the same way as shareholders of certain companies incorporated under English law and regulation specifically under the Disclosure and Transparency Rules. In particular, the relevant provisions of Chapter 5 of the Disclosure and Transparency Rules do not apply.

Accordingly, the provisions of Chapter 5 of the Disclosure and Transparency Rules and section 793 of the Act are incorporated by reference into the New Articles. Regulation 25 of the New Articles contains provisions requiring the disclosure of voting rights in Shares in accordance with the provisions of the Disclosure and Transparency Rules.

Chapter 5 of the Disclosure and Transparency Rules details the circumstances in which a person may be obliged to notify the Company that he has an interest in voting rights in respect of Shares (a “**notifiable interest**”). An obligation to notify the Company arises:

- (a) when a person becomes or ceases to be interested (by way of a direct or indirect holding of shares or of certain ‘Qualifying Financial Instruments’ (as defined in the Disclosure and Transparency Rules) or other instruments creating a long position on the economic performance of the Shares) in three per cent. or more of the voting rights attaching to the Shares; and
- (b) where such person’s interests increases or decreases through a whole percentage point.

### 15 AUTHORISED SHARES

The principal legislation under which the Company operates, and pursuant to which the Shares of no par value have been created, is the BVI Companies Act.

All the Shares are currently traded on the ASX and have been so traded since 19 July 2012. All documents or announcements which the Company has made public over the last two years in consequence of having its securities traded on the ASX are available from the Public Record.

The Company has issued the following securities since admission of the Shares on the ASX:

- (a) Subsequent to its listing on the ASX on 19 July 2012, the Company raised A\$2,500,000 via the issue of 12,500,000 Shares at A\$0.20 per Share. Immediately following admission to the ASX, the number of Shares in issue was 13,950,002.
- (b) On 12 July 2012, the Company placed into escrow 1,030,000 previously issued Shares for a 12 month period. Similarly, the Company placed into escrow 10,420,004 Shares for a 24 month period from the date of official quotation on the ASX. These Shares were placed into escrow primarily because they were held by Directors and their associated entities and substantial Shareholders. Following removal of these escrow arrangements, the number of Shares in issue was 25,400,006.
- (c) On 12 March 2014, 12,500,000 Shares, 5,000,000 unlisted Class A performance shares (“**Class A Performance Shares**”) and 5,000,000 unlisted Class B performance shares (“**Class B Performance Shares**”) were issued to the shareholders of European Metals (UK) Limited in consideration for 100 per cent. of the issued capital of European Metals (UK) Limited (“**Acquisition**”), as approved by Shareholders in general meeting on 20 February 2014.

The consideration securities issued pursuant to the Acquisition were subject to a voluntary 12 month escrow period. As part of the same transaction, Mr Keith Coughlan was issued 500,000

Shares in consideration for services provided to the Company in respect of the Acquisition. On completion of the Acquisition, there were the following securities in issue:

- (i) 38,400,006 Shares;
  - (ii) 5,000,000 Class A Performance Shares; and
  - (iii) 5,000,000 Class B Performance Shares.
- (d) On or about 6 November 2014, the Company issued 3,855,882 Shares and 3,855,882 listed Options exercisable at A\$0.10 per Option on or before 30 June 2016 (“**Listed Options**”) pursuant to a pro-rata non-renounceable rights issue. On 25 November 2014, the Company issued 18,087,141 Shares and 18,087,141 Listed Options as part of the shortfall to the rights issue offer. On completion of the rights issue, there were the following securities on issue:
- (i) 60,343,029 Shares;
  - (ii) 21,943,023 Listed Options;
  - (iii) 5,000,000 Class A Performance Shares; and
  - (iv) 5,000,000 Class B Performance Shares.
- (e) On or about 20 April 2015, the Company issued 462,000 Shares as part payment of fees for services rendered to the Company. Following such issue, there were the following securities on issue:
- (i) 60,805,029 Shares;
  - (ii) 21,943,023 Listed Options;
  - (iii) 5,000,000 Class A Performance Shares; and
  - (iv) 5,000,000 Class B Performance Shares.
- (f) On or about 26 May 2015, the Company issued 5,000,000 Shares on conversion of the Class A Performance Shares issued as part of the Acquisition. The Class A Performance Shares converted into an equivalent number of Shares in accordance with their original terms. Following such issue, there were the following securities on issue:
- (i) 65,805,029 Shares;
  - (ii) 21,943,023 Listed Options; and
  - (iii) 5,000,000 Class B Performance Shares.
- (g) On or about 30 June 2015, the Company issued 9,339,430 Shares pursuant to a placement to unrelated sophisticated and professional investors. On completion of the placement, there were the following securities on issue:
- (i) 75,144,459 Shares;
  - (ii) 21,943,023 Listed Options; and
  - (iii) 5,000,000 Class B Performance Shares.
- (h) Pursuant to resolutions approved by Shareholders at a general meeting of the Company on 31 July 2015, the following securities were issued on 13 and 17 August 2015 respectively:

- (i) 9,410,579 Shares were issued as part of the second tranche of a subscription agreement entered into by the Company and unrelated institutional and sophisticated investors. The funds raised from the subscription were to be used for the further development of the Cinovec Project and for working capital.
- (ii) 496,725 Shares were issued to David Reeves, the Company's Non-Executive Chairman, in lieu of consultancy and directorship fees owed by the Company to Mr Reeves totaling A\$30,000 (excluding GST). The relevant Share issue prices were based on the volume weighted average price of Shares for each month from April to November 2015.
- (iii) 3,750,000 unlisted Options exercisable at A\$0.166 per Option on or before 17 August 2020 ("**Unlisted Options**") were issued to Messrs Coughlan, Reeves and Reichl (the Directors of the Company) to provide a cost-effective and performance linked incentive component in the remuneration package of the board of the Company.

Following such issues, there were the following securities on issue:

- (i) 85,051,762 Shares;
  - (ii) 21,943,023 Listed Options;
  - (iii) 3,750,000 Unlisted Options; and
  - (iv) 5,000,000 Class B Performance Shares.
- (i) On 19 October 2015, the Company issued 2,000,000 Shares and 2,000,000 unlisted Options exercisable at A\$0.20 per Option on or before 19 October 2016 ("**Additional Unlisted Options**") pursuant to a placement to a major shareholder. On completion of the placement, there were the following securities on issue:
- (i) 87,051,762 Shares;
  - (ii) 21,943,023 Listed Options;
  - (iii) 3,750,000 Unlisted Options;
  - (iv) 2,000,000 Additional Unlisted Options; and
  - (v) 5,000,000 Class B Performance Shares.

The Company, immediately prior to the date of this Appendix, has in issue 87,051,762 Shares. The Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price.

All the Shares rank *pari passu* and no Shareholder enjoys different or enhanced voting rights from any other Shareholder.

As at 11 November 2015, so far as the Company is aware, 23.75 per cent. of the Company's total issued share capital is not in public hands (as defined in the AIM Rules for Companies).

No shares in capital of the Company are held by or on behalf of the Company or any other member of the Group.

Under the New Articles, the Company does not have a limit on the number of shares in the capital of the Company is authorised to issue and there is generally no limit in the BVI Companies Act or the Corporations Act on the powers of the Directors to issue shares. However, such powers of the Directors are subject to the following limitations (including those in respect of pro rata issues and issues under employee incentive schemes):

- (a) Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing shares, options or other equity securities representing more than 15 per cent. of its issued share capital in any 12 month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority.
- (b) Subject to the BVI Companies Act and the Listing Rules, Regulation 2.3 of the New Articles authorises the Directors in any period between consecutive annual general meetings, to allot any number of Shares on such terms as they shall in their discretion determine up to such maximum number as represents 50 per cent. of the issued Shares of the Company at the beginning of such period.
- (c) Regulation 24 of the New Articles will incorporate provisions similar to Rule 9 of the City Code, whereby a person, or persons acting in concert, may be prevented from acquiring a stake in the Company of 30 per cent. (or greater) of the issued Shares from time to time, without making an offer for the remainder of the issued Shares of the Company.
- (d) The Corporations Act contains provisions governing the disclosure obligations of a company making an offer/issue of securities. The general rule is that an offer of securities must be accompanied by disclosure to potential investors in a prescribed document (either a prospectus, a short form prospectus, a profile statement or an offer information statement) unless the type of offer falls within an exemption. Types of offer which do not require disclosure include offers to sophisticated investors and professional investors, offers to people associated with the company, certain offers to existing holders of securities and issues for no consideration.

The Company does not hold any class of securities as treasury shares and is unable to do so under Australian laws.

The Company intends to make an application for all of its Shares to be admitted to trading on AIM.

## **16 OPTIONS, WARRANTS AND PERFORMANCE SHARES**

The Company, as at the date of this Appendix, has in issue the following Options and Class B Performance Shares which are convertible into an equivalent number of Shares:

- (a) 21,943,023 Listed Options exercisable at A\$0.10 per Option on or before 30 June 2016;
- (b) 3,750,000 Unlisted Options exercisable at A\$0.166 per Option on or before 17 August 2020;
- (c) 2,000,000 Additional Unlisted Options exercisable at A\$0.20 per Option on or before 19 October 2016; and
- (d) 5,000,000 Class B Performance Shares, automatically convertible into an equivalent number of Shares equal to:
  - (i) A\$6,000,000 divided by, the greater of A\$0.30 and the volume weighted average price of Shares as calculated over the 5 ASX trading days prior to the date of the change of control event; or
  - (ii) if the number determined by Subsection 16(d)(i) above is greater than 10% of the number of Shares then in issue immediately following the issue of Shares due to conversion of the Class B Performance Shares, 10% (rounded down to the nearest whole Share) of the number of Shares in issue immediately following the issue of Shares due to conversion of the Class B Performance Shares.
- (e) Pursuant to the terms of the engagement letter entered into between the Company and Beaumont Cornish Limited (as more fully described in Section 25(a) below) the Company agreed, conditional on Admission, to issue Beaumont Cornish Warrants to subscribe for 1,000,000 new Shares in the Company at an exercise price of A\$0.14 expiring 3 years from Admission and being fully transferable.

The full terms and conditions of the Listed Options, Unlisted Options and the Class B Performance Shares are contained in the Public Record and are available on the Company's website ([www.europeanmet.com](http://www.europeanmet.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Save as disclosed in this Appendix:

- (a) no Share has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- (b) no Share is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Shares; no founder, management or deferred shares have been issued by the Company; and
- (d) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

## 17 ADMISSION, SETTLEMENT AND DEALING IN CREST

In order to be admitted to AIM, a company's securities must be able to be transferred and settled through the "CREST" system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including depositary interests, to be held in electronic form rather than in paper form. The Australian equivalent of this system is called "CHESS". For certain foreign securities, in this case the Company's Shares, to be transferred and settled through CREST, they need to be in the form of depositary interests ("**Depositary Interests**").

The Company, through its UK depositary, will have a facility whereby (pursuant to a depositary deed to be executed by the UK Depositary) depositary interests, representing Shares, will be issued by the UK depositary to persons who wish to hold the Shares in electronic form within CREST. It is intended that the Company will apply for the Depositary Interests, representing Shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depositary Interests representing the Shares following Admission may take place within CREST if the relevant Shareholders so wish. The Shares will not themselves be admitted to CREST.

All the Shares will be in registered form and no temporary documents of title will be issued.

The Depositary Interests are independent securities constituted under English law that may be held and transferred through CREST. Depositary Interests have the same international security identification number ("**ISIN**") and TIDM Code as the underlying Shares. The Depositary Interests are created and issued pursuant to a deed poll with the Depositary, which governs the relationship between the Depositary and the holders of the Depositary Interests. Shares represented by Depositary Interests are held on bare trust for the holders of the Depositary Interests. Each Depositary Interest is treated as one Share for the purposes of determining eligibility for dividends, issues of bonus stock and voting entitlements. In respect of any cash dividends, the Company will put the Depositary in funds for the payment and the Depositary will transfer the money to the holders of the Depositary Interests. In respect of any bonus stock, the Company will allot any bonus stock to the Depositary who will issue such bonus stock to the holder of the Depositary Interest (or as such holder may have directed) in registered form. In respect of voting, the Depositary will cast votes in respect of the Shares as directed by the holders of the Depositary Interests which the relevant Shares represent.

The Company's Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian registry through the CHESS system. Shares held through CHESS on the Australian registry may be transferred into Depositary Interests held through CREST on the UK depositary registry and vice versa. Shareholders wishing to transfer stock from CHESS to a Depositary Interest on CREST should contact the Depositary (on +44 (0) 370 889 3129) for further details on how this can be achieved. Movements between CREST and CHESS can generally be made on a same day / next day basis.

Other than AIM and the ASX, the Shares will not be traded on any other recognised investment exchange and no application has been or is being made for the Shares to be admitted to any other exchange.

## 18 DIVIDEND POLICY

The Directors have not to date recommended the payment of a dividend and the Company anticipates that significant expenditure will be incurred in the development of the Cinovec Project during the 12-month period following Admission. Accordingly, the Company does not expect to declare any dividends during that period. The Directors may consider the payment of dividends when the Company becomes commercially able to do so. The payment of dividends would be subject to maintaining an appropriate level of dividend cover and having regard to the need to retain sufficient funds to finance the development of the Company's investments.

## 19 DIRECTORS

Details of the Directors, their business addresses and their functions in the Company are set out under the heading "Directors, Proposed Director, Secretary and Advisers" of this Appendix. Further details of the Directors and their backgrounds can be found at the Company's Website and in the 2015 annual report also available on the Company's Website. Each of the Directors can be contacted at the principal place of business of the Company at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia, 6005, Australia.

In addition to their directorships in the Company, the Directors and the Proposed Director hold, and have during the five years preceding the date of this Appendix held, the following directorships and / or partnerships:

Name	Current directorships and partnerships	Past directorships and partnerships
<b><u>David Reeves</u></b>	Ferrex plc Ferrex Iron Limited Ferrex Manganese Limited Ferrex Australia Pty Limited Elemental Platinum Limited Southern Minerals Limited / Wilgus Investments Pty Limited Hawthorn Capital Pty Limited Moongate 218 Pty Limited Wild West Enterprises Pty Limited Southern MN	Ascot Resources Limited (f.k.a. Epic Resources Ltd) Boikgantsho Platinum Mine Capricorn Iron Limited European Metals (2014) Limited European Metals (UK) Limited Southern Crown Resources Limited Southern Minerals Limited (f.k.a. Corridor Iron Ltd) Capricorn Iron (Pty) Limited Minbos Resources Limited Tunan Mining Limited Ngoro Mining Pty Limited Rare Earth International Limited Umbono Rare Earths Sutherland Pty Limited Freewheel Trade and Invest 20
<b><u>Keith Coughlan</u></b>	Talga Resources Ltd Inswinger Holdings Pty Ltd Outswinger Holdings Pty Ltd Blackmort Nominees Pty Ltd Capulet Capital Limited Beau Minerals Limited European Metals (UK) Limited Geomet S.R.O. Stanley Nominees Pty Ltd	Carlton Resources plc



<b><u>Pavel Reichl</u></b>	European Metals (UK) Limited Orex Consultants s.r.o. Geomet S.R.O.	European Metals (2014) Limited
<b><u>Kiran Morzaria</u></b>	Academy Minerals Limited API Technology (UK) Limited Bacanora Minerals Ltd Rare Earth Minerals Plc Panguma Diamonds Limited UK Oil & Gas Investments Plc	CC123 Limited Concha PLC Courthope Ltd Horse Hill Developments Ltd Immersion Technology Property Limited Kirst Services Ltd Lonrho Limited Map Print Limited River Diamonds UK Limited Solo Oil PLC Solo Oil (Argentina) Limited Tubutama Limited Travelwelcome Ltd Tubutama Borax Plc Vatukoula Gold Mines Plc Vatukoula Australia Pty Limited Vatukoula Finance Pty Limited Vatukoula Gold Mines Limited Vatukoula Gold Pty Limited Visa Gero International Inc

Save as disclosed in below, no Director or Proposed Director has:

- (a) any conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have;
- (b) any unspent convictions in relation to indictable offences;
- (c) had any bankruptcy order made against him or entered into any individual voluntary arrangements or has had a receiver appointed to any asset of such Director;
- (d) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (e) been a partner of any partnership which has been placed into compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been the owner of any assets which have been the subject of a receivership;
- (g) been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- (h) been publicly criticised by a statutory or regulatory body (including recognised professional bodies); or
- (i) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of any company.

Mr Morzaria was a director of Tubutama Borax Plc and Tubutama Ltd both of which underwent a members' voluntary winding in July 2010 and were dissolved in April 2012. The liquidation was part of an agreed process by which Tubutama Borax Plc and Tubutama Ltd had agreed to sell the underlying company's asset in Mexico. The consideration for the sale of the Mexican asset was shares in a listed entity in Canada (Bacanora Minerals Ltd), therefore members received these shares which were distributed on completion of the transaction.

Arlington Resource Plc, of which Mr Morzaria was a director, was dissolved on December 2007 following a voluntary members' liquidation.

## **20 DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

Details of the current remuneration arrangements of the Directors and their remuneration for the financial year ending 30 June 2015 are disclosed in the Directors' Report included in the Company's Annual Report for the year ending 30 June 2015 which is available on the Company's website ([www.europeanmet.com](http://www.europeanmet.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

On appointment to the Board, all Directors and the Proposed Director (conditional on Admission) have entered into either a service agreement or letter of appointment with the Company (as appropriate) which governs the terms relevant to the office of the Director. The major provisions of such agreements are set out below:

### Executive Director – Service Agreement

#### (a) *Keith Coughlan*

Keith Coughlan entered into a Service Agreement with the Company dated 21 October 2015 (effective from the date of his consent to act as a Director) setting out the terms of his appointment as Managing Director. The Service Agreement provides that the Company is to pay to Mr Coughlan an annual salary of A\$200,000. Additionally, Mr Coughlan is entitled to statutory superannuation contributions, customary leave entitlements and to be reimbursement for reasonable travelling, accommodation and general expenses incurred in the performance of his duties as Managing Director. Either Mr Coughlan or the Company may terminate the Service Agreement on not less than 6 months' notice and not more than 12 months' notice.

The Company will hold and maintain a directors and officers insurance policy which will be extended to Mr Coughlan during his employment.

The Service Agreement imposes certain restrictions on Mr Coughlan as regards the use of confidential information and intellectual property regarding the Company. In addition, Mr Coughlan will be subject to certain restrictive covenants following the termination of the Service Agreement.

Mr Coughlan signed a consent to act as a Director of the Company on 6 September 2013.

### Non-Executive Directors – Letters of Appointment

#### (b) *David Reeves*

David Reeves entered into a Letter of Appointment with the Company dated 20 October 2015 (effective from the date of his consent to act as a Director) setting out the terms of his appointment as Non-Executive Chairman. Under the Letter of Appointment, Mr Reeves is entitled to an annual fee of A\$36,000 and reimbursement of reasonable expenses incurred in the performance of his duties as a Non-Executive Director. Once elected by Shareholders at the Company's next annual general meeting, Mr Reeves' role as a Director is contingent on continued satisfactory performance and re-election at subsequent annual general meeting's in accordance with the Listing Rules and the Articles.

The Letter of Appointment imposes certain restrictions on Mr Reeves as regards the use of confidential information and intellectual property regarding the Company.

Mr Reeves signed a consent to act as a Director of the Company on 6 March 2014.

(c) *Pavel Reichl*

Pavel Reichl entered into a Letter of Appointment with the Company dated 20 October 2015 (effective from the date of his consent to act as a Director) setting out the terms of his appointment as Non-Executive Director. Under the Letter of Appointment, Mr Reichl is entitled to an annual fee of A\$24,000 and reimbursement of reasonable expenses incurred in the performance of his duties as a Non-Executive Director. Once elected by Shareholders at the Company's next annual general meeting, Mr Reichl's role as a Director is contingent on continued satisfactory performance and re-election at subsequent annual general meetings in accordance with the Listing Rules and the Articles.

The Letter of Appointment imposes certain restrictions on Mr Reichl as regards the use of confidential information and intellectual property regarding the Company.

Mr Reichl signed a consent to act as a Director of the Company on 6 March 2014. Mr Reichl's position was subsequently changed from Executive Director to Non-Executive Director on 26 August 2015.

(d) *Kiran Morzaria*

Kiran Morzaria entered into a Letter of Appointment with the Company dated 27 October 2015 (effective from the date of his consent to act as a Director) setting out the terms of his proposed appointment as Non-Executive Director. The Letter of Appointment is conditional on Admission. Under the Letter of Appointment, Mr Morzaria is entitled to an annual fee of A\$24,000 and reimbursement of reasonable expenses incurred in the performance of his duties as a Non-Executive Director. Once elected by Shareholders at the Company's next annual general meeting, Mr Morzaria's role as a Director is contingent on continued satisfactory performance and re-election at subsequent annual general meetings in accordance with the Listing Rules and the Articles.

The Letter of Appointment imposes certain restrictions on Mr Morzaria as regards the use of confidential information and intellectual property regarding the Company.

Mr Morzaria signed a consent to act as a Director of the Company on 27 October 2015.

Save as disclosed in this Appendix:

- (a) there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and any member of the Group which provide benefits upon termination of employment or otherwise;
- (b) there are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any outstanding loans or guarantees provided by any of the Directors for the benefit of the Company;
- (c) no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed; and
- (d) there are no contracts, existing or proposed, between any Director or parties in which they are interested and the Company.

Other than where the Company decides (in its discretion) to pay out Mr Coughlan's notice period (equal to his salary payable for the relevant period), no termination benefits are payable to any Director.

## 21 DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

As at 11 November 2015, being the last practicable date prior to the publication of this Appendix, and immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors, the Proposed Director and key management, their families and any related party (as such terms are defined in the AIM Rules) of a Director (together, "Connected Persons") in the issued shares of the Company are and will be as follows, including such interests which could with reasonable diligence be ascertained by a Director:

<b>Director</b>	<b>Number of Shares held at date of this Appendix</b>	<b>Per cent. of issued Shares held on Admission</b>
<b>David Reeves<sup>1</sup></b>	3,061,872	3.52%
<b>Keith Coughlan<sup>2</sup></b>	4,500,000	5.17%
<b>Pavel Reichl<sup>3</sup></b>	2,778,672	3.19%
<b>Kiran Morzaria<sup>4</sup></b>	Nil	N.A.
<b>Total</b>	<b>10,340,544</b>	<b>11.87%</b>

Notes:

1. Mr Reeves' interest comprises his indirect interest in 3,061,872 Shares held by a trust on behalf of his spouse, Mrs Eleanor Jean Reeves, in which Mr Reeves also has an interest.
2. Mr Coughlan's interest comprises his indirect interest in 4,500,000 Shares which are owned by Inswinger Holdings Pty Ltd, a company in which Mr Coughlan has a controlling interest.
3. Mr Reichl's interest comprises his indirect interest in 2,778,672 Shares which are held through Merrill Lynch (Australia) Nominees Pty.
4. Mr Morzaria is a director of Rare Earth Minerals which owns 10,334,830 Shares representing 11.87% of the issued share capital on Admission.

Following Admission, the Directors, the Proposed Director and their respective Connected Persons will hold the following Options:

<b>Director</b>	<b>Type</b>	<b>Exercise Price</b>	<b>Date of Expiry</b>	<b>Number of Options</b>
<b>David Reeves<sup>1</sup></b>	Listed Options	A\$0.10	30 June 2016	658,372
	Unlisted Options	A\$0.166	17 August 2020	1,000,000
<b>Keith Coughlan<sup>2</sup></b>	Listed Options	A\$0.10	30 June 2016	4,000,000
	Unlisted Options	A\$0.166	17 August 2020	2,000,000
<b>Pavel Reichl</b>	Unlisted Options	A\$0.166	17 August 2020	750,000
<b>Kiran Morzaria<sup>3</sup></b>	N.A.	N.A.	N.A.	Nil
<b>Total</b>				<b>8,408,372</b>

Notes:

1. Mr Reeves' interest in Options comprises his indirect interest in 658,372 Listed Options and 1,000,000 Unlisted Options all of which are owned by a trust on behalf of his spouse, Mrs Eleanor Jean Reeves, in which Mr Reeves also has an interest.
2. Mr Coughlan's interest in Options comprises his indirect interest in 4,000,000 Listed Options and 2,000,000 Unlisted Options all of which are owned by Inswinger Holdings Pty Ltd, a company in which Mr Coughlan has a controlling interest.
3. Mr Morzaria is a director of Rare Earth Minerals which owns 2,000,000 Unlisted Options exercisable at A\$0.20 per Option on or before 19 October 2016.

Following Admission, the Directors and the Proposed Director and their respective Connected Persons will hold the following Class B Performance Shares:

<b>Director</b>	<b>Date of Grant</b>	<b>Number of Class B Performance Shares</b>
<b>David Reeves<sup>1</sup></b>	12 March 2014	542,651
<b>Keith Coughlan</b>	Not applicable	Nil
<b>Pavel Reichl</b>	12 March 2014	793,906
<b>Kiran Morzaria</b>	Not applicable	Nil
<b>Total</b>		<b>1,336,557</b>

Note:

1. Mr Reeves' interest in Class B Performance Shares comprises his indirect interest in 542,651 Class B Performance Shares owned by a trust on behalf of his spouse, Mrs Eleanor Jean Reeves, in which Mr Reeves also has an interest.

Save as disclosed in this Appendix, none of the Directors or the Proposed Director or any of their Connected Persons has any interest, whether beneficial or non-beneficial, in any Shares of the Company.

Save as disclosed in this Appendix, none of the Directors or the Proposed Director or any of their respective Connected Persons is interested in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares, including a contract for difference or a fixed odds bet.

## 22 SIGNIFICANT SHAREHOLDERS

As at the date of this Appendix, the Company is aware of the following persons who hold or will on Admission hold, directly or indirectly, voting rights representing three per cent. or more of the issued shares of the Company to which voting rights are attached:

<b>Shareholder</b>	<b>Number of Shares held at date of this Appendix</b>	<b>Per cent. of issued Shares held on Admission</b>
Rare Earth Minerals (registered holder HSBC Custody Nominees (Australia) Limited)	10,334,830	11.87%
Inswinger Holdings Pty Ltd <sup>1</sup>	4,500,000	5.17%
Richard Keller	4,410,000	5.07%
Nefco Nominees Pty Ltd	4,027,000	4.63%
Mrs Eleanor Jean Reeves <Elanwi A/C> <sup>2</sup>	3,061,872	3.52%
Citicorp Nominees Pty Limited	2,956,264	3.40%
WB Nominees Limited	2,834,411	3.26%
Mark Hohnen	2,805,750	3.22%
Merrill Lynch (Australia) Nominees Pty <sup>3</sup>	2,778,672	3.19%
Hana Vanova	2,778,672	3.19%
<b>Total</b>	<b>40,487,471</b>	<b>46.52%</b>

Notes:

1. Mr Keith Coughlan's interest comprises his indirect interest in 4,500,000 Shares which are owned by Inswinger Holdings Pty Ltd, a company in which Mr Coughlan has a controlling interest.
2. Mr David Reeves' interest comprises his indirect interest in 3,061,872 Shares held by a trust on behalf of his spouse, Mrs Eleanor Jean Reeves, in which Mr Reeves also has an interest.
3. Mr Reichl's interest comprises his indirect interest in 2,778,672 Shares which are held through Merrill Lynch (Australia) Nominees Pty.

All Shareholders have the same voting rights.

To the best of the Directors' and the Proposed Director's knowledge, the Company is not directly or indirectly owned or controlled by any Shareholder, nor are there any arrangements known to the Company the operation of which may at a subsequent date result in a change of control of the Company. There are no measures in place to prevent or regulate the ownership or control of the Company.

## 23 EMPLOYEES

Other than the Directors and the Proposed Director, the Company has no employees or other key personnel.

## 24 RELATED PARTY TRANSACTIONS

Save as set out below or in the Public Record, the Company has not entered into any related party transactions (as defined in the AIM Rules) as at the date of Admission.

## 25 MATERIAL CONTRACTS

In addition to the agreements summarised in Section 20 of this Appendix and otherwise in the Public Record, the material contracts set out below are those contracts which have been entered into by any member of the Group (a) in the two years immediately preceding the date of this Appendix (other than in the ordinary course of business); (b) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Appendix (other than those entered into in the ordinary course of business); or (c) any other material subsisting agreement which relates to the assets and liabilities of the Group (notwithstanding whether such agreements are within the ordinary course of business or were entered into outside of the two years immediately preceding the date of this Appendix):

### (a) *Financial Adviser and Nominated Adviser Engagement Letter*

Pursuant to the terms of the engagement letter entered into between the Company and Beaumont Cornish Limited ("**Beaumont Cornish**") on 21 July 2015 ("**Engagement Letter**"), Beaumont Cornish agreed to act as nominated adviser and broker to the Company for the purposes of the AIM Rules in respect of the Admission via the AIM Designated Market Route ("**Engagement**"). For the services provided by Beaumont Cornish as part of the Engagement, the Company agreed to pay Beaumont Cornish a corporate finance fee and Warrants to subscribe for 1,000,000 new Shares in the Company at an exercise price of A\$0.14 expiring 3 years from Admission and being fully transferable. The Engagement Letter provides that the Company and Beaumont Cornish must enter into a formal Nominated Adviser Agreement and Broker Agreement respectively.

### (b) *Nominated Adviser Agreement*

The Company and the Directors entered into an agreement with Beaumont Cornish on 11 November 2015 under the terms of which Beaumont Cornish agreed to act from Admission as the nominated adviser to the Company on AIM. The agreement is for a minimum term of 12 months and the initial fee payable to Beaumont Cornish is £30,000 per annum (plus VAT), payable half-yearly in advance from Admission. After the first equity issue by the Company following Admission, the fee will increase to £45,000 per annum (plus VAT) with effect from the first anniversary of Admission. It was agreed that Beaumont Cornish will act for the Company on its first substantial transaction or reverse takeover on AIM.

### (c) *Introduction Agreement*

The introduction agreement dated 11 November 2015 between the Company, the Directors and Beaumont Cornish provides for the responsibilities of the parties in achieving Admission. The introduction agreement sets out customary warranties that the Company and the Directors have agreed to give in respect of the Company and will continue to give (until the time of Admission and with effect thereafter) to Beaumont Cornish. Claims for breach of warranties against the Directors (but not the Company) are limited to amounts provided in the agreement. In addition the

Company is bound by customary indemnities to Beaumont Cornish Limited, its Directors and employees.

(d) *Broker Agreement*

The Company entered into an agreement with Beaumont Cornish on 11 November 2015 under the terms of which Beaumont Cornish agreed to act as broker to the Company. The agreement is for a minimum term of 12 months and the fee for ongoing services as broker is be £5,000 per annum (plus VAT), payable half-yearly in advance from Admission.

(e) *Deed Poll*

Computershare Investor Services PLC (the “**Depository**”) executed a deed poll on 28 October 2015 under the terms of which it created interests representing ordinary shares in the Company issued through the Depository.

(f) *Depository and Custody Services Agreement*

The Company entered into an agreement with the Depository on 29 October 2015 under the terms of which the Depository was appointed the depository and custodian in relation to the Company’s Shares. The Depository was appointed for a fixed term of one year and thereafter until terminated by either party giving not less than six months’ notice to the other.

(g) *Registrar Agreement*

The Company entered into an agreement on 11 July 2012 with Computershare Investor Services (BVI) Limited (the “**Registrar**”) under the terms of which the Registrar was appointed the registrar to the Company for the purpose of maintaining the Company’s principal share register in the BVI and providing certain other services.

(h) *Lock-in and Orderly Marketing Agreement*

A Lock-in and Orderly Marketing Agreement dated 11 November 2015 between Beaumont Cornish Limited, the Company, certain locked-in Directors, and Rare Earth Minerals who together hold a total of 20,675,374 Shares representing 23.75% of the total issued Shares, options to acquire a further 9,408,372 Shares and 1,336,557 Class B Performance Shares, pursuant to which each of the locked-in Directors and Rare Earth Minerals has undertaken to Beaumont Cornish and the Company that he or it will not, without the prior written permission of Beaumont Cornish dispose of any interests in the locked-in Shares until one year from the date of Admission. The Lock-in shall not apply:

- (i) in the event of an intervening court order;
- (ii) to the disposal by the personal representatives of any of the Locked-In Directors or the Locked-in Shareholders who dies before the end of the Restricted Period; or
- (iii) to the acceptance of a general offer made to shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the issued Ordinary Shares (other than any Ordinary Shares which are already owned by the person making such offer and any other person acting in concert with him), with regard to which the offeror has received acceptances (from shareholders including the Locked-In Directors and/or Rare Earth Minerals) in respect of Ordinary Shares representing not less than 50 per cent. of the voting rights attributable to the capital of the Company which are exercisable at a general meeting.

Thereafter for a period of 12 months, the locked-in Directors can only dispose of any interests in the locked-in Shares in an orderly manner after prior discussion with Beaumont Cornish, and in

such manner as Beaumont Cornish may in their absolute discretion require with a view to maintaining an orderly market for the Shares.

(i) *Deed of Warrant Grant*

Pursuant to an agreement between the Company and Beaumont Cornish dated 11 November 2015, as part of the consideration for Beaumont Cornish acting as nominated adviser to the Company for the purposes of the AIM Rules, the Company has agreed to grant Beaumont Cornish Warrants to subscribe for 1,000,000 new Shares in the Company at an exercise price of A\$0.14 expiring 3 years from Admission and being fully transferable.

(j) *Binding Terms Sheet*

On or around 18 December 2013, the Company entered into a conditional binding terms sheet to acquire 100% of the issued capital of European Metals (UK) Limited (a company incorporated in England & Wales) from its parent entity, European Metals plc ("**Acquisition**"). European Metals (UK) Limited, through its wholly owned subsidiary incorporated in the Czech Republic, Geomet S.R.O., holds a beneficial interest in three granted exploration licences prospective for tin located in the Czech Republic and which comprise the Cinovec and Zlatý Kopec projects respectively.

The consideration payable by the Company as part of the Acquisition was 12,500,000 Shares (with an equivalent number of CDIs issued to the beneficial owners of the 12,500,000 Shares), 5,000,000 Class A Performance Shares (which have since been converted into Shares) and 5,000,000 Class B Performance Shares (which remain unconverted and on issue).

(k) *Terms of Engagement for CPR*

As the Company undertook a scoping study in the second quarter of 2015 which, amongst other things, defined a new resource estimate for the Cinovec project, the Company engaged Wardell Armstrong International Limited to update the original 2012 Competent Person's Report prepared by Wardell Armstrong ("**CPR**"). On 15 July 2015, the Company and Wardell Armstrong executed the terms of engagement setting out the scope of work to be undertaken by Wardell Armstrong in respect of the CPR.

(l) *Agreement for Supply of Tailings from the Cinovec Project*

On 3 June 2015, the Company and Cinovecka Deponie A.S. ("**Cinovecka**") entered into a letter agreement pursuant to which Cinovecka agreed provide the Company with 500kg of tailings from the Cinovec tails dam.

(m) *Memorandum of Understanding*

Cobre Montana NL ("**Cobre**") has exclusive licensing rights to a technology capable of commercially recovering metals from lithium mica (the "**IP**"). Cobre is investigating deposits on a global basis to assess the viability of applying the IP to the recovery of lithium from such materials. The Memorandum of Understanding ("**MOU**") entered into by the Company and Cobre on 12 December 2014 sets out the terms by which Cobre is to participate in the study of Cinovec during a 6 month exclusivity period, commencing on the date of execution of the MOU. The Company and Cobre have entered into the MOU to jointly define the opportunity for the exploitation of lithium minerals, and where such minerals are associated with tin and tantalum, the best means of optimizing the benefits of recovering the value of those metals.

(n) *Cinovec Licences – Terms and Conditions*

The Company currently holds in its own name exploration licences for two exploration areas ("*rozhodnutí o stanovení průzkumného území*" in Czech) as follows:

- (i) Exploration area CÍNOVEC, an area of 2.1048 square kilometres, which has been established by a Decision of the Ministry of Environment dated 20 July 2010 and extended



by a Decision of the Ministry of Environment dated 10 July 2014 and which will expire on 30 July 2019 for the exploration of restricted minerals Sn, W and L; and

- (ii) Exploration area CÍNOVEC II, an area of 3.9302 square kilometres, which has been established by a Decision of the Ministry of Environment dated 24 November 2011 and extended by a Decision of the Ministry of Environment dated 31 August 2015 and which will expire on 31 December 2020 for the exploration of restricted minerals Li, Sn, W, Rb and Cs.

The Company may apply for its further extension of its exploration licences although there is no legal claim for such extension. Filing an application for extension is subject to CZK 2,000 administrative fee. In addition to payment to the land plot owner for access to the land plot that has to be paid before the access is necessary, the Company also has a statutory obligation to pay a fee of CZK 2,000 (approx. EUR 75) per square kilometre of exploration area, which increases annually by an additional CZK 1,000 (approx. EUR 37) per square kilometre. This fee is paid to the municipality in whose cadastral area the exploration area is established.

Exploration area CÍNOVEC II surrounds the exploration area CÍNOVEC. There are no change of control provisions.

## **26 LITIGATION**

There are no governmental, legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company or any member of the Group) which may have or have had during the twelve months immediately preceding the date of this Appendix a significant effect on the financial position or profitability of the Company or any member of the Group.

## **27 WORKING CAPITAL**

The Directors and the Proposed Director are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

## **28 SUMMARY OF BVI COMPANY LAW**

The Company is incorporated in the BVI as a BVI business company under the provisions of the BVI Companies Act and therefore is subject to BVI law. Certain provisions of the BVI Companies Act are summarised below, as are details of the New Articles. The following is not intended to provide a comprehensive review of the applicable law, or of all provisions which differ from equivalent provisions in jurisdictions, with which interested parties may be more familiar.

This summary is based upon the law and the interpretation of the law applicable as at the date of this Appendix and is subject to change.

### Authorised shares

Subject to any limitation or provisions to the contrary contained in the memorandum or articles of association of a company, the BVI Companies Act places the issuance of shares and other securities in a company under the control of its directors. Under the New Articles, following Admission, shares and other securities may be issued in any period between consecutive annual general meetings, to such persons for such consideration and on such terms as the Directors may by a resolution of Directors determine up to a maximum number as represent 50 per cent. of the issued Shares of the Company at the beginning of such period. Further Shares may be allotted by a special resolution passed by Shareholders.

Shares may be issued for consideration in any form, including money, a promissory note or other written obligation to contribute money or property, real property, personal property (including goodwill and know-how), services rendered or a contract for future services, or any combination thereof.

### Financial assistance to purchase Shares of the Company or its holding company

A company may give financial assistance to any person in connection with the acquisition of its own shares pursuant to section 28 of the BVI Companies Act.

### Purchase of shares

A company may, subject to its memorandum and articles, purchase, redeem or otherwise acquire and hold its own shares in the manner provided for under its articles.

A company may only offer to purchase, redeem or otherwise acquire shares if the resolution of directors authorising the purchase, redemption or other acquisition contains a statement that the directors are satisfied, on reasonable grounds, that immediately after the acquisition the value of the company's assets will exceed its liabilities and the company will be able to pay its debts as they fall due.

Subject to any limitations in the memorandum or articles of association, shares that a company purchases, redeems or otherwise acquires may be cancelled or held as treasury shares.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under BVI law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association.

A subsidiary may hold shares in its parent company.

### Dividends and distribution

There is, at present, no BVI taxation (including withholding tax) levied by the BVI authorities on dividends declared and paid by a company to non-residents of the BVI.

### Protection of shareholders

Part X, section 184A-184I of the BVI Companies Act provides certain statutory remedies to shareholders of a company, including derivative actions, personal actions and representative actions. The courts may consider claims by shareholders alleging that a company has acted ultra vires, illegally or fraudulently, where there has been a fraud by the majority on the minority or where (subject to certain conditions) a shareholder considers that the affairs of the company have been, are being or are likely to be conducted in a manner likely to be oppressive, unfairly discriminatory or unfairly prejudicial to such shareholder.

The BVI Companies Act further provides that any shareholder of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following:

- (a) a merger, if the company is a constituent company, unless the company is the surviving company and the shareholder continues to hold the same or similar class of shares;
- (b) a consolidation, if the company is a constituent company;
- (c) any sale, transfer, lease, exchange or other disposition of more than 50 per cent. of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the shareholders in accordance with their respective interests within one year after the date of disposition or (iii) a transfer pursuant to the power of the directors to transfer assets as described in section 28(2) of the BVI Companies Act;
- (d) a redemption of 10 per cent. or fewer of the issued shares of the company required by the holders of 90 per cent. or more of the issued shares of the company pursuant to the terms of the BVI Companies Act; or

- (e) an arrangement, if permitted by the court.

A dissenter is in most circumstances required to give to the Company written objection to any of the actions noted above (the "**Proposed Transaction**"), which must include a statement that the dissenter proposes to demand payment for his shares if the Proposed Transaction takes place. This written objection must be given before the meeting of members at which the Proposed Transaction is submitted to a vote, or at the meeting but before the vote. However, no objection is required from a member to whom the Company did not give notice of the meeting of members or where the Proposed Transaction is authorised by written consent of the members without a meeting.

Within 20 days immediately following the written consent, or the meeting at which the Proposed Transaction was approved, the Company shall give written notice of the consent or resolution to each member who gave written objection or from whom written objection was not required, except those members who voted for, or consented in writing to, the Proposed Transaction.

A member to whom the Company was required to give notice who elects to dissent shall, within 20 days immediately following the date on which notice of the consent noted above was provided to such member, give to the Company a written notice of his decision to elect to dissent, stating:

- (a) his name and address;
- (b) the number and classes of shares in respect of which he dissents (which must be all shares that he holds in the Company); and
- (c) a demand for payment of the fair value of his shares.

Upon the giving of a notice of election to dissent, the dissenter ceases to have any of the rights of a member except the right to be paid the fair value of his shares, and the right to institute proceedings to obtain relief on the ground that the action is illegal.

The Company shall make a written offer to each dissenter to purchase his shares at a specified price that the Company determines to be their fair value. Such offer must be given within 7 days immediately following the date of the expiration of the period within which members may give their notices of election to dissent, or within 7 days immediately following the date on which the Proposed Transaction is put into effect, whichever is later.

If the Company and the dissenter fail, within 30 days immediately following the date on which the offer is made, to agree on the price to be paid for the shares owned by the dissenter, then within 20 days:

- (a) the Company and the dissenter shall each designate an appraiser;
- (b) the two designated appraisers together shall designate an appraiser;
- (c) the three appraisers shall fix the fair value of the shares owned by the dissenter as of the close of business on the day prior to the date of the meeting or the date on which the resolution was passed, excluding any appreciation or depreciation directly or indirectly induced by the action or its proposal, and that value is binding on the Company and the dissenter for all purposes; and
- (d) the Company shall pay to the dissenter the amount in money upon the surrender by him of the certificates representing his shares, and such shares shall be cancelled.

Generally any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the BVI or their individual rights as shareholders as established by the company's memorandum and articles of association.

Any final and conclusive monetary judgment obtained against the Company in the courts of England (the "**Foreign Court**"), for a definite sum, may be registered and enforced as a judgment of the British Virgin Islands court if application is made for registration of the judgment within twelve months or such longer period as the British Virgin Islands court may allow, and if the British Virgin Islands court considers it just

and convenient that the judgment be so enforced. Alternatively, the judgment may be treated as a cause of action in itself so that no retrial of the issues would be necessary. In either case, it will be necessary that in respect of the judgment of the Foreign Court:

- (a) The Foreign Court issuing the judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- (b) The judgment given by Foreign Court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
- (c) In obtaining judgment there was no fraud on the part of the person in whose favour judgment was given or on the part of Foreign Court;
- (d) Recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy;
- (e) The proceedings pursuant to which judgment was obtained were not contrary to natural justice; and
- (f) The judgment given by Foreign Court is not the subject of an appeal.

A majority of the Shareholders must approve a proposed merger of a Company, unless the merger is with a wholly owned subsidiary.

Any sale, transfer, lease, exchange or other disposition, other than a mortgage, charge or other encumbrance or the enforcement thereof, of more than 50 per cent. of the assets of a company, if not made in the usual or regular course of the business carried on by the company requires shareholder approval.

Shareholders dissenting from the proposal to dispose of 50 per cent. or more of the assets or from any arrangement (which may cover other types of reorganisation or reconstruction of a company) are entitled to require the company to pay the fair value of their shares, in accordance with the procedures and conditions laid down by the BVI Companies Act.

Although the BVI Companies Act does not prescribe procedures for variation of the rights of different classes of shareholders, the rights of such shareholders are governed by common law. The New Articles, following Admission, will permit variation in class rights with the consent in writing of the holders of at least 75 per cent. of the issued shares of the relevant class or with the sanction of a resolution passed by at least a 75 per cent. majority of the holders of shares of the class present in person or by a proxy at a separate meeting of the holders of the shares of that class.

### Management

The Company is managed by its Directors, consisting of not less than one director, who each have full authority to bind the Company. Directors are required under BVI law to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill a reasonable director would exercise in the same circumstances taking into account but without limitation the position of the director and the nature of the company, the nature of the decision and the nature of the responsibilities undertaken by him. As mentioned above, certain actions require prior approval of the shareholders, as a matter of statute. While a company may provide certain indemnity for its directors, the BVI Companies Act precludes the directors from taking advantage of such indemnities unless they act honestly and in good faith and in what they believed to be in the best interests of the company, and in the case of criminal proceedings, where the director had no reasonable cause to believe that his conduct was unlawful.

### Accounting and auditing requirements

BVI law makes no specific provision for the types of books and records to be maintained. It requires only that a company keep such accounts and records as the directors of the company consider necessary or desirable in order to reflect the financial position of the company. Save as set out in this Appendix, there is

no statutory requirement to audit or file annual accounts unless the company is engaged in certain businesses, which require a licence under BVI law.

### Inspection of corporate records

Under BVI law, shareholders are entitled to inspect, on giving written notice, the memorandum and articles of association, the register of shareholders, the register of directors and minutes of meetings and resolutions of members and of those classes of share of which he is a member. However, the directors have power to refuse the request on the grounds that the inspection is not in the best interest of the company or of any other shareholder of the company. A shareholder who has been refused an inspection may apply to court for an order to permit the inspection.

The only corporate records generally available for inspection by members of the public are those required to be maintained at the BVI Registry of Corporate Affairs, namely the certificate of incorporation and memorandum and articles of association together with any amendments to these documents, and certain other documents, including those which the company may optionally elect to file.

A company may elect to maintain a copy of its share register and register of directors at the Registry of Corporate Affairs, but this is not required under BVI law. These documents are, however, maintained in the office of the company's registered agent and register may be inspected with the Company's consent, or in limited circumstances pursuant to a court order.

### Winding up

The BVI Companies Act and the Insolvency Act 2003 (in the case of insolvency) make provision for both voluntary and compulsory winding up of a company, and for appointment of a liquidator. The shareholders or the directors of a company may resolve to appoint a voluntary liquidator. If it is the directors who resolve to commence the winding up by the appointment of the voluntary liquidator, they must present a liquidation plan for approval by the shareholders, incorporating the matters set out in the BVI Companies Act.

A company, any shareholder or creditor may petition the court, pursuant to the Insolvency Act, for the winding up of the company upon various grounds amongst others, that it is just and equitable that the company should be wound up or that the company is insolvent within the meaning of that term in the Insolvency Act. This includes circumstances when the value of a company's liabilities exceeds its assets or the company is unable to pay its debts as they fall due.

The Company is subject to the insolvency laws of the British Virgin Islands, including the BVI Insolvency Act, 2003 (the "IA"). The commencement of the liquidation of a British Virgin Islands company does not affect the right of a secured creditor to take possession of and realise or otherwise deal with assets of the company over which that creditor has a security interest. The right of unsecured creditors to pari passu distribution of assets of a company in liquidation is subject to the prior ranking of a number of preferential creditors, including (subject to a cap) the British Virgin Islands Government and (subject to a cap) certain unpaid employment obligations.

As well as the protection given to secured creditors, it should be noted that the IA establishes a statutory right of insolvency set off, and such protections may operate to the detriment of unsecured creditors. Although the IA anticipates establishing an administration regime, the relevant provisions are not currently in force and administration is therefore not currently available under BVI law. The administration provisions of the legislation will not be brought into effect unless and until a proclamation as to the commencement date for such parts of the IA shall be published in the BVI Gazette.

In the event of the insolvency of the company, the rights of creditors may be affected by the following insolvency provisions of BVI law:

- (a) **Unfair Preferences:** Under section 245 of the IA a transaction entered into by a BVI company, if it is entered into at a time when the company is insolvent, or it causes the company to become insolvent ("an insolvency transaction"), and which has the effect of putting the creditor in a better

position than it would have been, will be deemed an unfair preference and void if within six months (or two years in the case of a connected person) a petition is presented to the courts for the winding-up of that company. A transaction is not an unfair preference if the transaction took place in the ordinary course of business. It should be noted that this provision applies regardless of whether the payment or transfer is made for value or at an undervalue.

- (b) **Undervalue Transactions:** Under section 246 of the IA the making of a gift or the entering into of a transaction for no consideration or where the value of the consideration for the transaction, in money or money's worth, is significantly less than the value in money or money's worth, of the consideration provided by the company will (if it is an insolvency transaction) be deemed an undervalue transaction and void if within six months (or 2 years in the case of a connected person) a petition is presented to the courts for the winding-up of the company. A company does not enter into a transaction at undervalue if it is entered into in good faith and for the purposes of business and, at the time the transaction was entered into, there were reasonable grounds for believing the transaction would benefit the company.
- (c) **Voidable Floating Charges:** Under section 247 of the IA the creation by a BVI company of a floating charge is voidable if it is an insolvency transaction and takes place within six months (or 2 years in the case of a connected person) of a petition being presented to the courts for the winding-up of the company. A floating charge is not voidable to the extent that it secures, amongst other things, money advanced or paid to the company, or at its discretion, at the same time as, or after, the creation of the charge or the value of assets sold or supplied, or services supplied, to the company at the same time as, or after, the creation of the charge.
- (d) **Extortionate Credit Transactions:** Under section 248 of the IA, an insolvency transaction entered into by a BVI company for, or involving the provision of, credit to the company, may be regarded as an extortionate credit transaction if, having regard to the risk accepted by the person providing the credit, the terms of the transaction are or were such to require grossly exorbitant payments to be made in respect of the provision of the credit, or the transaction otherwise grossly contravenes ordinary principles of fair trading and such transaction takes place within six months (or 2 years in the case of a connected person) of a petition being presented to the courts for the winding-up of the company.

### Takeovers and mergers

Generally the merger or consolidation of a company requires shareholder approval, however the company may merge with one or more BVI subsidiaries without shareholder approval, provided that the surviving company is also a BVI business company. Shareholders dissenting from a merger are entitled to payment of the fair value of their shares unless the company is the surviving company and the shareholder continues to hold a similar interest in the surviving company.

The BVI Companies Act permits BVI business company to merge with companies incorporated outside the BVI, provided the merger is lawful under the laws of the jurisdiction in which the non-BVI company is incorporated. Further, Shareholders holding 90 per cent. of the outstanding shares may direct the company to redeem the remaining 10 per cent. of shares. Under the BVI Companies Act, following a statutory merger, one of the companies is subsumed into the other (the surviving company) or both are subsumed into a third company (a consolidation). In either case, with effect from the effective date of the merger, the surviving company assumes all of the assets and liabilities of the other entity(ies) by operation of law and the other entities cease to exist.

There is no takeover code or similar regulation of takeover offers applicable in the BVI. However, as further described in Section 9 above, Regulation 24 of the New Articles will incorporate provisions similar to Rule 9 of the City Code, whereby a person, or persons acting in concert, may be prevented from acquiring a stake in the Company of 30 per cent. (or greater) of the issued share capital from time to time, without making an offer for the remainder of the issued Shares of the Company.

New Articles – Summary of rights attaching to Shares

Shareholders' attention is drawn to the Website which sets out the full text of the New Articles (as they will be on Admission, subject to the passing of enabling resolution at the Meeting of Shareholders). The rights attaching to the Shares, as set out in the New Articles, contain, amongst others, the following provisions:

(a) *Rights of Shares*

(i) Each Share confers upon the Shareholder:

- (A) the right to one vote at a meeting of the Shareholders or on any Resolution of Shareholders;
- (B) the right to an equal share in any dividend paid by the Company; and
- (C) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

(ii) Each Class A Share in the Company confers upon the Shareholder:

- (A) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of the Shares and to holders of depositary interests from a relevant system issued (including CHESSE and/or CREST) in respect of fully paid Shares (“**DI Holders**”);
- (B) no right to vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
- (C) no right to any dividend paid by the Company;
- (D) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation only to the extent of \$0.000001 per Class A Share;
- (E) no right to participate in new issues of Shares offered to Shareholders or DI Holders such as bonus issues and entitlement issues; and
- (F) the right to convert each Class A Share into such number of Shares in accordance with the terms and conditions applicable to the conversion as set out in the resolution of Directors approving the issue of such Class A Shares.

(iii) Each Class B Share in the Company confers upon the Shareholder:

- (A) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of the Shares and to DI Holders;
- (B) no right to vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
- (C) no right to any dividend paid by the Company;
- (D) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation only to the extent of \$0.000001 per Class B Share;
- (E) no right to participate in new issues of Shares offered Shareholders or DI Holders such as bonus issues and entitlement issues; and

- (F) the right to convert each Class B Share into such number of Shares in accordance with the terms and conditions applicable to the conversion as set out in the resolution of Directors approving the issue of such Class B Shares.
- (iv) Subject to the BVI Companies Act and the Listing Rules:
  - (A) the Company may by resolution of Directors redeem, purchase or otherwise acquire all or any of the Shares subject to Regulation 3 of the New Articles; and
  - (B) the Directors may by a Board resolution, redeem, purchase or otherwise acquire all or any of the Class A Shares or Class B Shares in accordance with the rights of redemption attributed to the Company at the time of issue of such Class A Shares or Class B Shares as set out in the resolution of Directors approving the issue of such Class A Shares or Class B Shares as the context requires.

(b) *Variation of rights*

If at any time the Shares are divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of at least 75 per cent. of the issued shares of that class, or with the sanction of a resolution passed by at least a 75 per cent. majority of the holders of shares of the class present in person or by proxy at a separate meeting of the holders of the shares of that class.

The rights conferred upon the holders of the Shares of any class shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) *Redemption of Shares*

The Company may purchase, redeem or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem or otherwise acquire its own shares without the consent of Shareholders whose shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the BVI Companies Act or any other provision in the New Articles to purchase, redeem or otherwise acquire the shares without their consent.

The Company may only offer to purchase, redeem or otherwise acquire shares if the resolution of Directors authorising the purchase, redemption or other acquisition contains a statement that the Directors are satisfied, on reasonable grounds, that immediately after the acquisition the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

Shares that the Company purchases, redeems or otherwise acquires may be cancelled or held as treasury shares (with no rights attaching to such shares while held in treasury) except to the extent that such shares are in excess of 50 per cent. of the issued shares in which case they shall be cancelled but they shall be available for reissue.

(d) *Transfers of Shares*

- (i) Subject to any limitations in the New Articles, Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee.
- (ii) In the case of interests in Shares in the Company in the form of Depositary Interests, a Shareholder shall be entitled to transfer his interests by means of a relevant system and the operator of the relevant system shall act as agent of the Shareholders for the purposes of the transfer of such interests.



- (iii) The transferor of any Shares shall remain the holder of those Shares until the name of the transferee is entered in the register as the holder of those Shares.
  - (iv) The register of members may be closed at such times and for such periods as the Board may from time to time determine, not exceeding in aggregate thirty days in each year, upon notice being given by advertisement in a leading daily newspaper and in such other newspaper (if any) as may be required by the BVI Companies Act and the practice of any recognised investment exchange.
  - (v) The Board may decline to register a transfer of any Share to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health.
  - (vi) The Board may also decline to register any transfer of Shares unless:
    - (A) any written instrument of transfer, duly stamped (if so required), is lodged with the Company at the registered office or such other place as the Board may appoint accompanied by the certificate for the Shares to which it relates (except in the case of a transfer by a recognised person or a holder of such Shares in respect of whom the Company is not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such Shares);
    - (B) any instrument of transfer is in respect of only one class or series of Share; and
    - (C) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four.
  - (vii) The Company may retain an instrument of transfer which is registered but a transfer which the Board refuse to register shall (except in the case of known or suspected fraud), be returned to the person depositing the same.
  - (viii) If the Board declines to register a transfer of any Shares, it shall, within two months or such other period (if any) as may be prescribed by the BVI Companies Act, send to the transferor and the transferee notice of the refusal.
  - (ix) The Company shall not be required to treat a transferee of a Share in the Company as a Shareholder of the Company until the transferee's name has been entered in the share register.
- (e) *Meetings of Shareholders*
- (i) The Board shall convene and the Company shall hold annual general meetings at least once in each calendar year.
  - (ii) Subject to the requirements of the BVI Companies Act, any Director may call meetings of the Shareholders at such times and in such manner and places within or outside the BVI as the Director considers necessary or desirable.
  - (iii) Upon the written requisition of Shareholders entitled to exercise 30 per cent. or more of the voting rights in respect of the matter for which the meeting is requested, the Directors shall convene a meeting of Shareholders.
  - (iv) A general meeting of the Shareholders may be called by at least 14 clear days' notice to those Shareholders whose names on the date the notice is given appear as Shareholders in the register of members of the Company and are entitled to vote at the meeting and to the other Directors.

- (v) The inadvertent failure of a Director who convenes a meeting to give notice of a meeting to a Shareholder or another Director, or the fact that a Shareholder or another Director has not received notice, does not invalidate the meeting.
  - (vi) A Shareholder may be represented at a meeting of Shareholders by a proxy who may speak and vote on behalf of the Shareholder.
  - (vii) The instrument appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the meeting may specify an alternative or additional place or time at or by which the proxy shall be presented.
- (f) *Directors*
- (i) Directors shall be elected by a resolution of Shareholders or by a resolution of Directors.
  - (ii) The minimum number of Directors is one and there is no maximum number of Directors.
  - (iii) Each Director holds office for the term, if any, fixed by the resolution of Shareholders or the resolution of Directors appointing him, or until his earlier death, resignation or removal. If no term is fixed on the appointment of a Director, the Director serves indefinitely until his earlier death, resignation or removal.
  - (iv) The following provisions in relation to the retirement of Directors by rotation shall apply:
    - (A) at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation;
    - (B) the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment. As between persons who become or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election;
    - (C) the Company at the annual general meeting at which a Director retires under any provision of the New Articles may by ordinary resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases: (i) where at such annual general meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; (ii) where such Director is disqualified under the BVI Companies Act, from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or (iii) where such Director has attained any retiring age applicable to him as a Director; and
    - (D) the retirement shall not have effect until the conclusion of the annual general meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the annual general meeting and lost and according a retiring Director who is re-elected or deemed to have been re-elected in office without a break.
  - (v) A Director may be removed from office:
    - (A) with or without cause, by a special resolution of Shareholders passed at a meeting of Shareholders called for the purposes of removing the Director or for purposes including the removal of the Director;

- (B) a registered medical practitioner who is treating the Director gives a written opinion to the Company stating that the person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
  - (C) by reasons of that Director's mental health, a court make an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
  - (D) with cause, by a resolution of Directors passed at a meeting of Directors called for the purpose of removing the Director or for purposes including the removal of the Director.
- (vi) A Director may resign his office by giving written notice of his resignation to the Company and the resignation has effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A Director shall resign forthwith as a Director if he is, or becomes, disqualified from acting as a director under the BVI Companies Act.
  - (vii) The Directors may, at any time, appoint a person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where a person is appointed to fill a vacancy, or as an additional Director, the term shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold office.
  - (viii) A Director is not required to hold a Share as a qualification to office.

(g) *Dividends and other distributions*

The Directors of the Company may, by resolution of Directors, authorise a dividend or other distribution at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the dividend or distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

A dividend or other distributions may be paid in money, Shares, or other property.

Notice of any dividend or distribution that may have been declared shall be given to each Shareholder and all dividends or other distributions unclaimed for 3 years after having been declared may be forfeited by a resolution of Directors for the benefit of the Company.

No dividend or other distributions shall bear interest as against the Company.

(h) *Voluntary liquidation*

The Company may by ordinary resolution or, subject to section 199(2) of the BVI Companies Act, by resolution of the Directors, appoint a voluntary liquidator.

(i) *Borrowing powers*

The business and affairs of the Company may be managed by, or under the direction or supervision of the Board. The Board has all the powers necessary for managing and for directing and supervising, the business and affairs of the Company.

The Directors may by resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.

There are no restrictions in the BVI Companies Act or the New Articles, on the Board's ability to exercise the powers of the Company to borrow money and to mortgage or charge its undertakings, property and assets (both present and future), or to issue debentures, debenture stock and other

securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(j) *Pre-emption rights of Shareholders*

There are no provisions in the New Articles that require new shares to be issued on a pre-emptive basis to existing shareholders. There is a statutory provision under the BVI Companies Act for such rights to be included but it has been expressly disapplied by the New Articles.

Following Admission, the Directors are authorised in any period between consecutive annual general meetings, to allot any number of Shares on such terms as they shall in their discretion determine up to such maximum number as represent 50 per cent. of the issued Shares of the Company at the beginning of such period. Further Shares may be allotted on terms determined by the Directors but subject to the passing of a special resolution of the Shareholders.

## 30 TAXATION

### Australian Taxation

The paragraphs below comment on the general Australian taxation position of individual and corporate resident and non-resident Shareholders in relation to the payment of dividends by the Company and the future disposal of their Shares.

**The following comments are intended as a general guide to the Australian tax implications only. This should not be a substitute for individual advice from an appropriate professional adviser and all Shareholders or prospective Shareholders are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and disposing of Shares based on their own specific circumstances.**

The comments are based on the law and understanding of the practice of the tax authorities in Australia at the date of this Appendix.

(a) *Taxation of future Share disposals*

#### *Australian resident Shareholders – General*

Australian resident Shareholders who trade Shares in the ordinary course of their business will hold their Shares as trading stock. These Shareholders will include profits from the disposal of their Shares in their assessable income. These Shareholders may value their trading stock of Shares at the end of an income year at its cost, market selling value or replacement value. The choice as to which valuation method to use varies as the value of closing stock directly affects the calculation of the assessable income of these Shareholders. Any difference between the value of their opening and closing stock of Shares on hand for an income year will be brought to account as either assessable income (in the case of an increase in the value of their stock of Shares on hand) or as a deduction from their assessable income (in the case of a decrease).

Shareholders who acquire Shares for the purpose of re-sale at a profit (but do not hold those shares as trading stock or as an investment) will hold those Shares on revenue account. Shareholders must include any profits made on the disposal of Shares held on revenue account in their assessable income when the profits are realised. Losses realised by Shareholders who dispose of Shares held as trading stock or on revenue account may be entitled to deduct the loss against their assessable income.

All other Australian resident Shareholders will hold their Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Shares.

A Shareholder derives a capital gain on the disposal of Shares where the consideration received on disposal exceeds the capital gains tax cost base of the Shares.

A Shareholder derives a capital loss on the disposal of Shares where the consideration received on disposal is less than the capital gains tax reduced cost base of the Shares.

All capital gains and losses for the year are added together to produce a net capital gain or loss position. A net capital gain for a financial year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss may generally be carried forward to future years to be deducted against future capital gains.

#### ***Non-Australian resident Shareholders – General***

Non-Australian resident Shareholders who hold Shares as trading stock or on revenue account may need to include profits from the sale of Shares in their assessable income on the same basis as that described above for Australian resident shareholders. Applicable double taxation agreements may provide relief from Australian taxation.

Non-Australian resident Shareholders who hold Shares on capital account would only be subject to Australian capital gains tax upon disposal of their Shares where the following conditions are met:

- (i) if the non-Australian resident Shareholders (together with their associates) held 10 per cent or more of the Company's issued capital at the time of disposal or for any 12 month period in the 24 months preceding the disposal; and
- (ii) at the time of disposal, more than 50 per cent of the market value of the assets of the Company are represented (either directly or indirectly) by real property interests situated in Australia or mining rights in respect of certain resources situated in Australia.

**Non-Australian resident Shareholders who are subject to Australian capital gains tax may be able to obtain relief from Australian capital gains tax via the application of any relevant double taxation agreement.**

#### ***Capital gains tax discount***

Shareholders that are individuals, trusts or complying superannuation funds (and in some cases a life insurance company) (whether Australian resident or non-Australian resident) may be entitled to the capital gains tax discount in relation to capital gains derived from the disposal of Shares, provided that the Shares were held for at least 12 months prior to disposal. If the capital gains tax discount applies, the amount of the taxable capital gain resulting from the disposal will be reduced by 50 per cent (in the case of Shareholders who are individuals or trusts) and 33 1/3 per cent (in the case of complying superannuation funds and, in certain circumstances, life insurance companies). Shareholders that are companies are not eligible for the capital gains tax discount.

**From 29 June 2013 foreign resident individuals are no longer eligible for the 50% CGT discount.**

#### (b) *Dividends*

Dividends may be paid to Shareholders from the accounting profits of the Company as declared by the Directors. Australian resident Shareholders may receive credits for any corporate tax that has been paid on these profits. These credits are known as "franking credits" and they represent the extent to which a dividend is "franked". It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

In order for individual shareholders to be entitled to claim the "tax offset" in relation to franked dividends, the recipient of the dividend must be a "qualified person". To be a qualified person, the two tests that need to be satisfied are the "holding period rule" (generally referred to as the "45 day rule") and the "related payments rule".

Broadly, if individual shareholders have held shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they are able to claim the tax offset for the amount of any franking credits attaching to the dividend.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

#### ***Australian resident Shareholders - Non-corporate***

Resident non-corporate Shareholders will need to include dividends in their assessable income for the period in which they receive the dividends. The amount to be included is the amount of the dividend plus the franking credit attached to it. Resident non-corporate Shareholders who are individuals, trustees who are assessed on a resident beneficiary's share of income, complying superannuation funds, certain exempt institutions and certain life insurance companies will be entitled to receive tax credits for the franking credit attached to dividends. Non-corporate Shareholders might receive a tax refund, if the franking credit attached to the dividend exceeds the tax payable on their taxable income. In the case of certain exempt institutions, a refund of the whole of the franking credit may be obtained. Non-corporate Shareholders will be liable to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits which are attached to the dividend.

#### ***Australian resident Shareholders – Corporate***

Dividends payable to Australian resident corporate Shareholders will be included in their assessable income in the year the dividend is paid. The corporate Shareholder will be entitled to a franking credit to the extent that the dividend is franked. This would result in the dividend being free of further company tax to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

#### ***Quotation of Tax File Number/Australian Business Number***

Australian resident shareholders will be required to provide their Tax File Number or Australian Business Number as applicable. If this requirement is not met, an amount (up to 47 per cent) could be withheld from unfranked dividends paid by the Company. The amount withheld will be credited against the Shareholder's Australian income tax liability. No amount should be withheld in respect of the franked part of a dividend.

#### ***Non-Australian resident Shareholders – General***

Unfranked dividends paid to non-Australian resident Shareholders will generally be subject to withholding tax. Withholding tax is imposed at 30 per cent unless a Shareholder is a resident of a country with whom Australia has a double taxation agreement. The double taxation agreement may reduce the withholding tax rate to a range of between 5 per cent and 15 per cent depending on the country of residence of the non-Australian resident Shareholder.

Where the Company pays an unfranked dividend out of certain profits derived from non-Australian sources, the Company may declare a portion of the unfranked dividend to consist of conduit foreign income. Where this is the case, the portion of the unfranked dividend that consists of conduit foreign income will not be subject to Australian withholding tax and will not be subject to further Australian income tax in the hands of non-Australian resident Shareholders.

The franked part of a dividend paid to a non-Australian resident shareholder is not subject to withholding tax.

Non-Australian resident Shareholders may be assessable for tax on any dividends in their country of residence. They should consider the impact of dividends under their domestic tax regime.

#### (c) ***Goods and Services Tax (GST) and stamp duty***

No Australian GST or stamp duty is payable on the acquisition or disposal of Shares.

### UK taxation

**The following statements are intended only as a general guide to current United Kingdom tax legislation and HM Revenue and Customs practice in respect of stamp duty, stamp duty reserve tax, taxation of capital gains and taxation of dividends paid by the Company. They relate to persons who are resident or ordinarily resident in the United Kingdom for UK tax purposes and who are beneficial owners of Shares. They may not relate to certain shareholders, such as dealers in securities. If a shareholder is in doubt as to his tax position or is subject to tax in any jurisdiction other than the United Kingdom, he should consult his professional adviser without delay.**

**Individuals who are Directors or employees of a member of the Company or related to any such person are strongly advised to seek professional advice on their personal tax position in relation to the acquisition of any Shares pursuant to the Subscription.**

(a) *Stamp duty and stamp duty reserve tax*

Except in relation to depository receipt arrangements or clearance services where special rules apply, no stamp duty or stamp duty reserve tax will be payable in relation to the Subscription. Paperless transfers of Shares within CREST will be liable to SDRT rather than stamp duty, generally at the rate of 0.5 per cent.

The above statements are intended as a general guide to the current UK stamp duty and SDRT position. Certain categories of person are not generally liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it. Special rates apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

(b) *Taxation of capital gains*

Any gain realised by a United Kingdom resident holder of Shares on a sale or other disposal (including from liquidation of the or dissolution of the Company) of their Shares may, depending on their circumstances, be subject to United Kingdom capital gains tax (in the case of individuals) or corporation tax on chargeable gains (in the case of companies).

For United Kingdom resident or ordinarily resident individuals (subject to any exemptions, reliefs and/or allowable losses which are available to the shareholder) the rate of capital gains tax of 18 per cent. will apply to the extent the individual's total taxable income and gains (after all allowable deductions) are less than the upper limit of the basic rate income tax band (currently £31,865). For gains (in whole or part) above that limit capital gains tax of 28 per cent. will apply. Individuals who are temporarily non-United Kingdom resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the United Kingdom. For trustees and personal representatives (subject to any exemptions, reliefs and/or allowable losses which are available to the shareholder) a single rate of capital gains tax of 28 per cent. will apply.

A United Kingdom resident company may benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail price index and the resulting chargeable gain will be subject to United Kingdom corporation tax (currently the main rate is 21 per cent.).

Capital losses incurred on a disposal of shares by individual shareholders may offset other capital gains arising to them in the same tax year or may be carried forward to offset against future capital gains. Corporate investors may offset a capital loss arising on the disposal of their investment against other chargeable gains arising in the same accounting period or also carry the loss forward to offset against future chargeable gains. Indexation allowance for a company will not create or increase a loss.

(c) *Taxation of dividends*

- (i) Under current United Kingdom tax legislation the Company is not required to withhold tax at source from dividend payments it makes.
- (ii) Individual shareholders resident for tax purposes in the United Kingdom are generally entitled to a tax credit equal to one ninth of the amount of the dividend received (or 10 per cent. of the gross dividend). Such individual shareholder's liability to United Kingdom tax is calculated on the gross dividend which, with certain other investment income, will be regarded as the top part of the individual's income and which will be subject to United Kingdom income tax at rates of tax described below. The tax credit will be available to offset the shareholders liability (if any) to income tax on the gross dividend. Individual shareholders liable to tax at the basic rate will be liable to tax on dividends received at the rate of 10 per cent. This means that the tax credit will satisfy the income tax liability of such shareholders.

Individual shareholders who are liable to income tax at the higher rate will be liable to tax on dividend income at the rate of 32.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend. Individual shareholders who are liable to income tax at the additional rate will be liable to tax on dividend income at the rate of 37.5 per cent. After taking into account the 10 per cent. tax credit, such shareholders will be liable to additional income tax of 30.55 per cent. of the net dividend.

With limited exceptions (relating to shares held in individual savings accounts or personal equity plans to 5 April 2004) individual shareholders who are resident in the United Kingdom cannot claim repayment of the tax credit.

- (iii) A corporate shareholder resident for tax purposes in the United Kingdom will not normally be liable to corporation tax on any dividend received.
- (iv) Tax exempt pension funds cannot reclaim tax credits attaching to dividend payment on the United Kingdom equities.
- (v) Although individual shareholders who are resident for tax purposes in countries other than the United Kingdom but who are Commonwealth citizens, nationals of states which are parts of the European Economic Area, residents of the Isle of Man or the Channel Islands and certain other types of person are entitled to a tax credit as if they were resident for tax purposes in the United Kingdom which they may set off against their total United Kingdom tax liability, such shareholders will generally not be able to claim repayment of the tax credit (unless permitted to do so by a double tax treaty).
- (v) Other shareholders who are resident for tax purposes in countries other than the United Kingdom are not generally entitled to a tax credit. Such shareholders may be liable to foreign tax on the dividend received and should consult their own tax advisors concerning their tax liabilities in their country of residence.

**The above is a summary of certain aspects of current law and practice in the UK. Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.**

*BVI Taxation*

- (a) The Company and all dividends, interest, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from the provisions of the Income Tax Ordinance in the BVI and any capital gains realised with respect to any shares,



debt obligations or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. The Payroll Taxes Act will only apply to the Company to the extent that the Company has employees (and deemed employees) rendering services to the Company wholly or mainly in the BVI. The Company at present has no employees in the BVI and no intention of having any employees in the BVI.

- (b) No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of the Company.
- (c) All instruments relating to transfer of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from the payment of stamp duty in the BVI.
- (d) There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company or its Shareholders.

### **31 RESPONSIBILITY**

The Company, the Directors and the Proposed Director, whose names and functions are set out on page 3 of this Appendix, accept responsibility for the information contained in this Appendix. To the best of the knowledge and belief of the Company, the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Appendix is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **32 CONSENTS**

- (a) Beaumont Cornish has given and has not withdrawn its written consent to the issue of this Appendix with the references to its name in the form and context in which they appear.
- (b) Wardell Armstrong has confirmed that the CPR has been prepared in accordance with, and satisfied the content requirements of, the AIM Rules for Companies and the Note for Mining and Oil & Gas Companies dated June 2009, as issued by London Stock Exchange plc. Wardell Armstrong accepts responsibility for the CPR and has taken all reasonable care to ensure that the information contained in the CPR is in accordance with the facts and there is no omission likely to affect its import. Wardell Armstrong has reviewed this Appendix and the information contained therein that relates to or is extracted from the information contained in the CPR, and confirms that the information presented in the Appendix is not misleading and it is accurate, balanced and complete and not inconsistent with the CPR. Based on the information provided to Wardell Armstrong and to the best of its knowledge, Wardell Armstrong has not become aware of any material change or matter affecting the validity of the CPR or the contents of the Appendix. Wardell Armstrong has given and not withdrawn its consent to the summary, inclusion and or reference to the CPR in this Appendix and to the inclusion in this Appendix of statements made by Wardell Armstrong and to references to Wardell Armstrong and its name, in the form and context in which they appear. Wardell Armstrong has no material interests in the Company.
- (c) Baker McKenzie has given and not withdrawn its written consent to the inclusion in this Appendix of references to its name in the form and context in which it appears.

### **33 GENERAL**

The total costs and expenses payable by the Group in connection with or incidental to the Admission, including registration and London Stock Exchange fees, corporate finance, accountancy and legal fees, commissions, consulting and investor relation services and the costs of printing and despatching this Appendix, are estimated to be approximately £177,000 (excluding VAT), all of which will be payable by the Group.

Save as set out in this Appendix, there are no persons (excluding professional advisers otherwise disclosed in this Appendix or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this Appendix nor have entered into contractual arrangements (not otherwise disclosed in this Announcement) to receive, directly or indirectly, from the Company on or after AIM Admission fees or securities in the Company or any other benefit with a value of £10,000 or more at the time of AIM Admission.

Save as set out in this Appendix, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this Appendix relates or of his procuring or agreeing to procure subscriptions for such securities.

Save as disclosed in this Appendix, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

A commission of A\$67,086 was paid to Markham Associates for services provided in relation to the placement by the Company of in aggregate 18,750,000 new Shares to raise A\$1.5 million as announced on 22 June 2015. Save as disclosed in this Appendix above, or in the Public Record, no payment in excess of £10,000 has been made by or on behalf of the Company or any member of the Group to any government or regulatory body with regard to the acquisition or maintenance of any of the Company's assets.

Save as set out in this Appendix or otherwise disclosed in the Public Record:

- (a) there have been no interruptions in the Company's business which may have or have had in the last 12 months a significant effect on the Company's financial position;
- (b) there are no significant investments by the Company under active consideration;
- (c) the Directors are not aware of any exceptional factors which have influenced the Company's activities; and
- (d) there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Group.

Where information in this Appendix has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **34 DOCUMENTS AVAILABLE FOR INSPECTION AND WEBSITE**

Copies of this Appendix are to the public free of charge at the Company's website ([www.europeanmet.com](http://www.europeanmet.com)) and at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Appendix until at least thirty days after the date of Admission.

Information equivalent to that required for an admission document which has not previously been made available to the public (in consequence of the Company having its Shares traded on the ASX) is included in this Appendix or is available at the Company's website or the ASX website ([www.asx.com.au](http://www.asx.com.au)), including the following:

- (a) Memorandum and Articles of Association of the Company;
- (b) the annual accounts of the Company;
- (c) Competent Person's Report dated 2 November 2015;
- (d) letters of consent referred to in Section 32 above; and
- (e) announcements issued by the Company

**Date: 12 November 2015**

## **SCHEDULE A**

### **RISK FACTORS**

#### **AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK**

The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. Prospective investors should carefully consider all the information in this Appendix including the risks described below. The risks and uncertainties described below are the material risk factors facing the Group which are currently known to the Directors. These risks and uncertainties are not the only ones facing the Group and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance and share price could be materially and adversely affected to the detriment of the Company and the Shareholders. Investment in the Company is suitable for persons who can bear the economic risk of a substantial or total loss of their investment. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect. The risks are not presented in any order of priority. Investors' attention is also drawn to the statement regarding Forward Looking Statements below.

#### ***Forward looking statements***

This Appendix contains forward looking statements, including, without limitation, statements containing the words "believe", "anticipated", "expected" and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this Appendix are based on the Directors' beliefs and assumptions and information only as of the date of this Appendix, and the forward-looking events discussed in this Appendix might not occur. Factors that might cause such a difference include, but are not limited to, those discussed in this Schedule A. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. To the extent lawfully permitted, the Company disclaims any obligations to update any such forward looking statements in this Appendix to reflect future events or developments.

#### **Risks relating to the Group's business and industry**

##### ***Stage of development***

The Company will initially focus on the development of the Cinovec Project. However, there can be no assurance that the Cinovec Project will be brought into production, or that any part of the Cinovec Project will ever be profitable. Operating losses are expected to be incurred for the foreseeable future. The commercial viability of mineral deposits of the kind located and believed to be located on the Cinovec Project, is dependent upon a number of factors, including, but not limited to, the market price of tin, input costs, the quality, size, grade and other attributes of the deposits and the proximity to, and availability of, infrastructure necessary to develop and exploit minerals on a commercial scale. The Group will not generate any material income until mining is started at the Cinovec Project.

##### ***Mineral properties and single country risk***

The concessions held by the Group are the only mineral properties in which the Group currently has an interest and all its interests are located in the Czech Republic. Any adverse political or other developments affecting the concessions could have a material adverse effect on the Group and could materially and adversely affect its future production, profitability, financial performance and results of operations.

### ***Renewal of exploration licences for the Cinovec Project***

As at the date of this Appendix, the Company has the necessary approvals and tenure to carry out its operations. These approvals and licences are subject to periodic renewal by the Czech Ministry of Environment and the Company will follow the mandated processes to ensure continuity of operations.

As is customary for exploration licences, the Cinovec Project licences are subject to numerous Czech-specific legislative conditions. The Company may apply for its further extension, but there is no legal claim for such extension. Czech law does not determine any specific length of extension and the extension is possible as long as: (i) the initial term is not sufficient to finish the exploration activities; and (ii) the activities have been conducted in accordance with the exploration licence conditions. While there are no minimum work programmes that must be followed during licence term, the Company risks that the exploration licence will not be extended if it does nothing during the original exploration term. If an extension is granted, it will be for the same area as the original exploration area unless the Company requests a smaller area in its petition for extension. Additionally, renewal conditions may not necessarily be the same conditions as those originally imposed on the licence. The imposition of new conditions or the inability to meet those conditions in an economically viable manner or at all, may adversely affect the operations, financial position and/or performance of the Company.

### ***Exploitation of discoveries from the Cinovec Project***

It may not always be possible for the Company to exploit successful discoveries that may be made in areas in which it has an interest. Exploitation involves obtaining the necessary licences, permits and regulatory consents and authorisations. Administrative proceedings on both exploration and mining activities are influenced by environmental and social factors, with important roles played by the Czech Ministry of Environment, municipalities and various non-government organisations which enter such administrative proceedings at various stages during the process.

Although a company which has been granted an exploration licence has priority to apply for a mining licence for the same area under Czech law; in the event the Company submits an application for a mining licence later than one year after the termination of the exploration licence to which it relates, such an application will be invalid and the Company risks losing its tenure over the original exploration licences and the area in which they relate to. Additionally, there is no guarantee the relevant Czech authority will approve a mining licence on application.

The Cinovec Project is at the exploration stage and the Company does not intend to engage in mining activities until it is favourably positioned to do so in order to derive an economic benefit. The ultimate and continuing success of the Group's activities is dependent on a number of factors including:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) availability of cost effective technology and metallurgical processes to extract target metals economically;
- (c) access to adequate capital to fund and develop the Group's projects;
- (d) construction of efficient development and production infrastructure within capital expenditure budgets;
- (e) securing and maintaining title to interests;
- (f) obtaining regulatory consents and approvals necessary for the conduct of mineral development and production; and
- (g) retention of appropriately skilled and experienced employees, contractors and consultants.

### ***Surface rights and landowner consent to access***

The Group has no surface rights over the areas where it holds mineral licences. Exploration and mining will require the Group to purchase or lease certain surface areas. It is not known whether and on what terms such surface rights may be acquired, and under current Czech law there are no provisions under which the Group is entitled to compulsorily purchase such rights. For the purposes of Czech law, the grant of an exploration licence does not grant the Company the right to enter the land plots within the exploration area (including those comprising the

Cinovec Project). For this purpose, the Company must secure and enter into a written consent with the landowner(s) that will allow it to conduct exploration works on the land plot, build work stations, access roads, intakes of water and energies, conduct landscaping works, remove plants and build constructions. The Company has not yet obtained such consent as it is not yet been required. However, the Company plans to obtain landowner(s)' consent prior to the commencement of drilling for which it needs to access the land plots at the Cinovec Project.

The Company may be required to pay compensation to landowners to utilize the land comprising the Cinovec Project. There are no set prices as the amount of compensation depends on the agreement entered into between the Company and landowner. A landowner can withhold his consent to access land plots if he so chooses. In accordance with Czech law, the landowner's access consent passes in the event of landlord's death or sale of the land plot. If the Company is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the Company's operations, results and financial conditions.

Additionally, access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions. Access is critical for explorations and mining development to succeed and the ability to be able to negotiate satisfactory commercial arrangements with landowners.

#### ***Title to concessions and licences***

While the Group has attempted to diligently investigate the title to, and rights and interests in the Cinovec Project held by the Group and, to the best of its knowledge, such title and interest are in good standing, this should not be construed as a guarantee of the same. The licences may be subject to undetected defects. If a defect does exist it is possible that the Group may lose all or part of its interest in those of the Cinovec Project to which the defect relates.

#### ***Exploration and development risks***

Mineral exploration and development involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Success in increasing mineral resources and reserves is the result of a number of factors, including the level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralisation is discovered it may take several years of drilling and development until production is possible, during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade and quantities of ore mined, fluctuations in the price of tin or other minerals produced, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. As a result of these uncertainties, there can be no assurance that mineral exploration and development of the Cinovec Project will result in profitable commercial operations.

#### ***Estimates of mineral reserves and resources***

Estimates of mineral reserves and resources for exploration and development of the Cinovec Project are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, anticipated climatic conditions and other factors.

The mineral resource estimates contained in this Appendix are estimates only and no assurance can be given that any particular grade, stripping ratio or grade of minerals will in fact be realised or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Market fluctuations in the price of base metals may also render mineral reserves uneconomical. As a result of these uncertainties, there can be no assurance that the Group's exploration programmes will result in profitable commercial mining operations.

The operational targets of the Group will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Group. It is, therefore, possible that exploration and mining activity levels might fluctuate. Unscheduled interruptions in the Group's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the financial performance of those operations. The Group will not generate any material income until mining has successfully commenced. In the meantime the Group will continue to expend its cash reserves.

### ***Environmental regulation***

The Group's Cinovec Project will involve underground mining activity and certain of its areas are subject to protected species legislation. Environmental and safety legislation (e.g. in relation to reclamation, disposal of waste products, protection of wildlife and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for Group companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. If the Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Group. The Group has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a price which the Group regards as reasonable.

### ***Volatility of metal prices***

The future profitability of the Group and its ability to develop the Cinovec Project or any other mineral deposit, if subsequently shown to be commercially viable, will depend on the market price and worldwide consumption of base and precious metals. Metal prices fluctuate and are affected by numerous factors beyond the Group's control, including global supply and demand, political and economic conditions, speculative activities, expectations of inflation, interest rates and currency exchange rate fluctuations. The effect of these factors on the price of metal prices cannot accurately be predicted.

### ***Infrastructure***

Development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. Any inability of the Group to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Group's operations and financial condition.

### ***Operating risks***

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Group's properties, require the Group to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Company. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs or the loss of the Group's assets and a decline in the value of the Company's securities.

### ***Government regulation and political risk***

The Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Directors believe that the Group is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties, which could have a material adverse impact on the Group's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Group cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Group from proceeding with any future exploration or development of its properties.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

The Group's Cinovec Project is located in the Czech Republic. The Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in those regions are beyond the control of the Group and may adversely affect its operations.

### ***Financing***

The Group will remain cash flow negative for some time and there can be no certainty that the Company will subsequently achieve or sustain profitability or positive cash flow from its operating activities. The Company will need to raise additional capital in the future to fund the development of the Cinovec Project to commence production and future commodity prices, revenues, taxes, capital expenditures and operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required and available. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it could result in a delay or indefinite postponement of exploration and development activities.

### ***Currency risk***

Fluctuations in currency exchange rates could have a material adverse effect on the financial condition, results of operation or cash flow of the Group. The Group does not currently intend to enter into any hedging arrangements with respect to foreign currencies.

### ***Competition***

The mining industry is competitive in all of its phases. The Group faces strong competition from other mining companies in connection with the acquisition of mineral properties producing, or capable of producing, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Group which may give them a competitive advantage.

### ***Dependence on key personnel***

The Company has a small management team and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Group will be successful in attracting and retaining such personnel.



### ***Joint ventures***

The Group may enter into joint venture arrangements with regards future exploration, development and production properties (including potentially the Group's concessions). There is a risk any future joint venture partner does not meet its obligations and the Group may therefore suffer additional costs or other losses. It is also possible that the interests of the Group or future joint venture partners are not aligned resulting in project delays or additional costs and losses. The Group may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies meaning that it is unable to direct their management or operational decisions, leaving its interests, and their value, subject to external factors that the Group is not able to manage or mitigate, with the risk of a decline in value of such interests and therefore potentially of the value of the Group.

### **General risks**

#### ***Investment risk***

A prospective investor should consider with care whether an investment in the Company is suitable for them in light of their personal circumstances and the financial resources available to them. An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Prospective investors should therefore consult an independent financial adviser authorised under FSMA (if before investing in the United Kingdom) or, if not, another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's assets or investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The price of shares and the income derived from them can go down as well as up. The value of an investment in the Company could, for a number of reasons, go up or down. Past performance is not necessarily a guide to the future. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company or the Group.

#### ***BVI incorporation***

The Company's corporate affairs are governed by its Articles, and following Admission, the New Articles, as amended and restated from time to time. The rights of Shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of Directors to the Company under the laws of the BVI are governed by the BVI Companies Act, and to an extent, common law, which differ in certain respects from English and Australian law, meaning that shareholders may not be able to exercise or assert those rights typically available to them under English or Australian law.

#### ***No Takeover Code protection***

The Takeover Code does not apply to the Company.

The New Articles contain certain limited takeover protections in circumstances where there is a takeover offer. They do not provide the full protections afforded by the Takeover Code and the Takeover Panel will have no responsibility or involvement in their enforcement.

#### ***Liquidity of Shares***

An investment in the Shares is highly speculative and subject to a high degree of risk. The price of publicly quoted securities can be volatile and is dependent upon a number of factors, some of which are general market or sector specific and others that are specific to the Company and the Group.

Notwithstanding the fact that an application will be made for the Shares to be admitted to trading on AIM, this should not be taken as implying that there will be a "liquid" market in the Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Shares may thus

be difficult to realise. The Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. The price of the Shares may be volatile, influenced by many factors, some of which are beyond the control of the Group, including the performance of the overall share market, other Shareholders buying or selling large numbers of Shares, changes in legislation or regulations and general economic conditions.

### ***Share dilution***

The Company may require further funds to be raised via equity offerings. The Company's capital requirements will depend on numerous factors, including its ability to maintain and expand its business, and it is difficult for the Directors to predict the timing and amount of the Company's capital requirements with accuracy. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may place restrictions on the Company's financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the Shares in issue from time to time.

The Company has issued various Options and Warrants and may in the future issue further Options and/or Warrants to subscribe for new Shares to certain advisers, employees, directors, senior management and consultants of the Group. The exercise of such Options and / or Warrants would result in a dilution of the shareholdings of other investors.

### ***Future payment of dividends***

Dividends may only be paid out of the distributable profits of the Group. There can be no assurance as to the level and/or frequency of future dividends or that any will be paid.

### ***Shares available for future sale***

The Company is unable to predict whether substantial amounts of Shares will be sold in the open market following termination of the lock-in and orderly market restrictions. Any sales of substantial amounts of Shares in the public markets or the perception that such sales might occur could materially adversely affect the market price of the Shares.

### ***Economic changes***

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect investments and the Company's prospects.

Shareholders accordingly may not be able to realise an investment in Shares at or above the amount invested.

### ***Market perception***

Market perception of mining and exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by the issue of further shares or other securities in the Company.

## **Legal, Tax and Regulatory Risks**

### ***Litigation risks***

Legal proceedings may arise from time to time in the course of the Group's business. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors and the Proposed Director cannot preclude that such litigation may not be brought against the Group in the future from time to time or that it may not be subject to any other form of litigation. Due to the legal systems in the jurisdictions in which the Group may invest, the Group may find it difficult, impossible or very costly to enforce the rights it may have under agreements it may enter into.

***Economic, political, judicial, administrative, taxation or other regulatory factors***

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group may operate and hold its assets, as well as other unforeseen matters.

The factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Company.

If any of the risks referred to in this Schedule A crystallise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of the Shares could decline and investors may lose all or part of their investment.

## SCHEDULE B

### SUMMARY OF THE PRINCIPAL EXPLORATION AND MINING LEGISLATION IN THE CZECH REPUBLIC

#### 1. Introduction

Exploration and mining are two different processes from a legal point of view - and regulated by two different acts, the Geology Act and Mining Act

#### 2. Reserved and Non-Reserved Minerals and their Deposits

The Mining Act defines minerals and further divides them into two groups of reserved and non-reserved minerals. Tin ore and other minerals that can be used for industrial production of metals are considered as reserved metals, so this summary will deal with legal regulations of reserved minerals. Natural accumulations of reserved minerals such as tin form reserved mineral deposits, which constitutes Czech mineral wealth owned by the Czech Republic. Such deposits don't form part of surface land plots, whereas deposits of non-reserved minerals such as sand, gravel or crushed stone are considered as part of surface land plots and belong to the surface's landowner.

#### 3. Prospecting and Exploration

Prospecting ("*výzkum*" in Czech) and exploration ("*průzkum*" in Czech) for reserved mineral deposits such as tin and lithium deposits are governed by the Geology Act and may be conducted by natural and/or legal persons (both referred to as "**Entrepreneur**"), provided that the work is managed and guaranteed by a qualified and certified person, i.e. certified responsible manager for geological works ("*odpovědný řešitel geologických prací*" in Czech).

An Entrepreneur seeking to prospect or explore reserved mineral deposits, to verify their reserves and to process geological documents for their exploitation and protection, such as the Company, must submit an application to the Ministry of the Environment for establishment of an exploration area (this is the "basic" application for Exploration Licence). Such application must include a description of the exploration area, determination of the mineral that will be explored, details of the Entrepreneur and Licence for the mining activity and for the activity done by mining means ("*Oprávnění k hornické činnosti a k činnosti prováděné hornickým způsobem*" in Czech), stage of exploration, its goal, extent and manner of exploration conducting, and term for which the exploration area should be established and division of the exploration area between cadastral municipalities.

The Ministry of Environment issues in the ensuing proceedings a decision on establishment or refusal of an exploration area ("**Exploration Licence**"). The Exploration Licence includes similar details which the Entrepreneur disclosed when applying for it, i.e. delimitation of the exploration area, minerals to be explored, conditions for execution of the works and the term for which the Exploration Licence is issued. The Exploration Licence provides the Entrepreneur with the exclusive right to prospect for the specific mineral in the exploration area during its term. The Company may apply for its further extension, but there isn't any legal claim for such extension. That said, unless the Company does something inappropriate during the regular exploration term, such as non-compliance with the exploration licence's conditions, the licence is generally extended without any problems. Filing an application for extension is subject to CZK 2,000 (approx. EUR 74) administrative fee. Czech law doesn't determine any specific length of extension and the extension is possible as long as the initial term isn't sufficient to finish the exploration activities and that the activities have been conducted in accordance with the exploration's decision. While there are no minimum work programmes that must be followed during licence term, the Company risks that the exploration licence will not be extended if it does nothing during the original exploration term. If an extension is granted, it will be for the same area as the original exploration area unless the Company requests a smaller area in its petition for extension.

The Exploration Licence may only be transferred to another person based on a written agreement and with written consent of the Ministry of Environment. Without such consent, the transfer would be invalid. The Exploration Licence doesn't grant the Entrepreneur the right to enter the land plots within the exploration area. For this purpose, the Entrepreneur must secure and enter into a written consent with the landowner(s) that will allow it to conduct exploration works on the land plot, build work stations, access roads, intakes of water and energies, conduct landscaping works, remove plants or build constructions. There are no set prices as the amount of payment depends on an agreement between the Company and landowners. A landowner can withhold consent with access to land plots. The consent passes in the event of landlord's death or sale of the land plot.

In addition to the eventual payment to landowners for access to a land plot, the Entrepreneur also has a statutory duty to pay a small fee of CZK 2,000 (approx. EUR 74) per each square kilometre of an exploration area, which increases annually by an additional CZK 1,000 (approx. EUR 37) per square kilometre. This fee is paid to the municipality in which cadastral area the exploration area is established and is divided proportionally between several municipalities, if the exploration area lies in cadastre of several of them.

The Entrepreneur is obligated to comply with the conditions and interests protected by special regulations when planning and conducting prospecting and exploration works. These conditions and interests are set by special acts, including acts for the protection of landscape and nature, agricultural and forest land and water resources. The Ministry of the Environment may cancel an established exploration area, if the Entrepreneur repeatedly or severely violates its obligations under the Geology Act or under the Exploration Licence. To cancel the licence, the Ministry must commence administrative proceedings against the Company and request it to rectify the default and the licence may only be cancelled in case of a repeated default.

The Entrepreneur has reporting duties – it must, for instance, inform the Ministry of Environment about finding any exclusive deposit (see below), environmental risk geofactors and annually submit by 31 January a report on the extent and results of geological works. The Entrepreneur must also inform of the commencement of geological works involving intervention into land to concerned municipalities 15 days before the intended commencement of such works.

The Entrepreneur has a duty to evaluate the results of geological works with regard to the goals of the project and new geological findings that aren't directly related to the goal of the project - such as deposits of other minerals and sources of underground water. The Entrepreneur has to prepare a final report which includes calculation of resources pursuant to the Geology Act, the report is submitted to a commission at the Ministry of Environment which afterwards declares the resources.

The Entrepreneur has a duty to submit at no cost the results of geological works to the Czech Geological Service. The Entrepreneur may require that the results of the geological works be inaccessible to other natural or legal persons for a period of up to 7 years after such results have been submitted to the Czech Geological Service.

The Entrepreneur has a duty to compensate any damage that arises in connection with its exploration works and to bring buildings and land plots into their previous state or to compensate their owners. There is no special damages calculation formula for damage under the Geology Act, so the general legal regulation of compensation for damages would apply. In the case of a court dispute, damages would likely be determined by a court-appointed expert. If there is already some damage caused by previous exploration works by another entity, the Entrepreneur, such as the Company, wouldn't be liable for such damage.

The supervising authority is the Ministry of Environment, which has competence to cancel the Exploration Licence if the Entrepreneur breaches its duties regarding the Geology Act, the Exploration Licence or other acts protecting public health or the environment. The Ministry of Environment may also impose fines of up to CZK 1 million (approx. EUR 37,000) for infractions such as failure to submit the results of geological works to the Czech Geological Service or breaches of the conditions as set by the Exploration Licence.

There are no change of control restrictions applicable to the Company or European Metals under the Czech legislation.

#### **4. Mining**

If a restricted mineral is found to be of a quality and quantity indicative of its accumulation (supported by a partial deposit reserve estimate given in the category of prospected reserves), the Entrepreneur must report this to the Ministry of the Environment, which issues a Certificate of exclusive deposit ("*osvědčení o výhradním ložisku*" in Czech), which is a precondition for the following step, establishment of a protected deposit area ("*chráněné ložiskové území*" in Czech) by the Ministry of Environment. The primary purpose of the protected deposit area is not protection of the Entrepreneur's interests, but rather protection of the exclusive deposit itself. Establishment of a protected deposit area brings a ban on building constructions and installations unrelated to mining, which could restrict future mining of the exclusive deposit.

The Entrepreneur then applies to the Mining Authority for establishment of a Mining Area ("*dobývací prostor*" in Czech). Establishment of the Mining Area authorises the Entrepreneur to mine the exclusive deposit. The

application must be accompanied by a/an, *inter alia*:

- a) Decision on establishment of a protected deposit area;
- b) Approval of the Ministry of Environment, which the Ministry issues after consultation with the Ministry of Industry and Trade; and
- c) Certificate of Mining Operations (“*doklad, že organizace může provádět hornickou činnost*” in Czech).

The Entrepreneur for which exploration of the exclusive deposit was granted has a priority to apply for the establishment of the Mining Area, if such application was submitted within one year from termination of the Exploration Licence.

The Certificate of Mining Operations necessary for establishment of the Mining Area is issued by the responsible Mining Office. Its grant procedure takes place in cooperation with relevant administrative agencies, mainly in agreement with environmental, land use planning and building authorities. Together with the application for establishment of the Mining Area, the Entrepreneur must furnish documents proving that the Entrepreneur has settled all conflicts of interest related to the mining, most notably relationships with landowners. An environmental impact assessment (EIA) must be submitted as well. The grant of a Mining Area is a mining as well as land use authorisation.

Before the actual commencement of mining, the Entrepreneur granted a Mining Area must secure a Permission for opening, preparation and mining (“*Povolení otvírky, přípravy a dobývání*” in Czech) issued by the relevant Mining Authority. This Permission is issued in an administrative proceeding assessing the plans for opening, preparation and the mining of the deposit, and the plans for rehabilitation and reclamation after termination of the mining. The relevant Mining Authority Office may join proceedings for establishment of a Mining Area and Permission for opening, preparation and mining into one single proceeding.

#### Royalties on Mined Reserved Minerals

The Entrepreneur has a duty to pay royalties for the Mining Area and for the extracted reserved minerals. An annual payment within the range of CZK 100 to 1,000 (approx. EUR 4 to 37) is paid for every hectare of the Mining Area by 31 March of every year to the relevant Mining Authority. The exact amount depends on the degree of environmental protection of the affected area, the type of activity conducted in the Mining Area and its environmental impact. The relevant Mining Authority transfers these royalties proportionately to those municipalities in whose territories the Mining Area is located. We are not aware of any other specific facts to be considered.

The Entrepreneur further has a duty to pay a fee from the mined reserved minerals to the relevant Mining Authority. The exact payment is calculated based on this formula:

$$U = Nd/Nc * T * S/100$$

U is the amount of the payment (in CZK thousands), Nd are the total costs of the Entrepreneur for mining of the mineral (in CZK thousands) that include the costs of opening, preparation and mining of the reserved deposit, overburden, blasting and secondary disconnection of minerals, transport costs of material for heaps and dumps, maintenance of equipment and ensuring their safe operation and costs of removing mining damages, remediation and restoration. Nc are the total costs of the Entrepreneur for producing the products (in CZK thousands) and include costs of mining and other own costs for treatment and refining of mined minerals and their working into products including their sale, T are the revenues from the products (in CZK thousands) and S is the rate of the payment, which is 10% in cases of ores including the tin ore.

From this payment, 25 % goes to the national budget of the Czech Republic to be purposefully used in remediation of environmental damage caused by the mining and the remaining 75 % goes to the budget of municipalities.

The fee from the mined reserved minerals is paid in quarterly down payments but the settling is done once a year and is due on 31 March for the previous calendar year.

#### Reserves for Mining Damages

The Entrepreneur also has a duty to make sufficient financial reserves for mining damage and for reclamation of

areas affected by the mining. Creation of the financial reserve is approved by the relevant Mining Authority during the procedure for gaining the Permission for opening, preparation and mining. These reserves may be tapped only with the consent of the relevant Mining Authority after agreement with the Ministry of the Environment. There is no given formula for the financial reserves calculation. The Entrepreneur has to propose a plan of mining damage rectification to the Mining Authority which will not approve unless it is convinced that the proposed financial reserves are sufficient to rectify the mining damage.

## SCHEDULE C

### GENERAL DEFINITIONS

*The following definitions shall apply throughout this Appendix unless the context otherwise requires:*

<b>“20 Day Announcement Form”</b>	the announcement form setting out the information required by Schedule One (and its supplement) of the AIM Rules made by the Company at least 20 Business Days prior to Admission
<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	admission of the Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	a market operated by the London Stock Exchange
<b>“AIM Note”</b>	the additional rules and guidance for mining and oil and gas companies whose shares are admitted to trading on AIM entitled “Note for mining and oil & gas companies” published by the London Stock Exchange, as amended from time to time
<b>“AIM Rules”</b>	the AIM Rules for Companies, the AIM Note and the AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the rules and guidance for companies whose shares are admitted to trading on AIM entitled “AIM Rules for Companies” published by the London Stock Exchange, as amended from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules and guidance for nominated advisers entitled “AIM Rules for Nominated Advisers” published by the London Stock Exchange, as amended from time to time
<b>“Announcement”</b>	this Appendix and the 20 Day Announcement Form
<b>“Appendix”</b>	this document, being an appendix to the 20 Day Announcement Form
<b>“Articles”</b>	the memorandum and articles of association of the Company as adopted from time to time
<b>“ASIC”</b>	Australian Securities and Investments Commission
<b>“ASX”</b>	the Australian Securities Exchange operated by ASX Limited
<b>“ASX Listing Rules”</b>	the Official Listing Rules of ASX as in force from time to time
<b>“Australian Dollars” or “A\$”</b>	the lawful currency of Australia
<b>“Australian Takeover Panel”</b>	the peer review body that regulates corporate control transactions in widely held Australian entities
<b>“Beaumont Cornish”</b>	Beaumont Cornish Limited, authorised and regulated by the Financial Conduct Authority, nominated adviser to the Company under the AIM Rules
<b>“Business Day”</b>	any day (other than a Saturday, Sunday or a public holiday) on which banks are generally open in the City of London for the transaction of normal banking



	business
<b>“BVI”</b>	the British Virgin Islands
<b>“BVI Companies Act”</b>	the BVI Business Companies Act 2004, as amended from time to time
<b>“BVI Registered Agent”</b>	Rawlinson & Hunter Limited of Woodbourne Hall, PO Box 362, Road Town Tortola, British Virgin Islands VG1110
<b>“CHESS”</b>	Clearing House Electronic Subregister System, an electronic book-entry register of holdings of approved securities, which is a subregister of the Company's securities register and is managed by ASX Settlement and Transfer Corporation Pty Limited
<b>“certificated” or “in certificated form”</b>	the description of a share or security which is in certificated form (that is, not in CREST)
<b>“Class A Performance Shares”</b>	has the meaning given in Section 15(c) of this Appendix
<b>“Class B Performance Shares”</b>	has the meaning given in Section 15(c) of this Appendix
<b>“Closing Price”</b>	the closing mid-market price of a Share as published in the Daily Official List for the last business day immediately preceding the publication of this Appendix
<b>“Cinovec”, “Cinovec Project” or the “Project”</b>	a tin-lithium-tungsten deposit located in the Czech Republic comprising Cinovec Licence I and Cinovec Licence II
<b>“Cinovec Licence I”</b>	the Cinovec exploration licence (5969/530/09)
<b>“Cinovec Licence II”</b>	the Cinovec exploration licence II (308/530/11)
<b>“Cinovec Licences”</b>	together, means Cinovec Licence I and Cinovec Licence II
<b>“Company” or “EMH”</b>	European Metals Holdings Limited, a company incorporated and registered in the British Virgin Islands with registered number 1655704
<b>“Competent Person” or “Wardell Armstrong”</b>	Wardell Armstrong International Limited
<b>“Competent Person’s Report” or “CPR”</b>	the competent person’s report prepared by the Competent Person for the Company and Beaumont Cornish dated 2 November 2015 and available at <a href="http://www.europeanmet.com">www.europeanmet.com</a>
<b>“Connected Person”</b>	in relation to a Locked-in Party, any “associate” of a Locked-in Party as defined in the definition of “related party” within the AIM Rules for Companies
<b>“Corporations Act”</b>	the Corporations Act 2001 of the Commonwealth of Australia (as amended)
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited (formerly CRESTCo Limited) is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)

<b>“Custodian”</b>	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
<b>“Czech”</b>	the Czech Republic
<b>“Czech Koruna” or “CZK”</b>	the lawful currency of the Czech Republic
<b>“Depository”</b>	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
<b>“Depository Interests” or “DIs”</b>	the interests representing Shares issued through the Depository, further information on which is contained in Section 17 of this Appendix
<b>“Directors” or “Board”</b>	the directors of the Company, whose names are set out on page 3 of this Appendix and “Director” shall mean any one of them
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules issued by the FCA acting in its capacity as the competent authority pursuant to Part VI of FSMA
<b>“Euro” or “€”</b>	the lawful currency of certain member countries of the European Union
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of England and Wales (as amended)
<b>“Geology Act”</b>	Act No. 62/1988, Coll, as amended, on Geology Works and on the Czech Geology Authority
<b>“Geomet” or “Geomet S.R.O”</b>	Geomet S.R.O, a wholly owned subsidiary of the Company (through its subsidiary, European Metals (UK) Ltd), incorporated in the Czech Republic with registered number 277 52 976
<b>“GMT”</b>	Greenwich Mean Time
<b>“Group”</b>	the Company and its subsidiary undertakings and “member of the Group” shall be construed accordingly
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Indicated” or “Indicated Mineral Resource”</b>	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate
<b>“Inferred” or “Inferred Mineral Resource”</b>	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes which may be limited or of uncertain quality and reliability

<b>“ISIN”</b>	International Securities Identification Number
<b>“JORC” or “JORC Code”</b>	the Australasia Code for Reporting of Mineral Resources and Ore Reserves 2004 which sets out the minimum standards, recommendations and guidelines for the Public Reporting of exploration results, Mineral Resources and Ore Reserves III Australasia
<b>“Listed Option”</b>	listed Options exercisable at A\$0.10 per Option on or before 30 June 2016, as described in Section 15(d) of this Appendix
<b>“Listing Rules”</b>	the AIM Rules and/or ASX Listing Rules (as the context requires)
<b>“Lock-in Arrangements”</b>	the lock-in arrangements between (1) each of the Locked-in Parties, (2) the Company and (3) Beaumont Cornish, details of which are set out in Section 25(h) of this Appendix
<b>“Locked-in Parties”</b>	each of the Directors and “Locked-in Party” means any one of them
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Measured”</b>	defined in the JORC Code, as that part of a Measured Mineral Resource for which the resource has been intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A Measured Mineral Resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of the shapes, sizes, densities and grades
<b>“Meeting of Shareholders”</b>	the meeting of Shareholders to be held at the office of the Company at Level 1, 11 Ventnor Avenue, West Perth, Western Australia, 6005, Australia at 11:00 a.m. on 12 November 2015, or any adjournment thereof
<b>“Mining Act”</b>	Act No 44/1988, Coll, as amended, on Protection and Use of Mineral Resources
<b>“New Articles”</b>	the proposed new memorandum and articles of association of the Company, available to review at the Website, the material terms of which are set out at Section 13 of this Appendix, which, subject to the passing of Resolution 1 at the Meeting of Shareholders, will be adopted with effect from Admission upon its registration with the Registrar of Corporate Affairs in the BVI
<b>“not in public hands”</b>	has the same meaning as in the AIM Rules for Companies
<b>“Official List”</b>	the Official List of the UKLA
<b>“Options”</b>	the existing options to subscribe for new Shares, further details of which are set out in Section 16 of this Appendix
<b>Proposed Director</b>	Kiran Morzaria who has agreed to be a Director of the Company, with effect from and conditional on Admission
<b>“Prospectus Rules”</b>	the prospectus rules published by the FCA under Part VI of FSMA
<b>“Proven and Probable ore reserve”</b>	the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments

demonstrate at the time of reporting that extraction could be reasonably justified. Ore reserves are sub-divided in order of increasing confidence into Probable and Proven

<b>“Public Record”</b>	information on the Company which is available on the website of EMH ( <a href="http://www.europeanmet.com">www.europeanmet.com</a> ) and all information filed with the ASX and available at <a href="http://www.asx.com.au">www.asx.com.au</a>
<b>“REM” or “Rare Earth Minerals”</b>	Rare Earth Minerals Plc
<b>“Regulation”</b>	a reference to a regulation of the Articles or New Articles (as the context requires)
<b>“Shares”</b>	ordinary shares of no par value in the capital of the Company (whether or not such Shares are held in the form of Depositary Interests)
<b>“Shareholders”</b>	the persons who are registered as holders of Shares from time to time
<b>“Sterling” or “£”</b>	the lawful currency of the UK
<b>“Subsidiaries”</b>	the subsidiaries of the Company details of which are set out in Section 2 of this Appendix
<b>“Takeover Code” or “City Code”</b>	the City Code on Takeovers and Mergers
<b>“Takeover Panel”</b>	the Panel on Takeovers and Mergers
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of CREST Regulations, may be transferred by means of CREST
<b>“Unlisted Option”</b>	unlisted Options exercisable at A\$0.166 per Option on or before 17 August 2020, as described in Section 15(c) of this Appendix
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA”</b>	the United Kingdom Listing Authority
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code published by the Financial Reporting Council in June 2010, as amended from time to time
<b>“UK Depositary”</b>	Computershare Investor Services PLC
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possession, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
<b>“US\$”</b>	the lawful currency of the United States
<b>“Warrants”</b>	warrants to subscribe for new Shares, further details of which are set out in Section 16 of this Appendix
<b>“Website”</b>	the website of the Company as at the date of this Appendix at <a href="http://www.europeanmet.com">www.europeanmet.com</a>

## **Exchange Rates**

Throughout this Appendix, save as otherwise indicated, the following exchange rates have been used. The exchange rates are the latest available from the Financial Times as published 11 November 2015 in London.

£1: A\$ 2.15

£1: CZK 38.2

£1: \$1.51

£1: € 1.41

## FURTHER TECHNICAL GLOSSARY

“°C”	degrees Celsius
“acid”	an igneous or volcanic rock containing more than about 60% silica (SiO <sub>2</sub> ) by weight, most of the silica being in the form of silicate minerals, but with the excess of about 10% being free quartz
“adit”	a horizontal or sub-horizontal underground development providing access to underground workings from surface
“calcite”	mineral composed of calcium carbonate, CaCO <sub>3</sub>
“carbonate”	refers to a carbonate mineral such as calcite CaCO <sub>3</sub>
“cassiterite”	A mineral, tin dioxide, SnO <sub>2</sub> . Ore of tin with specific gravity 7
“cupola”	A dome-shaped projection of the igneous rock of a batholith. Many stocks are cupolas on batholiths
“cut-off grade”	lowest grade of mineralised material considered economic, used in the calculation of ore resources
“deposit”	coherent geological body such as a mineralised body
“dip”	the true dip of a plane is the angle it makes with the horizontal plane
“disseminated”	a mineral deposit in which the desired minerals occur as scattered particles in the rock
“exploration”	method by which ore deposits are evaluated
“feasibility study”	an extensive technical and financial study to assess the commercial viability of a project
“feldspar”	the most important group of rock forming silicate minerals, with end-members, alkali feldspar KAlSi <sub>3</sub> O <sub>8</sub> , sodium feldspar NaAlSi <sub>3</sub> O <sub>8</sub> and calcium feldspar CaAl <sub>2</sub> Si <sub>2</sub> O <sub>8</sub>
“flotation”	a mineral processing technique used to separate mineral particles in a slurry, by causing them to selectively adhere to a froth and float to the surface
“g/t”	gramme per metric tonne
“grade”	relative quantity or the percentage of ore mineral or metal content in an ore body
“granite”	coarse-grained igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz, and balance of plagioclase feldspars and

ferromagnesian silicates

<b>“greisen”</b>	A pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals
<b>“igneous”</b>	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
<b>“Inferred”</b>	an estimate of mineral resources made from geological evidence as defined by the JORC Code for reporting ore reserves and resources; it is inferred from geological evidence and assumed but not verified geological and/or grade continuity; it is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
<b>“intrusive”</b>	of or pertaining to intrusion-both the processes and the rock so formed
<b>“JORC Code”</b>	Joint Ore Reserve Committee Code; the Committee is convened under the auspices of the Australasian Institute of Mining and Metallurgy
<b>“LCE”</b>	the total equivalent amount of lithium carbonate (see explanation below entitled Explanation of Lithium Classification and Conversion Factors)
<b>“lithium”</b>	a soft, silvery-white metallic element of the alkali group, the lightest of all metals
<b>“m”</b>	metre
<b>“metallurgical”</b>	describing the science concerned with the production, purification and properties of metals and their applications
<b>“Mineral Resource”</b>	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge; mineral resources are sub-divided into Inferred, Indicated and Measured categories
<b>“mineralisation”</b>	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
<b>“Mt”</b>	million tonnes
<b>“muscovite”</b>	also known as potash mica; formula: $KAl_2(AlSi_3O_{10})(F,OH)_2$ .
<b>“ore body”</b>	mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions
<b>“ore”</b>	a mineral deposit that can be extracted and marketed profitably
<b>“potassium”</b>	highly reactive metallic element of the alkali group; it is soft, light, and silvery; chemical symbol, K; occurs abundantly in nature
<b>“ppm”</b>	parts per million
<b>“QA/QC”</b>	Quality Assurance/Quality Control: procedures to ensure the validity of e.g. drilling, sampling and analyses

<b>“quartz”</b>	a mineral composed of silicon dioxide, SiO <sub>2</sub>
<b>“recovery”</b>	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
<b>“resources”</b>	Measured: a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability
<b>“scheelite”</b>	a tungsten ore mineral, chemical symbol CaWO <sub>4</sub>
<b>“sericite”</b>	a white mica
<b>“t”</b>	a metric tonne
<b>“tailings”</b>	material that remains after all metals/minerals considered economic have been removed from the ore
<b>“tin”</b>	A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO <sub>2</sub>
<b>“tpa”</b>	tonnes per annum
<b>“treatment”</b>	Physical or chemical treatment to extract the valuable metals/minerals
<b>“trench sampling”</b>	sampling of a trench cut through the rock, generally in the form of a series of continuous channels (channel samples)
<b>“tungsten”</b>	hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram
<b>“underground working”</b>	mine openings for evaluation for ore extraction excavated beneath the ground surface
<b>“vein”</b>	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
<b>“W”</b>	chemical symbol for tungsten
<b>“wolframite”</b>	A mineral, (Fe,Mn)WO <sub>4</sub> ; within the huebnerite-ferberite series
<b>“zinnwaldite”</b>	A mineral, KLiFeAl(AlSi <sub>3</sub> )O <sub>10</sub> (F,OH) <sub>2</sub> ; mica group; basal cleavage; pale violet, yellowish or greyish brown; in granites, pegmatites, and greisens

## **Explanation of 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 per cent. lithium oxide (Li<sub>2</sub>O) content or per cent. 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 further below to get an equivalent Li<sub>2</sub>CO<sub>3</sub> value in per cent. 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.

**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	5.323
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>

### **Illustration**

For 100 million tonnes of resources at a grade of 0.2 per cent. (2,000 ppm) Li, total contained resources are calculated by multiplying 100 million by 0.2 per cent., which amounts to 200,000 tonnes Li.

To convert these tonnes to LCE, multiply 200,000 Li by 5.324, which amounts to 1,064,800 tonnes of LCE. To convert the grade, multiply 0.2 per cent. by 5.324 which results to a LCE grade of 1.06 per cent.