

## **QUARTERLY ACTIVITIES REPORT**

**June 2014**

---

### **Highlights**

- **Drilling commenced at Cinovec Tin Project**
- **First hole completed, second hole in progress**
- **Assays results due next quarter**
- **Appointment of Consultants to conduct Scoping Studies on the Cinovec Tin Project**

### **Drilling Progress**

On 13 May 2014 European Metals Holdings Limited ('European Metals' or 'Company') announced the appointment of Geo-Drilling, a Czech drilling company, to conduct a drill program on its Cinovec Tin Project in the Czech Republic. The first hole CIS-1 was drilled between 5 June 2014 and 24 June 2014 and was completed at 280.6 metres depth. The average daily progress was 14m working in a 12 hour shift. Core recoveries were excellent and there was minimal deviation of the drill hole trace.

The second hole CIS-2 was collared on 26 June 2014 and is progressing well at the date of this report.

The drill core has been logged, photographed and sawed in half and the samples will be sent to ALS Global for multi-element analyses, including tin, tungsten, lithium, rubidium, cesium, zinc, yttrium, ytterbium.

The drilling program envisions drilling three core holes to a maximum depth of 380m, targeting the Cinovec South mineralisation to provide core samples for metallurgical testing. The samples will be blended and subjected to metallurgical tests to confirm the previously recorded high metals recoveries and concentrate grades.

### **Scoping Study Commences**

#### **Mining Consultancy**

On 9 July 2014 European Metals advised that Bara Consulting has been appointed to undertake mine design scheduling and costing for the proposed underground mine at Cinovec. Their brief includes studies that will ascertain how to best utilise the extensive existing exploration and trial mine underground openings.

Bara are a specialized mining engineering consultancy with worldwide experience (including Eastern Europe) in bulk underground mining. They provide design and operational support, mining studies, and Due Diligence.

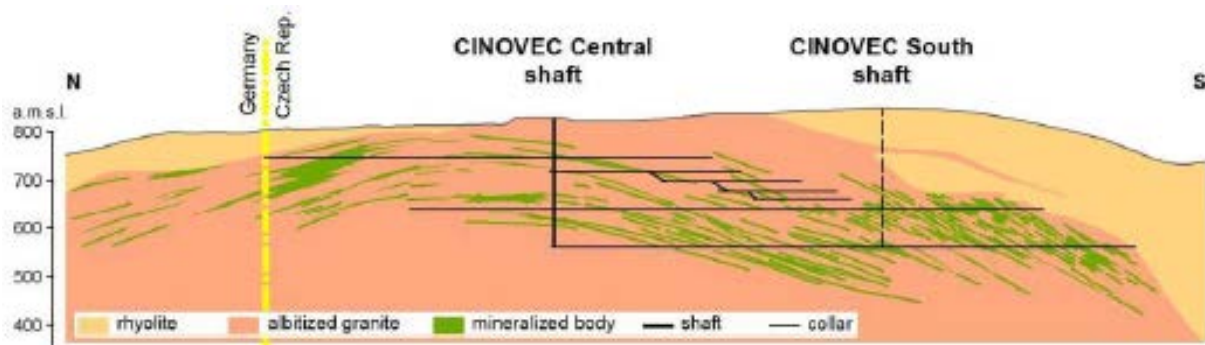
## Engineering Work

GRES, who are currently the EPCM contractor at Wolf Minerals tungsten project, has been appointed to supervise the metallurgical test work, undertake initial process design and provide estimations of capital and operational expenditure for the processing plant and tailings dam.

GRES is a well credentialed global engineering group with considerable experience in the recovery of tin and related minerals.

## Further Information

Cinovec is an historic tin mine incorporating a significant undeveloped tin resource with by-product potential including tungsten, lithium, rubidium, scandium, niobium and tantalum. The JORC compliant Inferred Resource for the Cinovec deposit totals 28.1Mt grading 0.37% Sn, for 103,970 tonnes of contained tin, which makes it one of the largest undeveloped tin deposits in the world. Cinovec also hosts a partly-overlapping hard rock lithium deposit with a total JORC compliant Inferred Resource of 36.8Mt @ 0.8%  $\text{Li}_2\text{O}$ . The resource estimates were based on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit appears amenable to bulk mining techniques and has had over 400,000 tonnes trial mined as a sub-level open stope. Historical metallurgical test work, including the processing of the trial mine ore through the previous on-site processing plant, indicates the ore can be treated using simple gravity methods with good recovery rates for tin and tungsten in oxide minerals of approximately 75%. Cinovec is very well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.



## Project Location

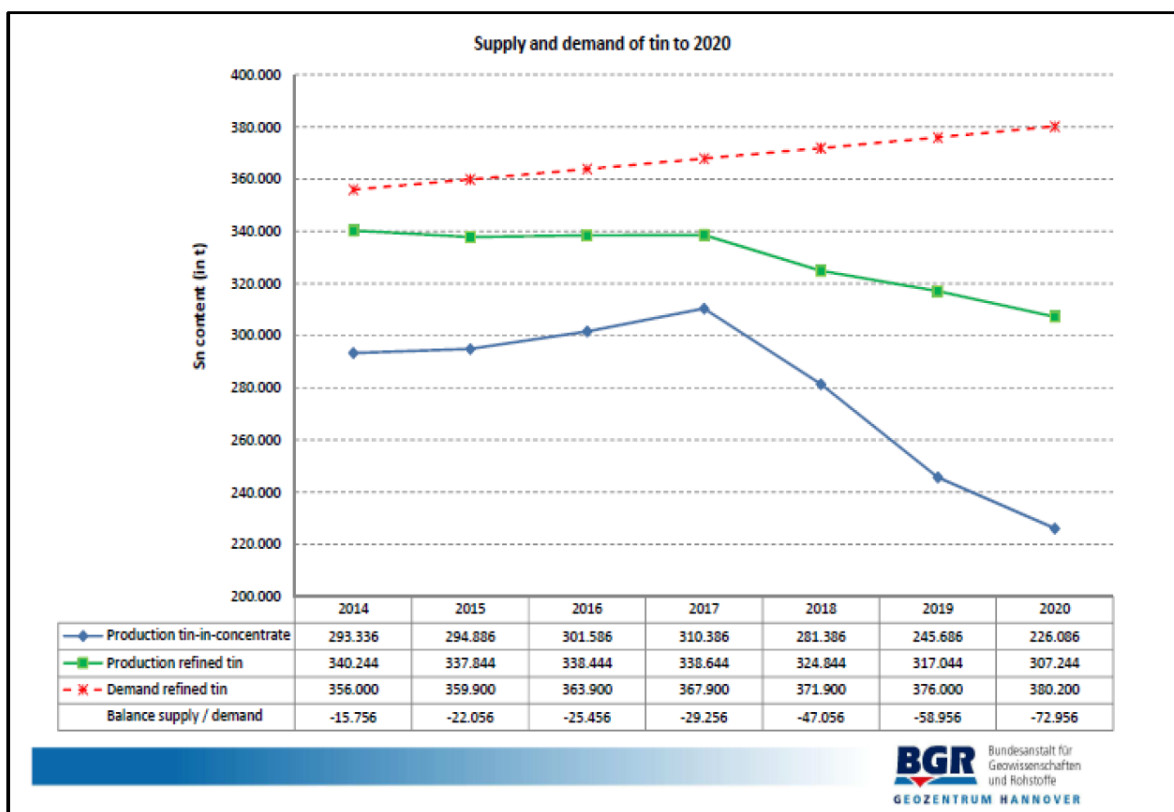


Czech Republic is ideally located at the centre of the European Union. It shares one of its borders with Germany which alone represents one third of its exports. The mining code is well established and the excellent infrastructure, electricity and communication networks create a sound environment for mining activities. Politically stable and with a high income economy, the Czech Republic is also a Member of the European Union.

## Tin Market Outlook

The outlook for the price of tin continues to appear to be strong.

Germany's Federal Institute for Geosciences and Natural Resources ("BGR") has forecast an impending widening of demand over supply that, in its analysis, suggests a tin price approaching US\$30,000/t may be expected in the near future.



Source: Federal Institute for Geosciences and Natural Resources (Hannover, Germany) – 15 May 2014

## Oyabi Project (Republic of Congo)

An exclusive prospecting licence, (**Oyabi Licence**) was granted to European Metal's 100% owned Republic of Congo (ROC) subsidiary, Equamineral SA (20 July 2011), for a period of three years. The Licence may be renewed for a further two periods of two years.

The original license expired in July 2014. In light of the Company's strong desire to focus its attention exclusively on the Czech projects – coupled with a significant decline in iron ore prices and unsatisfactory exploration results – no extension of the Oyabi license will be sought.

**For further information please contact:**

**Keith Coughlan**  
**k.coughlan@equamineral.com**  
**+61 41 999 6333**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

**EUROPEAN METALS HOLDINGS LIMITED (EMH)** *formerly Equamineral Holdings Limited (EQH)*

ABRN

**154 618 989**

Quarter ended ("current quarter")

**30 June 2014**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(100)	(159)
(b) development	-	-
(c) production	-	-
(d) administration	(148)	(389)
(e) project development costs	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(247)</b>	<b>(539)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	473
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other: Costs associated with the acquisition of a subsidiary	-	(149)
<b>Net Investing Cash Flows</b>	<b>-</b>	<b>324</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(247)</b>	<b>(215)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(247)	(215)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. net of costs	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(13)
	<b>Net financing cash flows</b>	-	(13)
	<b>Net increase (decrease) in cash held</b>	(247)	(228)
1.20	Cash at beginning of quarter/year to date	583	576
1.21	Exchange rate adjustments to item 1.20		(12)
1.22	<b>Cash at end of quarter</b>	336	336

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	25
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors Salary, Fees, Superannuation, and Back-Pay of Salary	

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
	Nil	
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
	Nil	

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	96
<b>Total</b>	<b>196</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	85	243
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other: Company funds held in trust account (GBP equiv.)	251	342
<b>Total: cash at end of quarter (item 1.22)</b>	<b>336</b>	<b>585</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference *securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>*Ordinary securities</b>	38,400,006	15,480,002		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,200,000	-	<u>Exercise price \$</u> \$0.30	<u>Expiry date</u> 19.7.2014
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		
7.13 <b>Performance securities</b>	10,000,000	-		
7.14 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		-		

## **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Signed: 

Dated: 31 July 2014

---

Company Secretary

Print name: Julia Beckett





## **Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

## Interests in Mining Tenements

*Disclosure in accordance with ASX Listing Rule 5.3.3*

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
 <b>Oyabi Project</b> Oyabi EL	Republic of Congo	100%	0%	0%
 <b>Cinovec Tin-Tungsten-Lithium Project</b>	Czech Republic	100%	0%	0%
 <b>Zlaty Kopec polymetallic Tin-Zin-Indium Project</b>	Czech Republic	100%	0%	0%
 <b>Prebuz Exploration Permit</b>	Czech Republic	100%	0%	0%

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				

Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				