



3 OCTOBER 2014

## ASX ANNOUNCEMENT

### RIGHTS ISSUE, EUROPEAN GRANT AND GENERAL UPDATE

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#### NON-RENOUNCEABLE RIGHTS ISSUE

European Metals Holdings Limited (ASX:EMH) ("European Metals" or "the Company") is pleased to announce a capital raising of approximately \$ 1.1 million.

Proceeds will be used to complete the current Scoping Study on the Company's flagship Cinovec Tin, Tungsten and Lithium Project in the Czech Republic and for working capital.

The funds will be raised via a fully underwritten Non-Renounceable Rights Issue to existing holders. The basis of the issue is four (4) new CDI's for every seven (7) CDI's currently held at an issue price of 5 cents per CDI. For every CDI taken up, holders will receive one (1) free attaching option with an exercise price of 10 cents expiring 30 June 2016.

Based upon the capital structure of the Company at the time of this announcement, a maximum of 21,942,860 new CDI's and options will be issued pursuant to this rights issue to raise \$ 1,097,143 (before expenses).

A prospectus outlining the full terms and conditions of the Offer will be lodged with the Australian Securities and Investments Commission.

The Non-Renounceable Rights Issue is fully underwritten by 708 Capital Pty Ltd.

#### Indicative capital structure:

CDIS	NUMBER
CDIs currently on issue	38,400,006
CDIs offered pursuant to the Offer	21,942,860
<b>Total CDIs on issue after completion of the Offer</b>	<b>60,342,866</b>

## **EUROPEAN GRANT**

The Company is pleased to announce the award of a research grant under the FAME Project in the amount of Euro 149,750. The FAME Project aims to increase the competitiveness of European mineral resources and to stimulate private engagement and investment. The project addresses primary skarn, pegmatite and greisen ore deposits in Europe (tin, tungsten and lithium). Specifically FAME will consider new processing technologies (flexible, modular, more efficient) and aims to maximise the utilization of all minerals in order to improve the economic and social/environmental attractiveness of lower grade deposits located in populated areas of Europe.

The FAME Project will last 48 months and will be implemented by 16 members from European academic institutions, consulting companies and small to medium enterprises. The project is divided into 7 Work Packages (WP). The Company will be primarily involved with WP 2 Deposit and Processing Mineralogy, WP 6 Environmental and Socio-Political Aspects and WP 7 Dissemination and Exploitation. The ongoing research fits in with the Company's upcoming metallurgical testwork and with the overall aim of developing the Cinovec deposit, in particular with respect to maximising the recoveries of the known valuable minerals in the Company's flagship Cinovec Tin Project. The valuable metals include tin, tungsten, lithium, zinc, indium and rare earths. The extraction of the byproduct minerals could significantly enhance the economics of this large scale tin project.

Managing Director, Mr Keith Coughlan said, *"I am delighted to announce this funding grant soon after the extension of the licences on the Cinovec Project. It shows the efforts that the Czech Republic and the EU are making to reinvigorate a centuries old mining tradition in the area. We already enjoy strong local authority support and it is very pleasing to see this extended to a national and regional level."*

## **FURTHER UPDATE**

### **Cinovec Tin Project**

Assays on all the metallurgical holes should be received within the next month which will allow compositing of metallurgical test samples using the core derived from the recent metallurgical drill campaign. Once the appropriate intervals have been selected, the material will be dispatched to commence the defined testwork program.

In addition, UCS (Uniaxial Compressive Strength) testing on this core has now been completed and will be combined with historical geotechnical data to allow a geotechnical model of the deposit to be completed. This will enable mine design to commence ahead of scheduling and modelling of the proposed mining operation. It is anticipated that the mining component of the Scoping Study will be completed in November.

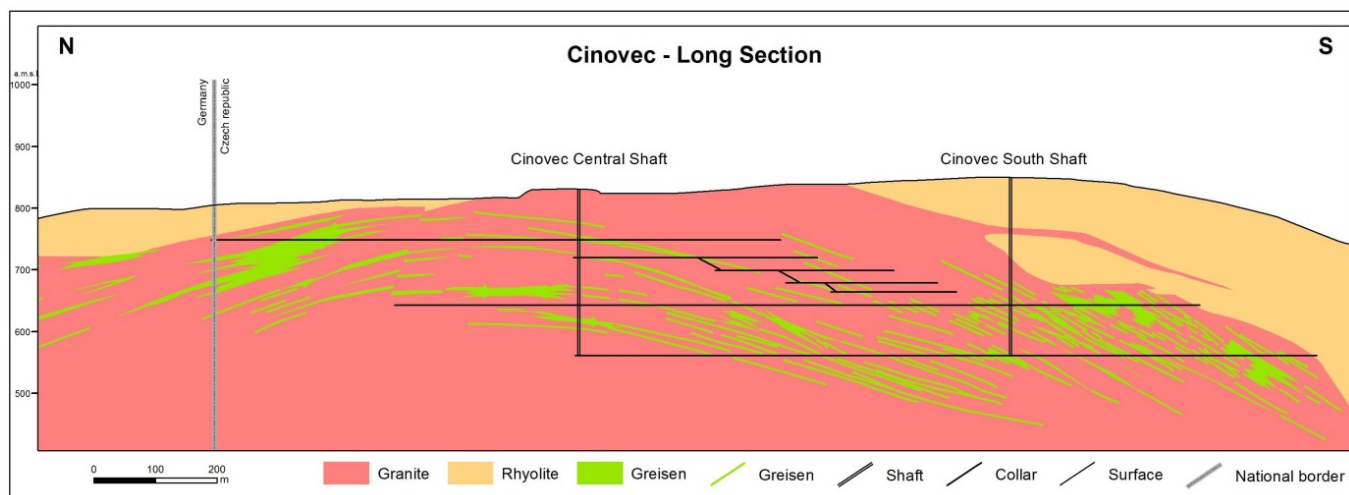
### **Zlatý Kopec Project**

The Company was notified by the Ministry of Environment that its extension of the exploration license for Zlatý Kopec was not confirmed and that the appeal by local community council against the extension was granted.

The appeal was filed because the community deems exploration incompatible with the intent of proclaiming the Zlatý Kopec medieval historic adits as cultural heritage sites by the Ministry of Culture. The Zlatý Kopec project was not a priority in terms of the Company's development criteria. The Company accepts the decision and will focus on developing its primary project Cinovec, which is large tonnage deposit with simple metallurgy and a clear path to production. The Cinovec license was extended in August 2014 for 5 years, the site is of semi-industrial nature and the local community firmly supports the Company in its efforts to develop the project.

## 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% Li<sub>2</sub>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

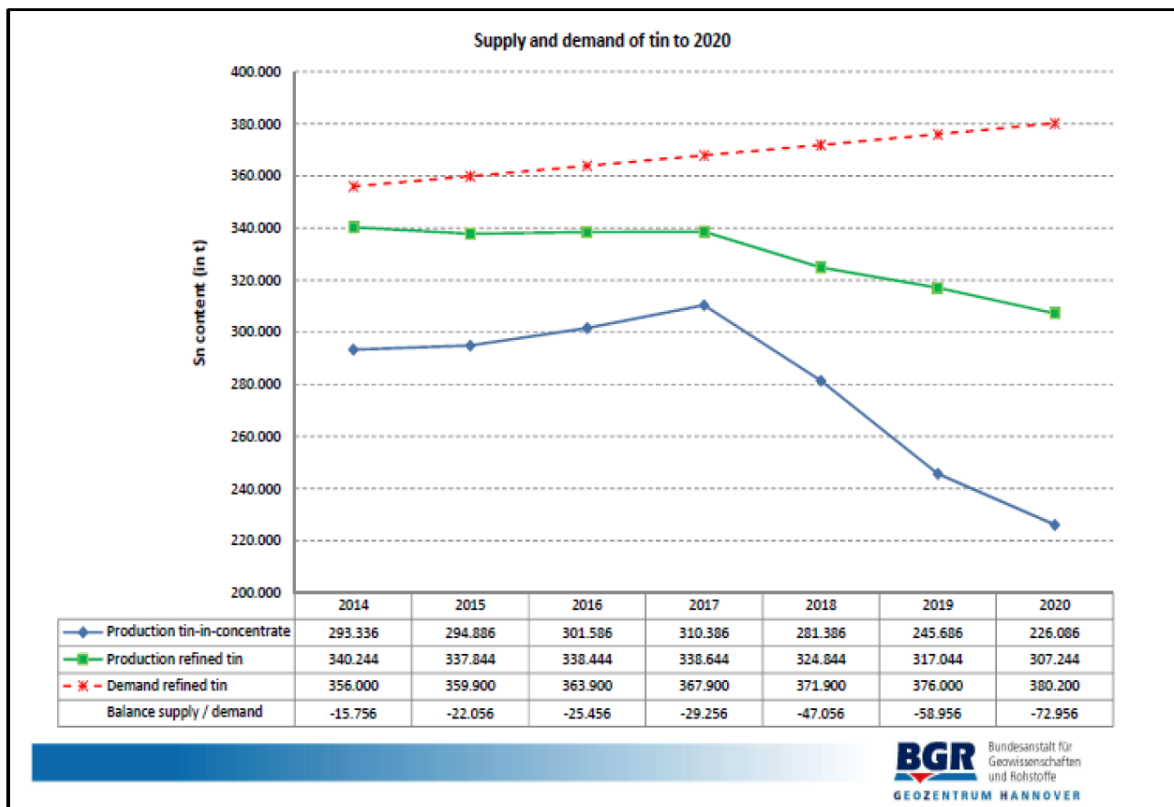


Czech Republic is ideally located at the centre of the European Union. It shares one of its borders with Germany which alone represents one third of its exports. The mining code is well established and the excellent infrastructure, electricity and communication networks create a sound environment for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

## COMPETENT PERSON

Information in this report that relates to Exploration Results is based on information compiled by European Metals Director Mr Pavel Reichl. Mr Reichl is a Certified Professional Geologist, a member of the American Institute of Petroleum Geologists, a Fellow Member of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

## CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information included in this release constitutes forward-looking statements. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.



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