



EUROPEAN METALS HOLDINGS
LIMITED

ARBN 154 618 989

INTERIM FINANCIAL REPORT

31 DECEMBER 2021

Note: The information contained in this condensed report is to be read in conjunction with European Metals Holding Limited's 2021 annual report and any announcements made by the company during the half year period ended 31 December 2021

CORPORATE DIRECTORY

Directors

Mr Keith Coughlan
Mr Richard Pavlik
Mr Kiran Morzaria
Mr Lincoln Palmer Bloomfield, Jr

Executive Chairman
Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Mr Dennis Wilkins

Registered Office in Australia

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Registered Address & Place of Incorporation

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Securities Exchange Listing – Australia

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ASX Code: EMH

Reporting Accountants (UK)

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UNITED KINGDOM

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European Metals Holdings Limited
ARBN 154 618 989
INTERIM FINANCIAL REPORT 31 DECEMBER 2021



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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2021.

Directors

The names of the directors who held office during or since the end of the half year.

Mr Keith Coughlan	Executive Chairman	Appointed 30 June 2020
	Previously Managing Director	Appointed 6 September 2013
Mr Richard Pavlik	Executive Director	Appointed 27 June 2017
Mr Kiran Morzaria	Non-Executive Director	Appointed 10 December 2015
Ambassador Lincoln Palmer Bloomfield, Jr	Non-Executive Director	Appointed 3 January 2021

Results of Operations

The consolidated loss for the half year ended 31 December 2021 amounted to \$1,949,974 (2020: \$2,317,327 loss).

Review of Operations

For the reporting period the Company continued to manage the advancement of the Cinovec Lithium/Tin Project in Czech Republic with a significant resource upgrade following an extensive drilling programme and very positive results returned from a life cycle environmental assessment ("LCA") conducted by Minviro, further highlighting the strong ESG credentials of the Project. The macro conditions relative to the Project have been very strong for the period. Prices for the Project's two key metals, lithium and tin, continued to increase significantly.

Subsequent to the end of the reporting period, the Company made two very significant announcements.

The first of these was an update to the 2019 Preliminary Feasibility Study, highlighting significant increases in the key financial parameters of the Project, an increase in overall lithium production, and further enhancements to the ESG credentials. The 2022 PFS Update shows an NPV of US\$1.938B (post tax, 8%); an up-front capital cost of US\$644M; and an increase in the overall annual production of battery-grade lithium hydroxide ("LiOH") to 29,386 tpa (refer to the Company's ASX release dated 19 January 2022). In addition, the post tax IRR has increased to 36.3% (**PFS Update delivers outstanding results**).

Secondly, the Company successfully completed a capital raising of approximately AUD 14.4 million and welcomed Ellerston Capital, a leading Sydney-based fund manager, and another institutional fund to the register. (refer to the Company's ASX release dated 19 January 2022) (**Successful Placing to raise AUD14.4M**).

The Coronavirus (COVID-19) pandemic is ongoing and has had a negative impact on the Project's timelines. Travel logistics globally have improved since the end of the period, however it is difficult to estimate the ongoing potential impact. The situation is rapidly developing and is dependent on measures imposed by various governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

PFS UPDATE DELIVERS OUTSTANDING RESULTS

As announced on 19 January 2022, the 2019 PFS Update for the Cinovec Project has been updated to demonstrate the effect of changes in the mining process to incorporate the use of paste backfill, which results in an increase in annual production, together with changes in lithium and by-product prices to reflect current and expected market conditions.

The effect of the use of the paste backfill option was to enable the mining schedule to increase the mine life to 25 years whilst increasing the amount of ore mined to 2.25mtpa, thereby increasing the amount of lithium hydroxide produced each year from 25,267 tonnes to 29,386 tonnes.

The use of approximately 54% of the plant tailings for backfill will result in a far smaller environmental impact, with much smaller dry stack tailings storage required, further enhancing the already strong ESG credentials of the Project.

NPV₈ (post tax) increases from US\$1.108B to US\$1.938B, an increase of 74.9%

The 2022 PFS Update highlights the very strong increase in value which results from the increase in the price of battery-grade lithium hydroxide when combined with the use of backfill, and an increase in the overall production of battery-grade lithium hydroxide to 29,386 tpa. The 2022 PFS Update shows a NPV of US\$1.938B (post tax, 8%) and an up-front capital cost of US\$644M.

Metric	Value	Metric	Value
NPV @8% Discount	\$1,108 M	Average LiOH Production rate	25,267 tpa
IRR (Post tax)	28.8 %	Avg Production Cost (without credits)	\$4,876 /t LiOH
Capital Expenditure	\$482.6 M	Avg Production Cost (with credits)	\$3,435 /t LiOH
Total Mined Ore	34.4 Mt	Avg Mill Rate (yr. 3-20)	1.68 Mtpa
Peak Mill Feed	1.8 Mtpa	Life of Mine	21 years

Table 1: 2019 PFS Update Project Financial Summary

Metric	Value	Metric	Value
NPV @8% Discount	\$1.94B	Average LiOH Production rate	29,386 tpa
IRR (Post tax)	36%	Avg Production Cost (without credits)	\$6,727 /t LiOH
Capital Expenditure	\$644 M	Avg Production Cost (with credits)	\$5,567 /t LiOH
Total Mined Ore	54.5 Mt	Avg Mill Rate (yr. 2-25)	2.25 Mtpa
Peak Mill Feed	2.34Mtpa	Life of Mine	25 years

Table 2: 2022 PFS Update Project Financial Summary

LCA QUANTIFIES CINOVEC LITHIUM CHEMICAL PRODUCTION CO₂ EMISSIONS AND MITIGATION SCENARIOS IDENTIFIED TO PRODUCE LOW CARBON PRODUCTS, CEZ TO PROVIDE GREEN POWER TO PROJECT

In line with Environmental, Social and Governance (ESG) adoption, the Company engaged UK-based and globally recognised sustainability and life cycle assessment consultancy, Minviro, to provide an ISO-compliant life cycle assessment (LCA) of the Cinovec project. This assessment covered both battery-grade lithium carbonate and battery-grade lithium hydroxide and was benchmarked against global lithium peers. Minviro has identified decarbonisation optimisation in the developing feasibility study for Cinovec.

The Minviro work has assessed the LCA for both Lithium Carbonate (" Li_2CO_3 ") and LiOH based upon the PFS studies published by EMH for Li_2CO_3 (refer to the Company's ASX release dated 19 April 2017) and LiOH (refer to the Company's ASX release dated 17 June 2019) (together the PFS). The work included assessments of Global Warming Potential (GWP), Acidification Potential (AP), Water Use and Land Use compared with the most relevant global benchmarks with proven flowsheets for lithium chemicals production (Chilean brine; Australian spodumene; and US sedimentary clay). Minviro also assessed GWP reduction strategies being advanced by Geomet management (as part of the ongoing Definitive Feasibility Study) to reduce the carbon footprint of Cinovec, including full electrification of the mine and mining vehicle fleet; sourcing all electrical power for both the mine and lithium processing plant from a proposed co-developed photovoltaic cell array adjacent to the Cinovec processing plant; and green hydrogen as replacement for conventional gas in the ore roasting process (Decarbonization Case).

MINE, FECAB AND LCP TO BE POWERED BY SOLAR POWER PLANT

CEZ, EMH's joint venture partner in the Cinovec Lithium Project, plans to provide 100% renewable energy to power the mine, the Front-End Comminution and Beneficiation (FECAB) and Lithium Chemical Plant (LCP). CEZ currently owns renewables installations with aggregate power generation capacity of 1720 MW. This capacity will increase by 1500 MW by 2025. The renewable energy sources will be capable of providing all the required power for all aspects of the Cinovec Project including the mine, the FECAB plant as well as the Lithium Chemical Plant under normal operating conditions. The Company is also considering the use of electric mining equipment to further reduce the CO_2 footprint at Cinovec.

LiOH Production

The GWP for the Cinovec PFS case is expected to be around 16.6 kg CO_2 eq. per kg LiOH. For LiOH from Chilean brine, the GWP is estimated to be 6.6 kg CO_2 eq. per kg LiOH. For Australian spodumene converted in China the impact is 15.5 kg CO_2 eq. per kg LiOH. LiOH produced from Nevada sedimentary clay resources has a GWP that is calculated to be 20.7 kg CO_2 eq. per kg LiOH. The GWP calculated for the Cinovec Decarbonised case, which would involve a number of significant modifications to the project as considered in the 2019 PFS, could be one of the lowest in the world, estimated to be around 2.9 kg CO_2 eq. per kg LiOH

For all five production routes shown in Figure 1 the chemical processing is the largest driver of the impact. Transport is minimal for all routes except for the Australian spodumene route, where the spodumene concentrate is transported to China; and the LiOH product from all production routes is transported 400 km from the Port of Rotterdam to provide the GWP impacts as delivered at the same end-users.

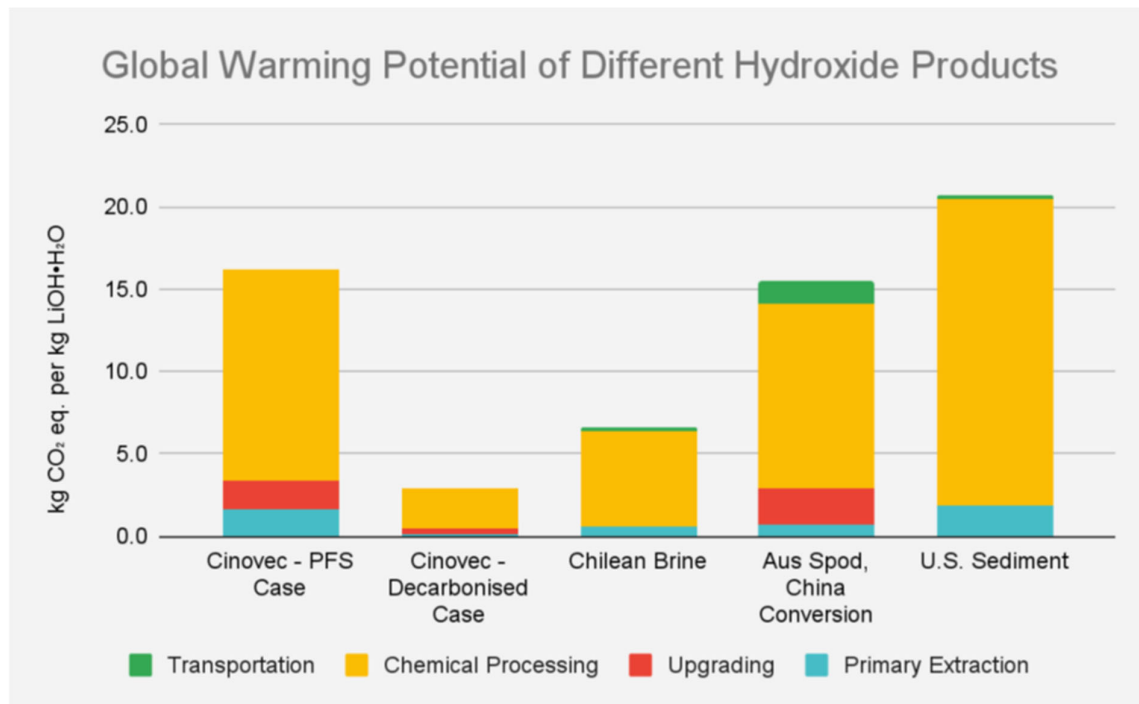


Figure 1: GWP Impact of LiOH produced from Cinovec PFS (2019), the theoretical Cinovec Decarbonised Case, for Chilean Brine, Australian Spodumene converted in China, and US Sedimentary Clay. Source: Minviro

Lithium Carbonate Production

As with LiOH, Li₂CO₃ products can have different environmental impacts depending on the natural resource they are produced from and the process technology chosen in flowsheets. A comparison of how the Cinovec lithium carbonate GWP impact will compare to existing process pathways is shown below in Figure 2. The GWP calculated for the Chilean brine is the lowest: 2.7 kg CO₂ eq. per kg Li₂CO₃. For the Cinovec PFS case, the Li₂CO₃ product has a GWP of 15.2 kg CO₂ eq. per kg Li₂CO₃. Li₂CO₃ produced from Nevada sedimentary clay resources has a GWP that is calculated to be 18.1 kg CO₂ eq. per kg Li₂CO₃. For Australian spodumene converted in China the impact is 24.2 kg CO₂ eq. per kg Li₂CO₃. Li₂CO₃ produced from the Cinovec De-carbonised case has a GWP that is calculated to be 2.4 kg CO₂ eq. per kg Li₂CO₃.

For all production routes shown in Figure 2, the chemical processing is again the largest driver of the impact. Transport impact is minimal for all routes except for the Australian spodumene route, where the spodumene concentrate is transported to China and the Li₂CO₃ product from all production routes is transported 400 km from the Port of Rotterdam to provide the GWP impacts as delivered at the same end-users.

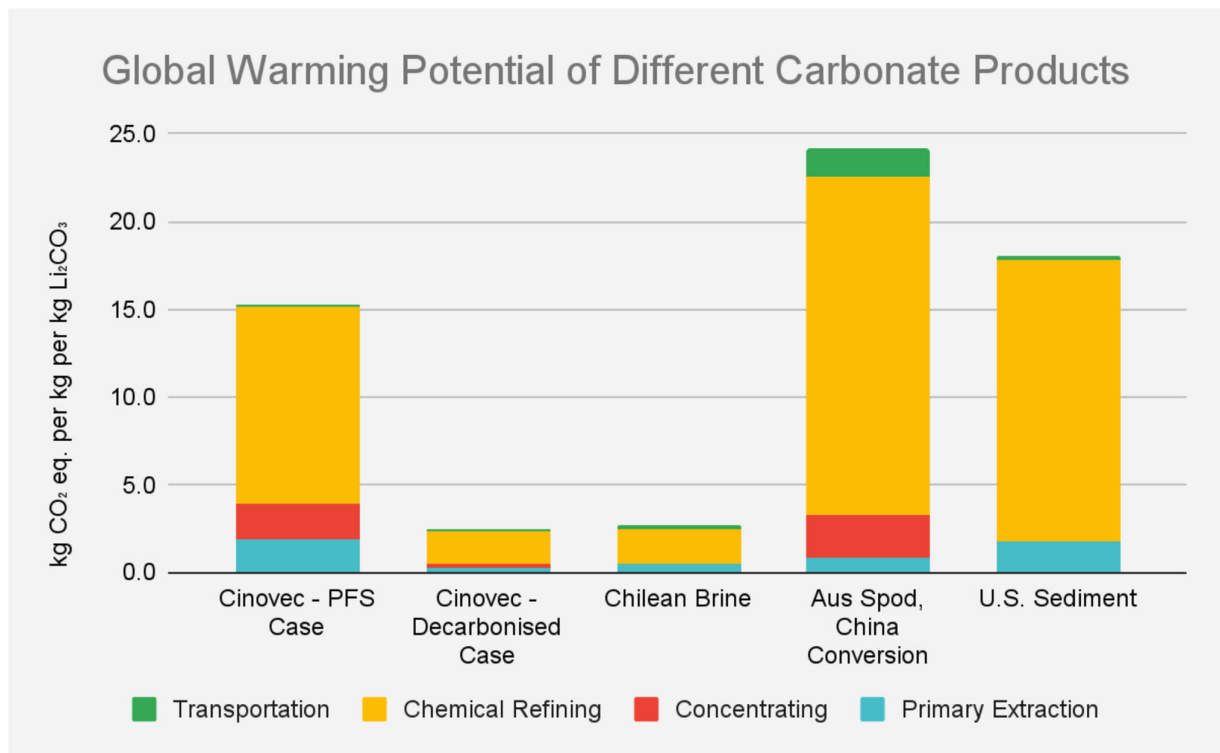


Figure 2: GWP Impact of Li₂CO₃ produced from Cinovec PFS (2019), the theoretical Cinovec Decarbonised Case, for Chilean Brine, Australian Spodumene converted in China, and US Sedimentary Clay. Source: Minviro

RESOURCE UPGRADE AT CINOVEC LITHIUM PROJECT

The Company completed a drilling campaign during the previous quarter at Cinovec South, comprising 22 diamond drill core holes for 6,622 metres. The drilling programme was systematically undertaken over the year with the primary aim to convert a larger part of the resource to higher JORC classification.

Independent expert Lynn Widenbar of Widenbar and Associates updated the Mineral Resource Estimate of the Cinovec Project, which has been prepared and reported in accordance with the 2012 Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code (2012)).

The additional information resulted in an upgrade of some 28.5 million tonnes of Inferred Resources to Indicated Resources and the increased drilling density in the southern area has allowed the re-classification of 53.3Mt of Indicated material to the Measured category. The total Measured, Indicated and Inferred Resources have increased by 12.3Mt to 708.2Mt.

The contained lithium in the resource increased from 7.2 Mt to 7.39 Mt LCE. (refer to the Company's ASX release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

The Cinovec Project remains a potential low operating cost, hard rock lithium hydroxide or lithium carbonate producer, due to a number of key advantages:

- By-product credits from the recovery of tin, tungsten, potash and sodium sulphate;
- The ore is amenable to single-stage crushing and single-stage coarse milling, reducing capital and operating costs and complexity;
- Paramagnetic properties of zinnwaldite allow the use of low-cost wet magnetic processing to produce a lithium concentrate for further processing at relatively high recoveries;
- Relatively low temperature roasting at atmospheric pressure utilizing conventional technologies, reagent recycling (confirmed in locked cycle tests) and the use of waste gypsum;
- Low-cost access to extensive existing infrastructure and grid power; and
- Plans to provide 100% renewable energy to power the project.

MINERAL RESOURCE UPGRADE

A summary of the updated Lithium Resource Estimate is presented in Table 1 below.

Table 3: Cinovec Project Mineral Resource September 2021 (0.1% Li (0.2153% Li₂O) Cut-off)

CINOVEC SEPTEMBER 2021 RESOURCE SUMMARY							
	Cut-off	Tonnes	Li	Li ₂ O	Sn	W	LCE
	%	(Millions)	%	%	%	%	Mt
MEASURED	0.1 % Li (0.22% Li ₂ O)	53.3	0.22	0.48	0.08	0.02	0.64
INDICATED	0.1 % Li (0.22% Li ₂ O)	360.2	0.20	0.44	0.05	0.02	3.88
MEASURED+INDICATED	0.1 % Li (0.22% Li ₂ O)	413.4	0.21	0.44	0.05	0.02	4.51
INFERRED (approx.)	0.1 % Li (0.22% Li ₂ O)	294.7	0.18	0.39	0.05	0.02	2.87
TOTAL	0.1 % Li (0.22% Li ₂ O)	708.2	0.20	0.42	0.05	0.02	7.39

Notes:

1. Mineral Resources are not Reserves until they have demonstrated economic viability based on a feasibility study or prefeasibility study.
2. Mineral Resources are reported inclusive of any reserves and are prepared by Lynn Widenbar in accordance with the guidelines of the JORC Code (2012).
3. The effective date of the Mineral Resource is September 20, 2021.
4. All figures are rounded to reflect the relative accuracy of the estimate.
5. The operator of the project is Geomet s.r.o., 49% owned by EMH and 51% owned by CEZ a.s. Gross and Net resources attributable to EMH, are the same.
6. Any apparent inconsistencies are due to rounding errors.
7. Mt is million tonnes.
8. LCE is Lithium Carbonate Equivalent and is equivalent to Li₂CO₃.

CORPORATE AND ADMINISTRATION

SUCCESSFUL PLACEMENT RAISES ~AUD14.4 M

As announced on 19 January 2022, the company successfully completed a placement for 10,285,000 CDI's at an issue price of A\$1.40 per CDI to raise approximately A\$14.4 million (before costs) (Placement) from institutional clients of Euroz Hartleys. The Placement was well supported by Ellerston Capital, a leading Sydney based fund manager with in excess of \$4 Billion in funds under management, which invested ~\$13million. The proceeds of the Placement will assist in the further development of the Cinovec Lithium Project, the largest hard rock lithium resource in Europe, and further general working capital.

Other than as outlined above, there were no other significant events after the reporting period.

Geomet Tenement Schedule

Permit	Code	Deposit	Interest at 1 July 2021	Acquired / Disposed	Interest at 31 December 2021
Exploration Area	Cinovec	N/A	100%	N/A	100%
	Cinovec II		100%	N/A	100%
	Cinovec III		100%	N/A	100%
	Cinovec IV		100%	N/A	100%
Preliminary Mining Permit	Cinovec II	Cinovec East	100%	N/A	100%
	Cinovec III	Cinovec South	100%	N/A	100%
	Cinovec IV	Cinovec NorthWest	100%	N/A	100%

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2021 has been received and can be found on page 11 of the financial report.

This report of the Directors is signed in accordance with a resolution of the Board of Directors.

Keith Coughlan

EXECUTIVE CHAIRMAN

15 March 2022

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet has been granted a preliminary mining permit by the Ministry of Environment and the Ministry of Industry. The company is owned 49% by EMH and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Measured Mineral Resource of 53.3Mt at 0.48% Li₂O and 0.08% Sn, Indicated Mineral Resource of 360.2Mt at 0.44% Li₂O and 0.05% Sn and an Inferred Mineral Resource of 295Mt at 0.39% Li₂O and 0.04% Sn containing a combined 7.39

million tonnes Lithium Carbonate Equivalent and 263kt of tin (refer to the Company's ASX release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate (refer to the Company's ASX release dated 11 July 2018) (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

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

The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

On 19 January 2022, EMH provided an update to the 2019 PFS Update, conducted by specialist independent consultants, which indicates a return post tax NPV of USD1.938B and a post tax IRR of 36.3% and confirmed that the Cinovec Project is a potential low operating cost, producer of battery-grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining (refer to the Company's ASX release dated 19 January 2022) (**PFS Update delivers outstanding results**). Metallurgical test-work has produced both battery-grade lithium hydroxide and battery-grade lithium carbonate in addition to high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit, and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

The economic viability of Cinovec has been enhanced by the recent strong increase in demand for lithium globally, and within Europe specifically.

There are no other material changes to the original information and all the material assumptions continue to apply to the forecasts.

BACKGROUND INFORMATION ON CEZ

Headquartered in the Czech Republic, CEZ a.s. is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 33,000 employees and annual revenue of approximately EUR 7.24 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 17.9 billion.

As one of the leading Central European power companies, CEZ intends to develop several projects in areas of energy storage and battery manufacturing in the Czech Republic and in Central Europe.

CEZ is also a market leader for E-mobility in the region and has installed and operates a network of EV charging stations throughout Czech Republic. The automotive industry in the Czech Republic is a significant contributor to GDP, and the number of EV's in the country is expected to grow significantly in the coming years.

CONTACT

For further information on this update or the Company generally, please visit our website at www.europeanmet.com or see full contact details at the end of this release.

COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by Dr Vojtech Sesulka. Dr Sesulka is a Certified Professional Geologist (certified by the European Federation of Geologists), a member of the Czech Association of Economic Geologist, and a Competent Person as defined in the JORC Code 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Sesulka has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears. Dr Sesulka is an independent consultant with more than 10 years working for the EMH or Geomet companies. Dr Sesulka does not own any shares in the Company and is not a participant in any short or long term incentive plans of the Company.

The information in this release that relates to Mineral Resources and Exploration Targets is based on, and fairly reflects, information and supporting documentation prepared by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australasian Institute of Geoscientists, is a full-time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context that the information appears. Mr Widenbar does not own any shares in the Company and is not a participant in any short or long term incentive plans of the Company.



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16 March 2022

Board of Directors
European Metals Holdings Limited
Level 3, 35 Outram Street
West Perth WA 6005

Dear Sirs

RE: EUROPEAN METALS HOLDINGS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of European Metals Holdings Limited.

As Audit Director for the review of the financial statements of European Metals Holdings Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik
Director



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Revenue	4	551,472	551,480
Research and Development rebate		56,187	-
Other income		18,386	47,244
Interest income		379	48
Equity accounting on investment in Geomet s.r.o	5	(744,108)	(543,603)
Employee benefits		(353,749)	(298,220)
Accounting, legal and professional fees		(597,400)	(735,111)
Advertising and promotion		(195,460)	(134,966)
Share based payment expense	8	(185,270)	(918,852)
Share registry and listing fees		(125,295)	(112,107)
Facility and advance fee		-	(60,000)
Directors fees		(50,067)	(12,000)
Insurance		(44,699)	(20,051)
Amortisation of ROU Assets		(16,431)	-
Audit fees		(18,910)	(18,000)
Travel and accommodation		-	(5,939)
Rent and utilities		-	(4,900)
Foreign gain/loss		(8,466)	(7,143)
Other administration expenses		(236,543)	(45,207)
Loss before income tax		(1,949,974)	(2,317,327)
Income tax expense		-	-
Loss for the period		(1,949,974)	(2,317,327)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translating foreign operations		(910)	1,106
- Equity accounting on investment in Geomet s.r.o	5	195,402	102,139
Other comprehensive income/(loss) for the period, net of tax		194,492	103,245
Total comprehensive loss for the period		(1,755,482)	(2,214,082)
Net Loss attributable to:			
members of the parent entity		(1,949,974)	(2,317,327)
		(1,949,974)	(2,317,327)
Total Comprehensive loss attributable to:			
members of the parent entity		(1,755,482)	(2,214,082)
		(1,755,482)	(2,214,082)
Basic and diluted loss per CDI/share	3	(0.011)	(0.015)

The above statement should be read in conjunction with the accompanying condensed notes.

European Metals Holdings Limited
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		6,944,817	7,880,673
Trade and other receivables		55,412	53,046
Other assets		302,675	337,196
TOTAL CURRENT ASSETS		7,302,904	8,270,915
NON-CURRENT ASSETS			
Other assets		47,392	47,392
Right-of-use asset		111,911	136,122
Investments accounted for using equity method	5	16,912,321	17,461,027
TOTAL NON-CURRENT ASSETS		17,071,624	17,644,541
TOTAL ASSETS		24,374,528	25,915,456
CURRENT LIABILITIES			
Trade and other payables		446,600	439,798
Provisions – employee entitlements		113,533	99,850
Lease liability		43,986	6,038
TOTAL CURRENT LIABILITIES		604,119	545,686
NON-CURRENT LIABILITIES			
Lease liability		64,030	91,855
TOTAL NON-CURRENT LIABILITIES		64,030	91,855
TOTAL LIABILITIES		668,149	637,541
NET ASSETS		23,706,379	25,277,915
EQUITY			
Issued capital	6	34,187,890	34,087,930
Reserves	7	9,031,201	8,752,723
Accumulated losses		(19,512,712)	(17,562,738)
TOTAL EQUITY		23,706,379	25,277,915

The above statement should be read in conjunction with the accompanying condensed notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	23,954,204	7,950,773	(235,186)	(13,600,288)	18,069,503
Loss attributable to members of the Company	-	-	-	(2,317,327)	(2,317,327)
Other comprehensive loss	-	-	103,245	-	103,245
Total comprehensive income/(loss) for the period	-	-	103,245	(2,317,327)	(2,214,082)
Transactions with owners, recognised directly in equity					
Shares issued during the period, net of costs	1,853,277	-	-	-	1,853,277
Equity based payment	-	918,852	-	-	918,852
Balance at 31 December 2020	25,807,481	8,869,625	(131,941)	(15,917,615)	18,627,550
Balance at 1 July 2021	34,087,930	9,220,602	(467,879)	(17,562,738)	25,277,915
Loss attributable to members of the Company	-	-	-	(1,949,974)	(1,949,974)
Other comprehensive income	-	-	194,492	-	194,492
Total comprehensive income/(loss) for the period	-	-	194,492	(1,949,974)	(1,755,482)
Transactions with owners, recognised directly in equity					
Capital raising costs	-	-	-	-	-
Exercise of options	99,960	-	-	-	99,960
Equity based payment	-	83,986	-	-	83,986
Balance at 31 December 2021	34,187,890	9,304,588	(273,387)	(19,512,712)	23,706,379

The above statement should be read in conjunction with the accompanying condensed notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue received	551,472	551,480
Payments to suppliers and employees	(1,419,603)	(1,427,653)
Interest received	11,865	48
Grant received	56,187	55,118
Payments for Cinovec associated costs	(227,271)	(650,410)
Net cash used in operating activities	<u>(1,027,350)</u>	<u>(1,471,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of CDs /shares	-	1,000,000
Proceeds from exercise of options	99,960	858,773
Capital raising costs	-	(5,496)
Net cash from financing activities	<u>99,960</u>	<u>1,853,277</u>
Net (decrease)/increase in cash and cash equivalents	(927,390)	381,860
Cash and cash equivalents at the beginning of the financial period	7,880,673	58,951
Foreign currency translation	(8,466)	(9,361)
Cash and cash equivalents at the end of financial period	<u>6,944,817</u>	<u>431,450</u>

The above statement should be read in conjunction with the accompanying condensed notes.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except where applicable for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2021 annual financial report for the financial year ended 30 June 2021, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. This report was authorised on 16 March 2022.

Going concern

As per the interim financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2021, the Group had cash and cash equivalents of \$6,944,817 and incurred a loss after income tax of \$1,949,974.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the Directors are satisfied that the going concern basis of preparation is appropriate. The Directors are also confident the Group has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments. Refer to the subsequent events note for details of a capital placement of \$14,400,000 which occurred on 19 January 2022.

In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Group at 31 December 2021 and its operations in future periods.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021. All applicable new standards and interpretations effective since 1 January 2021 have been adopted. There was no significant impact on the Group.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Share-based payments

The value attributed to share options, warrants, performance rights, performance shares, loan CDIs and remuneration shares issued is an estimate calculated using where applicable, a mathematical formula based on the Black-Scholes option pricing model. The choice of models and the resultant values require assumptions to be made in relation to the likelihood and timing of the conversion of the options, warrants, performance rights, performance shares, loan CDIs to shares and the value and volatility of the price of the underlying shares. Details of share-based payments assumptions are detailed in Note 8.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

NOTE 2: OPERATING SEGMENTS

The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors, according to AASB 8 Operating Segments.

Effective 28 April 2020, the Group has a 49% interest in Geomet s.r.o. which is accounted for in accordance with AASB 128 Investment in Associates and Joint Venture. Therefore, the Group has only one operating segment based on geographical location. The Australian segment incorporates the services provided to Geomet s.r.o. in relation to the Cinovec project development along with head office and treasury function. Consequently, the financial information for the sole operating segment is identical to the information presented in these interim financial reports."

NOTE 3: LOSS PER CDI/SHARE

	31 Dec 2021	31 Dec 2020
Basic and diluted loss per CDI/share	(\$0.011)	(\$0.015)
Loss attributable to members of European Metals Holdings Limited	(1,949,974)	(2,317,327)
Weighted average number of CDIs/shares outstanding during the period	175,336,789	159,705,051

NOTE 4: REVENUE

	31 Dec 2021	31 Dec 2020
	\$	\$
Service revenue - Geomet	551,472	551,480

The Company provides services of managing the Cinovec project development.

NOTE 5: INVESTMENT IN ASSOCIATE

	31 Dec 2021	30 June 2021
	\$	\$
Opening balance	17,461,027	18,966,531
Share of loss - associates	(744,108)	(1,263,167)
Share of other comprehensive income/(loss) - associates	195,402	(242,337)
	16,912,321	17,461,027

Effective 28 April 2020, Geomet was equity accounted for (i.e. 49% of share of the profit or loss of the investee after that date) as Investment in Associate by EMH.

NOTE 6: ISSUED CAPITAL

	31 Dec 2021		30 June 2021	
	Number	\$	Number	\$
(a) Issued and paid up capital				
175,357,485 CDIs/shares (30 June 2021: 175,119,485 CDIs/shares)	175,357,485	34,187,890	175,119,485	34,087,930
Total issued capital		34,187,890		34,087,930

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

NOTE 6: ISSUED CAPITAL (CONTINUED)

(b) Movements in CDIs/shares

	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at the beginning of the period	1 July 2021	175,119,485	34,087,930
Exercise of unlisted options @ 42c	16 July 2021	238,000	99,960
Capital raising cost		-	-
Balance at the end of the period	31 Dec 2021	175,357,485	34,187,890

CDIs/Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of a CDI/share present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

European Metals Holdings limited is a company limited by shares incorporated in the British Virgin Islands with an authorised share capital of 200,000,000 no par value shares of a single class. Pursuant to the prospectus dated 26 April 2012, the Company issued CDIs/shares in July 2012. The holder of the CDIs/shares has beneficial ownership in the underlying shares instead of legal title. Legal title and the underlying shares is held by Chess Depository Nominees Pty Ltd.

Holders of CDIs/shares have the same entitlement benefits of holding the underlying shares. Each Share in the Company confers upon the Shareholder:

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

NOTE 7: RESERVES

	31 Dec 2021	30 June 2021
	\$	\$
Option and Warrant Reserve (a)	4,370,588	4,306,491
Performance Shares Reserve (b)	3,471,444	3,471,444
Performance Rights Reserve (c)	19,889	-
Loan CDIs Reserve (d)	1,442,667	1,442,667
Foreign Currency Translation Reserve (e)	(273,387)	(467,879)
Total Reserves	9,031,201	8,752,723

(a) Option and Warrant Reserve

	31 Dec 2021	30 June 2021
	\$	\$
Balance at the beginning of the financial period	4,306,491	3,036,662
Equity based payment expense	64,097	914,829
Equity based payment as capital raising cost	-	355,000
Balance at the end of the financial period	4,370,588	4,306,491

The following options were exercised during the period:

- 238,000 unlisted options exercisable at 42 cents on or before 23 October 2023 issued to consultants on 23 October 2020.

No options lapsed or were issued during the period.

27,500 warrants exercisable at 20 pence were expired on 22 November 2021.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

NOTE 7: RESERVES (CONTINUED)

At 31 December 2021, the following options and warrants are outstanding:

- 1,200,000 warrants exercisable at \$1.10 on or before 31 Jan 2023 granted to consultants.
- 10,000,000 unlisted options exercisable at 25 cents on or before 31 December 2022 granted to consultants.
- 1,000,000 unlisted options exercisable at 45 cents on or before 23 October 2023 granted to consultants.
- 2,024,000 unlisted options exercisable at 42 cents on or before 23 October 2023 granted to consultants.

(b) Performance Shares

	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at the beginning of the period (Class A)	1 July 2021	3,000,000	3,471,444
Conversion of A Class Performance Shares ¹		(3,000,000)	
Balance at end of the period	31 Dec 2021	-	3,471,444

¹The performance shares lapsed during the period, as the milestone was not achieved by the required date and the shares have been automatically redeemed by the entity.

(c) Performance Rights

	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at the beginning of the period¹	1 July 2021	3,600,000	-
Performance Rights granted to a consultant on 24 Nov 2021 ²		100,000	19,889
Balance at the end of the period	31 Dec 2021	3,700,000	19,889

¹On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Keith Coughlan and 1,200,000 Performance Rights to Mr Richard Pavlik. As at 30 June 2021 and 31 Dec 2021, the management has assessed that the probability to achieve the performance hurdles is below 50% therefore, the management had not expensed any of the value of these performance rights in accordance with AASB 2. The 3,600,000 Performance Rights were issued subsequently to the end of the period, on 2 March 2022.

²On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to a consultant for remuneration of consultant fees. The share-based expense of \$19,889 was recognized in the statement of profit or loss and other comprehensive income for the period. The Performance Rights were issued as at 31 December 2021. Please refer note 8 for the terms and conditions of the Performance Rights.

(d) Loan CDIs Reserve

The CDIs reserve records the fair value of the Loan CDIs issued.

	31 Dec 2021	30 June 2021
	\$	\$
Balance at the beginning of the financial period	1,442,667	1,442,667
Loan CDIs issued to employees - equity based expense	-	-
Balance at the end of the period	1,442,667	1,442,667

As at 31 December 2021, total CDIs issued was 1,350,000 (30 June 2021: 1,350,000).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

NOTE 7: RESERVES (CONTINUED)

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

	31 Dec 2021	30 June 2021
	\$	\$
Balance at the beginning of the financial year	(467,879)	(235,186)
Movement during the period	194,492	(232,693)
Balance at the end of the period	<u>(273,387)</u>	<u>(467,879)</u>

NOTE 8: SHARE BASED PAYMENT EXPENSE

During the period, the Group incurred a share-based payment expense for a total of \$185,270 resulting from the transactions detailed below.

1. Share based payments granted during the period:

On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to a consultant for remuneration of consultant fees with the vesting terms as below:

Tranche 1:

1. Class A shall vest upon an announcement by the Company to the ASX stating that the Company has executed an offtake agreement for at least 25% of the product planned to be produced from the Cinovec Project.
2. Class B shall vest upon the attainment of Project Finance for the Cinovec Project.
3. Class C shall vest upon an announcement by the Company to the ASX stating that the Company has made a Decision to Mine in respect of the Cinovec Project.

As at 31 Dec 2021, management has assessed that the probability to achieve the performance hurdles is below 50%.

Tranche 2:

Tranche 2 shall vest upon CFO and Consultancy Performance up to 30 June 2022.

The Performance Rights will expire three years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. These Performance were issued as at 31 December 2021.

	Number granted	Grant date	Term of maturity	Share price on grant date	Total fair value	% vested
Tranche 1	50,000	24 Nov 21	3 years	\$1.535	\$76,750	0%
Tranche 2	50,000	24 Nov 21	3 years	\$1.535	\$76,750	0%

The total fair value of the Performance Rights is expensed over the estimated vesting periods. The share-based expense of \$19,889 was recognized in the statement of profit or loss and other comprehensive income for the period. As at 31 Dec 2021, management has indicated that they expect the performance rights for Tranche 2 to vest fully as at 30 June 2022.

NOTE 8: SHARE BASED PAYMENT EXPENSE (CONTD.)

2. Share-based payment arrangement granted in prior years and existing during the half-year ended 31 December 2021:

- On 23 October 2020, 1,000,000 unlisted options exercisable at 45 cents on or before 23 October 2023 were issued to a consultant. The options were valued using the Black Scholes model at \$256,390 at grant date and expensed over the vesting period of 12 months. A share-based payment expense of \$64,097, being the last instalment, was recognised in the current period in the statement of profit or loss and other comprehensive income.
- On 5 March 2021, the Company issued 300,000 CDIs to an advisor in satisfaction of a \$330,000 invoice fee for the provision of digital marketing services. The \$330,000 fee has been expensed over the length of the service per the Service Agreement. Share-based payment expense of \$101,284 has been recognised in the current period in the statement of profit or loss and other comprehensive income.

NOTE 9: RELATED PARTY TRANSACTIONS

On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to Everest Corporate, a company where Mr. Keith Coughlan's spouse is a shareholder and director of. Refer Note 8(1) for more details of the Performance Rights granted.

NOTE 10: CONTINGENT LIABILITIES AND COMMITMENTS

There has been no change in contingent liabilities and commitments since the last annual reporting date.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 19 January 2022, the Company gave notice that it successfully received firm commitments for a placement for 10,285,000 CDI's at an issue price of A\$1.40 per CDI to raise approximately A\$14.4 million (before costs) from institutional clients of Euroz Hartleys. The Placement was well supported by Ellerton Capital, a leading Sydney based fund manager with in excess of \$4 Billion in funds under management, which invested ~\$13million. The proceeds of the Placement will assist in the further development of the Cinovec Lithium Project and further general working capital.

On 19 January 2022 the Company announced an update to its 2019 Pre-Feasibility Study of the Cinovec mine. The update increases the Cinovec mine's proposed ore extraction from 34.5mt up to 54.5mt, enabling an increase in the annual processing rate by approximately 33% per annum over the previous 21-year life of mine, from 1.69mtpa to 2.25mtpa over a now 25-year life of mine.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 31 December 2021.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 12 to 21:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
 - (b) give a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to be 'K. Coughlan'.

Keith Coughlan
EXECUTIVE CHAIRMAN

16 March 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
EUROPEAN METALS HOLDINGS LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of European Metals Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of European Metals Holdings Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of European Metals Holdings Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 16 March 2022.

Responsibility of the Directors for the Financial Report

The directors of European Metals Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
16 March 2022