

## QUARTERLY ACTIVITIES REPORT – JUNE 2022

European Metals Holdings Limited (ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF) (“European Metals” or the “Company”) is pleased to provide an update on its activities during the three-month period ending 30 June 2022 highlighting the continued progress in the development of the globally significant Cinovec Lithium/Tin Project (“the Project” or “Cinovec”) in the Czech Republic.

The quarter was marked by continued progress by the Company towards finalisation of the Definitive Feasibility Study (“DFS”) together with ongoing discussions with potential offtakers and Project Finance participants. From a macro perspective, the price for lithium remains very strong with the expectation of continuing strong demand within the European Union for lithium resulting from the announcement of approximately 20 new battery giga factories to be built within the EU by 2030.

The timeline for the completion of the DFS is under review. Whilst the work on the DFS is proceeding well, there have been delays in the DFS process caused in part by COVID-19 issues in laboratories, the dramatic upturn in the workload of laboratories and therefore reduction in laboratory availability due to increase in demand in the lithium space, and logistical issues caused by the Ukrainian situation. The Company is currently reviewing the project timelines and will advise the market when it has completed this review. It is not expected that this will delay the critical path of the Project, as during this time the Company will be in the process of finalising permitting and Project Finance matters.

During the reporting period, European Metals was accepted to trade on the globally renowned US based OTCQX® Best Market Platform. The Company commenced trading under the codes EMHXY, ERPNF and EMHLF on 12 May 2022. Trading will accelerate exposure to major US investors. OTCQX® Best Market adds to the Company’s existing suite of active listings across the ASX, AIM and European exchanges (refer to the Company’s ASX release dated 12 May 2022) (**European Metals commences trading on the OTCQX® Best Market**).

Also, during the quarter, the Company appointed David Koch as the new CFO and Company Secretary. (refer to the Company’s ASX release dated 27 April 2022) (**Change of Company Secretary**).

## CORPORATE AND ADMINISTRATION

### QUARTERLY CASHFLOW REPORT

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 30 June 2022. Included in those cashflows are cash receipts from Geomet of \$275k and cash outflow for Cinovec associated costs of \$315k in respect of the Company’s investment in the Cinovec Lithium Exploration Project in the Czech Republic (“the Project”).

The Company’s total cash is in excess of AUD 19 million.

### PAYMENTS TO RELATED PARTIES

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$159k in payments were made to related parties and their associates for director salaries, consultancy fees, superannuation, and other related costs. A portion of these expenses are to be reimbursed directly from Geomet.

#### DIRECTORS AND MANAGEMENT

Keith Coughlan  
EXECUTIVE CHAIRMAN

Richard Pavlik  
EXECUTIVE DIRECTOR

Kiran Morzaria  
NON-EXECUTIVE DIRECTOR

Lincoln Bloomfield  
NON-EXECUTIVE DIRECTOR

David Koch  
COMPANY SECRETARY

#### CORPORATE INFORMATION

ASX EMH

AIM EMH

NASDAQ ERPNF

Frankfurt E861.F

CDI’S ON ISSUE 186.0M

## CORONAVIRUS

The potential effects of the Cov-19 pandemic continue to be monitored for impact on the Company's operations. While the second wave has had more of an impact than the initial wave (March – May 2020) the Company has continued to use remote meeting tools (Zoom and MS Teams) to maintain project momentum, albeit not as efficiently as physical meetings would have allowed. The Executive Management team members closely monitor the ever-evolving Cov-19 circumstances and have determined that the pandemic has impacted the timing of laboratory test work and other FEED and DFS activities and has therefore contributed to the to delays in the completion of the DFS. Further updates will be provided in respect to the completion of the DFS and FID as more information becomes available (refer earlier comments on timelines on Page 1 of this Release).

The Executive Team has recommenced travel to the Czech Republic since the end of the Quarter, and expects that having good access to the Project, the local management team and the DFS providers will assist in accelerating the DFS work.

## PERFORMANCE RIGHTS

As at 30 June 2022 the company had on issue 5,800,000 performance rights.

## GEOMET TENEMENT SCHEDULE

**Table 3: Geomet Tenements**

Permit	Code	Deposit	Interest at beginning of Quarter	Acquired / Disposed	Interest at end of Quarter
Exploration Area	Cinovec	N/A	100%	N/A	100%
	Cinovec II		100%	N/A	100%
	Cinovec III		100%	N/A	100%
	Cinovec IV		100%	N/A	100%
Preliminary Mining Permit	Cinovec II	Cinovec South	100%	N/A	100%
	Cinovec III	Cinovec East	100%	N/A	100%
	Cinovec IV	Cinovec NorthWest	100%	N/A	100%

**This announcement has been approved for release by the Board.**

## BACKGROUND INFORMATION ON CINOVEC

### PROJECT OVERVIEW

#### Cinovec Lithium/Tin Project

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% Li<sub>2</sub>O and 0.08% Sn, Indicated Mineral Resource of 360.2Mt at 0.44% Li<sub>2</sub>O and 0.05% Sn and an Inferred Mineral Resource of 294.7Mt at 0.39% Li<sub>2</sub>O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent and 335.1kt 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% Li<sub>2</sub>O 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 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 South-eastern 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 22.1 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](http://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.

## CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance, and achievements to differ materially from any future results, performance, or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## LITHIUM CLASSIFICATION AND CONVERSION FACTORS

Lithium grades are normally presented in percentages or parts per million (ppm). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percent lithium oxide ( $\text{Li}_2\text{O}$ ) content or percent lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) content.

Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to,  $\text{Li}_2\text{CO}_3$ . Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent  $\text{Li}_2\text{CO}_3$  value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of  $\text{Li}_2\text{CO}_3$  from the deposit.

Lithium resources and reserves are usually presented in tonnes of LCE or Li.

The standard conversion factors are set out in the table 4 below:

**Table 4: Conversion Factors for Lithium Compounds and Minerals**

Convert from		Convert to Li	Convert to $\text{Li}_2\text{O}$	Convert to $\text{Li}_2\text{CO}_3$	Convert to $\text{LiOH}\cdot\text{H}_2\text{O}$
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	$\text{Li}_2\text{O}$	0.464	1.000	2.473	2.809
Lithium Carbonate	$\text{Li}_2\text{CO}_3$	0.188	0.404	1.000	1.136
Lithium Hydroxide	$\text{LiOH}\cdot\text{H}_2\text{O}$	0.165	0.356	0.880	1.000
Lithium Fluoride	LiF	0.268	0.576	1.424	1.618

## WEBSITE

A copy of this announcement is available from the Company's website at [www.europeanmet.com](http://www.europeanmet.com).

**ENQUIRIES:**

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who authorised for the release of this announcement on behalf of the Company was Keith Coughlan, Executive Chairman.