



EUROPEAN METALS

EUROPEAN METALS HOLDINGS LIMITED

ARBN 154 618 989

ANNUAL REPORT

30 JUNE 2017

EUROPEAN METALS HOLDINGS LIMITED

ABRN 154 618 989

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CORPORATE DIRECTORY

Directors

Mr David Reeves	Non-Executive Chairman
Mr Keith Coughlan	Managing Director and Chief Executive Officer
Dr Pavel Reichl (resigned 27 June 2017)	Non-Executive Director
Mr Kiran Morzaria	Non-Executive Director
Mr Richard Pavlik (appointed 27 June 2017)	Executive Director

Company Secretary

Ms Julia Beckett

Registered Office in Australia

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UNITED KINGDOM

Registered Office in Czech Republic

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Auditor

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LONDON SE1 1HH
UNITED KINGDOM

Securities Exchange Listing - Australia

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PERTH WA 6000
ASX Code: EMH

Securities Exchange Listing – United Kingdom

London Stock Exchange plc
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LONDON EC4M 7LS
UNITED KINGDOM
AIM Code: EMH

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CHAIRMANS LETTER

Dear Shareholders

It is with pleasure that I introduce the 2017 Annual Report of European Metals Holdings limited (“European Metals” or “the Company”).

European Metals has made considerable progress throughout the 2017 Financial Year in its goal to develop the Cinovec Project and bring the project into production.

The highlight of the year has been the successful completion of the Company’s Preliminary Feasibility Study (“PFS”), the highlights of which were announced in April. The PFS confirmed that Cinovec has the very real potential to be a low cost producer of lithium products.

The demand for lithium is at an all-time high and the consensus amongst all major sector commentators is that this demand is set to continue due to the dramatic growth in the Electric Vehicle market. The proximity of Cinovec to the major European vehicle manufacturers, along with the size of the deposit and its low cost nature, provide us with the confidence that the future of the project is very bright.


Other significant developments for the year have included the dramatic increase in the size of the JORC resource at Cinovec, and the declaration of the maiden ore reserve shortly after the date of this report. We have secured a number of important permits for the project and taken significant steps towards the grant of the mining license.

Work done as part of the PFS lead to significant developments throughout the year such as the production of battery grade lithium carbonate and considerable improvements in lithium recoveries and process cost savings.

From a Corporate perspective, we welcomed our Country Manager, Richard Pavlik to the Board. Richard is a very experienced Czech mining executive and his knowledge of the industry has already proven invaluable to the Company. Coinciding with Richard’s appointment, Pavel Reichl stepped down for the Board to pursue other interests. Pavel was instrumental in securing the licenses over Cinovec in 2010 and the Board would like to thank him for his exceptional service.

The next year looms as a very busy one for European Metals as we enter our Definitive Feasibility Study against a very positive backdrop of the market for battery supply chain metals, and therefore lithium. We have made very strong appointments in our DFS study team in Craig Reimer and Grant Harman and look forward to delivering a positive study to our shareholders towards the end of next year. The contribution of the entire European Metals team has been much appreciated by the Board in bringing the Company to this stage.

Finally, I would like to thank our shareholders for their ongoing support as we enter the next stage of project development. We look forward to sharing further successes in the future.



David Reeves

CHAIRMAN

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PROJECT REVIEW

Project Review

Cinovec Lithium/Tin Project

European Metals owns 100% of the Cinovec lithium-tin project in the Czech Republic, through its wholly owned subsidiary Geomet s.r.o. Cinovec is an historic mine incorporating a significant undeveloped lithium-tin resource with by-product potential including tungsten, rubidium, scandium, niobium and tantalum and potash. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 348Mt @ 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 309Mt @ Li₂O and 0.04% Sn containing a combined 7.0 million tonnes Lithium Carbonate Equivalent and 263kt of tin.

An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li₂O and 0.09% Sn has been declared to cover the first 20 years mining at an output of 20,800tpa of lithium carbonate.

This makes Cinovec the largest 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.

The recently completed Preliminary Feasibility Study, conducted by specialist independent consultants, returned a post-tax NPV of USD540m and an IRR of 21% and confirmed that it had the potential to be a low cost producer of battery grade lithium carbonate. 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. The project lies in close proximity to a number of potentially significant end users, notably automobile manufacturers. The recent increase in demand for lithium globally has emanated from the automobile industry as demand for electric vehicles rises. Recent research from a number of global commentators predicts that this increase in demand will continue.

Project Development

Drilling and Resource Delineation

- Project development for the year was centered on a significant drilling program embarked upon by the Company. There were numerous updates to this program released to the market during the period. Overall, results from the program either confirmed or exceeded expectations with respect of both lithium content and width of mineralisation.
- In November 2016, the Company announced a significant increase in the indicated resource at Cinovec. This upgrade was a result of the drilling program to that point and increased the indicated resource by approximately 420%.
- The Company announced a further substantial upgrade of its Resource in February 2017.
- The extensive seven-month drilling campaign at Cinovec was completed early in 2017 and consisted of 17 holes for 6,081 meters. The program was designed to increase the confidence in the resource base and to upgrade a significant part of the resource from the Inferred category to the higher confidence Indicated category. The program was successful in achieving this.
- The Company commenced a focused infill drilling program at Cinovec South in May to test a gap in the geological model.

Preliminary Feasibility Study

- This drilling program provided important data to the Company's Preliminary Feasibility Study ("PFS") which was ongoing throughout the period. The Company released various updates with regards to this study throughout the year, and the completion at the end of March 2017.

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- Highlights of the work program for the PFS included a significant reduction of pre-production capital costs and outstanding recoveries, and the successful manufacture of >99.5% pure lithium carbonate using an industry proven, sodium sulphate roast-based flow-sheet.
- In April, the Company successfully completed the PFS highlighting that Cinovec could be a very low cost lithium carbonate producer with attractive economic returns.

Other Developments

- Mr Richard Pavlik was appointed to the position of Country Manager in early January and appointed to the board of European Metals Holdings Limited in June.
- The Cinovec South Resource was added to the Czech State resource register in early January 2017. This is the first step in the process for the granting of a mining permit.
- The Company was granted a new exploration license, Cinovec III. The license covers a small area above the Cinovec deposit itself along the Czech-German border, and also grants exclusive rights to explore for potential deep-seated lithium ore East of the Cinovec deposit.

All the developments indicate significant enhancements to the economics of Cinovec Project which have now been reflected in the Preliminary Feasibility Study. The Company will move directly into a definitive feasibility study to accelerate the project towards development.

Mineral Resource and Ore Reserve Statement

Based upon the Preliminary Feasibility Study undertaken for the Cinovec Project, the Company declares a maiden Probable Ore Reserve of 34.5 Mt @ 0.65% Li₂O, as detailed below. The Probable Reserve has been declared solely from the Indicated Mineral Resource category and are classified based on a PFS level of study and category of Mineral Resource.

CINOVEC ORE RESERVES SUMMARY					
Category	Tonnes	Li	Li ₂ O	Sn	W
	(Millions)	%	%	%	%
Proven Ore Reserves	0	0	0	0	0
Probable Ore Reserves	34.5	0.30	0.65	0.09	0.03
Total Ore Reserves	34.5	0.30	0.65	0.09	0.03

Notes to Reserve Table:

1. Probable Ore Reserves have been prepared by Bara International in accordance with the guidelines of the JORC Code (2012).
2. The effective date of the Probable Ore Reserve is June 2017
3. All figures are rounded to reflect the relative accuracy of the estimate
4. The operator of the project is Geomet S.R.O a wholly-owned subsidiary of EMH. Gross and Net Attributable Probable Ore Reserve are the same.
5. Any apparent inconsistencies are due to rounding errors

The Ore Reserve is based on the Mineral Resource for the Cinovec deposit prepared by Widenbar and Associates and issued in February 2017. The Mineral Resource is reported in the report Cinovec Resource Estimation published by Widenbar and Associates and is reported in accordance with the JORC 2012 guidelines. The table below summarises the Mineral Resource declared.

CINOVEC 2017 RESOURCE						
	Cutoff	Tonnes	Li	Li ₂ O	Sn	W
	%	(Millions)	%	%	%	%
Indicated	0.1%	347.7	0.21	0.45	0.04	0.015
Inferred	0.1%	308.80	0.18	0.39	0.04	0.014
Total	0.1%	656.50	0.20	0.43	0.04	0.014

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Competent Person

Information in this statement that relates to the exploration results is based on information compiled by European Metals Director Dr Pavel Reichl, Dr Reichl is a Certified Professional Geologist (certified by the American Institute of Professional Geologists), a member of the American Institute of Professional Geologists, a Fellow 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, Mineral Resources and Ore Reserves and a Qualified Person for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. Dr Reichl holds CDIs in European Metals.

The information in this statement that relates to Mineral Resources and Exploration Targets 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 JORC Code 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.

The information in this statement that relates to Mineral Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Jim Pooley. Mr Pooley, who is a Fellow of the Southern African Institute of Mining and Metallurgy, is a full time employee of Bara International Ltd and produced the estimate based on the Mineral Resource supplied by European Metals. Mr Pooley 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 Pooley consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

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DIRECTORS' REPORT

Your Directors' present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2017.

Directors

The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

Mr David Reeves	Non-Executive Chairman	Appointed 6 March 2014
Mr Keith Coughlan	Managing Director	Appointed 6 September 2013
Dr Pavel Reichl	Non-Executive Director	Resigned 27 June 2017
Mr Kiran Morzaria	Non-Executive Director	Appointed 10 December 2015
Mr Richard Pavlik	Executive Director	Appointed 27 June 2017

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Ms Julia Beckett holds a Certificate in Governance Practice and Administration and is a Certificated Member of Chartered Secretaries Australia. Julia is a Corporate Governance professional, having worked in corporate administration and compliance for the past 10 years. She has been involved in business acquisitions, mergers, initial public offerings, capital raisings as well as statutory and financial reporting. Julia is also Company Secretary of Blina Minerals Limited, Drake Resources Limited and Southern Hemisphere Mining Limited, and Joint Company Secretary of Holista CollTech Limited.

Principal Activities

The Company is primarily involved in the development of a lithium and tin project in the Czech Republic.

Review of Operations

The 2017 Financial Year has been one of significant growth and development for the Company. For further information refer to the Project Review on page 4 to 6.

Results of Operations

The consolidated loss for year ended 30 June 2017 amounted to \$4,145,872 (2016 loss: \$1,591,637).

Financial Position

The net assets of the Group have increased by \$2,536,541 to \$10,495,030 at 30 June 2017.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 7 October 2016, 500,000 warrants were exercised at the price of \$0.14 per CDI to raise \$70,000.
- On 17 October 2016, 2,000,000 listed options were exercised and the Company received a total of \$400,000.
- On 31 October 2016, pursuant to the terms and conditions, 5,000,000 Class B Performance Shares in the Company have been automatically redeemed by the Company for a sum of \$0.000001 per Class B Performance Share. These performance shares were issued by the Company on 12 March 2014 as part of the consideration for the acquisition of European Metals (UK) Ltd as approved by Shareholders at the General Meeting held on 20 February 2014. These performance shares are automatically redeemed due to the required milestone not being achieved.
- On 22 November 2016, 500,000 were exercised at the price of \$0.14 per CDI to raise \$70,000.

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- On 24 November 2016, the Company issued 5,000,000 CDIs to Cadence Minerals Plc (previously named Rare Earth Minerals Plc) at an issue price of \$0.52 per CDI to raise \$2,600,000 and 5,000,000 Class B performance shares were issued to the original vendors of the Cinovec Project in replacement of the Class B performance shares issued to them in 2014 as approved by Shareholders at Annual General Meeting held 18 November 2016.
- On 17 May 2017, the Company issued 500,000 options exercisable at \$0.28 expiring on 30 April 2018 to independent consultants as per consultancy agreements and 400,000 options exercisable at \$0.58 expiring on 3 January 2020 to General Manager (Czech Republic) as per contract of employment.
- On 1 June 2017, 250,000 options were exercised at the price of \$0.28 per CDI to raise \$70,000.
- On 6 June 2017, 250,000 options were exercised at the price of \$0.28 per CDI to raise \$70,000.
- On 27 June 2017, the Company announced it had entered into a Funding Facility Agreement with 6466 Investments Pty Ltd an Australian based sophisticated investors and allows the company to draw down up to AUD \$2 million in tranches as required over 12 months. Any funds drawn down will convert to CDI's in the Company at a 10% discount to the 10-day VWAP in the Company's securities. The funds will be used in the preparation of the Company's Definitive Feasibility Study, for further drilling and general working capital.
- On 30 June 2017, the Company issued 416,783 ordinary shares at \$0.7138 per share to 6466 Investments Pty Ltd in respect to the first advance of AUD\$250,000 under the Funding Facility Agreement in settlement for the facility establishment fee of 2% (AUD\$40,000) and the draw down fee of 3% (AUD\$7,500) on the first advance.

Dividends Paid or Recommended

No dividends were declared or paid during the year and the Directors do not recommend the payment of a dividend.

Information on Directors

David Reeves	Non-Executive Chairman – Appointed 6 March 2014
Qualifications	Mining Engineer
Experience	Mr Reeves is a qualified mining engineer with 25 years' experience globally. Mr Reeves holds a First Class Honours Degree in Mining Engineering from the University of New South Wales, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and a First Class Mine Managers Certificate of Competency.
Interest in CDIs and Options	3,720,244 CDIs 1,000,000 Options, 16.6 cents, expire 17 August 2020 542,651 Class B Performance Shares
Special Responsibilities	Member of all the Committees
Directorships held in other listed entities	Director of Keras Resources Plc (AIM) Managing Director of Calidus Resources Limited (ASX)
Keith Coughlan	Managing Director (CEO) – Appointed 6 September 2013
Qualifications	BA
Experience	Mr Coughlan has almost 30 years' experience in stockbroking and funds management. He has been largely involved in the funding and promoting of resource companies listed on ASX, AIM and TSX. He has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds management organizations.
Interest in CDIs and Options	8,500,000 CDIs 2,000,000 Options, 16.6 cents, expire 17 August 2020
Special Responsibilities	Member of Audit and Risk Committee Member of Nomination Committee
Directorships held in other listed entities	Non-Executive Chairman of Calidus Resources Limited Non-Executive Director of Southern Hemisphere Mining Limited

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Pavel Reichl	Non-Executive Director – Resigned 27 June 2017
Qualifications	PhD from University of Montana
Experience	Dr Reichl has over 15 years' experience in precious, base and PGE metals exploration and production and has a PhD from University of Montana. He was formerly Business Unit Manager of a Canadian listed minerals exploration company responsible for Europe and Central Asia. Dr Reichl was the former head of the Newmont acquisition program in Eastern Europe and exploration manager for Kyrgyzstan and Uzbekistan. He is fluent in English, Czech and Russian.
Interest in CDIs and Options	2,778,672 CDIs 750,000 Options, 16.6 cents, expire 17 August 2020 793,906 Class B Performance Shares (As at resignation date 27 June 2017)
Special Responsibilities	Nil
Directorships held in other listed entities	Nil
Kiran Morzaria	Non-Executive Director – Appointed 10 December 2015
Qualifications	Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School
Experience	Mr Morzaria has extensive experience in the mineral resource industry working in both operational and management roles. He spent the first four years of his career in exploration, mining and civil engineering before obtaining his MBA. Mr Morzaria has served as a director of a number of public companies in both an executive and non-executive capacity.
Interest in CDIs and Options	Mr Morzaria is a director and chief executive of Cadence Minerals Plc (previously named Rare Earth Minerals Plc) which owns 26,860,756 CDIs. Mr Morzaria has no direct interest in CDIs.
Special Responsibilities	Member of Audit and Risk Committee Member of Remuneration Committee
Directorships held in other listed entities	Chief Executive Officer and Director of Cadence Minerals plc
Richard Pavlik	Executive Director – Appointed 27 June 2017
Qualifications	Masters Degree in Mining Engineer
Experience	Mr Pavlik is the General Manager of Geomet sro, the Company's wholly owned Czech subsidiary, and is a highly experienced Czech mining executive. Mr Pavlik holds a Masters Degree in Mining Engineer from the Technical University of Ostrava in Czech Republic. He is the former Chief Project Manager and Advisor to the Chief Executive Officer at OKD. OKD has been a major coal producer in the Czech Republic. He has almost 30 years of relevant industry experience in the Czech Republic. Mr Pavlik also has experience as a Project Analyst at Normandy Capital in Sydney as part of a postgraduate program from Swinburne University. Mr Pavlik has held previous senior positions within OKD and New World Resources as Chief Engineer, and as Head of Surveying and Geology. He has also served as the Head of the Supervisory Board of NWR Karbonia, a Polish subsidiary of New World Resources (UK) Limited. He has an intimate knowledge of mining in the Czech Republic.
Interest in CDIs and Options	400,000 Options, 58 cents, expire 3 June 2020
Special Responsibilities	Nil
Directorships held in other listed entities	Nil

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DIRECTORS' REPORT

Director Meetings

The number of Directors' meetings and meetings of Committees of Directors held during the year and the number of meetings attended by each of the Directors of the Company during the year is:

Name	Directors' Meetings	
	Number attended	Number eligible to attend
David Reeves	2	2
Keith Coughlan	2	2
Pavel Reichl	2	2
Kiran Morzaria	2	2
Richard Pavlik	-	-

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- i. The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- ii. The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
- iii. No indemnity has been paid to auditors.

CDIs under option

Unissued CDIs of European Metals Holdings Limited under option at the date of this report is as follows:

Expiry date	Exercise Price	Number under option
17 August 2020	16.6 cents	3,750,000
3 January 2020	58.0 cents	400,000

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate. As of the date of this report, 2,500,000 listed options were exercised and the Company received a total of \$540,000 (2016: \$2,136,536).

Warrants in issue

No warrants were on issue as at the date of this report.

No person entitled to exercise the warrant has or has any right by virtue of the option to participate in any share issue of any other body corporate. As of the date of this report, 1,000,000 warrants were exercised and the Company received a total of \$140,000.

Performance Shares

As at the date of this report, 5,000,000 Class B Performance Shares were issued to the original vendors of the Cinovec Project in replacement of the Class B performance shares issued to them in 2014 as approved by Shareholders at Annual General Meeting held 18 November 2016.

Environmental Regulations

The Group's operations are subject to the environmental risks inherent in the mining industry.

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Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

Stantons International has not provided any non-audit services during the year.

Significant events after the reporting date

On 1 August 2017, the Company issued 364,679 ordinary shares at \$0.7061 per share to 6466 Investments Pty Ltd in respect to the second advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the second advance.

On 10 August 2017, the Company issued 351,448 ordinary shares at \$0.7327 per share to 6466 Investments Pty Ltd in respect to the third advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the third advance.

On 1 September 2017, the Company issued 375,905 ordinary shares at \$0.685 per share to 6466 Investments Pty Ltd in respect to the fourth advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the fourth advance.

Except for the matters noted above there have been no other significant events arising after the reporting date.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 21 of the financial report.

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REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of the Company, and Key Management Personnel. The directors are pleased to present the remuneration report which sets out the remuneration information for European Metals Holdings Limited's non-executive directors, executive directors and other key management personnel.

A. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Board reviews Executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-executive Directors at commercial market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non- Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold CDIs in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of Directors' and Executives' interests in CDIs, options and performance shares at year end, refer to the remuneration report.

B. Details of Remuneration

Details of the nature and amount of each element of the emoluments of each of the KMP of the Company (the Directors) for the year ended 30 June 2017 and 30 June 2016 are set out in the following tables:

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REMUNERATION REPORT (AUDITED)

B. Details of Remuneration (Continued)

2017

<i>Group Key Management Personnel</i>	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as share based payments
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other ¹	Super-annuation	Other	Equity	Options ²		
Directors:	\$	\$	\$	\$	\$	\$	\$	\$	\$	
David Reeves	36,000	-	-	60,000	-	-	-	-	96,000	0%
Keith Coughlan	230,000	-	-	-	21,850	-	-	-	251,850	0%
Pavel Reichl	24,000	-	-	120,251	-	-	-	-	144,251	0%
Kiran Morzaria	24,000	-	-	-	-	-	-	-	24,000	0%
Richard Pavlik ³	73,675	-	-	-	-	-	-	29,559	103,234	29%
	387,675	-	-	180,251	21,850	-	-	29,559	619,335	

2016

<i>Group Key Management Personnel</i>	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as share based payments
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other ⁴	Super-annuation	Other	Equity	Options		
Directors:	\$	\$	\$	\$	\$	\$	\$	\$	\$	
David Reeves	36,000	-	-	60,000	-	-	-	103,146	199,146	52%
Keith Coughlan	200,000	-	-	-	19,000	-	-	206,292	425,292	49%
Pavel Reichl	43,508	-	-	50,157	-	-	-	77,360	171,025	45%
Kiran Morzaria ⁵	13,355	-	-	-	-	-	-	-	13,355	-
	292,863	-	-	110,157	19,000	-	-	386,798	808,818	

¹ Consulting services of Company Non-Executive Director (David Reeves) and the Company which he controls, Wilgus Investments Pty Ltd. The amounts billed related to this consulting service amounted to \$60,000 (2016: \$60,000) based on normal market rates and the amount outstanding at reporting date was \$nil (2016: \$Nil).

Consulting services of Company Non-Executive Director (Pavel Reichl) and the Company which he controls, Orex consultant S.R.O. The amounts billed related to this consulting service amounted to \$120,251 (2016: \$50,157) based on normal market rates and the amount outstanding at reporting date was \$nil (2016: \$21,528).

² The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black and Scholes. The amount disclosed as part of remuneration for the financial year is the amount expensed over the vesting period.

³ Balance at the end of year represents Non-Executive Director and Key Management Personnel remuneration from 3 January 2017.

⁴ Consulting services of Company Non-Executive Director (David Reeves) and the Company which he controls. The amounts billed related to this consulting service amounted to \$60,000 based on normal market rates and the amount outstanding at reporting date was \$nil.

Consulting services of Company Non-Executive Director (Pavel Reichl) and the Company which he controls, Orex consultant S.R.O. The amounts billed related to this consulting service amounted to \$50,157 based on normal market rates and the amount outstanding at reporting date was \$21,528.

⁵ Balance at the end of year represents Non-Executive Director remuneration from 10 December 2015.

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C. Service Agreements

It was formally agreed at a meeting of the directors that the following remuneration be established; there are no formal notice periods, leave accruals or termination benefits payable on termination:

Mr Keith Coughlan to receive a salary of \$200,000 per annum plus SGC of 9.5% for the period 1 July 2016 to 31 March 2017 and a salary of \$240,000 per annum plus SGC of 9.5% for the period 1 April 2017 to 30 June 2017.

Mr. Kiran Morzaria to receive a standard non-executive director fee of \$24,000 per annum which exclude statutory superannuation effectively from 10 December 2015.

D. Options issued as part of remuneration for the year ended 30 June 2017.

On 3 January 2017, 400,000 options with an exercise price of 0.58 on or before the 3 January 2020 was granted to Richard Pavlik who was the general manager of Geomet S.R.O at that date.. The options were valued under Black and Scholes and were recognised as a share based payment in the profit and loss.

30 June 2017	Grant Details			Exercised		Lapsed		Balance at End of Year	
	Grant Date	No.	Value ⁶ \$	No.	Value \$	No.	Value \$	No.	Value \$
Group KMP									
David Reeves	-	-	-	-	-	-	-	-	-
Keith Coughlan	-	-	-	-	-	-	-	-	-
Pavel Reichl	-	-	-	-	-	-	-	-	-
Kiran Morzaria	-	-	-	-	-	-	-	-	-
Richard Pavlik	3 January 2017	400,000	177,352					400,000	177,352
		400,000	177,352	-	-	-	-	400,000	177,352

⁶ The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black and Scholes. 250,000 of the options issued will vest at completion of the Definitive Feasibility Study and the balance will vest 12 months thereafter. The value of the options have been prorated over the vesting period, therefore, the value included in Section B of the remuneration report as at 30 June 2017 is the prorated amount relating to that period.

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E. Options issued as part of remuneration for the year ended 30 June 2016.

On 31 July 2015, 3,750,000 options with an exercise price 16.6 cents on or before the 17 August 2020 were granted to Directors. The issue was approved by shareholders at a General Meeting held on the 31 July 2015. The options were valued under Black and Scholes and were recognised as a share based payment in the profit and loss.

30 June 2016	Grant Details			Exercised		Lapsed		Balance at End of Year	
	Grant Date	No.	Value ⁷ \$	No.	Value \$	No.	Value \$	No.	Value \$
Group KMP									
David Reeves	31 July 2015	1,000,000	103,146	-	-	-	-	1,000,000	103,146
Keith Coughlan	31 July 2015	2,000,000	206,292	-	-	-	-	2,000,000	206,292
Pavel Reichl	31 July 2015	750,000	77,360	-	-	-	-	750,000	77,360
Kiran Morzaria	-	-	-	-	-	-	-	-	-
		3,750,000	386,798	-	-	-	-	3,750,000	386,798

F. Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the year to Directors or other KMP as a result of options exercised that had previously been granted as compensation.

G. Loans to Directors and Executives

No loans have been made to Directors or Executives of the Company during, or since, the year ended 30 June 2017 (2016: nil).

H. Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. This will be facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

⁷ The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black and Scholes. The expense for these options have been recognised in full in the current year given there is no applicable service period. The options vested on grant date and are all exercisable at 30 June 2016.

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I. Other information

Options held by Key Management Personnel

The number of options to acquire CDIs in the Company held during the 2017 and 2016 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2017	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year⁸	Vested and exercisable	Unvested
David Reeves	1,000,000	-	-	-	1,000,000	1,000,000	-
Keith Coughlan	2,000,000	-	-	-	2,000,000	2,000,000	-
Pavel Reichl	750,000	-	-	-	750,000	750,000	-
Kiran Morzaria	-	-	-	-	-	-	-
Richard Pavlik	-	400,000	-	-	400,000	-	400,000
Total	3,750,000	400,000	-	-	4,150,000	3,750,000	400,000

30 June 2016	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
David Reeves	658,372	1,000,000	658,372	-	1,000,000	1,000,000	-
Keith Coughlan	4,000,000	2,000,000	4,000,000	-	2,000,000	2,000,000	-
Pavel Reichl	-	750,000	-	-	750,000	750,000	-
Kiran Morzaria	-	-	-	-	-	-	-
Total	4,658,372	3,750,000	4,658,372	-	3,750,000	3,750,000	-

⁸ Balance at resignation date of 27 June 2017, for those directors (Mr Reichl) who retired during the year.

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I. Other information (continued)

Chess Depository Interests ('CDIs') held by Key Management Personnel

The number of ordinary CDIs held in the Company during the 2017 and 2016 reporting period held by each of the Key Management Personnel of the Group; including their related parties are set out below.

2017	Balance at	Granted as	Issued on	Other	Balance at
Name	Start of year	remuneration	exercise of	Changes	end of year⁹
		during the year	options	during the	
				year	
David Reeves	-	-	-	-	-
<i>Indirect</i>	3,720,244	-	-	-	3,720,244
Keith Coughlan	-	-	-	-	-
<i>Indirect</i>	8,500,000	-	-	-	8,500,000
Pavel Reichl	2,778,672	-	-	-	2,778,672
Kiran Morzaria ¹⁰	-	-	-	-	-
<i>Indirect</i>	19,860,756	-	-	7,000,000	26,860,756
Richard Pavlik	-	-	-	-	-
Total	34,859,672	-	-	7,000,000	41,859,672

2016	Balance at	Granted as	Issued on	Other	Balance at
Name	Start of year	remuneration	exercise of	Changes	end of year
		during the year	options	during the	
				year	
David Reeves	-	-	-	-	-
<i>Indirect</i>	2,565,147	-	658,372	496,725 ¹¹	3,720,244
Keith Coughlan	-	-	-	-	-
<i>Indirect</i>	4,500,000	-	4,000,000	-	8,500,000
Pavel Reichl	2,778,672	-	-	-	2,778,672
Kiran Morzaria ¹²	-	-	-	-	-
<i>Indirect</i>	-	-	-	19,860,756	19,860,756
Total	9,843,819	-	4,658,372	20,357,481	34,859,672

⁹ Balance at resignation date of 27 June 2017, for those directors (Mr Reichl) who retired during the year.

¹⁰ Mr Morzaria is a director and chief executive of Cadence Minerals Plc (previously named Rare Earth Minerals plc). On 24 November 2016, Cadence Minerals Plc acquired a further 5,000,000 CDIs as part of a CDI placement to raise \$2,600,000. On 17 October 2016, Cadence Minerals Plc exercised 2,000,000 listed options at 20 cents.

¹¹ During the year, 496,725 CDI's at \$0.06 per share were issued to Mr.Reeves related party in lieu of payment of outstanding 2015 Director & consultancy fees amounting to \$30,000 approved by Shareholders at the General Meeting held on 31 July 2015.

¹² Mr Morzaria is a director and chief executive of Cadence Minerals Plc. As at the date of Mr Morzaria becoming a director of the Company, Cadence Minerals Plc had 10,334,830 CDIs. On 18 March 2016, Cadence Minerals Plc c acquired a further 9,525,926 CDIs as part of a CDI placement.

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Performance Shares granted to Key Management Personnel

The number of performance shares held in the Company during the 2017 and 2016 reporting period held by each of the Key Management Personnel of the Group;

	Grant Details			Exercised		Lapsed		Balance at End of Year	
	Grant Date	No.	Value	No.	Value	No.	Value	No.	Value
			\$		\$		\$		\$
30 June 2017									
Group KMP									
David Reeves	24 Nov 2016	542,651	289,932	-	-	-	-	542,651	289,932
Keith Coughlan	-	-	-	-	-	-	-	-	-
Pavel Reichl	24 Nov 2016	793,906	424,175	-	-	-	-	793,906	424,174
Kiran Morzaria	-	-	-	-	-	-	-	-	-
		1,336,557	714,106	-	-	-	-	1,336,557	714,106

	Grant Details			Exercised		Lapsed		Balance at End of Year	
	Grant Date	No.	Value	No.	Value	No.	Value	No.	Value
			\$		\$		\$		\$
30 June 2016									
Group KMP									
David Reeves	20 Feb 2014	542,651	-	-	-	(542,651)	-	-	-
Keith Coughlan	-	-	-	-	-	-	-	-	-
Pavel Reichl	20 Feb 2014	793,906	-	-	-	(793,906)	-	-	-
Kiran Morzaria	-	-	-	-	-	-	-	-	-
		1,336,557	-	-	-	(1,336,557)	-	-	-

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REMUNERATION REPORT (AUDITED)

Description of Performance Shares

The terms of the B Class Performance Shares are as follows:

The 5,000,000 B Class Performance Shares will convert in accordance with the below:

- (i) 1,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the Company's Mineral Resource at Cinovec South and Cinovec Main being entered in the State Balance. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 1,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to the date the Mineral Resource is entered. **(Explanatory Note: Under Czech law a mineral resource must be registered and henceforth treated as a resource by the Czech Government before mining licenses can be granted. A mineral resource has to be calculated according to the Czech regulations, and defended in front of a committee of state certified experts);**
- (ii) 1,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the issuance of the preliminary mining licenses relating to the Cinovec Project. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 1,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to the date the final preliminary mining license is issued; and
- (iii) 3,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the completing of a definitive feasibility study (**DFS**). For clarity, the DFS must be: (i) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study; (ii) capable of supporting a decision to mine on the Permits; and (iii) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a pre-tax net present value of not less than US\$250,000,000. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 3,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to date of receipt of the completed DFS,

(together the **Milestones** and each a **Milestone**). For the avoidance of doubt, the number of Shares and equivalent number of CDIs which will be issued on conversion of the B Class Performance Shares will not exceed a ratio of 1 for 1.
- (iv) If the Milestone is not achieved or the Change of Control Event does not occur by the required date, then each B Class Performance Share held by a Holder will be automatically redeemed by the Company for the sum of \$0.000001 within 10 ASX trading days of non-satisfaction of the Milestone.

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP:

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided corporate services and rental to the Group. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2017	2016	2017	2016
			\$	\$	\$	\$
-	Reimbursement	David Reeves	-	5,615	-	-
Wilgus Investments Pty Ltd	Rental	David Reeves	32,300	31,000	-	-

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There were no other transactions with Key Management Personnel during the financial year.

End of Remuneration Report

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'K. Coughlan', written in a cursive style.

Keith Coughlan
MANAGING DIRECTOR

Dated at 29 September 2017

29 September 2017

Board of Directors
European Metals Holdings Limited
Suite 12, Level 1
11 Ventnor Avenue
WEST PERTH WA 6005

Dear Directors

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 the Audit Director for the audit of the financial statements of European Metals Holdings Limited for the year ended 30 June 2017, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir R Tirodkar
Director

EUROPEAN METALS HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017	30 June 2016
		\$	\$
Revenue – interest income		12,622	12,647
Other income		174,305	140,236
Professional fees		(237,065)	(405,248)
Audit fees	6	(31,266)	(29,911)
Directors’ fees		(62,645)	(49,355)
Share based payments	16	(3,077,218)	(557,246)
Employees’ benefits		(300,914)	(219,100)
Travel and accommodation		(99,464)	(27,717)
Office and rent expense		(58,738)	(59,005)
Insurance expense		(14,923)	(11,372)
Impairment expense		(55)	(56)
Share registry expense		(115,611)	(325,307)
Depreciation expense		(242)	(942)
Other expenses		(334,658)	(59,261)
Loss before income tax		(4,145,872)	(1,591,637)
Income tax expense	3	-	-
Loss for the year		(4,145,872)	(1,591,637)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss – exchange differences on translating foreign operations		238,343	(37,900)
Other comprehensive income/(loss) for the year, net of tax		238,343	(37,900)
Total comprehensive loss for the year		(3,907,529)	(1,629,537)
 Net Loss attributable to:			
members of the parent entity		(4,145,872)	(1,591,637)
		(4,145,872)	(1,591,637)
 Total Comprehensive loss attributable to:			
members of the parent entity		(3,907,529)	(1,629,537)
		(3,907,529)	(1,629,537)
 Basic and diluted loss per CDI (cents)	7	(3.28)	(1.78)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	8	446,112	3,134,661
Other receivables	9	236,103	94,591
Other assets	10	37,605	79,915
TOTAL CURRENT ASSETS		<u>719,820</u>	<u>3,309,167</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	349,024	-
Exploration and evaluation expenditure	12	9,752,757	4,940,613
Intangible assets		5,679	2,599
TOTAL NON-CURRENT ASSETS		<u>10,107,460</u>	<u>4,943,212</u>
TOTAL ASSETS		<u>10,827,280</u>	<u>8,252,379</u>
CURRENT LIABILITIES			
Trade and other payables	13	332,250	293,890
TOTAL CURRENT LIABILITIES		<u>332,250</u>	<u>293,890</u>
TOTAL LIABILITIES		<u>332,250</u>	<u>293,890</u>
NET ASSETS		<u>10,495,030</u>	<u>7,958,489</u>
EQUITY			
Issued capital	14	15,587,656	11,674,141
Reserves	15	3,413,445	644,547
Accumulated losses		(8,506,071)	(4,360,199)
TOTAL EQUITY		<u>10,495,030</u>	<u>7,958,489</u>

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	6,788,183	97,560	125,201	(2,866,122)	4,144,822
Loss attributable to members of the Company	-	-	-	(1,591,637)	(1,591,637)
Other comprehensive loss	-	-	(37,900)	-	(37,900)
Total comprehensive loss for the year	-	-	(37,900)	(1,591,637)	(1,629,537)
Transactions with owners, recognised directly in equity					
CDIs issued during the year, net of costs	4,855,958	-	-	-	4,855,958
Options lapsed	-	(97,560)	-	97,560	-
Equity based payments	30,000	557,246	-	-	587,246
Balance at 30 June 2016	11,674,141	557,246	87,301	(4,360,199)	7,958,489
Balance at 1 July 2016	11,674,141	557,246	87,301	(4,360,199)	7,958,489
Loss attributable to members of the Company				(4,145,872)	(4,145,872)
Other comprehensive loss			238,343		238,343
Total comprehensive loss for the year	-	-	238,343	(4,145,872)	(3,907,529)
Transactions with owners, recognised directly in equity					
CDIs issued during the year, net of costs	3,913,515	(546,663)	-	-	3,366,852
Options lapsed					-
Equity based payments		3,077,218			3,077,219
Balance at 30 June 2017	15,587,656	3,087,801	325,644	(8,506,071)	10,495,030

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,085,804)	(1,072,664)
Interest received		12,622	12,647
Interest paid		-	(23)
UK listing cost		-	(242,392)
R&D Rebate		-	128,024
Net cash (used in) operating activities	17	<u>(1,073,182)</u>	<u>(1,174,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(4,641,232)	(1,507,146)
Payments for property, plant and equipment		(352,361)	
Net cash (used in)/ from investing activities		<u>(4,993,593)</u>	<u>(1,507,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of CDIs		3,530,000	5,004,382
Capital raising costs paid		(163,150)	(77,375)
Net cash from financing activities		<u>3,366,850</u>	<u>4,927,007</u>
Net increase/(decrease) in cash and cash equivalents		(2,699,925)	2,245,453
Cash and cash equivalents at the beginning of the financial year		3,134,661	889,208
Change in foreign currency held		11,376	-
Cash and cash equivalents at the end of financial year		<u>446,112</u>	<u>3,134,661</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements and notes represent those of European Metals Holdings Limited (“the Company”) and Controlled Entities (the “Consolidated Group” or “Group”). The separate financial statements of the parent entity, European Metals Holdings Limited, have not been presented within this financial report as is permitted by *Corporations Act 2001*.

The financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Boards (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been adopted in the preparation of the financial report. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical cost, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

The Group is a listed public company, incorporated in the British Virgin Islands and registered in Australia.

(i) Accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2017 but determined that their application to the financial statements is either not relevant or not material.

(ii) Statement of Compliance

The financial report was authorised for issue on 29 September 2017.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

(iii) Going Concern

The directors have prepared the financial statements on going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

At 30 June 2017, the consolidated entity comprising the Company and its subsidiaries has incurred a loss for the year amounting to \$4,145,872. The Consolidated entity has a net working capital of \$387,570, current liabilities of \$332,250 and cash and cash equivalents of \$446,112.

The directors consider these funds, combined with additional funds from any capital raising to be sufficient for planned expenditure on the mineral project for the ensuing 12 months as well as for corporate and administrative overhead costs. The directors also believe that they have the capacity to raise additional capital should that become necessary. For these reasons, the directors believe the going concern basis of preparation is appropriate.

(iv) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Critical accounting estimates and judgements (continued)

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Recognition of deferred tax assets

Deferred tax assets relating to temporary differences and unused tax losses have not been recognised as the Directors are of the opinion that it is not probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

(b) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of assets

At the end of each reporting period the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

(e) Revenue

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(f) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the profit and loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit and loss.

(h) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(i) Government Grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the statement of profit or loss when received or when the amount to be received can be reliably estimated.

(j) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising out of wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions made to defined employee superannuation funds are charged as expenses when incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Exploration and Evaluation Assets

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the relevant regulatory authorities as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Group will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

- (a) The expenditures are expected to be recouped through successful development and exploitation of the area of interest, or
- (b) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

- (i) Sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 1(c). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(l) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments and it is the Group's intention to hold these investments to maturity. Such assets are recognised initially at fair value plus any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Earnings Per CDI

Basic earnings per CDI

Basic earnings per CDI is determined by dividing the profit or loss attributable to ordinary shareholders of the Company, by the weighted average number of CDIs outstanding during the period, adjusted for bonus elements in CDIs issued during the period.

Diluted earnings per CDI

Diluted earnings per CDI adjusts the figure used in the determination of basic earnings per CDI to take into account the after income tax effect of interest and other financial costs associated with dilutive potential CDIs and the weighted average number of CDIs assumed to have been issued for no consideration in relation to dilutive potential CDIs, which comprise convertible notes and CDI options granted.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) CDI based payments

The grant date fair value of CDI-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For CDI-based payment awards with non-vesting conditions, the grant date fair value of the CDI-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in Profit or Loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations recognised in the other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. These differences are reclassified into Profit or Loss in the period in which the operation is disposed.

(t) Issued capital

CDIs are classified as equity. Incremental costs directly attributable to the issue of new CDIs or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new CDIs or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent European Metals Holdings Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTE 2: DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

CDI-based payment transactions

The fair value of the employee CDI options and the share appreciation right is measured using the Black-Scholes formula. Measurement inputs include CDI price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: INCOME TAX	30 June 2017	30 June 2016
	\$	\$
(a) Income tax expense	-	-
Current tax	-	-
Deferred tax	-	-
Deferred income tax expense included in income tax expense comprises:	-	-
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
 (b) Reconciliation of income tax expense to prima facie tax payable		
Net loss before tax	(4,145,872)	(1,591,637)
Prima facie tax on operating loss at 27.5% (2016: 28.5%)	(1,140,115)	(453,617)
Add / (Less): Non-deductible items		
-Impairments	-	-
-Legal fees	36,315	160,692
-Share-based payments	846,235	158,815
-Other	146,455	90,351
Current year tax loss not recognised	111,110	43,759
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates are as follows:	Nil%	Nil%
Balance of franking account at year end	Nil	Nil
 Deferred tax assets		
Tax losses	174,490	137,932
Accruals	4,538	4,702
Capital raising costs	92,336	25,884
Unrecognised deferred tax asset	271,364	168,518
Set-off deferred tax liabilities	-	-
Net deferred tax assets	271,364	168,518
 Deferred tax liabilities		
Exploration expenditure	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	634,510	483,972

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: INCOME TAX (CONTINUED)

The Company is registered in the British Virgin Islands (BVI) and the Company is a tax resident of Australia. The unused tax losses are representative of losses incurred in Australia.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company. The Company is subject to the taxation regulations of the Czech Republic where it currently holds mining license via Geomet S.R.O, and also to UK taxation regulations in respect of European Metals (UK) Limited.

NOTE 4: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than transactions with Key Management Personnel and their related entities (refer Note 5), there were no other related party transactions during the year.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017 and 30 June 2016.

The totals of remuneration paid to KMP during the year are as follows:

	2017	2016
	\$	\$
Short-term benefits	387,675	292,863
Post-employment benefits	21,850	19,000
Equity settled	29,559	386,798
Other payments	180,251	110,157
	<hr/>	<hr/>
	619,335	808,818

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP:

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided corporate services and rental to the Group. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2017	2016	2017	2016
			\$	\$	\$	\$
-	Reimbursement	David Reeves	-	5,615	-	-
Wilgus Investments Pty Ltd	Rental	David Reeves	32,300	31,000	-	-

There were no other transactions with Key Management Personnel during the financial year.

NOTE 6: AUDITOR'S REMUNERATION

2017 **2016**
\$ \$

Details of the amounts paid to the auditor of the Group, Stantons International Audit and Consulting Pty Ltd for audit and non-audit services provided during the year are set out below:

Auditor's services

Audit and review of financial report	31,266	29,911
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NOTE 7: BASIC AND DILUTED LOSS PER CDI

2017 **2016**

Basic and diluted loss per CDI (cents)	(3.28)	(1.78)
Loss attributable to members of European Metals Holdings Limited	(4,145,872)	(1,591,637)
Weighted average number of CDI outstanding during the year	126,508,202	89,471,195

The Group is in a loss making position and it is unlikely that the conversion to, calling of, or subscription for, CDI capital in respect of potential CDIs would lead to diluted earnings per CDI that shows an inferior view of the earnings per CDI. For this reason, the diluted losses per CDI for the year ended 30 June 2017 are the same as basic loss per CDI.

NOTE 8: CASH AND CASH EQUIVALENTS

2017 **2016**
\$ \$

Cash at bank	446,112	3,134,661
Total cash and cash equivalents in the Statement of Cash Flows	446,112	3,134,661

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: OTHER RECEIVABLES	2017	2016
	\$	\$
CURRENT		
GST and VAT Receivable	58,932	40,107
Other receivables	177,171	54,484
	<u>236,103</u>	<u>94,591</u>
NOTE 10: OTHER ASSETS	2017	2016
	\$	\$
Current		
Prepayments	37,605	79,915
	<u>37,605</u>	<u>79,915</u>
NOTE 11: PROPERTY, PLANT AND EQUIPMENT	2017	2016
	\$	\$
Non-current:		
Land at cost	<u>330,554</u>	-
Buildings at cost	5,481	-
Less accumulated depreciation	(118)	-
	<u>5,363</u>	-
Plant and equipment at cost	17,812	-
Less accumulated depreciation	(4,705)	-
	<u>13,107</u>	-
Total Property, Plant and Equipment	<u>349,024</u>	-
NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE	2017	2016
	\$	\$
Exploration at cost		
Balance at the beginning of the year	4,940,613	3,414,934
Acquisition of tenements	-	-
Exploration of tenements	4,688,558	1,502,819
Foreign exchange movement	123,586	22,860
	<u>9,752,757</u>	<u>4,940,613</u>

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NOTE 13: TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
CURRENT		
Trade payables	295,619	225,842
Accrued expenses	36,631	68,048
	332,250	293,890

Payables are normally due for payment within 30 days.

NOTE 14: ISSUED CAPITAL

	Number	\$
(a) Issued and paid up capital		
130,333,909 (30 June 2016: 121,417,126 CDIs)	130,333,909	15,587,656
Total issued capital		15,587,656

(b) Movements in CDIs

	<u>Date</u>	Number	\$
Balance at the beginning of the year	1 July 2015	75,144,459	6,788,183
CDI capital raising	13 August 2015	9,410,578	752,846
Issued in lieu of director fees	17 August 2015	496,725	30,000
CDI capital raising	19 October 2015	2,000,000	360,000
CDI capital raising	18 March 2016	13,000,000	1,755,000
CDI – exercise of options	20 April 2016	3,525	353
CDI – exercise of options	9 May 2016	300,000	30,000
CDI – exercise of options	19 May 2016	688,514	68,851
CDI – exercise of options	1 June 2016	1,279,372	127,937
CDI – exercise of options	8 June 2016	1,223,446	122,345
CDI – exercise of options	16 June 2016	6,045,366	604,537
CDI – exercise of options	30 June 2016	11,825,141	1,182,514
Capital raising cost		-	(148,425)
Balance at the end of the year	30 June 2016	121,417,126	11,674,141

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NOTE 14: ISSUED CAPITAL (continued)

	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at the beginning of the year	1 July 2016	121,417,126	11,674,141
CDI – exercise of warrants	7 October 2016	500,000	155,225
CDI – exercise of options	17 October 2016	2,000,000	400,000
CDI – exercise of warrants	22 November 2016	500,000	155,225
CDI capital raising	24 November 2016	5,000,000	2,600,000
CDI – exercise of options	1 June 2017	250,000	258,108
CDI – exercise of options	6 June 2017	250,000	258,107
CDI capital raising	30 June 2017	416,783	297,500
Capital raising cost		-	(210,650)
Balance at the end of the year	30 June 2017	130,333,909	15,587,656

CDIs 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 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 in July 2012. The holder of the CDIs 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 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
3. the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

(c) Movements B Class Performance Shares

	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at the beginning of the year	1 July 2015	5,000,000	-
Performance Shares lapsed	20 February 2016	(5,000,000)	-
Balance at the end of the year	30 June 2016	-	-
Balance at the beginning of the year	1 July 2016	-	-
Performance Shares issued	24 November 2016	5,000,000	2,671,444
Balance at the end of the year	30 June 2017	5,000,000	2,671,444

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NOTE 14: ISSUED CAPITAL (continued)

The terms of the B Class Performance Shares are as follows:

The 5,000,000 B Class Performance Shares will convert in accordance with the below:

- (i) 1,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the Company's Mineral Resource at Cinovec South and Cinovec Main being entered in the State Balance. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 1,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to the date the Mineral Resource is entered. **(Explanatory Note: Under Czech law a mineral resource must be registered and henceforth treated as a resource by the Czech Government before mining licenses can be granted. A mineral resource has to be calculated according to the Czech regulations, and defended in front of a committee of state certified experts);**
- (ii) 1,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the issuance of the preliminary mining licenses relating to the Cinovec Project. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 1,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to the date the final preliminary mining license is issued; and
- (iii) 3,000,000 B Class Performance Shares will convert into Shares and an equivalent number of CDIs upon the completing of a definitive feasibility study (**DFS**). For clarity, the DFS must be: (i) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study; (ii) capable of supporting a decision to mine on the Permits; and (iii) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a pre-tax net present value of not less than US\$250,000,000. The B Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 3,000,000 multiplied by 0.5 and divided by the greater of: (A) \$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to date of receipt of the completed DFS, (together the **Milestones** and each a **Milestone**). For the avoidance of doubt, the number of Shares and equivalent number of CDIs which will be issued on conversion of the B Class Performance Shares will not exceed a ratio of 1 for 1.
- (iv) If the Milestone is not achieved or the Change of Control Event does not occur by the required date, then each B Class Performance Share held by a Holder will be automatically redeemed by the Company for the sum of \$0.000001 within 10 ASX trading days of non-satisfaction of the Milestone.

\$2,671,444 has been attributed to the Performance Shares.

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NOTE 14: ISSUED CAPITAL (continued)

(e) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June is as follows:

	2017	2016
	\$	\$
Cash and cash equivalents	446,112	3,134,661
Other receivables	236,103	94,591
Trade and other payables	(332,250)	(293,890)
	<u>349,965</u>	<u>2,935,362</u>

The Group is not subject to any externally imposed capital requirements.

NOTE 15: RESERVES

	2017	2016
	\$	\$
Option Reserve	416,357	557,246
Performance Shares Reserve	2,671,444	-
Foreign Currency Translation Reserve	325,644	87,301
Total Reserves	<u>3,413,445</u>	<u>644,547</u>

Option Reserve

	2017	2016
	\$	\$
Balance at the beginning of the financial year	557,246	97,560
Options lapsed		(97,560)
Reverse of exercised Options transferred to issued capital	(546,663)	-
Equity based payments	405,774	557,246
Balance at the end of the financial year	<u>416,357</u>	<u>557,246</u>

The options reserve is used to recognise the fair value of all options and warrants on issue but not yet exercised.

At 30 June 2017 the following options and warrants are outstanding:

- 3,750,000 unlisted options exercisable at 16.6 cents on or before 17 August 2020 were issued to key management personnel.
- 400,000 unlisted options were issued on 3 January 2017 to Richard Ravlik a director of the Company with an exercise price of 58 cents and expiry date of 3 January 2020. 250,000 of these options will vest at the completion of the Definitive Feasibility Study and the balance will vest 12 months thereafter.

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NOTE 15: RESERVES (continued)

On 7 October 2016, 500,000 warrants with an exercise price of 14 cents were exercised. The balance in the option reserve relating to the options of \$85,225 has been transferred to issued capital.

On 22 November 2016, 500,000 warrants with an exercise price of 14 cents were exercised. The balance in the option reserve relating to the options of \$85,225 has been transferred to issued capital.

On 1 June 2017, 250,000 options with an exercise price of 28 cents were exercised. The balance in the option reserve relating to the options of \$188,108 has been transferred to issued capital.

On 6 June 2017, 250,000 options with an exercise price of 28 cents were exercised. The balance in the option reserve relating to the options of \$188,108 has been transferred to issued capital.

Performance Share Reserve

The Performance Share reserve records the fair value of the Performance Shares issued.

	2017	2016
	\$	\$
Balance at the beginning of the financial year	-	-
Equity based payment	2,671,444	-
Balance at the end of the financial year	2,671,444	-

On 24 November 2016, 5,000,000 B Class Performance Shares were issued to the original vendors of the Cinovec Project in replacement of the Class B Performance shares issued in 2014.

Foreign Currency Translation Reserve

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

	2017	2016
	\$	\$
Balance at the beginning of the financial year	87,301	125,201
Movement during the year	238,343	(37,900)
Balance at the end of the financial year	325,644	87,301

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NOTE 16: SHARE BASED PAYMENTS

The following option share-based payment arrangements existed at 30 June 2017:

On 2 May 2016, 500,000 options with an exercise price of 28 cents and exercisable on or before the 30 April 2018 were granted to the consultants of the Company as consideration for the preparation of preliminary feasibility study. The options were valued under Black and Scholes and a fair value adjustment of \$376,215 were recognised as a share based payment in the profit and loss.

On 3 January 2017, 400,000 options with an exercise price of 58 cents and exercisable on or before the 3 January 2020 were granted to a Director of the Company. 250,000 of these options will vest at the completion of the Definitive Feasibility Study and the balance will vest 12 months thereafter. The options were valued under the Black and Scholes at \$177,352. The value of the options has been pro-rated over the vesting period. Therefore, a fair value adjustment of \$29,559 was recognised as a share based payment in the profit and loss.

On 1 June 2017, 250,000 options were exercised for 28 cents. On 6 June 2017, 250,000 options were exercised for 28 cents.

Options granted to are as follows:

Grant Date	Number	\$
2 May 2016	500,000	376,215
3 January 2017 ¹	400,000	29,559
Total	900,000	407,774

The following option share-based payment arrangements existed at 30 June 2016:

On 31 July 2015, 3,750,000 options with an exercise price 16.6 cents on or before the 17 August 2020 were granted to Directors. The issue was approved by shareholders at a General Meeting held on the 31 July 2015. The options were valued under Black and Scholes and a fair value adjustment of \$386,798 and were recognised as a share based payment in the profit and loss.

Further details of these options are provided in the directors' report. The options hold no voting or dividend right and are unlisted.

A summary of the movements of all company options issued is as follows:

Options granted to are as follows:

Grant Date	Number	\$
31 July 2015	3,750,000	386,798
	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2015	1,200,000	\$0.300
Granted	3,750,000	\$0.166
Expired	(1,200,000)	\$0.300
Options outstanding as at 30 June 2016	3,750,000	\$0.166

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NOTE 16: SHARE BASED PAYMENTS (continued)

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2016	3,750,000	\$0.166
Granted	900,000	\$0.413
Exercised	(500,000)	\$0.280
Options outstanding as at 30 June 2017	4,150,000	\$0.206
Options exercisable as at 30 June 2016	3,750,000	\$0.166
Options exercisable as at 30 June 2017	4,150,000	\$0.206

The following warrant share-based payments existed at 30 June 2017:

The Company made no warrant share-based payment in the financial year ended 30 June 2017.

On 7 October 2016, 500,000 warrants were exercised for 14 cents each. On 22 November 2016, 500,000 warrants were exercised for 14 cents each.

The following warrant share-based payments existed as at 30 June 2016:

On 10 December 2015, 1,000,000 warrants with an exercise price of 14 cents on or before the 11 November 2018 were granted to the Company's Nominated Advisor. The warrants were valued under Black and Scholes and a fair value adjustment of \$170,448 was recognised as a share based payment in the profit and loss.

Further details of these warrants are provided in the directors' report. The warrants hold no voting or dividend rights and are unlisted.

A summary of the movements of all company warrants issued is as follows:

	Number	Weighted Average Exercise Price
Warrants outstanding as at 1 July 2015	-	-
Granted	1,000,000	\$0.14
Warrants outstanding as at 30 June 2016	1,000,000	\$0.14
Warrants outstanding as at 1 July 2016	1,000,000	\$0.14
Exercised	(1,000,000)	(\$0.14)
Warrants outstanding as at 30 June 2017	-	-

These instruments vest immediately except for the 400,000 Options issued to Richard Pavlik. The instruments hold no voting or dividend rights. The options and warrants are unlisted. All options and warrants were issued. The 400,000 options issued to Richard Pavlik during the year have vesting conditions attached which have not been met during the current year. All other options have vested. In respect of the above warrants and options issued for services provided it was determined that no fair value of the services was able to be determined, as such the fair value of the instruments was used as the fair value recorded.

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NOTE 16: SHARE BASED PAYMENTS (continued)

A summary of the inputs used in the valuation of the options and warrants is as follows:

Descriptions	Options	Options	Options	Warrants
Exercise price	\$0.166	\$0.98	\$0.58	\$0.14
Share price at date of issue	\$0.12	\$0.28	\$0.60	\$0.20
Grant date	31 July 2015	19 April 2017	3 January 2017	10 December 2015
Expected volatility (i)	136.83%	126.44%	126.44%	153.46%
Expiry date	31 July 2020	30 April 2018	3 January 2020	10 December 2018
Expected dividends	-	-	-	-
Risk free interest rate	2.12%	1.62%	1.97%	2.16%
Value per option/warrant	\$0.10315	\$0.75243	\$0.44338	\$0.17045
Number of options/warrants	3,750,000	500,000	400,000	1,000,000
Total value of options	\$386,798	\$376,215	\$177,352	\$170,448

The following performance share-based payment arrangements existed at 30 June 2017:

Instruments granted are as follows:

B Class Performance Shares granted are as follow:

Grant Date	Number	\$
18 November 2016 (related parties)	1,336,557	714,107
18 November 2016 (non-related parties)	3,663,443	1,957,337
Total	5,000,000	2,671,444

\$2,671,444 has been attributed to the Performance Shares.

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NOTE 17: CASH FLOW INFORMATION	2017	2016
	\$	\$
(a) Reconciliation of cash flow from operating activities with the loss after tax		
Loss after income tax	(4,145,872)	(1,591,637)
<i>Adjustments for:</i>		
Impairment of receivable	-	56
Share based payments	3,077,218	557,246
Unrealised foreign exchange loss/ (gain)	103,397	(37,556)
Depreciation expense	242	942
<i>Changes in assets and liabilities</i>		
Decrease/ (Increase) in other receivables	(134,580)	(65,887)
(Increase)/ Decrease in other assets	(1,856)	(46,997)
(Decrease)/ Increase in trade and other payables	28,269	9,425
Cash flow (used in)/from operating activities	<u>(1,073,182)</u>	<u>(1,174,408)</u>

(b) Credit standby facilities

The Company had no credit standby facilities as at 30 June 2017 and 2016.

(c) Investing and Financing Activities – Non-Cash

There were no non-cash movements during the year.

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NOTE 18: 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, two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects:

- The nature of the products and services;
- The nature of the production processes;
- The type or class of customer for their products and services;
- The methods used to distribute their products or provide their services; and
- If applicable, the nature of the regulatory environment, for example; banking, insurance and public utilities.

The Group currently has one project which takes into account each of the above mentioned aspects. The principal activity for the project is exploration of Lithium. This is expected to be the same for future projects. Accordingly, management has identified one operating segment based on the location of the project, that being the Czech Republic and two geographical segments.

	Australia \$	Congo \$	Czech \$	Total \$
30 June 2017				
REVENUE				
Interest revenue	12,622	-	-	12,622
Other Revenue	174,305	-	-	174,305
Total segment revenue	186,927	-	-	186,927
Net expenditure	(4,200,411)	-	(132,388)	(4,332,799)
Loss before income tax	(4,013,484)	-	(132,388)	(4,145,872)
Segment assets	652,866	-	10,174,414	10,827,280
Segment liabilities	119,140	-	213,110	332,250
30 June 2016				
REVENUE				
Interest revenue	12,624	-	-	12,624
Total segment revenue	12,624	-	-	12,624
Net expenditure	(1,554,911)	-	(49,350)	(1,604,261)
Loss before income tax				(1,591,637)
Segment assets	2,835,802	-	5,416,577	8,252,379
Segment liabilities	254,630	-	39,260	293,890

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NOTE 19: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, equity instruments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for Group's operations. The Group does not speculate in the trading of derivative instruments.

The Group holds the following financial instruments:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	446,112	3,134,661
Other receivables	236,103	94,591
Total financial assets	682,215	3,229,252
Trade and other payables	332,250	293,890
Total financial liabilities	332,250	293,890

The fair value of the Group's financial assets and liabilities approximate their carrying value.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk.

(i) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no interest bearing debt arrangements have been entered into.

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not exposed to securities price risk as it does not hold any investments.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is monitored by the Board. The majority of the Group's funds are held in Australian dollars, British Stirling and Czech Koruna..

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NOTE 19: FINANCIAL RISK MANAGEMENT (continued)

At 30 June 2017, the group has financial assets and liabilities denominated in the foreign currencies detailed below:

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	2017			2016		
	Amount in CZK	Amount in GBP	Amount in AUD	Amount in CZK	Amount in GBP	Amount in AUD
Cash and cash equivalents	-	-	-	-	-	-
Intercompany payables	-	31,000	3,567,245	-	31,000	1,112,243
	-	31,000	3,567,245	-	31,000	1,112,243
5% effect in foreign exchange rates		1,550	178,362	-	1,550	55,612

There were no financial assets and liabilities denominated in foreign currencies for EMH UK and the Company.

(ii) Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Statement of Financial Position and notes to the financial statements.

The credit quality of the financial assets was high during the year. The table below details the credit quality of the financial assets at the end of the year:

Financial assets	Credit Quality	2017	2016
		\$	\$
Cash and cash equivalents held at BGFI Bank	High	-	-
Cash and cash equivalents held at Komerčni Bank	High	31,128	365,399
Cash and cash equivalents held at Westpac Bank			
• Interest-bearing deposit	High	401,368	2,769,262
Cash and cash equivalents held at ANZ bank	High	13,616	-
Other receivables and deposits	High	236,103	94,591
		682,215	3,229,252

Impairment losses

\$55 amount due from other debtor was past due and impaired for during the year.

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NOTE 19: FINANCIAL RISK MANAGEMENT (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the Group is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the lack of material revenue, the Group aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

The Group did not have access to any undrawn borrowing facilities at the reporting date. In June 2017, the Company entered into an interim funding facility. This facility has been provided by an Australian based sophisticated investor, 6466 Investments Pty Ltd, and allows for the drawdown of up to AUD 2 million in tranches as required over 12 months. Any funds drawn down will convert to CDI's in the Company at a 10% discount to the 10 day VWAP in the Company's securities. The funds will be used in the preparation of the Company's Definitive Feasibility Study, for further drilling and general working capital. The issue of shares pursuant to draw downs does not require shareholder approval.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

	Carrying Amount	Contractual Cash flows	<3 months	3-6 months	6-24 months
As at 30 June 2017	\$	\$	\$	\$	\$
Trade and other payables	332,250	332,250	332,250	-	-
	332,250	332,250	332,250	-	-

	Carrying Amount	Contractual Cash flows	<3 months	3-6 months	6-24 months
As at 30 June 2016	\$	\$	\$	\$	\$
Trade and other payables	293,890	293,890	293,890	-	-
	293,890	293,890	293,890	-	-

(iv) Cash flow and fair value interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

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NOTE 19: FINANCIAL RISK MANAGEMENT (continued)

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities:

	Floating Interest Rate	Non- interest bearing	2017 Total	Floating Interest Rate	Non- interest bearing	2016 Total
	\$	\$	\$	\$	\$	\$
Financial assets						
<i>- Within one year</i>						
Cash and cash equivalents	446,112	-	446,112	3,134,661	-	3,134,661
Other receivables	-	236,103	236,103	-	94,591	94,591
Total financial assets	446,112	236,103	682,215	3,134,661	94,591	3,229,252
<i>Weighted average interest rate</i>	0.69%			1.12%		
Financial Liabilities						
<i>- Within one year</i>						
Trade and other Payables	-	332,250	332,250	-	293,890	293,890
Total financial liabilities	-	332,250	332,250	-	293,890	293,890
Net financial assets/ (liabilities)	446,112	(96,147)	349,965	3,134,661	(199,299)	2,935,362

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by \$4,461 (2016: \$31,347).

(v) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities approximates their carrying values.

NOTE 20: CONTROLLED ENTITIES

Subsidiaries of European Metals Holdings Limited

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned	
			2017	2016
Equamineral Group Limited (EGL)*	British Virgin Islands	Ordinary	100%	100%
Equamineral SA (ESA Congo)	Republic of Congo	Ordinary	100%	100%
European Metals UK Limited **	United Kingdom	Ordinary	100%	100%
Geomet S.R.O	Czech Republic	Ordinary	100%	100%

*EGL was incorporated on 8 December 2010 and domiciled in the British Virgin Islands. EGL is the parent company for Equamineral SA (ESA Congo) located in the Republic of Congo. EGL is the beneficial holder of 100% of the issued share capital in Equamineral SA. This company is currently in the process of being deregistered.

**EMH UK Limited is the parent company for Geomet S.R.O

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NOTE 21: PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2017	2016
	\$	\$
ASSETS		
Current assets	652,868	2,835,802
Non-current assets	-	-
TOTAL ASSETS	652,868	2,835,802
LIABILITIES		
Current liabilities	119,140	254,630
TOTAL LIABILITIES	119,140	254,630
NET ASSETS	533,728	2,581,172
EQUITY		
	2017	2016
	\$	\$
Issued capital	15,587,656	11,674,141
Reserves	3,087,801	557,246
Accumulated losses	(18,141,729)	(9,650,215)
TOTAL EQUITY	533,728	2,581,172
Profit or Loss and Other Comprehensive Income		
Loss for the year	(8,491,514)	(7,088,531)
Total comprehensive loss	(8,491,514)	(7,088,531)

Guarantees

There are no guarantees entered into by European Metals Holdings Limited for the debts of its subsidiary as at 30 June 2017.

Contingent liabilities

There are no contingent liabilities as at 30 June 2017.

Commitments

There were no commitments as at 30 June 2017.

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NOTE 22: CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2017.

NOTE 23: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2017.

NOTE 24: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 1 August 2017, the Company issued 364,679 ordinary shares at \$0.7061 per share to 6466 Investments Pty Ltd in respect to the second advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the second advance.

On 10 August 2017, the Company issued 351,448 ordinary shares at \$0.7327 per share to 6466 Investments Pty Ltd in respect to the third advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the third advance.

On 1 September 2017, the Company issued 375,905 ordinary shares at \$0.685 per share to 6466 Investments Pty Ltd in respect to the fourth advance of AUD\$250,000 under the Funding Facility Agreement and the draw down fee of 3% (AUD\$7,500) on the fourth advance.

Except for the matters noted above there have been no other significant events arising after the reporting date.

NOTE 25: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatory applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, as discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

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NOTE 24: SIGNIFICANT EVENTS AFTER THE REPORTING DATE (CONTINUED)

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 24: SIGNIFICANT EVENTS AFTER THE REPORTING DATE (CONTINUED)

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods commencing on or after 1 January 2018).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3: Business Combinations to an associate or joint venture and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 22 to 56, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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 and is signed for and on behalf of the Directors by:



Keith Coughlan
MANAGING DIRECTOR

Dated at Perth on 29 September 2017

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of European Metals Holdings Limited (the Company), and its subsidiaries (the Group), which comprises the statement of the consolidated financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 1 to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 30 June 2017, the Group comprising the Company and its subsidiaries had a net working capital of \$387,570, cash and cash equivalents of \$446,112 and current liabilities of \$332,250. The consolidated entity has incurred a loss for the year amounting to \$4,145,872.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Key Audit Matters

In addition to the matter described in the material uncertainty related to going concern, we have determined the matter described below to be a key audit matter to be communicated in the report.

We have defined the matter described below to be key audit matter to be communicated in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matters	How the matter was addressed in the audit
<p data-bbox="236 555 753 613"><i>Carrying Value of Exploration and Evaluation Expenditure</i></p> <p data-bbox="236 654 785 806">The Company has capitalised exploration and evaluation expenditure totalling \$9,752,757 (refer to Note 12) in terms of the application of the Company's accounting policy for exploration and evaluation expenditure, as set out in Note 1(k).</p> <p data-bbox="236 846 785 904">The carrying value of Capitalised Exploration and Evaluation expenditure is a key audit matter due to:</p> <ul data-bbox="236 945 785 1317" style="list-style-type: none"> <li data-bbox="236 945 785 1003">• The significance of the total balance (90% of total assets); <li data-bbox="236 1008 785 1191">• The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and <li data-bbox="236 1196 785 1317">• The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure. 	<p data-bbox="833 654 1396 712">Inter alia, our audit procedures included the following:</p> <ol data-bbox="865 752 1396 1839" style="list-style-type: none"> <li data-bbox="865 752 1396 904">i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation; <li data-bbox="865 945 1396 1191">ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6; <li data-bbox="865 1232 1396 1666">iii. Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included: <ul data-bbox="896 1482 1396 1666" style="list-style-type: none"> <li data-bbox="896 1482 1396 1541">▪ Minutes of meetings of the board and management; <li data-bbox="896 1545 1396 1603">▪ Announcements made by the Group to the Australian Securities Exchange; <li data-bbox="896 1608 1396 1666">▪ NPV Model of the Cinovec Project; and <li data-bbox="896 1671 1396 1729">▪ Cash forecasts; and <li data-bbox="865 1702 1396 1839">iv. Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to AASB 6 to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

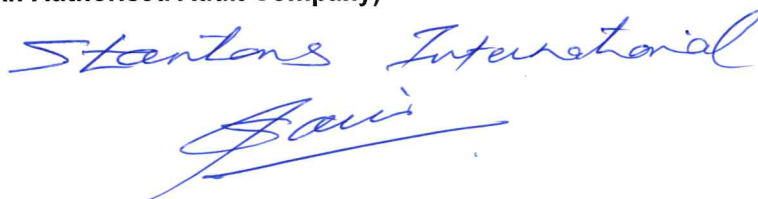
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of European Metals Holdings Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar

Director

West Perth, Western Australia

29 September 2017

EUROPEAN METALS HOLDINGS LIMITED

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CORPORATE GOVERNANCE STATEMENT

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.europeanmet.com.

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	Complying	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	Complying	<p>(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>(b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	<p>The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complying	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>

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CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p style="padding-left: 20px;">(i) to set measurable objectives for achieving gender diversity; and</p> <p style="padding-left: 20px;">(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p style="padding-left: 20px;">(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p style="padding-left: 20px;">(ii) either:</p> <p style="padding-left: 40px;">(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p style="padding-left: 40px;">(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	<p align="center">Complying</p>	<p>(a) The Company has adopted a Diversity Policy.</p> <p style="padding-left: 20px;">(i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality.</p> <p style="padding-left: 20px;">(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives.</p> <p>(b) The Diversity Policy is stated in Schedule 10 of the Corporate Governance Plan which is available on the company website.</p> <p>(c)</p> <p style="padding-left: 20px;">(i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.</p> <p style="padding-left: 20px;">(ii) The Company currently has no employees and utilizes external consultants and contractors as and when required.</p> <p style="padding-left: 40px;">The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p align="center">Complying</p>	<p>(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p style="padding-left: 20px;">Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are disclosed. The Board considers that at this stage of the Company's development an informal process is appropriate.</p>

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CORPORATE GOVERNANCE STATEMENT

		<p>The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter.</p> <p>The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates.</p> <p>Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Complying</p>	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee,</p>	<p>Part - Complying</p>	<p>(a) The Nomination Committee was formed on 26 August 2015. There are currently two members of the Committee being Mr Reeves (Chairman) and Mr Coughlan. Given the Company's present size and scope of the Company's operations, no efficiencies or benefits would be gained by having a third member. The Board intends to re-evaluate the requirement for another member as the Company's operations increase in size and scale.</p> <p>The role and responsibilities of the Nomination Committee are outlined in Nomination Committee Charter available online on the Company's website.</p> <p>The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent</p>

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<p>disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>																																		
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Complying</p>	<table border="1"> <thead> <tr> <th data-bbox="887 600 1214 703">Board Skills Matrix</th> <th data-bbox="1214 600 1417 703">Number of Directors that Meet the Skill</th> </tr> </thead> <tbody> <tr> <td data-bbox="887 703 1214 779">Executive & Non- Executive experience</td> <td data-bbox="1214 703 1417 779">4</td> </tr> <tr> <td data-bbox="887 779 1214 855">Industry experience & knowledge</td> <td data-bbox="1214 779 1417 855">4</td> </tr> <tr> <td data-bbox="887 855 1214 898">Leadership</td> <td data-bbox="1214 855 1417 898">4</td> </tr> <tr> <td data-bbox="887 898 1214 974">Corporate governance & risk management</td> <td data-bbox="1214 898 1417 974">4</td> </tr> <tr> <td data-bbox="887 974 1214 1016">Strategic thinking</td> <td data-bbox="1214 974 1417 1016">4</td> </tr> <tr> <td data-bbox="887 1016 1214 1093">Desired behavioural competencies</td> <td data-bbox="1214 1016 1417 1093">4</td> </tr> <tr> <td data-bbox="887 1093 1214 1135">Geographic experience</td> <td data-bbox="1214 1093 1417 1135">4</td> </tr> <tr> <td data-bbox="887 1135 1214 1178">Capital Markets experience</td> <td data-bbox="1214 1135 1417 1178">4</td> </tr> <tr> <td data-bbox="887 1178 1214 1220"><i>Subject matter expertise:</i></td> <td data-bbox="1214 1178 1417 1220"></td> </tr> <tr> <td data-bbox="887 1220 1214 1263">- accounting</td> <td data-bbox="1214 1220 1417 1263">2</td> </tr> <tr> <td data-bbox="887 1263 1214 1305">- capital management</td> <td data-bbox="1214 1263 1417 1305">4</td> </tr> <tr> <td data-bbox="887 1305 1214 1348">- corporate financing</td> <td data-bbox="1214 1305 1417 1348">3</td> </tr> <tr> <td data-bbox="887 1348 1214 1391">- industry taxation ¹</td> <td data-bbox="1214 1348 1417 1391">0</td> </tr> <tr> <td data-bbox="887 1391 1214 1433">- risk management</td> <td data-bbox="1214 1391 1417 1433">4</td> </tr> <tr> <td data-bbox="887 1433 1214 1476">- legal</td> <td data-bbox="1214 1433 1417 1476">2</td> </tr> <tr> <td data-bbox="887 1476 1214 1518">- IT expertise ²</td> <td data-bbox="1214 1476 1417 1518">0</td> </tr> </tbody> </table> <p>(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.</p> <p>(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</p>	Board Skills Matrix	Number of Directors that Meet the Skill	Executive & Non- Executive experience	4	Industry experience & knowledge	4	Leadership	4	Corporate governance & risk management	4	Strategic thinking	4	Desired behavioural competencies	4	Geographic experience	4	Capital Markets experience	4	<i>Subject matter expertise:</i>		- accounting	2	- capital management	4	- corporate financing	3	- industry taxation ¹	0	- risk management	4	- legal	2	- IT expertise ²	0
Board Skills Matrix	Number of Directors that Meet the Skill																																			
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<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type</p>	<p>Complying</p>	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. None of the directors are independent directors. The details of the directors are disclosed in the Annual Report and Company website.</p> <p>(b) The Board Charter requires Directors to disclose</p>																																		

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<p>described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>		<p>their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website.</p> <p>(c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p align="center">Not-complying</p>	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>Given the Company's present size and scope it is currently not Company policy to have a majority of Independent Directors.</p> <p>Details of each Director's independence are provided in the Annual Reports and Company website.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p align="center">Not-complying</p>	<p>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director.</p> <p>Mr David Reeves is the Chairman of the Board and is not an independent director.</p> <p>Keith Coughlan is the Managing Director of the Company and is not an independent director.</p> <p>If the Chairman resigns the Board will consider appointing a lead independent Director.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	<p align="center">Complying</p>	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>
<p><i>Principle 3: Act ethically and responsibly</i></p>		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p align="center">Complying</p>	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.</p>
<p><i>Principle 4: Safeguard integrity in financial reporting</i></p>		

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<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p align="center">Part-Complying</p>	<p>(a) The Audit and Risk Committee was formed on 26 August 2015, with directors appointed as members of the Committee, being Mr Kiran Morzaria (Chairman), Mr Reeves and Mr Coughlan. Given the Company's present size and scope of the Company's operations, no efficiencies or benefits would be gained by having a third member. The Board intends to re-evaluate the requirement for another member as the Company's operations increase in size and scale.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Audit and Risk Committee Charter available online on the Company's website.</p> <p>The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p align="center">Complying</p>	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p align="center">Complying</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

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<i>Principle 5: Make timely and balanced disclosure</i>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complying	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.</p>
<i>Principle 6: Respect the rights of security holders</i>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Complying	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p> <p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Complying	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications Strategy can be found in Schedule 11 of the Board Charter which is available on the Company website.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Complying	<p>The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complying	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>

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<i>Principle 7: Recognise and manage risk</i>		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>Complying</p>	<p>(a) The Audit and Risk Committee was formed on 26 August 2015, with directors appointed as members of the Committee, being Mr Kiran Morzaria (appointed Chairman on 5 September 2017), Mr Reeves and Mr Coughlan.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>Complying</p>	<p>(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function,</p>	<p>Complying</p>	<p>Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p>

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<p>that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complying</p>	<p>Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Complying</p>	<p>The Remuneration Committee was formed on 26 August 2015, with directors appointed as members of the Committee, being Mr Reeves (Chairman) and Mr Coughlan. Given the Company's present size and scope of the Company's operations, no efficiencies or benefits would be gained by having a third member. The Board intends to re-evaluate the requirement for another member as the Company's operations increase in size and scale.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in Remuneration Committee Charter available online on the Company's website.</p> <p>The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>Complying</p>	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors.</p>

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<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Complying</p>	<p>(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans.</p> <p>(b) A copy of the Company's Corporate Governance Plan is available on the Company's website.</p>
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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1 Shareholding as at 25 September 2017

(a) Distribution of Shareholders

Category (size of holding)	Number of Shareholders
1 – 1,000	85
1,001 – 5,000	172
5,001 – 10,000	142
10,001 – 100,000	190
100,001 – and over	68
	657

(b) The number of shareholdings held in less than marketable parcels is 53.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

131,425,941 CDIs

- Each CDI is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — CDIs as at 25 September 2017

Name	Number of CDIs Held	% Held of Issued Ordinary Capital
1. Computershare Company Nominees Ltd	34,681,499	26.39
2. HSBC Custody Nominees (Australia) Limited	27,052,644	20.58
3. Armco Barriers Pty Ltd	12,794,750	9.74
4. Inswinger Holdings Pty Ltd	8,500,000	6.47
5. J P Morgan Nominees Australia Limited	8,102,937	6.17
6. Mrs Eleanor Jean Reeves <Elanwi A/C>	3,720,244	2.83
7. Merrill Lynch (Australia) Nominees Pty Limited	3,184,730	2.42
8. Court Securities Pty Ltd	1,736,027	1.32
9. Mr Neil Thacker MacLachlan	1,735,000	1.32
10. Hereford Group Limited	1,571,429	1.20
11. Lichter Services Pty Ltd <Lichter Family S/F A/C>	1,368,000	1.04
12. Dr Jonathan Lloyd Lichter	1,015,000	0.77
13. Hana Vanova	928,672	0.71
14. Mr Thomas Masaichi Coveney	841,650	0.64
15. Ms Durdica Bahoric	835,000	0.64
16. Road & Construction Supplies of Australia Pty Ltd <Keller Super Fund A/C>	704,000	0.54
17. Mr Craig Bartle	702,000	0.53
18. M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	685,000	0.52
19. Citicorp Nominees Pty Limited	626,312	0.48
20. Mr George Ronald Wilson	550,000	0.42
	111,334,894	84.73

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

- 2** The name of the Company Secretary is Ms Julia Beckett.
- 3** The address of the principal registered office in Australia is Suite 12, Level 1, 11 Ventnor Avenue, West Perth WA 6005. Telephone +61 8 6141-3500.
- 4** **Registers of securities are held at the following addresses**
Computershare Investor Services Limited
Level 11
172 St Georges Terrace
Perth, Western Australia 6000
- 5** **Securities Exchange Listing**
Quotation has been granted for all the CDIs of the Company on all Member Exchanges of the Australian Securities Exchange Limited.
- 6** **Unquoted Securities**
A total of 4,150,000 options over unissued CDIs are on issue.
A total of 5,000,000 B Class Performance Shares
- 7** **Use of Funds**
The Company has used its funds in accordance with its initial business objectives.

TENEMENT SCHEDULE

		Deposit	Project	Ownership
Exploration Area	Cinovec	n.a.	Czech Republic	100%
	Cinovec II			
	Cinovec III			
	Cinovec IV			
Preliminary mining permit	Cinovec II	Cinovec East		
	Cinovec III	Cinovec South		