

## European Metals Holdings Limited

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## Directors & Management

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Non-Executive Chairman

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Kiran Morzaria  
Non-Executive Director

Neil Meadows  
Chief Operating Officer

Julia Beckett  
Company Secretary

## Corporate Information

ASX: EMH

AIM: EMH

Frankfurt: E861.F

CDIs on Issue: 141.5M



**EUROPEAN METALS**

5 November 2018

## Resource Drilling Commenced - Geotechnical Studies Continue

European Metals Holdings Limited ("**European Metals**" or "**the Company**") is pleased to provide a project update highlighting further significant advancements made in the development of the Cinovec Lithium-Tin Project ("**the project**" or "**Cinovec**").

### HIGHLIGHTS

- The planned diamond drilling resource campaign has commenced.
- A total of eight resource drill holes will be completed during this campaign with the first hole already completed.
- Geophysical logging of the first four geotechnical drill holes at the proposed mine portal site has been completed.
- A further five geotechnical drill holes are planned once resource drilling has been completed.

The Company can confirm that resource drilling has commenced and that the first hole, CIS-10, has been completed at 340 metres, following the Company receiving permission from the statutory authorities in the Czech Republic for the commencement of this year's planned diamond drilling campaign.

As reported on 1 October 2018 (**DFS LEVEL DRILLING PERMITS GRANTED – LITHIUM HYDROXIDE TESTWORK COMMENCED**), drilling is aimed at converting a sufficient portion of the existing Indicated Mineral Resource to the Measured Resource category to cover the first two years of the scheduled mining plan. A total of eight diamond drill holes will be completed for 2,560 metres. The area to be drilled is shown in Figure 1.

The Company is also pleased to report the completion of downhole geophysical logging of the initial four geotechnical holes that were reported on 4 September 2018 (**CINOVEC PROJECT UPDATE – SIGNIFICANT ADVANCEMENTS**) for the portal area.

A further five geotechnical holes along the planned mining decline route will be drilled and logged subsequent to the completion of the resource drilling. This data will allow final development ready designs to be completed for the portal and decline.

**European Metals Managing Director Keith Coughlan commented, "We are very pleased to have begun our DFS drilling programme so soon after receiving permission for the work. This drilling campaign will provide an upgrade to the existing resource at Cinovec. We are excited about the acceleration in the rate of project development that has been achieved by the team in recent months. We look forward to soon being in a position to release the results of our lithium hydroxide, final product, option study."**

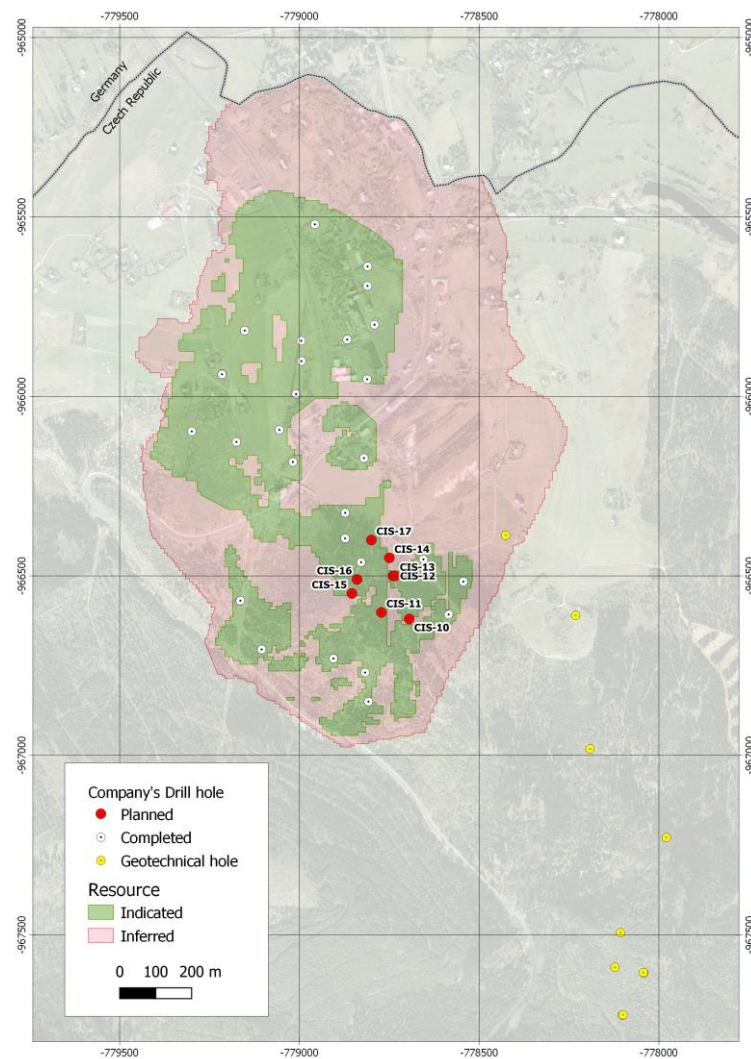


Figure 1. 2018 Cinovec resource drilling drill hole collar locations

## BACKGROUND INFORMATION ON CINOVEC

### PROJECT OVERVIEW

#### Cinovec Lithium/Tin Project

European Metals, through its wholly owned Subsidiary, Geomet s.r.o., controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt @ 0.44% Li<sub>2</sub>O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt @ 0.39% Li<sub>2</sub>O and 0.04% Sn containing a combined 7.18 million tonnes Lithium Carbonate Equivalent and 262,600t of tin. An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li<sub>2</sub>O and 0.09% Sn has been declared to cover the first 20 years mining at an output of 20,800 tpa 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.

Over 400,000 tonnes of ore has previously been mined at the deposit, as a trial sub-level open stope underground mining operation.

European Metals have completed a Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD\$540m and an IRR of 21%. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

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

## **CONTACT**

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or contact:

**Mr. Keith Coughlan**  
Managing Director

## **COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by 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 release 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.

## **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

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

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

framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

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

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

#### **LITHIUM CLASSIFICATION AND CONVERSION FACTORS**

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

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

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

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

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

| Convert from      |                          | Convert to Li | Convert to $\text{Li}_2\text{O}$ | Convert to $\text{Li}_2\text{CO}_3$ |
|-------------------|--------------------------|---------------|----------------------------------|-------------------------------------|
| Lithium           | Li                       | <b>1.000</b>  | 2.153                            | 5.324                               |
| Lithium Oxide     | $\text{Li}_2\text{O}$    | 0.464         | <b>1.000</b>                     | 2.473                               |
| Lithium Carbonate | $\text{Li}_2\text{CO}_3$ | 0.188         | 0.404                            | <b>1.000</b>                        |

#### **WEBSITE**

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

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