

European Metals Holdings Limited

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Directors & Management

David Reeves
Non-Executive Chairman

Keith Coughlan
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Richard Pavlik
Executive Director

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Non-Executive Director

Julia Beckett
Company Secretary

Corporate Information

ASX: EMH

AIM: EMH

Frankfurt: E861.F

CDIs on Issue: 154.7M



EUROPEAN METALS

12 June 2020

RESPONSE TO VOLUNTARY TENDER OFFER

The Board of European Metals Holdings Limited ("**European Metals**", "**EMH**" or "**the Company**") (**ASX & AIM: EMH**) has been informed overnight that Krupa Global Investments a.s. ("**Krupa**"), together with České Lithium a.s. ("**Czech Lithium**") and partners, has purportedly made a voluntary tender offer to all shareholders in EMH for the acquisition of 29.9% of their shares at a price of 15.5p (or AUD\$0.283) per share in cash. EMH has been informed by Krupa that it has made its tender offer announcement through certain media outlets, but so far as EMH is aware, Krupa has not made any announcement through a regulated information service such as RNS, nor to ASX, nor has it published any tender offer document containing detailed terms and conditions. The purported tender offer has been made unilaterally by Krupa and its associates and without prior consultation with EMH.

Shareholders are warned therefore, that before they take any action, they are recommended to seek their own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") or, if not resident in the UK, from another appropriately authorised independent financial adviser in their own jurisdiction.

A copy of Krupa's announcement is set out in the Appendix A to this announcement without material amendment or omission.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li₂O and 0.04% Sn containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 263kt of tin reported 28 November 2017 (**Further Increase in Indicated Resource at Cinovec South**). An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate reported 11 July 2018 (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

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

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

In June 2019 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD1.108B and an IRR of 28.8% and confirmed that the Cinovec Project is a potential low operating cost, producer of battery grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test-work has produced both battery grade lithium hydroxide and battery grade lithium carbonate in addition to high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

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

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

BACKGROUND INFORMATION ON CEZ

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

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 10.08 billion.

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

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

CONTACT

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

COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by Dr 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 (Li₂O) content or percent lithium carbonate (Li₂CO₃) content.

Lithium carbonate equivalent (“**LCE**”) is the industry standard terminology for, and is equivalent to, Li_2CO_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 Li_2CO_3 value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li_2CO_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 Li_2O	Convert to Li_2CO_3
Lithium	Li	1.000	2.153	5.324
Lithium Oxide	Li_2O	0.464	1.000	2.473
Lithium Carbonate	Li_2CO_3	0.188	0.404	1.000
Lithium Hydroxide	$\text{LiOH} \cdot \text{H}_2\text{O}$	0.165	0.356	0.880

WEBSITE

A copy of this announcement is available from the Company’s website at www.europeanmet.com.

ENQUIRIES:

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

APPENDIX A

ANNOUNCEMENT REGARDING VOLUNTARY TENDER OFFER BY KRUPA GLOBAL INVESTMENTS A.S. FOR THE ACQUISITION OF 29.9% SHARES OF EUROPEAN METALS HOLDING

Krupa Global Investments a.s., České Lithium a.s (Czech Lithium) and partners (“Offeror”) announces voluntary tender offer (“Tender Offer”) to all holders of common registered shares with voting rights of the European Metals Holdings Limited (“Company”) for the acquisition of 29.9% of their shares.

The Offeror initiates the Tender Offer on **Thursday, 11 June 2020** (“Date”) by notifying shareholders and Board of Directors of the Company. Tender offer does not require any regulatory approval from AIM or ASX nor Take-over Panel in United Kingdom. The Tender Offer is following rules written in Memorandum and Articles of Association of European Metals Holdings Limited according to The BVI Companies ACT, 2004.

1. THE COMPANY

European Metals Holdings Limited is Australian mining and development company, operating Cinovec lithium project in Czech Republic. The Company is listed on London Stock Exchange (AIM) and Australian Securities Exchange (ASX) under ticker EMH. The Company is registered in the British Virgin Islands therefore is not subject to the Takeover Code. The Company BVI Registration Number is 1655704.

2. THE OFFEROR

Krupa Global Investments a.s., České Lithium a.s (Czech Lithium) and partners has been established under Czech law whose registered offices are at Doudlebska 1669/5, Nusle, 14000 Prague 4, Czech Republic. All entities are owned by Pavol Krupa via Krupa Global Investments a.s. (identification No. 06912311, registered in Commercial Register administered by the Municipal Court in Prague, Czech Republic). The Offeror’s main business activity relates to acquiring stakes in publicly traded companies in Czech Republic, EU and USA.

3. NUMBER OF THE TARGET COMPANY’S SHARES HELD BY THE OFFEROR

At the date of this announcement, Offeror holds and controls 1.910.000 shares acquired on London Stock Exchange (AIM market) in recent years. Offeror owns 1.2% of all outstanding shares/ capital of Company (154.703.973).

4. TRANSFERABLE SECURITIES SUBJECT TO THE TENDER OFFER

The Tender Offer is for the acquisition of 29.9% of all outstanding shares of the Company not held or controlled, either directly or indirectly, by the Offeror. This represents 46.256.487 shares of the Company.

5. MINIMUM NUMBER OF SHARES TO BE ACQUIRED BY THE OFFEROR

The Tender Offer will be valid, when acceptance threshold of 20% of all outstanding shares of the Company will be reached amongst shareholders within 30 days acceptance period from the Date. This represents 30.940.795 shares of the Company. End of acceptance period is 10 July 2020.

6. MAXIMUM NUMBER OF SHARES THE OFFEROR UNDERTAKES TO ACQUIRE

The Offeror commits to acquire up to 29.9% of all outstanding shares of Company, based on results from 30 days acceptance period as mentioned above. If the acceptance threshold does not exceed

20% of all outstanding shares of Company, tender offer is not valid and the Offeror might reconsider conditions of the Tender Offer. If the Tender offer will exceed 20% acceptance threshold but does not reach 29.9%, Offeror will acquire equivalent to successfully tendered shares above 20% acceptance threshold.

7. CONSIDERATION OFFERED

The consideration offered by the Offeror, in cash, per Tender Offer Share which will be validly tendered during the acceptance period is **15.5 GBP or 0.283 AUD. The price represents 9.5% premium to 10/06/2020 closing price of 14.02 GBP or 7.7% premium to 180 day moving average price of**

14.31 GBP. If the Tender Offer will be successful and valid, settlement period is 30 days from announcement of successful Tender Offer, which is 10 July 2020.

8. SETTLEMENT

Holders of Company's shares should contact Offeror directly if interested in sale of their shares in Company by sending email to juraj.krupa@krupainvestments.com. If the acceptance threshold of 20% will be reached within the period, Offeror will provide appropriate documentation and bank details to proceed with the acquisition of tendered shares of Company. The Offeror will publicly announce results of the Tender Offer upon the period mentioned above.

If the Tender Offer will be successful and valid, financial settlement period is 30 days from the announcement of successful Tender Offer.

About Krupa Global Investments a.s.

Krupa Global Investments is private investment group, spin-off from Arca Capital with AUM of €2bln. KGI focuses on investment opportunistic growth. We implement impactful projects with a so-called activist approach to fix companies that are being mismanaged due to actions of management or majority shareholders. Our goal with this strategy is to achieve significant positive changes in strategy, financial structure or management in a short period of time thus allowing significant stock price increases and thus giving us a strong return on investment. KGI is based in Prague, Czech Republic.

www.krupainvestments.com

About European Metals Holdings Limited

European Metals Holdings Limited is a mineral exploration and development company listed on AIM and the ASX. The company's main focus is on advancing the Cinovec lithium-tin project located in the Czech Republic. EMH has completed a PFS (updated June 2019) and Cinovec will produce either lithium carbonate or lithium hydroxide.

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