



30 January 2015

ASX ANNOUNCEMENT

METALLURGICAL TESTING DEMONSTRATES HIGH TIN RECOVERIES

HIGHLIGHTS

European Metals Holdings Limited (“**European Metals**” or “**The Company**”) (**ASX: EMH**) is pleased to announce that initial metallurgical testing for tin at the Cinovec Tin Project in the Czech Republic is complete. Consultants ALS conducted the test work at their facility in Burnie, Tasmania and have submitted their final report.

Key Points:

- **Potential overall tin recovery of 80%**
- **Gravity concentrate of 13.9% Sn**
- **Preliminary assessment indicates the tin grade can be increased by processing through a gravity dressing circuit to greater than 50% Sn**
- **Lithium leach testwork underway with results to be reported in the very near future**
- **Scoping Study progressing well**

European Metals CEO Mr Keith Coughlan said “I am very pleased to report the results of the initial metallurgical test work for tin. The program confirms that Cinovec ore can be treated using a very simple, proven and well-understood technology for upgrading tin-tungsten mineralisation. Of particular note is the high tin recovery which exceeds recent peer studies. This high recovery combined with the very simple process route adds significantly to the potential cash flow generation of the project by increasing revenues and reducing operating costs.

The lithium testwork being undertaken by Cobre Montana (ASX:CXB) is progressing well and we hope to report the results of this work in the very near future. Other elements of the Scoping Study are on track for completion before the end of the quarter. I look forward to providing updates on programs currently underway as results come to hand.”

Metallurgical testwork program

GR Engineering Services Ltd (GRES) were engaged to undertake the processing scoping study and coordinate metallurgical test work. GRES enlisted expert advice in tin recovery and processing for the analysis of test results and in the preliminary process design that will carry forward in the scoping study to be completed in Q1 of 2015.

Some 12kg of cut drill core was submitted to the ALS metallurgical facility in Burnie, Tasmania for preparation, mineralogy and gravity separation assessment. The sample is a composite of 16 segments of drill core collected from holes CIS-2 and CIS-3, with individual segments weighing between 0.47 and 0.75kg.

Testing followed a route typically employed for the style of mineralisation represented at Cinovec. The composited sample was first assayed for a standard analytical suite. Testwork comprised coarse heavy liquid separation, fine heavy liquid separation, gravity locked cycle test and mineralogical evaluation.

Coarse heavy liquid separation proved ineffective, with a significant proportion of tin reporting to the waste float. Fine heavy liquid separation was more effective, with only 6.3% of tin rejected to floats while rejecting 61% of the mass.

A six cycle gravity locked cycle test was performed on equal splits from a sample ground to 75% passing 80 micron. 71.5% of the tin (1.6% of total mass) reported to the plus 30 micron fraction, which represented 98.2% of tin contained in the plus 30 micron size fraction. Tin grade in the concentrate was 13.9%. Based on chemical analyses and visual observation, additional cleaning will see a marked improvement in concentrate tin grade with a target above 50% Sn.

Mineralogical assessment shows that 95% of cassiterite in the plus 20 micron fraction occurs as free grains, which provides confidence that proposed testwork on this fine fraction will improve overall tin recovery. It is estimated that up to 50% of the -30/+7 micron material could be recovered by flotation, boosting overall recovery of tin to 80%. Further testwork on recovery including flotation and upgrading of the concentrate will be concluded as part of the next metallurgical testwork campaign.

Project update

Metallurgical testing to assess the suitability of Strategic Metallurgy's technology for extraction of lithium from zinnwaldite (*refer to ASX announcement 11 November 2014*) is underway with initial leach test results due in the very near future. The lithium resource for Cinovec is currently being updated, taking in to account results of the metallurgical holes drilled last year. As with Strategic Metallurgy's report on the lithium testwork, the resource report is due for completion in the near future.

Both of these reports will be incorporated in the Scoping Study, which is on track for completion before end Q1 CY2015.

PROJECT OVERVIEW

Cinovec Tin Project

Cinovec is an historic tin mine, incorporating a significant undeveloped tin resource with by-product potential including tungsten, lithium, rubidium, scandium, niobium and tantalum. Cinovec is one of the largest undeveloped tin deposits in the world, with a total inferred resource of 28.1Mt grading 0.37% Sn for 103,970 tonnes of contained tin. Cinovec also hosts a partly-overlapping hard rock lithium deposit with a total inferred resource of 36.8Mt @ 0.8% Li₂O. The resource estimates were based on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit appears amenable to bulk mining techniques and has had over 400,000 tonnes trial mined as a sub-level open stope. Historical metallurgical testwork, including the processing of the trial mine ore through the previous on-site processing plant, indicates the ore can be treated using simple gravity methods with good recovery rates for tin and tungsten of approximately 75%. Cinovec is very well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.

COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by European Metals Director Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist, a member of the American Institute of Petroleum 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, Minerals Resources and Ore Reserves. 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.

The information in this report that relates to Mineral Resources 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 2004 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. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

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