

4 February 2015

ASX ANNOUNCEMENT

EXCEPTIONAL LITHIUM FLOTATION RESULTS

HIGHLIGHTS

European Metals Holdings Limited (“**European Metals**” or “**the Company**”) (**ASX: EMH**) is pleased to announce results from the first stage of metallurgical testing for lithium at the Cinovec Project in the Czech Republic; high grade lithium concentrate has been successfully recovered from ore samples.

Key Points:

- **98% of lithium recovered via flotation to concentrate**
- **Concentrate also contains significant levels of potassium, which could produce potentially important amounts of by-product potash**
- **Concentrate contains >6% LCE**

European Metals CEO Mr Keith Coughlan said “These initial lithium testwork results are very encouraging. The potential positive impact from this program on the economics of the Cinovec Project cannot be understated as the revenue from lithium and potash could potentially exceed that of the tin and tungsten. We now know that Cinovec lithium micas can be recovered at an exceptional rate of 98% for contained lithium using a simple and proven method of froth flotation. I look forward to seeing results from the next stage of testwork, the leaching of lithium from the concentrate.

As a direct result of these extremely encouraging initial results, we are shipping a larger sample of drill core from the Czech Republic to Perth for testing. The Scoping Study is now expected to be complete early in Q2 CY2015 as we wait on the results of this additional testwork being managed by Cobre Montana (ASX:CXB). I look forward to providing updates on this program as results come to hand.”

Metallurgical testwork program

A sample of gravity tails from European Metal’s metallurgical testwork program for tin and tungsten (*refer to ASX announcement 29 January 2015*) was sent to Strategic Metallurgy’s facility in Perth. Testwork was initially aimed at ensuring concentrate of an appropriate lithium grade could be recovered via froth flotation as a feed source for down-stream processing using Strategic’s leach technology.

The sample used for the initial work produced the following results:

• Cinovec gravity tails	Li₂O	0.71%	K₂O	2.94%
• Concentrate grade	Li₂O	2.05%	K₂O	7.56%
• Flotation yield	Li₂O	98.1%	K₂O	87.0%
• Flotation tail	Li₂O	0.02%	K₂O	0.58%

Work to date has shown that lithium micas can be easily and effectively separated from other constituents in a sample of Cinovec gravity tails using simple and proven technology. The concentrate generated via conventional froth flotation achieved >98% Li recovery and grades 2.05% Li₂O.

The flotation concentrate has since been subject to leaching, results of which will be announced in the near future. The Strategic Metallurgy method for processing lithium micas is capable of recovering lithium carbonate and potash (potassium sulphate), which is an important additive to fertilizer. At current market prices, and accounting for the potash by-product credit, the concentrate produced from Cinovec gravity tailings exceeds 6% lithium carbonate equivalent (LCE).

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 111,370 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 are based primarily 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%. Recent metallurgical testwork on tin indicated the potential for upwards of 80% recovery; initial results of testwork on lithium extraction using proprietary technology have been highly encouraging. 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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