European Metals Holdings Limited

ARBN 154 618 989

Level 4, 66 Kings Park Road
West Perth WA 6005
PO Box 52
West Perth WA 6872
Phone + 61 8 6141 3500
Fax + 61 6141 3599
Website:
www.europeanmet.com

Corporate Information

ASX Code: EMH

CDIs on Issue: 65.8M

Market Cap: $7.9M

25 JUNE 2015

ASX ANNOUNCEMENT

CINOVEC EXPLORATION TARGET CLARIFICATION

European Metals Holdings Limited ('EMH' or the 'Company') advises that the Exploration Target estimated for the Cinovec lithium-tin deposit in the Czech Republic requires a cautionary statement to comply with the JORC Code 2012.

The Exploration Target of 350-450Mt @ 0.39-0.47% Li_2O (0.1% Li cutoff) for 3.4-5.3Mt LCE referred to in ASX announcements on 9 February 2015, 13 March 2015, 17 April 2015, 20 April 2015, 30 April 2015, 6 May 2015, 20 May 2015, 28 May 2015 and 22 June 2015 was defined by Lynn Widenbar of Widenbar and Associates.

CAUTIONARY STATEMENT

The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Additional information

As detailed in the ASX announcement of 9 February 2015 'Substantial Increase in Resources', Mr Widenbar compiled the initial Mineral Resource estimates for Cinovec South in February 2012 (prior to European's acquisition of the project). The resource models were updated by Mr Widenbar to include data from three core holes drilled in 2014 (*refer to ASX announcement 4 November 2014*). This update included a substantial increase in the total tonnage and contained metal of the lithium resource because revised estimation parameters were applied based on a new interpretation of lithium distribution and accounting for Strategic Metallurgy's process for extraction of lithium, which positively affects the modifying factors used to define the economics of the resource.

The database used for the 2012 Mineral Resource estimate incorporated information derived from a total of 769 historic underground and surface diamond drillholes and 41,560 assay intervals, which includes 7,367 underground channel samples. Assay data for the three holes drilled in 2014 were included in the database for the 2015 update, adding 342 assay intervals. Historically, core samples were either split or consumed entirely, with intervals ranging from 0.03 to 10.5m; more than 99.75% of historical drill samples fall in a range between 0.1 and 3m in length. Historical channel samples were collected across 1m intervals. Samples collected from 2014 drillholes comprised half core and honoured geological contacts and mineralised domains, ranging from 0.5 to 2.1m in length. Historical analytical methods included XRF and wet chemical techniques; samples collected from the 2014 drillholes were analysed by fusion or 4 acid digest with ICP finish. Assay data were composited to 1m intervals prior to resource estimation.

The Sn-W-Li mineralisation is hosted in a granite dome. Geological data were compiled during the 2012 Mineral Resource estimate (*refer to ASX announcement 18 December 2013*) to generate a surface representing the top contact of the granite with overlying rhyolite. Tin-tungsten-lithium mineralisation has been constrained to within the granite-greisen domain in the cupola of the granite.

Statistical and variographic assessment highlighted that tin-tungsten behaves very differently to lithium mineralisation, with different controls and constraints. As a result, in the 2015 Mineral Resource update distinct models were generated for tin-tungsten and for lithium. For lithium, the primary search ellipse was 150m (north-south) by 150m (east-west) by 7.5m vertically with estimation carried out in "unfolded" space. A second pass for lithium with a search ellipse of 300m x 300m x 12.5 was used to fully inform the model.

An inverse distance cubed interpolation methodology was used for all models, using Micromine 2014 SP3 V15 software. Section and plan views of the models were reviewed to ensure interpolation had proceeded correctly.

Densities applied for tonnage calculations are based on historic bulk density measurements of 2.57 for granite and 2.70 for greisen.

Sample spacing used for lithium Mineral Resource estimation ranges from about 100m to more than 500m. After reviewing the lithium data distribution and variography, Mr Widenbar assigned blocks with an average distance to sample locations of less than 100m to the Inferred Mineral Resource in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). Estimated material in the lithium block model not included in the Inferred Mineral Resource is considered an Exploration Target. Using a nominal 0.1% lithium cutoff, the Exploration Target is 350-450Mt @ 0.39-0.47% Li_2O. The tonnage and grade range was defined by Mr Widenbar to reflect the average kriging variance to block estimate of 10-15%.

Figures 1 and 2 are long section and level plan slices through the lithium block model highlighting which parts of the model are assigned to the Inferred Mineral Resource and which parts are assigned to the Exploration Target.

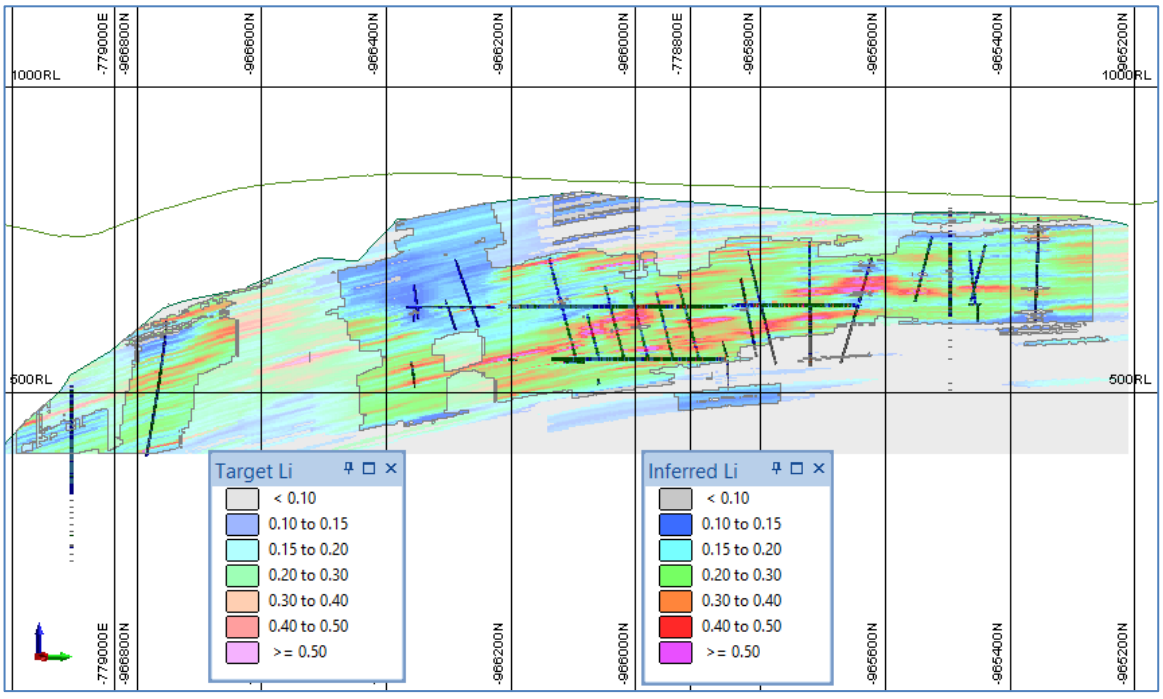

Figure 1 Cinovec lithium block model long section slice showing areas assigned to the Inferred Mineral Resource (bold) and areas assigned to the Exploration Target (faint)

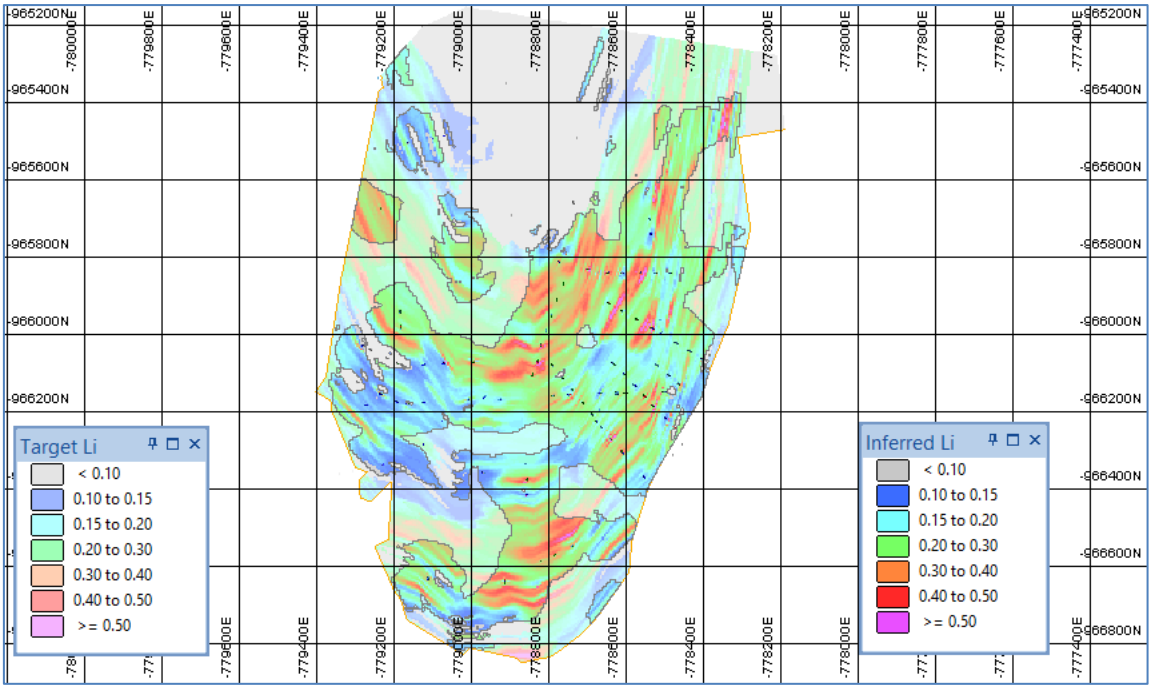

Figure 2 Cinovec lithium block model plan slice showing areas assigned to the Inferred Mineral Resource (bold) and areas assigned to the Exploration Target (faint)

A drill program aimed at converting the Exploration Target to a Mineral Resource has been planned. The program comprises 32 drill holes for a total of 13279m. Figure 3 shows the planned hole locations on a map of historic workings projected to surface. Permitting for the drill program is underway. Drilling to convert the majority of the Inferred tin-tungsten Resource to the Indicated category will commence later this year, with drilling to convert the lithium Exploration Target to a Mineral Resource scheduled for 2016.

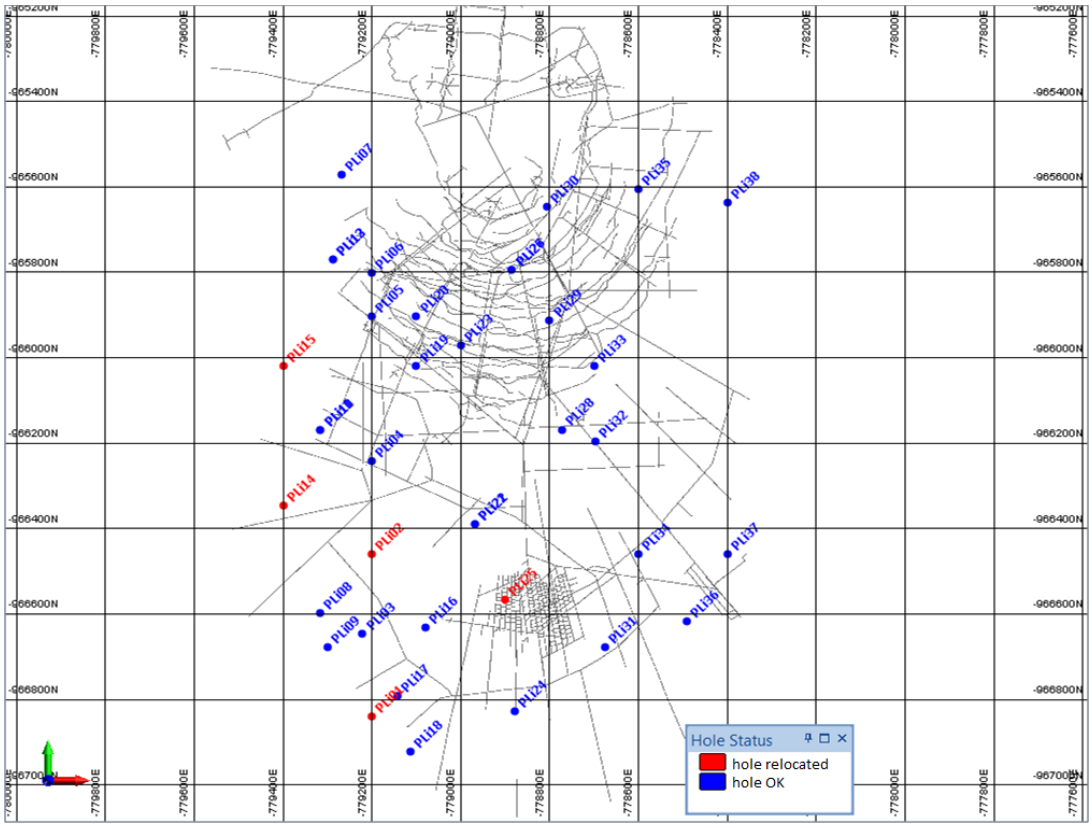

Figure 3 Cinovec lithium deposit drill plan, plotted on a map showing historic workings projected to surface

ABOUT THE PROJECT

Cinovec is a globally significant lithium and tin deposit with the potential to be a very low cost producer of lithium carbonate.

Key Points

- Inferred Resource 5.5Mt LCE; Exploration Target 3.4-5.3Mt LCE
  514.8Mt @ 0.43% Li_2O; 350-450Mt @ 0.39-0.47% Li_2O
- Indicated and Inferred Resources 167kt tin
  Indicated 7.0Mt @ 0.23% Sn, 0.03% W, 0.45% Li_2O
  Inferred 72.7Mt @ 0.23% Sn, 0.03% W, 0.45% Li_2O
- 100% Inferred to Indicated Resource conversion rate

For full details please refer EMH releases to ASX of 1 May 2015 and 6 May 2015 which can be found on our website: www.europeanmet.com.

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

European Metals owns 100% of the Exploration Rights to the Cinovec lithium/tin deposit in the Czech Republic. Cinovec is an historic mine incorporating a significant undeveloped lithium/tin resource with by-product potential including tungsten, rubidium, scandium, niobium and tantalum. Cinovec hosts a globally significant hard rock lithium deposit with a total Inferred Mineral Resource of 514.8Mt @ 0.43% Li_2O. Within this resource lies one of the largest undeveloped tin deposits in the world, with total Indicated and Inferred Mineral Resources of 79.7Mt grading 0.23% Sn for 167kt of contained tin. The Mineral Resource estimates are based primarily on over 83,000m of drilling and 21.5km of underground exploration drifting. The deposit has previously had over 400,000 tonnes trial mined as a sub-level open stope operation. A recently completed Scoping Study, conducted by specialist independent consultants, shows the deposit could be amenable to bulk underground mining. Metallurgical testwork has produced both battery grade lithium carbonate and high grade tin concentrate at high recoveries with the Scoping Study revealing a potential production cost of less than $2,000 per tonne of lithium carbonate. This cost would decrease with tin and tungsten credits included. 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 historic 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 (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, 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. 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.

For further information please contact:

Keith Coughlan
k.coughlan@europeanmet.com

Julia Beckett
COMPANY SECRETARY