

**European Metals
Holdings Limited**

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Directors

David Reeves
Non-Executive Chairman

Keith Coughlan
Managing Director

Dr Pavel Reichl
Executive Director

Company Secretary

Ms Julia Beckett

Corporate Information

ASX Code: EMH

CDIs on Issue: 75.14M

Market Cap: \$9M



EUROPEAN METALS

30 JULY 2015

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT – JUNE 2015

- **Precipitation of battery grade lithium carbonate**
- **Further positive lithium testwork**
- **Upgrade of Cinovec resource**
- **Completion of scoping study**
- **Accelerated feasibility study and appointment of general manager**
- **Conversion of CDI's**
- **Placement of \$ 1.5 million to European investors**
- **Further pilot testwork**

European Metals Holdings Limited ("EMH", "European Metals" or "the Company") continued the development of the globally significant Cinovec Lithium, Tin and Tungsten project in the Czech Republic over the June quarter. It was again a busy and productive quarter for the company with a number of significant developments.

Precipitation of battery grade Li_2O_3

The Company announced on 17 April 2015 the successful production of battery grade lithium carbonate from a sample of ore from the Cinovec Project. The sample yielded 99.56% pure lithium carbonate. This is a significant development in the life of the project.

In addition, a potassium sulphate by-product was also successfully precipitated. Potassium sulphate is otherwise known as potash, and is a major ingredient in the production of fertilizers globally.

The ore sample achieved lithium leach recovery of 92% in a leach residence time of 18 hours.

Further positive lithium test work

Follow up test work conducted by Cobre Montana in April 2015 produced higher purity battery grade lithium carbonate. Cobre Montana estimates that the operating cost is likely to be less than US\$2,000/tonne of lithium carbonate produced, after potash credit. Furthermore, on a project basis, and after credits for tin and tungsten, operating cost estimates for lithium carbonate are likely to reduce further. These estimates compare very favourably with published operating costs of all known lithium carbonate producers worldwide.

Upgrade of Cinovec resource

On May 1 the company announced its Maiden Indicated Mineral Resource based on the recent drilling. A portion of the then Inferred Resource was upgraded to an Indicated Resource of 7.0Mt @ 0.23% Sn, 0.03% W and 0.21% Li at a 0.1% Sn cutoff grade.

Scoping Study

Also on May 1 the company released the results of its recently completed Scoping Study which demonstrates that Cinovec has the potential to be technically and financially viable. Mine design work carried out as part of the Study suggests Cinovec could be a bulk underground mining operation. It is envisaged that processing via a traditional gravity plant would produce tin and tungsten concentrates. The tails from the gravity plant would be fed to a lithium processing plant, with battery grade Li₂CO₃ produced via atmospheric leach. The majority of tailings would be returned underground as paste fill. Cost estimates in the study were calculated by independent consultants and are based on data from recent projects and industry standard estimating factors.

Accelerated Feasibility and appointment of General Manager

Following the completion of the positive scoping study, the company decided to proceed immediately to a definitive feasibility study. This step was possible due to the large amount of information already in existence from past activities at Cinovec, including over 80,000m of drilling and 21km of underground drives. It was announced that initial activities will concentrate on converting a large portion of the Inferred Resource to Indicated Resource to allow for detailed mine planning and to retrieve samples for further metallurgical test work. Work began on the permitting process for this drill campaign.

To assist in the accelerated program, the Company appointed a General Manager of the Company's Czech subsidiary, Geomet s.r.o. Geomet holds the licenses for the project.

Conversion of performance CDI's

The Company announced on May 28 the conversion of 5 million Performance CDI's as a result of the completion of a positive Scoping Study. As announced on 18 December 2013, the terms of the acquisition of European Metals (UK) Limited included the issue of 5,000,000 A Class Performance CDI's. The Performance CDI's were to convert into 5,000,000 CDI's in the Company "upon the net present value of the Permits as determined in the first scoping study commissioned by the board of the Company in respect of the Permits and prepared by a reputable independent third party engaged by the board of the Company being not less than US\$140,000,000".

Placement to raise \$ 1.5 million and AIM listing

The Company announced its intention to raise AUD 1,500,000 via a placement to European based investors on 26 June 2015. The Company proposed to issue 18.75m CDI's at a price of 8 cents per CDI. The placement was made in two tranches, 9,339,430 were issued immediately with the balance to be issued pursuant to shareholder approval, to be sought at an EGM to be held on Friday 31 July 2015.

London based and listed Rare Earth Minerals plc ('REM') has become a substantial shareholder of the company by way of a subscription of the placement and on market buying.

REM is a London listed investment company focused on creating a diverse portfolio of direct and indirect interests in lithium and rare earth deposits. REM are long term investors in the lithium sector and are intending to support EMH in both a technical and a corporate sense. The proceeds of the placement will be used to further develop the Company's 100% owned Cinovec Lithium and Tin Project in the Czech Republic, located adjacent to the German border, and for working capital.

Following the placement it is EMH's intention to seek listing on the London Alternate Investment Market (AIM) in order to facilitate further investment in the company by European based investors.

Further pilot test work

Late in the quarter the Company collected a bulk sample from the Cinovec Project which will be used for lithium mini plant testing. Four hundred kilograms of zinnwaldite concentrate will be produced by flotation prior to being processed through Strategic Metallurgy's mini plant setup in Perth. This work is being conducted with Cobre Montana (ASX:CXB), with whom the Company has a non binding Heads of Agreement.

The mini plant run is targeted to be completed in the September quarter. This work will be conducted in parallel with a drill program at Cinovec that is currently being permitted and will commence in the second half of the year.

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% Li₂O. 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
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Julia Beckett
COMPANY SECRETARY

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

EUROPEAN METALS LIMITED (EMH)

ABRN

154 618 989

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(173)	(594)
(b) development	-	-
(c) production	-	-
(d) administration	(164)	(659)
(e) project development costs	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(336)	(1,247)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net Investing Cash Flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(336)	(1,247)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(336)	(1,247)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	732	1,760
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(4)
	Net financing cash flows	732	1,756
	Net increase (decrease) in cash held	396	509
1.20	Cash at beginning of quarter/year to date	492	379
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	888	888

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	97
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director fees, superannuation expense, consulting fees and rental expense.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	41
4.2 Development	-
4.3 Production	-
4.4 Administration	126
Total	167

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	888	492
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	888	492

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	75,144,159	75,144,159		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,339,430	9,339,430	\$0.08	\$0.08
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	1,200,000 21,943,023	- -	<u>Exercise price \$</u> \$0.30 \$0.10	<u>Expiry date</u> 19/07/2015 30/06/2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-	<u>Exercise price \$</u> -	<u>Expiry date</u> -
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		
7.13 Performance securities	5,000,000	-		
7.14 Changes during quarter (a) Increases through issues (b) Decreases through conversion to CDIs	5,000,000	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Signed: 

Dated: 30 July 2015

Company Secretary

Print name: Julia Beckett



Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
 Cinovec Tin-Tungsten-Lithium Project I	Czech Republic	100%	0%	0%
 Cinovec Tin-Tungsten-Lithium Project II	Czech Republic	100%	0%	0%

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				

Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				