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Corporate Information

ASX Code: EMH

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EUROPEAN METALS

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DRILL PROGRAM UPDATE

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (**ASX** and **AIM: EMH**) is pleased to announce analytical results for the confirmation drillhole PSn13 at the Cinovec Lithium-Tin Project ("the project" or "Cinovec").

Key Points:

- Drillhole PSn13 returned main mineralised intercept of 167.1m averaging 0.36 % Li_2O.
- This intercept includes high-grade intervals of 12m averaging 0.77 % Li_2O and 7m averaging 0.87 % Li_2O, as well as a tin-enriched interval of 8m averaging 0.16 % Sn.
- Several other lithium intervals were intercepted at shallower depth, of which the best is 19.5m averaging 0.42 % Li_2O. This interval includes a 2m wide high-grade tin-tungsten zone grading 0.75 % Li_2O, 1.46 % Sn and 0.55 % W.
- Drilling commenced in the shallower, higher grade lithium areas in the main section of the deposit. Two core drillholes are in action with the third expected to start drilling within 15 days.

European Metals CEO Mr Keith Coughlan said "We are very pleased with the results for the latest drillhole. This results from this drillhole located in the northernmost part of the southern sector of the Cinovec deposit re-confirms continuous mineralisation through to the main areas of the deposit.

As announced previously, we have accelerated our drilling program and moved its focus to the main part of the deposit where the lithium mineralisation zones are at shallower depths.

In addition, the PFS is well underway and we expect to be in a position to report on progress and milestones within the next week."

Drill Program

The PSn13 drillhole was drilled at the northern edge of the Cinovec-South sector of the deposits, in an area of relatively sparsity of historic drill data and lithium analyses. The drillhole is located on the northernmost point of a north-south section containing the drillholes completed by the Company last year. The historic underground drilling data from this area are mostly void of lithium analyses.

The current drill program has been planned to facilitate the conversion of resources from the Inferred to Indicated category and provide material for metallurgical testing. Six diamond core holes PSn06, (designed to twin historic hole CN-51), PSn05, PSn07, PSn01, PSN02 and PSn13 have been completed. Drill details are listed in Table 1 below.

The drilling program has now moved about 1km NW to focus on the shallower mineralisation in the main the mainsection of the deposit. An accelerated program with currently two drill rigs has commenced. A third drill rig has been mobilised and will start drilling within 15 days.

After geological logging, drill core is cut in half with a diamond saw. Half core samples are selected (honouring geological boundaries) and dispatched to ALS (Romania) for preparation and assay; the other half of the core is returned to the core box and stored securely on site. Samples are prepared and analysed by ALS using ICP and XRF techniques following standard industry practice for lithium and tin deposits.

Table 1: Drillhole details, Cinovec South

Hole ID	North	East	Elevation (m)	Depth (m)	Azimuth	Dip	Comments
PSn06	966395.5 [1)]	778872.9 [1)]	858.3	401.5	344.0	-89.57	twin of CN-51
PSn05	966462.0 [1)]	778828.5 [1)]	861.5	382.1	304.8	-89.43	confirmation/infill
PSn07	966324.7 [1)]	778873.5 [1)]	860.1	417.6	78.6	-89.63	confirmation/infill
PSn01	966849.2 [1)]	778806.4 [1)]	794.5	454.1	248.5	-89.60	confirmation/infill
PSn02	966769.5 [1)]	778818.1[1)]	828.5	422.0	315.9	-83.44	confirmation/infill
PSn13	966169.0 [2)]	778820.0 [2)]	851.5	378.6	216.6	-86.68	confirmation/infill

Hole locations are recorded in the local S-JTSK Krovak grid, [1)] Coordinates surveyed, [2)] Coordinates determined by GPS, [3)] Planned depth.

Table 2: Drillhole details, Cinovec Main

Hole ID	North	East	Elevation (m)	Depth (m)	Azimuth	Dip	Comments
CiW11	966095.0 [2)]	779297.8 [2)]	865.7	375 [3)]	45	-80	Underway
CiW20	965637.0 [2)]	778813.0 [2)]	837.6	250[3)]	326	-85	Underway

Mineralised Intercepts and Lithology in PSn13

The PSn13 drillhole is collared at the rhyolite-granite contact in an area of relative paucity of historic data, at the edge of the Cinovec-South sector. In its upper part the drillhole intersects the southern edge of granite the hosts the historically mined high grade Sn-W quartz veins enveloped by greisen. Several shorter mineralised intervals were observed in this unit, including 20m@0.20% Li_2O (34m to 54m), 21.7m@0.20% Li_2O (83.5m to 105.2m) and 19.5m@0.42% Li_2O (123.5m to 143m). The quartz veins and greisen lodes returned the best Sn and W grades (up to 2.58% Sn or 0.76%W over 1m for one sample).

The main reported lithium intercept of 167.1m starts at 211.5m and continues to 373m depth of the drill string. The host rock is variably altered Li-mica granite (albitization, hematitization and silicification). Widespread zones of greisenized granite and greisens are most frequent below ~300m with two high-grade intercepts of 12m@0.77%Li_2O (323m to 335m) and 7m@0.87%Li_2O (346m to 353m). The Sn and W enriched zones are 8m@0.16%Sn (292m to 300m) and 2m@1.46%Sn and 0.55%W (133m to 135m).

Table 3: Summary of mineralised intercepts in PSn13

PSn13						
From	**To**	**Interval (m)**	**Li_2O (%)**	**Sn (%)**	**W (%)**	**Note**
6	14	8	0.21			
34	54	20	0.20			
83.5	105.2	21.7	0.20			
123.5	143	19.5	0.42			
133	135	2	0.75	1.46	0.55	
150	154	4	0.58			incl. 3m@0.08% W (150-153m)
158	204	46	0.23			
211.5	373	167.1	0.36			
292	300	8	0.35	0.16	0.02	incl. 12m@0.77% Li_2O (323-335m) and 7m@0.87% Li_2O (346-353m)
Cut-off: 0.2% Li_2O, 0.1 % Sn, 0.05% W						

The greisen bodies and the mineralised intercepts dip at a shallow angle to the South. The PSn13 drillhole was angled 6 degrees toward the N and the reported intercepts are very close to true thicknesses.

Figure 1 – Cinovec schematic long section showing Company's drill holes and Li intercepts. Select historic Li intercepts shown in the N part of the deposit (drillholes designated CN).

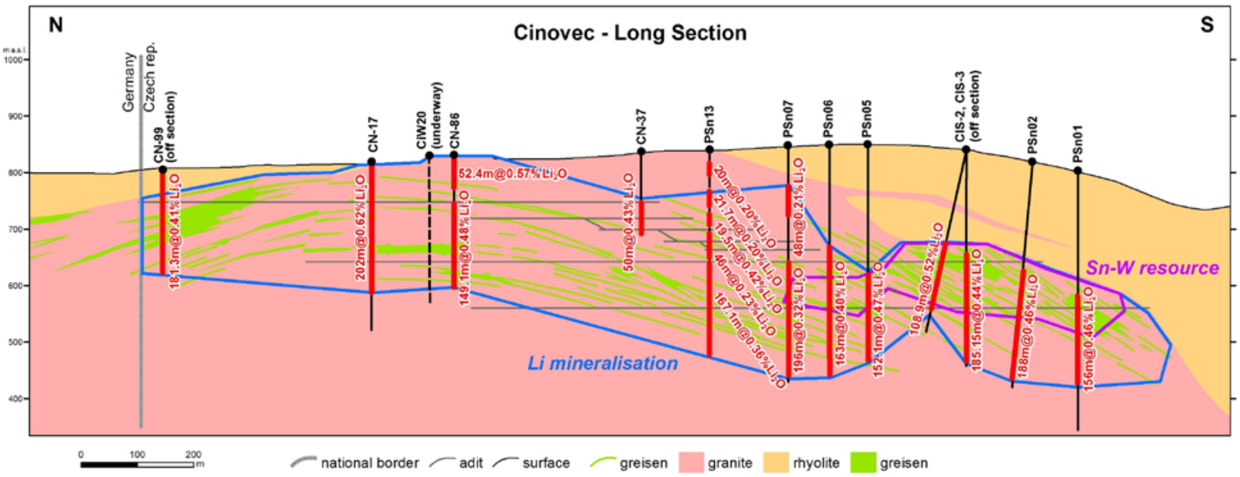
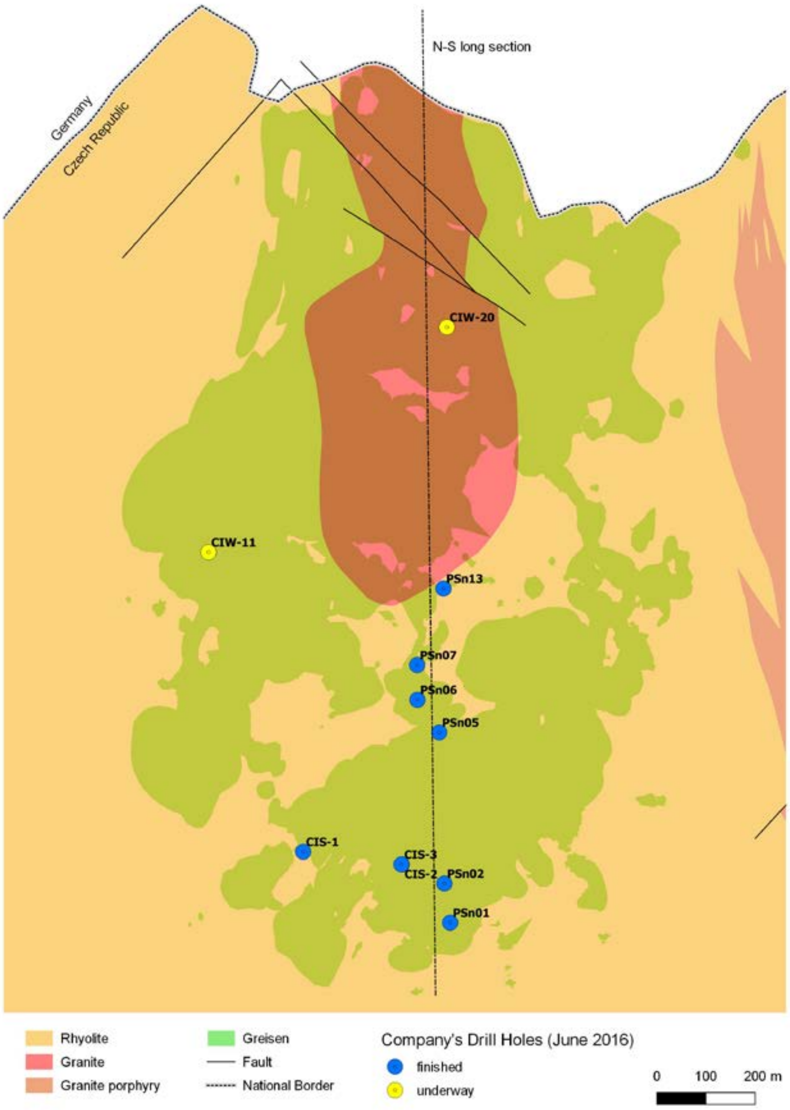


Figure 2 – Top view with geological map including undergroung greisen bodies and Company's drill holes. Historic UG workings and drillholes not shown.



As required under the 2012 JORC Code, details of the current drill program are appended (Table 2).

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

European Metals owns 100% of 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 and potash. Cinovec hosts a globally significant hard rock lithium deposit with a total Inferred Mineral Resource of 532Mt @ 0.43% Li_2O containing 5.7 million tonnes Lithium Carbonate Equivalent

This makes Cinovec the largest lithium deposit in Europe and the fourth largest non-brine deposit in the world.

Within this resource lies one of the largest undeveloped tin deposits in the world, with total Indicated and Inferred Mineral Resources of 75.4Mt grading 0.23% Sn for 176kt of contained tin. The Mineral Resource Estimates are based primarily on over 83,000 metres of historic drilling and 21.5

km of historic underground development completed by the Czechoslovakian Government from the 1960s through to the 1980s. The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

A Scoping Study conducted by specialist independent consultants indicates the deposit could be amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and high-grade tin concentrate at excellent recoveries with the Scoping Study. 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.

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, 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 (Li_2O) content or percent lithium carbonate (Li_2CO_3) 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.

To convert the Li Inferred Mineral Resource of 532Mt @ 0.20% Li grade (as per the Competent Persons Report dated May 2016) to Li_2O, the reported Li grade of 0.20% is multiplied by the standard conversion factor of 2.153 which results in an equivalent Li_2O grade of 0.43%.

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	5.323
Lithium Oxide	Li_2O	0.464	**1.000**	2.473
Lithium Carbonate	Li_2CO3	0.188	0.404	**1.000**

WEBSITE

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

TECHNICAL GLOSSARY

The following is a summary of technical terms:

"carbonate"	refers to a carbonate mineral such as calcite, $CaCO_3$
"cut-off grade"	lowest grade of mineralised material considered economic, used in the calculation of Mineral Resources
"deposit"	coherent geological body such as a mineralised body
"exploration"	method by which ore deposits are evaluated
"g/t"	gram per metric tonne
"grade"	relative quantity or the percentage of ore mineral or metal content in an ore body
"Indicated" or **"Indicated Mineral Resource"**	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate
"Inferred" or **"Inferred Mineral Resource"**	as defined in the JORC and SAMREC Codes, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes which may be limited or of uncertain quality and reliability
"JORC Code"	Joint Ore Reserve Committee Code; the Committee is convened under the auspices of the Australasian Institute of Mining and Metallurgy
"kt"	thousand tonnes
"LCE"	the total equivalent amount of lithium carbonate (see explanation above entitled Explanation of Lithium Classification and Conversion Factors)
"lithium"	a soft, silvery-white metallic element of the alkali group, the lightest of all metals
"lithium carbonate"	the lithium salt of carbonate with the formula Li_2CO_3
"metallurgical"	describing the science concerned with the production, purification and properties of metals and their applications
"Mineral Resource"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge; mineral resources are sub-divided into Inferred, Indicated and Measured categories
"mineralisation"	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"Mt"	million tonnes
"ppm"	parts per million
"recovery"	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
"resources"	Measured: a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific

data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability

"stope"	underground excavation within the orebody where the main production takes place
"t"	a metric tonne
"tin"	A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO_2
"treatment"	Physical or chemical treatment to extract the valuable metals/minerals
"tungsten"	hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram
"W"	chemical symbol for tungsten

ADDITIONAL GEOLOGICAL TERMS

"apical"	relating to, or denoting an apex
"cassiterite"	A mineral, tin dioxide, SnO2. Ore of tin with specific gravity 7
"cupola"	A dome-shaped projection at the top of an igneous intrusion
"dip"	the true dip of a plane is the angle it makes with the horizontal plane
"granite"	coarse-grained intrusive igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz and balance of plagioclase feldspars and ferromagnesian silicates
"greisen"	A pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals
"igneous"	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
"muscovite"	also known as potash mica; formula: $KAl_2(AlSi_3O_{10})(F,OH)_2$.
"quartz"	a mineral composed of silicon dioxide, SiO2
"rhyolite"	An igneous, volcanic rock of felsic (silica rich) composition. Typically >69% SiO_2
"vein"	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
"wolframite"	A mineral, $(Fe,Mn)WO_4$; within the huebnerite-ferberite series
"zinnwaldite"	A mineral, $KLiFeAl(AlSi_3)O_{10}$ $(F,OH)_2$; mica group; basal cleavage; pale violet, yellowish or greyish brown; in granites, pegmatites, and greisens

ENQUIRIES:

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