

## European Metals Holdings Limited

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Kiran Morzaria  
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Chief Operating Officer

### Company Secretary

Julia Beckett

### Corporate Information

ASX: EMH

AIM: EMH

Frankfurt: E861.F

CDIs on Issue: 141.5M



**EUROPEAN METALS**

**4 September 2018**

## CINOVEC PROJECT UPDATE – SIGNIFICANT ADVANCEMENTS

European Metals Holdings Limited (“**European Metals**” or “**the Company**”) is pleased to provide a project update highlighting recent significant advancements made in the development of the Cinovec Lithium-Tin Project (“**the project**” or “**Cinovec**”).

### HIGHLIGHTS

- **Work has commenced on an update of the Preliminary Feasibility Study to model the production of higher value lithium hydroxide due to its increasing use in lithium ion batteries. This study will be finalised over the coming two months.**
- **Leach recoveries of 94–95% lithium have been replicated in recently completed confirmatory laboratory scale roasting and water leaching tests in Germany. Locked cycle testwork will commence post the lithium hydroxide study to model the selected route.**
- **Permits have been granted for the commencement of geotechnical drilling at the project.**

Work has commenced on the development of an updated Preliminary Feasibility Study (PFS) modelling the economics of the production of lithium hydroxide from Cinovec ore. The updated PFS includes a process flowsheet whereby battery grade lithium hydroxide is precipitated directly from the roast and water leach steps. The move to developing this process has been made as market forces continue to move in Europe towards the production of advanced technology batteries requiring the input of higher value lithium hydroxide rather than carbonate. The Company anticipates announcing the results of the PFS over the coming two months.

The Company has also recommenced testwork at Dorfner Anzaplan in Germany. Initial testwork was focused on replicating results obtained in laboratory scale testwork and reported on 28 March 2018 (**Lithium Recoveries Improved to 95%**). Similar results were achieved in 6 tests completed enabling the roasting feed blend and chemistry to be locked in and the stated recovery improvements to be used in future project and economic assessments. Planning now continues to commence locked-cycle pilot testwork in September 2018 at Anzaplan with the selected lithium product (ie carbonate or hydroxide).

The Company will commence geotechnical drilling for the portal and decline positions of the planned underground within two weeks. Initially four holes will be drilled at the site with the results from the drilling being used to finalise the preliminary design of the box cut and initial decline.

The PFS general arrangement designs for the portal entries, the mining infrastructure and the milling plant have been updated over recent weeks to provide a more comprehensive design to be submitted as part of the Environmental Impact Assessment (EIA) for the project.

European Metals MD Keith Coughlan commented, “The move to modelling the production of lithium hydroxide is being undertaken due to the increased use of this product in Europe and the higher revenues associated with this. Czech and broader European battery manufacturers are moving towards the production of ever more efficient batteries and with our vision of supplying to the European market we need to keep in step with the market. The updated PFS that we aim to release in the next two months will include this work, the recent improvements in roast recoveries and on-going optimisation of the mine plan. We believe these incremental steps will provide a significant improvement to the economics of Cinovec and align ourselves with European requirements for lithium product. The permission granted for the geotechnical drilling has allowed the Company to commence these works before winter to allow a final design for the portal and decline position which form a large part of the ongoing EIA process.”

## **BACKGROUND INFORMATION ON CINOVEC**

### **PROJECT OVERVIEW**

#### **Cinovec Lithium/Tin Project**

European Metals, through its wholly owned Subsidiary, Geomet s.r.o., controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 348Mt @ 0.45% Li<sub>2</sub>O and 0.04% Sn and an Inferred Mineral Resource of 309Mt @ 0.39% Li<sub>2</sub>O and 0.04% Sn containing a combined 7.0 million tonnes Lithium Carbonate Equivalent and 263kt of tin. An initial Probable Ore Reserve of 34.5Mt @ 0.65% Li<sub>2</sub>O and 0.09% Sn has been declared to cover the first 20 years mining at an output of 20,800tpa of lithium carbonate.

This makes Cinovec the largest lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

EMH has completed a Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD540m and an IRR of 21%. It confirmed the deposit is amenable to bulk underground mining. Metallurgical test work has produced both battery grade lithium carbonate and high-grade tin concentrate at excellent recoveries. 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.

The economic viability of Cinovec has been enhanced by the recent strong increase in demand for lithium globally, and within Europe specifically.

### **CONTACT**

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or contact:

**Mr. Keith Coughlan**  
**Managing Director**

## **COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by 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<sub>2</sub>O) content or percent lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) content.

Lithium carbonate equivalent (“LCE”) is the industry standard terminology for, and is equivalent to, Li<sub>2</sub>CO<sub>3</sub>. 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<sub>2</sub>CO<sub>3</sub> value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li<sub>2</sub>CO<sub>3</sub> from the deposit.

Lithium resources and reserves are usually presented in tonnes of LCE or Li.

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 <sub>2</sub> O	Convert to Li <sub>2</sub> CO <sub>3</sub>
Lithium	Li	<b>1.000</b>	2.153	5.324
Lithium Oxide	Li <sub>2</sub> O	0.464	<b>1.000</b>	2.473
Lithium Carbonate	Li <sub>2</sub> CO <sub>3</sub>	0.188	0.404	<b>1.000</b>

### WEBSITE

A copy of this announcement is available from the Company’s website at [www.europeanmet.com](http://www.europeanmet.com).

### ENQUIRIES:

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who arranged for the release of this announcement on behalf of the Company was Keith Coughlan, Managing Director.