

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy or Voting Instruction Form, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

EUROPEAN METALS HOLDINGS LIMITED

(Incorporated in the British Virgin Islands with registered number 1655704, and registered in Australia with registered number 154 618 989)

Proposed subscription by CEZ a.s. for a 51% interest in Geomet s.r.o.

and

Notice of Annual General Meeting

This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and which contains, amongst other things, a recommendation from the Directors that you vote in favour of the Ordinary Resolution to be proposed at the Annual General Meeting.

Beaumont Cornish Limited (“**Beaumont Cornish**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in connection with matters set out in this document and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Beaumont Cornish or for advising any other person in respect of the matters set out in this document or any transaction, matter or arrangement referred to in this document. Beaumont Cornish’s responsibilities as the Company’s nominated adviser are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire any shares in the Company and / or vote in favour of the Ordinary Resolution in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Beaumont Cornish by the FSMA or the regulatory regime established thereunder, Beaumont Cornish does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the matters set out in this document. Beaumont Cornish accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document will be made available from the Company’s website, www.europeanmet.com. Neither the content of the Company’s website nor any website accessible by hyperlinks to the Company’s website is incorporated in, or forms part of, this document.

Dated: 5 December 2019

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Existing Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Existing Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward- looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Existing Group’s and the Continuing Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules or the ASX Listing Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Presentation of financial information

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

In this document, references to:

- “Euro”, “EUR” and “€” are to the lawful currency of certain member states of the European Union;
- “\$”, “US\$”, “USD” or “Dollars” are to the lawful currency of the USA; and
- “AUD\$”, “AUD” or “Australian Dollars” are to the lawful currency of Australia.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document, the Form of Proxy and the Voting Instruction Form are, unless otherwise stated, references to Australian Western Standard Time.

Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders, to which this Notice of Annual General Meeting relates, will be held at 11.00am GMT on 20 December 2019 at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW.

SHAREHOLDER ATTENDANCE, VOTING AND PROXY APPOINTMENT

The Directors have determined pursuant to Regulation 7 of the Articles of Association that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00pm GMT on 18 December 2019.

If you are a Shareholder, to vote in person, attend the Annual General Meeting at the time, date and place set out above.

If you are a Shareholder, to vote by proxy, please complete and sign the enclosed Form of Proxy and return by one of the methods and by the deadline set out on the Form of Proxy.

Forms of Proxy received later than the specified time will be invalid.

CDI HOLDERS ATTENDANCE, VOTING AND PROXY APPOINTMENT

CDIs, representing beneficial interests in the Shares, have been issued to allow trading on the electronic transfer and settlement system operated by the ASX as the laws of the British Virgin Islands, the place of incorporation of the Company, do not recognise electronic transfer of legal title to Shares.

A CDI holder is not a Shareholder and, under the laws of the British Virgin Islands, is not entitled to attend the Annual General Meeting unless as a proxy.

Each CDI holder registered at 4.00pm WST on 17 December 2019 has the right to:

- (a) direct CHESS Depository Nominees Pty Ltd (“CDN”), the legal holder of the Shares to which the CDIs relate, how to vote the underlying Shares in respect of their CDIs in respect of the business of the Annual General Meeting; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder the CDI holder’s proxy for the purposes of attending and voting at the Annual General Meeting.

If you are a CDI holder and you wish to direct or instruct CDN in the manner contemplated above, please read, complete and sign the enclosed CDI Voting Instruction Form and return by one of the methods and by the deadline set out on the CDI Voting Instruction Form.

CDI Voting Instruction Forms received later than the specified time will be invalid.

DI HOLDERS ATTENDANCE, VOTING AND PROXY APPOINTMENT

DIs, representing beneficial interests in the Shares, have been issued as the laws of the British Virgin Islands, the place of incorporation of the Company, do not recognise electronic transfer of legal title to Shares and securities of foreign issuers cannot be directly registered, transferred or settled through CREST (which is the electronic settlement system in the UK). DI Holders are invited to attend the Annual General Meeting but are not entitled to vote at the Annual General Meeting.

In order to have votes cast at the Annual General Meeting on their behalf, DI holders must complete, sign and return the DI Voting Instruction Form forwarded to them along with the Notice to the Company’s agent, Computershare UK, 17 December 2019 at 4.00pm GMT. DI Voting Instruction Forms received later than the specified time will be invalid.

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a “**CREST Voting Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company’s agent (3RA50) no later than 17 December 2019 at 4.00pm GMT. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company’s agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

ASX

A final copy of this document has been lodged with the ASX. ASX, nor any of their respective officers, takes any responsibility for the contents of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	5 December 2019
Latest time and date for receipt of CDI Voting Instruction Form	4.00pm WST on 17 December 2019
Latest time and date for receipt of DI Voting Instruction Form	4.00pm GMT on 17 December 2019
Latest time and date for receipt of Forms of Proxy	4.00pm GMT on 18 December 2019
Annual General Meeting	11.00am GMT on 20 December 2019
Announcement of the result of the Annual General Meeting	20 December 2019
Latest date for exercise of the Option (Long Stop Date)	31 March 2020
Expected completion of the Proposed Subscription	By 31 March 2020

Note:

Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Beaumont Cornish. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.

DIRECTORS, SECRETARY AND ADVISERS

Directors

David Reeves, *Non-Executive Chairman*
Keith Coughlan, *Managing Director*
Richard Pavlik, *Executive Director*
Kiran Morzaria, *Non-Executive Director*

all of:
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Company Secretary

Julia Beckett

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BVI Solicitor

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British Virgin Islands

Registrars

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BVI Registrars

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British Virgin Islands

PART 1
LETTER FROM THE
CHAIRMAN OF EUROPEAN METALS HOLDINGS LIMITED

*(Incorporated in the British Virgin Islands with registered number 1655704, and
registered in Australian with registered number 154 618 989)*

Directors:
David Reeves, Non-Executive Chairman
Keith Coughlan, Managing Director
Richard Pavlik, Executive Director
Kiran Morzaria, Non-Executive Director

Registered Office:
Suite 12, Level 1
11 Ventnor Avenue
West Perth, 6005
Australia

5 December 2019

Dear Shareholder

**PROPOSED SUBSCRIPTION BY CEZ FOR A 51% INTEREST IN GEOMET S.R.O. AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

European Metals Holdings Limited (“**EMH**” or the “**Company**”) is undertaking the development of the Cinovec Lithium/Tin Project in the Czech Republic. Cinovec is a globally significant lithium project and the largest known lithium resource in Europe. The full development of Cinovec will be a significant undertaking requiring considerable expertise, capital and partnerships with major corporations.

EMH has been in discussion with CEZ a.s., one of Europe’s largest power utilities, regarding CEZ’s potential investment and ongoing involvement in the Cinovec Project.

As announced on 20 November 2019, EMH has now reached agreement with CEZ pursuant to which, *inter alia*, CEZ has the option, but not the obligation, to subscribe €34,061,265 through its wholly-owned subsidiary, SDAS, for 51% of Geomet s.r.o., the Company’s wholly owned Czech subsidiary and the holder of the Cinovec licenses.

The proposed subscription by SDAS would constitute a fundamental change of business of the Company under Rule 15 of the AIM Rules and may be considered a disposal of its main undertaking for the purposes of ASX Listing Rule 11.2 and is therefore conditional on, *inter alia*, the passing of the Ordinary Resolution at the Annual General Meeting. The Company will however, remain an operating minerals company under the AIM Rules given its remaining material minerals interest and ongoing involvement in the Cinovec Project after the Proposed Subscription has completed.

Shareholder approval to the Proposed Subscription is being sought at a General Meeting of the Company to be held at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 11.00am GMT on 20 December 2019. The notice convening the Annual General Meeting and setting out the Ordinary Resolution to be considered at it is set out at the end of this document. A summary of the action you should take is set out in paragraph 11 of this letter and on the Form of Proxy or Voting Instruction Form which accompanies this document.

Further details of the Proposed Subscription, and the Exclusivity and Framework Agreement and Geomet Shareholders’ Agreement entered into by EMH and CEZ are set out below and in Part 2 of this document.

The purpose of this document is to give you the background to and further details of the Proposed Subscription, including why the Directors consider the Proposed Subscription to be in the best interests of the Company and its Shareholders and recommend that you vote in favour of the Ordinary Resolution to be proposed at the Annual General Meeting.

2. BACKGROUND TO AND REASONS FOR THE PROPOSED SUBSCRIPTION

EMH acquired Geomet in February 2014 and has been actively developing the Cinovec Project since that time. Under the management of EMH the development of Cinovec has been advanced and in particular:

- The previously unclassified resource has been developed into a JORC-compliant resource containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 278,000 tonnes of tin. This makes Cinovec the largest lithium deposit in Europe and a globally significant tin resource.
- Two Preliminary Feasibility Studies have been completed by specialist independent consultants, most recently in June 2019.
- Significant metallurgical, chemical and engineering test work has been conducted resulting in the successful production of both battery grade lithium carbonate and battery grade lithium hydroxide.

This work programme has also culminated in EMH demonstrating the strong potential for the Cinovec Project to be a low-cost producer of either lithium carbonate or lithium hydroxide.

In the updated Preliminary Feasibility Study which was announced on 17 June 2019, Hatch Associates Pty Ltd had estimated that the capital cost to construct a facility for the production of 25,267 tpa lithium hydroxide at Cinovec was US\$482.6 million. Against this background, the Company had been seeking a financially strong, globally respected and local strategic partner to become involved in the development of the Cinovec Project.

In July this year, EMH announced, *inter alia*, that CEZ was conducting due diligence on the Company and the Cinovec Project, and that the successful outcome of the due diligence process could result in CEZ potentially become the Company's largest shareholder and co-development partner for the Cinovec Project. Since then, EMH and CEZ have held detailed discussions on the framework for CEZ's participation in the Cinovec Project and on 20 November 2019, EMH was pleased to announce that EMH and CEZ had reached agreement and entered into the Exclusivity and Framework Agreement and Geomet Shareholders' Agreement (further details of which are set out below and in Part 2 of this document).

Under the Exclusivity and Framework Agreement, CEZ has the option, but not the obligation, to subscribe €34,061,265 through its wholly-owned subsidiary, SDAS, for 51% of Geomet Shares, by exercising such option on or before 31 March 2020.

The Company considers that CEZ Group is an ideal strategic and financial partner for the Cinovec Project. In addition to CEZ's financial strength, the Board believes that CEZ provides strong strategic relationships within the Czech Republic, the European Union and abroad. CEZ is a leader in power generation and distribution in the region and has plans to become heavily involved in the development of new energy systems.

3. FURTHER INFORMATION ON GEOMET AND THE CINOVEC PROJECT

Geomet is a Czech Republic incorporated wholly-owned subsidiary of EMH. Geomet is the holder of all permits and the rights to develop the Cinovec Project. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li₂O and 0.04% Sn containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 263kt of tin reported 28 November 2017. An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn was reported 4 July 2017. The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

In June 2019 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV of USD1.108B and an IRR of 28.8% and confirmed that the Cinovec Project is a potential low operating cost, producer of battery grade lithium hydroxide or battery grade lithium carbonate as markets demand. The Preliminary Feasibility Study confirmed the deposit is amenable to bulk underground mining. Metallurgical test-work has produced both battery grade lithium hydroxide and

battery grade lithium carbonate in addition to 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.

As at 30 June 2019, Geomet's total assets amounted to AUD\$12.17 million. In the year ended 30 June 2019 Geomet's loss before taxation amounted to AUD\$0.287 million.

4. INFORMATION ON CEZ GROUP

Headquartered in the Czech Republic, CEZ is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 33,000 employees and annual revenue of approximately EUR 7.24 billion.

The largest shareholder of its parent company, CEZ a. s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. The market capitalization is approximately EUR 10.08 billion.

As one of the leading Central European power companies, CEZ intends to develop energy storage projects in the Czech Republic and in Central Europe which include energy storage and charging infrastructure and electricity supply, for users of electric vehicles. CEZ has announced its intention to build a state-of-the-art lithium ion battery factory in Czech Republic in collaboration with an established battery manufacturer.

CEZ is also a market leader for E-mobility in the region and has installed a number of operational EV charging stations throughout Czech Republic. The automotive industry in Czech is a significant contributor to GDP and the number of EV's in the country is expected to grow significantly in coming years. In addition, CEZ is developing solutions for stationary energy storage. Through these battery industry activities, CEZ is expected to assist greatly in the securing of off take agreements.

5. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

Pursuant to the Exclusivity and Framework Agreement, CEZ has the option, but not the obligation, to subscribe through SDAS for such number of Geomet Shares as will result in SDAS holding Geomet Shares comprising fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet, attached with the right to receive fifty-one per cent. (51%) of dividends, liquidation balance and other proceeds payable by Geomet to Geomet Shareholders following completion of the subscription.

The amount to be paid by CEZ to Geomet under the option is in total approximately €34.06m, equivalent to approximately £29.15m and AUD55.25m. This compares to EMH's market valuation of approximately £32.88m (€38.42m; AUD62.32m) based on the closing price of an EMH share in London of 21.8 pence on 19 November 2019, the day immediately before announcement by EMH of the Proposed Subscription. The amounts in GBP and AUD included above have been calculated using an average exchange rate for EUR/GBP and EUR/AUD respectively as at 18 November 2019.

Completion of the Proposed Subscription is conditional, *inter alia*, on the satisfaction of the following conditions:

- (i) completion of due diligence in respect of the Company and the Cinovec Project to the satisfaction of CEZ at its sole discretion;
- (ii) the passing of the Ordinary Resolution at the Annual General Meeting and delivery of a certified copy of the Ordinary Resolution to CEZ;
- (iii) agreement of the initial work programme and budget for Geomet; and
- (iv) CEZ and EMH agreeing the identity of the Chief Executive Officer, the Chief Operating Officer and the statutory auditor of Geomet to be appointed with effect from completion.

EMH has agreed to provide CEZ with a period of exclusivity under the Exclusivity and Framework Agreement, with certain break fees payable by EMH if it does not proceed with the Proposed Subscription. In particular,

EMH and Geomet have undertaken until 31 March 2020 not to conduct discussions or negotiations or enter into any agreement or arrangement with any person or entity other than CEZ or SDAS in respect of an acquisition of an interest over or in, and/or establishment of a joint venture, partnership or other cooperation in connection with, the Cinovec Project and/or Geomet, by any means.

EMH and CEZ have also agreed the form of Geomet Shareholders' Agreement which sets out their rights and obligations as shareholders in Geomet should CEZ exercise the option. The Geomet Shareholders' Agreement includes certain minority shareholder protections with a number of reserved matters which require the approval of both CEZ and EMH, together with deadlock provisions in the event that on completion of the proposed work programme, the parties disagree on a construction decision. Further details are set out in Part 2 of this Document.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION, USE OF THE PROCEEDS AND INTENTIONS OF EMH POST-COMPLETION

Following is the effect of the Proposed Subscription on the Company's financial metrics:

	30 June 2019 audited accounts AUD millions	Adjustment as a result of completion of the Proposed Subscription AUD millions	30 June 2019 unaudited pro-forma following completion of the Proposed Subscription¹ AUD millions
Total assets	12.4	21.8	34.2
Total equity interests	15.6	-	15.6
Revenues	0.4	21.8	22.2
Expenses	3.6	-	3.6
Net profit / (loss) before tax	(3.2)	-	18.6

¹ Pro forma balance sheet excludes intercompany loan between EMH and Geomet.

The primary financial objective of the Proposed Subscription is to secure the funding for the next stage of the development of the Cinovec Project and to significantly reduce the risk of the Cinovec Project not going into production thereafter. Whilst the Board believes that Cinovec is a robust project with strong economics, the funding of large mining and processing projects requiring significant capital expenditure, is very challenging for smaller capitalised minerals public companies in current economic and market conditions.

The addition of a partner with the financial strength of CEZ, and the strong significant business relationships that it brings, significantly reduces the risk associated with the Cinovec Project at this important stage of its development.

The subscription proceeds from the Proposed Subscription, which will amount to approximately €34.06m on exercise of the option by SDAS, will be used by Geomet to develop the Cinovec Project through Definitive Feasibility Study ("DFS"), provide a bankable project and advance the Cinovec Project to a decision to construct. The DFS will bring together the detailed operational and financial implementation plan, including geological, technical, engineering, metallurgical, environmental and financial technical expert reports. The Company has prepared the detailed budget and business plan for the delivery of the DFS, together with the front-end engineering design programme, which is expected to take up to 18 months to complete. In order to facilitate the timely progressing of the DFS, Geomet will enter into a service contract with one or more third party contractors, provided that the Company will be appointed to provide services of managing the Cinovec Project development.

On completion of the proposed subscription by SDAS, EMH's ongoing interest in Geomet will reduce to 49%. Under the Geomet Shareholders' Agreement, Geomet will have a board of five directors. EMH will have the right to nominate two of the five Geomet directors.

Accordingly, on completion EMH will cease to consolidate Geomet's results within the EMH's consolidated accounts, and the Proposed Subscription would therefore constitute a fundamental change of business of the Company under Rule 15 of the AIM Rules and may be considered a disposal of its main undertaking for the purposes of ASX Listing Rule 11.2. The Proposed Subscription is therefore conditional on, *inter alia*, the passing of the Ordinary Resolution at the Annual General Meeting. The Company will, however, remain an operating minerals company under the AIM Rules given its remaining material interest and ongoing involvement in the Cinovec Project after the Proposed Subscription has completed, as described above.

The completion of the Proposed Subscription will not result in any changes to the Company's Board or management.

7. POTENTIAL ADVANTAGES OF THE PROPOSED SUBSCRIPTION

The potential advantages to the Shareholders of approving the Ordinary Resolution are as follows:

- (i) The subscription proceeds from the Proposed Subscription will allow Geomet to develop the Cinovec Project through DFS, provide a bankable project and advance the Cinovec Project to a decision to construct.
- (ii) The Board considers that CEZ Group is an ideal strategic and financial partner for the Cinovec Project.
- (iii) The Board believes that in addition to CEZ's financial strength, CEZ provides strong strategic relationships within the Czech Republic, the European Union and abroad which will enable the development of the Cinovec Project.
- (iv) CEZ is actively exploring energy storage initiatives and battery factory construction and will be well placed to assist in off-take discussions.
- (v) The Board believes that it would not be possible for EMH to raise a similar amount to the Proposed Subscription by way of a market placing of new ordinary shares of EMH on acceptable terms, if at all, in current market conditions.

8. POTENTIAL DISADVANTAGES OF THE PROPOSED SUBSCRIPTION

The potential disadvantages to the Shareholders of approving the Ordinary Resolution are as follows:

- (i) The Company will be diluted to a minority (49%) interest in its sole operating subsidiary, thereby giving up majority control over the operations of its major asset.
- (ii) If the Company is unable to fund its share of future ongoing requirements of Geomet following completion of the DFS, then its interest in Geomet may be diluted at such time.
- (iii) While the Geomet Shareholders' Agreement includes certain minority shareholder protections with a number of reserved matters which require the approval of both CEZ and EMH, in the event of a deadlock on completion of the proposed work programme if the parties disagree on a construction decision, CEZ has the right, but not the obligation, to buy EMH's interest in Geomet at market value, albeit subject to any applicable regulatory approvals required at such time, including shareholder approval.

9. ASX LISTING RULE 11.2

ASX Listing Rule 11.2 provides that an entity may not dispose of its main undertaking (that is, its main asset or business) without the approval of its shareholders. While the Proposed Subscription may be considered to constitute the Company disposing of its main undertaking, the Company will not be making any change to its main undertaking. That is, the Company will remain engaged in the same principal business activities following completion of the Proposed Subscription. Accordingly, the Company seeks Shareholder approval under Listing Rule 11.2 for completeness.

The approval is by way of an ordinary resolution.

CEZ is not a related party of the Company, and Shareholder approval for the Proposed Subscription is not required for the purposes of ASX Listing Rule 10.1.

10. THE ANNUAL GENERAL MEETING

You will find set out at the end of this document a notice convening the Annual General Meeting to be held on 20 December 2019 at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 11.00am GMT, at which the Ordinary Resolution and the other resolutions as set out in the notice of meeting will be proposed. In order for the Ordinary Resolution to be passed, a simple majority is required.

Shareholders should read the Notice of Annual General Meeting at the end of this document for the full text of the Ordinary Resolution and the other resolutions to be proposed, and for further details about the Annual General Meeting.

Shareholders have the right to attend, speak and vote at the Annual General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (4.00pm GMT on 18 December 2019). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, only those Shareholders on the Register 48 hours before the time of the adjourned Annual General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his proxy will have in the event of a poll.

11. ACTION TO BE TAKEN

Please see the section “Important Information” section on page 4 for instructions as to how to vote at the Annual General Meeting.

Your attention is drawn to the fact that the Proposed Subscription is conditional and dependent on the Ordinary Resolution being passed by Shareholders at the Annual General Meeting. Shareholders are asked to vote in favour of the Ordinary Resolution in order for the Proposed Subscription to proceed. If Shareholders do not approve the Proposed Subscription at the Annual General Meeting, the Board considers that the Company’s ability to progress the Cinovec project may be adversely affected and that it may not be possible to secure alternative funding to progress the project on acceptable terms within an acceptable timeframe, in which case the value of the Company’s holding in Geomet mat be substantially impaired.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

12. RECOMMENDATION

The Directors consider the Proposed Subscription to be in the best interests of the Company and its Shareholders and accordingly unanimously recommend Shareholders to vote, or procure the vote, in favour of the Ordinary Resolution to be proposed at the Annual General Meeting.

Yours faithfully,

David Reeves
Chairman

PART 2

SUMMARY OF THE PRINCIPAL TERMS OF THE EXCLUSIVITY AND FRAMEWORK AGREEMENT AND GEOMET SHAREHOLDERS' AGREEMENT

1. EXCLUSIVITY AND FRAMEWORK AGREEMENT

(a) General

The Exclusivity and Framework Agreement (the “EFA”) was entered into on 19 November 2019 between CEZ, SDAS, the Company, EMH UK and Geomet.

The EFA sets out the framework by which CEZ may exercise an option to invest in Geomet by way of the Proposed Subscription.

(b) Option to subscribe for Geomet Shares

CEZ has the option (the “Option”), but not the obligation, to subscribe through SDAS for such number of Geomet Shares as will result in SDAS holding Geomet Shares comprising fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet, attached with the right to receive fifty-one per cent. (51%) of dividends, liquidation balance and other proceeds payable by Geomet to Geomet Shareholders following completion of such subscription for a total subscription price of €34,061,265 (the “Subscription Price”).

(c) Conditions to Completion

The Option is subject to the satisfaction of the following conditions:

- (i) completion of due diligence in respect of Geomet and the Cinovec Project to the satisfaction of CEZ at its sole discretion;
- (ii) the passing of the Ordinary Resolution at a general meeting of EMH and delivery of a certified copy of the Ordinary Resolution to CEZ;
- (iii) the parties to the EFA agreeing the Initial Work Programme and Budget;
- (iv) the parties to the EFA agreeing the forms of certain documents to effect the Proposed Subscription; and
- (v) the parties to the EFA agreeing the identity of the Chief Executive Officer, the Chief Operating Officer and the statutory auditor of Geomet to be appointed with effect from Completion.

If any of the conditions above is not fulfilled on or before the Long Stop Date, the EFA shall automatically terminate on that Long Stop Date.

(d) Exclusivity

Each of EMH, EMH UK and Geomet undertakes that it shall not, and it shall ensure that all its Affiliates shall not, from the date of the EFA until 31 March 2020, conduct discussions or negotiations or enter into any agreement or arrangement with any person or entity other than CEZ or SDAS in respect of an acquisition of an interest over or in, and/or establishment of a joint venture, partnership or other cooperation in connection with, the Cinovec Project, EHM UK and/or Geomet, by any means.

(e) Break fees

If any member of the EMH Group commits a breach of the exclusivity undertakings, the EMH Group shall pay to CEZ an amount equal to:

- (i) €2,000,000 (two million Euros), in case of a breach before 1 January 2020; and
- (ii) €4,000,000 (four million Euros), in case of a breach on or after 1 January 2020.

If the EMH Group does not complete the Proposed Subscription in breach of its obligations following the exercise of the Option and satisfaction of the conditions set out in paragraph (c) above, the EMH Group shall pay to CEZ an amount equal to €4,000,000 (four million Euros).

The maximum amount payable by the EMH Group in aggregate under the break fees above, including in respect of any claim for contractual damages made, shall not exceed €4,000,000 (four million Euros).

(f) Representations and Warranties

The EFA contains representations and warranties from the EMH Group in respect of each member of the EMH Group's power and authority to enter into and perform its obligations under the transaction contemplated by the EFA, solvency and share ownership and structure, along with certain warranties regarding the operations of Geomet and the Cinovec Project.

There are customary limitations on the liability of the EMH Group contained in the EFA. The total liability of the EMH Group in respect of any breaches of the warranties given shall not exceed one hundred per cent. (100%) of the total aggregate Subscription Price paid by the ČEZ Group on Completion.

(g) Joint and Several Liability

The members of the EMH Group on the one hand, and the members of the CEZ Group on the other hand, shall be liable to each other jointly and severally.

(h) Governing law

The EFA is governed by and shall be construed in accordance with the laws of the Czech Republic.

2. GEOMET SHAREHOLDERS' AGREEMENT

(a) General

The Geomet Shareholders' Agreement ("SHA") is to be entered into on completion between CEZ, SDAS, the Geomet, EMH UK and Geomet pursuant to the terms of the EFA.

The SHA sets out the governing of the relationship of the Geomet Shareholders and the management and the affairs of Geomet.

(b) Business of Geomet

The SHA sets out that the business of Geomet shall be:

- (i) the Cinovec Project; and
- (ii) such other business as may be agreed by in writing between the Geomet Shareholders in accordance with the SHA,

in each case, in accordance with the then applicable Funding Plan.

(c) Construction Decision and Geomet Operations

In accordance with the Initial Work Program and Budget, the SHA provides that the Parties will progress:

- (i) a proposal of the Definitive Feasibility Study; and
- (ii) depending on conclusions of a proposal of the Definitive Feasibility Study, a proposal which sets out the basis on which the Construction Decision may be taken (a "**Construction Decision Proposal**") for consideration in accordance with the terms of the SHA. A Construction Decision Proposal shall take the form of a written report which must be consistent in all regards with the Definitive Feasibility Study and set out, *inter alia*, the proposed Funding Plan during

the construction period, the proposed Life of Mine Plan, a detailed timeline for the implementation of the Cinovec Project (including target dates for each key milestone) and a plan for the operation of the Cinovec Project after the Commercial Operation Date including quantities to be mined.

The Construction Decision Proposal must be in sufficient detail to allow the Geomet Shareholders to effectively consider whether to take a positive decision on the basis the Construction Decision Proposal in accordance with the terms of the SHA related to general meetings and reserved matters.

In order to facilitate the timely progressing of the Definitive Feasibility Study and the making of a Construction Decision, Geomet will enter into a service contract with one or more third party contractors in accordance with a Funding Plan, provided that EMH will be appointed to provide services of managing the Cinovec Project development as will be agreed in the Initial Work Program and Budget. The Initial Work Program and Budget shall set forth the budget and contractors (including EMH in respect of services of managing the Cinovec Project development) for the preparation of the Construction Decision Proposal, including the Definitive Feasibility Study, and the Geomet shall enter into service contracts accordingly, provided that the services thereunder will be provided on terms that are cost-effective, competitive and on an arm's length basis.

(d) Directors and Proceedings of Directors

The Geomet Board is responsible for the general supervision and management of Geomet and its operations. The Geomet Board shall be constituted with five directors, and from the Completion Date, SDAS shall have the right to nominate three (3) directors and EMH UK shall have the right to nominate two (2) directors. Resolutions of the directors shall be decided by a simple majority of the votes cast.

The position of chairman shall be held by a director nominated by SDAS, whilst it holds at least fifty-one per cent. (51%) in nominal value of the Geomet Shares. The chairman will not have a second or casting vote.

All matters which fall to be approved or decided by the Geomet Board shall require a resolution of the Geomet Board in accordance with the provisions in the SHA, provided that any reserved matter shall require a unanimous resolution of the Geomet Shareholders.

(e) Reserved Matters

The following reserved matters require the unanimous resolution of the Geomet Shareholders:

- (i) any change to Geomet's business;
- (ii) dissolution of Geomet and its entry into liquidation;
- (iii) any change in the external auditors of Geomet;
- (iv) any change in the external auditors of Geomet;
- (v) any amendment to Geomet's memorandum of association;
- (vi) the approval of any settlement, in whole or in part, of any tax audit disputes relating to Geomet, the value of which is in excess of EUR 2,000,000;
- (vii) the settlement of any claim against or dispute involving Geomet that involves any payment by Geomet in excess of EUR 5,000,000;
- (viii) except in accordance with a Funding Plan:
 - (A) incurring any indebtedness for an aggregate amount in excess of EUR 5,000,000 per annum or granting a security interest on or otherwise encumbering any of Geomet's assets (other than encumbrances arising as a matter of law);
 - (B) the issuance, sale, repurchase, or redemption of any shares or other equity interests in Geomet or any subsidiary;

- (C) determining the manner and amount of funding of Geomet Shareholder contributions; or
 - (D) the determination of or any change to the dividend and distribution policy of Geomet (and any amendments related thereto);
- (ix) any suspension of operational activity connected with the Cinovec Project for:
 - (A) a continuous period in excess of thirty (30) days; or
 - (B) in any rolling twelve (12) month period, an aggregate period in excess of sixty (60) days;
- (x) the resumption of any operations which have been suspended pursuant to (ix) above;
- (xi) any joint venture, application to list on any recognized national or international stock exchange or public offer of securities of Geomet or similar transaction in respect of the Geomet;
- (xii) exclusion of pre-emption rights to subscribe for newly issued membership interest and bonds convertible into or exchangeable for membership interests in Geomet;
- (xiii) mergers, de-mergers, spin-offs, and other corporate transformations of Geomet;
- (xiv) sale, lease, abandonment, surrender or other transfer of Geomet's enterprise, a substantial part of Geomet's assets or any material mining right;
- (xv) approval of an acquisition of any asset, land or mining right in excess of EUR 5,000,000;
- (xvi) entering into any contract or contracts on behalf of Geomet (other than the TSSA) which has or, in the aggregate, have an expected payment obligation or value exceeding EUR 5,000,000 per annum;
- (xvii) disposing of or agreeing to the disposition of assets of Geomet (other than obsolete or surplus supplies or equipment or sales of product in the ordinary course) with an aggregate value of EUR 5,000,000 or more per annum;
- (xviii) appointment and removal of any Chief Executive Officer and any Chief Operating Officer;
- (xix) the approval of the Construction Decision including the agreement of:
 - (A) the Definitive Feasibility Study;
 - (B) the Funding Plan during the construction period; and
 - (C) the Life of Mine Plan;
- (xx) any variations to a Funding Plan resulting in expenditures increased or decreased by an amount greater than 10% of the total annual expenditure contemplated by the Funding Plan; or EUR 5,000,000 for any individual line item budgeted for within the Funding Plan; and
- (xxi) subject to any amendment that may be made to the SHA as part of the Construction Decision reflecting, among others, the then ownership structure of the Shares, any decision to:
 - (A) materially modify the Life of Mine Plan;
 - (B) approve any subsequent decision following the Construction Decision to approve any capital expenditures in excess of EUR 50,000,000 per annum in any year towards the Cinovec Project (that are not contemplated by the then applicable Funding Plan) which is agreed in accordance with the terms of the SHA, or any other material capital expenditure in excess of EUR 5,000,000 that is not contemplated by a Funding Plan; or

- (C) approve each Funding Plan during the period from first commercial operations when the mine is operational.

From the earlier of: (i) such time SDAS holds at least seventy-five per cent. (75%) of the Geomet Shares; (ii) after the date of the first transfer of Geomet Shares following notice from SDAS of its intention to purchase all of EMH UK's Geomet Shares at fair market value as described in paragraph (f) (*Deadlock*) below; (iii) the date of any breach by EMH and/or EMH UK of its obligations as described in paragraph (f) (*Deadlock*) below; and (iv) the expiration of three (3) months from the date of notice from SDAS of its intention to purchase all of EMH UK's Geomet Shares at fair market value as described in paragraph (f) (*Deadlock*) below without transfer of any portion of EMH UK's shares to SDAS because no portion of EMH UK's Shares was allowed to be transferred to SDAS due to the fact that the Deadlock Approval (as defined below) has not been obtained, the reserved matters in the SHA shall no longer require the prior approval of both Geomet Shareholders by way of unanimous resolution of the Geomet Shareholders and shall instead be deemed to be matters for the Geomet Board to be determined in accordance with paragraph (d) (*Directors and Proceedings of Directors*) above.

(f) Deadlock

In the event that the Construction Decision is submitted by Geomet for resolution to the Geomet Shareholders and it is not approved by way of unanimous resolution of the Geomet Shareholders a “**Deadlock**” is determined to have occurred. The SHA does not provide for a deadlock-breaking mechanism in the event that any other reserved matters are not agreed upon.

If Deadlock occurs, either Geomet Shareholder may serve notice on the other stating that in its opinion Deadlock has occurred and identifying the matter giving rise to Deadlock.

If within the later of three (3) months of a valid from serving a Deadlock notice by a Geomet Shareholder and one (1) month from the determination of fair market value of all of EMH UK's shares in Geomet: (i) only one of SDAS and EMH UK approves the Construction Decision, SDAS shall have the right (but not the obligation) to serve notice in writing on EMH UK of its intention to purchase all of EMH UK's Geomet Shares at fair market value, subject to any required securities exchange or regulatory approvals (if any) at the time (a “**Deadlock Approval**”); or (ii) neither of SDAS and EMH UK approves the Construction Decision, Geomet shall submit as soon as practicable for resolution of the Geomet Shareholders a second Construction Decision reasonably reflecting the Geomet Shareholders' objections to the first Construction Decision. If the second Construction Decision is not approved by both SDAS and EMH UK within three (3) months from the date it is submitted by Geomet to the Geomet Shareholders, SDAS shall have the right (but not the obligation) to serve notice in writing on EMH UK of its intention to purchase all of EMH UK's Geomet Shares at fair market value, subject to a Deadlock Approval.

If SDAS serves such notice, then EMH UK will be required to transfer such number of their Geomet Shares at fair market value as would not require Deadlock Approval (as advised by EMH UK's nominated advisor). In addition, EMH UK will use its best endeavours to obtain any Deadlock Approval as is required to transfer the remaining Geomet Shares held by EMH UK as soon as practicable (subject to any act or omission of EMH, EMH UK or any of their respective directors as required by law).

If Deadlock Approval is required to transfer the remaining Geomet Shares, and such approval is not obtained within three (3) months, SDAS shall:

- (i) if a transfer of the number of Geomet Shares as would not require a Deadlock Approval has not occurred, have the option to rescind notice of intention to purchase all of EMH UK's Geomet Shares or to proceed with the transfer; and
- (ii) from the date falling twelve (12) months after the date on which an acquisition following such notice has completed, have the right (but not the obligation) to serve notice in writing on EMH UK of its intention to purchase the remaining Geomet Shares held by EMH UK.

The provisions above shall be repeated, at the discretion of SDAS, until such time as SDAS has acquired all of EMH UK's Geomet Shares.

(g) Funding

The business and funding of Geomet:

- (i) from the Completion Date until the date of the positive Construction Decision, shall be undertaken in accordance with the Initial Work Program and Budget;
- (ii) from the date that a positive Construction Decision is taken until the Commercial Operations Date, shall be undertaken in accordance with a separate Funding Plan exclusively for the construction period; and
- (iii) for each calendar year from the Commercial Operations Date onwards, shall be undertaken in accordance with a Funding Plan during the period from first commercial operations when the mine is operational.

The extent and sources of Geomet's funding shall be determined in each respective Funding Plan and in accordance with the terms of the SHA.

The Geomet Shareholders shall not be obliged to provide any funding that is not contemplated by a Funding Plan. In the event that funding is required in order for Geomet to comply with the terms of a Funding Plan, the Geomet Board shall make a call for capital in accordance with the terms of the SHA.

No funding may be provided to Geomet that is not contemplated by a Funding Plan unless it is a variation to a Funding Plan that does not constitute a Reserved Matter.

(h) Negative Pledge

Customary provisions, save that each Geomet Shareholder may, without the consent of the other Geomet Shareholder, create security or other encumbrance over its Geomet Shares or other interests in Geomet in relation to the provision of any funding pursuant to the Funding Plan, provided that such transaction shall be notified by the Geomet Shareholder creating the security or encumbrance to the other Geomet Shareholder.

(i) Right of Pre-Emption

A Geomet Shareholder may transfer all (but not some only) of their Geomet Shares (together with all but not some only of Shareholder Loans provided to it) to any third party purchaser.

Notwithstanding any other term of the SHA, neither Geomet Shareholder may effect a transfer of any Geomet Shares and/or Shareholder Loans to any third party purchaser until the earlier of:

- (i) the Construction Decision; and
- (ii) the date falling on the third (3rd) anniversary of the Completion Date.

Customary pre-emption process with a ninety (90) Business Day offer period.

If the offer is not accepted within the offer period, the selling Geomet Shareholder may sell its Geomet Shares to a third party purchaser at a price not less than the price offered to the other Geomet Shareholder and on terms not better for the Third Party Purchaser than the terms offered to the other Geomet Shareholder.

(j) Termination and Liquidation

The SHA shall continue in full force and effect for thirty-five (35) years. The SHA shall only terminate: (a) upon expiration of the term of the SHA; (b) by way of mutual agreement of all parties thereto; (c) in respect of a Geomet Shareholder only, if it ceases to hold any Geomet Shares; or (d) if one (1) Geomet Shareholder holds Geomet Shares.

On Geomet's liquidation, the liquidation proceeds shall be distributed among the Geomet Shareholders according to their respective proportion of Geomet Shares which they hold.

(k) Representations and warranties

Customary representations and warranties from each party to the other parties to the SHA in respect of its incorporation and authority.

(l) Guarantee and Indemnity

Corresponding customary guarantee and indemnity provisions given by EMH (in respect of EMH UK's obligations under the SHA) and CEZ (in respect of SDAS's obligations under the SHA) in favour of SDAS and EMH UK respectively, as well each in favour of Geomet.

(m) Governing Law

The SHA, including any non-contractual obligations arising out of or in connection with it, is governed by the laws of the Czech Republic.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the BVI Business Companies Act (as amended);
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the rules and guidance notes for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
“Annual General Meeting”	a duly convened Annual General Meeting (or any adjournment thereof) of the Shareholders at which the Ordinary Resolution and the other resolutions set out in the notice of meeting will be proposed to be held at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 11.00am GMT on 20 December 2019, notice of which is set out in the Notice of Annual General Meeting;
“ASX”	the Australian Securities Exchange;
“ASX Listing Rules”	the Listing Rules of ASX;
“Beaumont Cornish”	Beaumont Cornish Limited, a company incorporated and registered in England and Wales with registered number 03311393, and the Company’s nominated adviser and broker, authorised and regulated by the FCA;
“Business Day”	a day (other than a Saturday or Sunday or public holiday) when commercial banks are open for ordinary banking business in the Czech Republic, Australia and the United Kingdom;
“CDI Voting Instruction Form”	the CDI Voting Instruction Form for use in connection with the Annual General Meeting which accompanies this document;
“CEZ”	ČEZ, a. s., a company incorporated and organised under laws of the Czech Republic with company ID No.: 45274649, tax No.: CZ45274649, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1581 and whose registered office is at Duhová 2/1444, 140 53 Prague 4, Czech Republic;
“CEZ Group”	CEZ and SDAS;
“Chief Executive Officer”	means the chief executive officer of Geomet;
“Chief Financial Officer”	the chief financial officer of Geomet;
“Chief Operating Officer”	the chief operating officer of Geomet;

“Cinovec Project”	a project being carried out by Geomet to develop a lithium deposit in the area of Cínovec, the Czech Republic;
“Commercial Operations Date”	the date on which the Cinovec Project becomes commercially operational in accordance with the terms to be agreed as part of the Construction Decision;
“Company” or “EMH”	European Metals Holdings Limited, BVI Company 1655704;
“Completion”	completion of the Proposed Subscription in accordance with the Exclusivity and Framework Agreement;
“Completion Date”	the date on which Completion occurs;
“Construction Decision”	the decision on a proposal submitted by Geomet to the Geomet Shareholders as to whether and on what conditions to proceed with the construction of the Cinovec Project which is taken in accordance with the terms of the Geomet Shareholders’ Agreement;
“Continuing Group”	the Company and its subsidiary undertakings following Completion;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
“Definitive Feasibility Study” or “DFS”	a study of the technical, commercial and economic feasibility of development of the Cinovec Project to be economically viable and to produce lithium in significant commercial quantities, which includes all available exploration, geological, engineering and other relevant data and capital and operating cost estimates and (if applicable) marketing studies, in sufficient detail to enable options for optimum commercial mining operations to be identified in reasonable detail;
“DI Voting Instruction Form”	the Depositary Interest Voting Instruction Form for use in connection with the Annual General Meeting which accompanies this document;
“Directors” or “Board”	the directors of the Company whose names are set out on page 7 of this document, or any duly authorised committee thereof;
“EMH Group”	EMH, EMH UK and Geomet;
“EMH UK”	European Metals (UK) Limited, a company incorporated and organised under the laws of England and Wales with registered number 8041171 and whose registered office is at Eastcastle Street 27/28, W1W 8DH London, United Kingdom;
“Exclusivity and Framework Agreement” or “EFA”	the exclusivity and framework agreement entered into on 19 November 2019 between (a) CEZ, (b) SDAS, (c) the Company, (d) EMH UK, and (e) Geomet, the material terms of which are described in Part 2 of this document;
“Existing Group”	the Company and its subsidiary undertakings as at the date of this document (including, without limitation, Geomet);
“FCA”	the Financial Conduct Authority;

“Form of Proxy”	the form of proxy for use in connection with the Annual General Meeting which accompanies this document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended) (UK);
“Funding Plan”	the applicable funding plan as described in paragraph 2(g) of Part 2;
“Geomet”	Geomet s.r.o., a company incorporated and organised under the laws of the Czech Republic, with company ID No.: 27752976, tax No.: CZ27752976, registered in the Commercial Register maintained by the Regional Court in Brno, Section C, File 56524 and whose registered office is at Jaselská 193/10, Veveří, 602 00 Brno, Czech Republic;
“Geomet Board”	the board of executive directors of Geomet;
“Geomet Shares”	ordinary membership interests (In Czech: “základní obchodní podíly”) in Geomet attached with ownership interest and voting rights in Geomet and the right to receive dividends, liquidation balance and other proceeds payable from Geomet to Geomet Shareholders;
“Geomet Shareholders”	the holders from time to time of Shares in Geomet;
“Geomet Shareholders’ Agreement”	means the shareholders’ agreement with respect to Geomet to be entered into between (a) ČEZ, (b) SDAS, (c) Geomet, (d) EMH, and (e) EMH UK, the material terms of which are set out in Part 2 of this document;
“Initial Work Program and Budget”	the initial work program and budget agreed between the parties to the Geomet Shareholders’ Agreement for the period from the Completion Date until the date of the Construction Decision;
“Life of Mine Plan”	the life of mine plan for the Cinovec Project prepared by Geomet, which plan shall serve as a reference for the Construction Decision and the preparation of all Funding Plans;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	means 31 March 2020 or such other date as the parties to the EFA may agree in writing;
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which is set out at the end of this document;
“Ordinary Resolution”	resolution 1 to be proposed at the Annual General Meeting seeking shareholder approval to the Proposed Subscription;
“Ordinary Shares”	the ordinary shares of 18 pence each in the capital of the Company;

“Proposed Subscription”	the proposed subscription for Geomet Shares giving SDAS fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet pursuant to the Exclusivity and Framework Agreement;
“Register”	the registers of members of the Company maintained by Computershare Investor Services PLC, a company incorporated and registered in England and Wales with registered number 03498808 and Computershare Investor Services Pty Ltd, Level 11, 172 St Georges Terrace, Perth WA 6000, Australia, a company incorporated and registered in Australia with ABN 48 078 279 277 ;
“SDAS”	Severočeské doly a.s., a company incorporated and organised under laws of the Czech Republic with company ID No.: 49901982, tax No.: CZ49901982, registered in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section B, File 495 and whose registered office is at Boženy Němcové 5359, 430 01 Chomutov, Czech Republic;
“Shareholders”	holders of Ordinary Shares;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“Voting Instruction Form”	the CDI Voting Instruction Form and /or the DI Voting Instruction Form as applicable;
“Voting Record Time”	4.00pm GMT on 18 December 2019.

TECHNICAL GLOSSARY

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 (Li₂O) content or percent lithium carbonate (Li₂CO₃) content.

Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to, Li₂CO₃. 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 Li₂CO₃ value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li₂CO₃ 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 ₂ O	Convert to Li ₂ CO ₃
Lithium	Li	1.000	2.153	5.324
Lithium Oxide	Li ₂ O	0.464	1.000	2.473
Lithium Carbonate	Li ₂ CO ₃	0.188	0.404	1.000
Lithium Hydroxide	LiOH.H ₂ O	0.165	0.356	0.880

GLOSSARY

The following is a summary of technical terms:

"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)
"LiOH"	lithium hydroxide monohydrate (LiOH.H ₂ O), the commercial form of lithium hydroxide
"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 ₂ CO ₃
"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
"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

"t"	a metric tonne
"tin"	A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO ₂

COMPETENT PERSON

Information in this document 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 document 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.

NOTICE OF ANNUAL GENERAL MEETING

EUROPEAN METALS HOLDINGS LIMITED

(incorporated in the British Virgin Islands with registered number 1655704, and registered in Australian with registered number 154 618 989)

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of European Metals Holdings Limited (the “**Company**”) will be held at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 11.00am on 20 December 2019 to consider and, if thought fit, to pass the following Resolutions:

Resolution 1 To approve the subscription for shares in Geomet s.r.o. giving Severočeské doly a.s., fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet s.r.o. (Ordinary Resolution)

THAT, for the purposes of Rule 15 of the AIM Rules for Companies published by the London Stock Exchange plc, Listing Rule 11.2 of the ASX Listing Rules and for all other purposes, approval is given for the subscription for shares in Geomet s.r.o. giving Severočeské doly a.s., fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet s.r.o. on the terms and conditions described in the Circular accompanying this Notice of Meeting.

VOTING EXCLUSION

The Company will disregard any votes cast on the Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Form of Proxy or the Voting Instruction Form; or
- (b) it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Form of Proxy or the Voting Instruction Form to vote as the proxy decides.

Resolution 2 To approve the re-election of Director – Mr Kiran Morzaria (Ordinary Resolution)

THAT, for the purposes of Article 8.5 of the Company’s Memorandum and Articles of Association and for all other purposes, Mr Kiran Morzaria retires, and being eligible, is re-elected as a Director on the terms and conditions set out in the Explanatory Statement.

Resolution 3 To ratify the prior issue of unlisted options to Consultant (Ordinary Resolution)

THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of:

- (a) 200,000 Unlisted Options, exercise price of 35 cents per option, expiring 1 January 2021; and
- (b) 100,000 Unlisted Options, exercise price of 40.18 cents per Option, expiring 1 June 2021,

to CDIs to LCA Pty Ltd ATF the Harman Family Trust trading as Lithium Consultants (or its nominee) on the terms and conditions set out in the Explanatory Statement.

VOTING EXCLUSION

The Company will disregard any votes cast in favour of the Resolution by or on behalf of LCA Pty Ltd ATF the Harman Family Trust (and its nominees) or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Resolution 4 To ratify the prior issue of CDIs - Placement (Ordinary Resolution)

THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of 4,166,666 CDIs to sophisticated investors on the terms and conditions set out in the Explanatory Statement.

VOTING EXCLUSION

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who participated in the issue of CDIs, or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Resolution 5 To approve the 10% placement capacity (Special Resolution)

THAT, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.

VOTING EXCLUSION

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 To approve the amendment of the Memorandum and Articles of Association (Ordinary Resolutions)

- (a) **THAT**, in accordance with the Memorandum and Articles of Association of the Company and for all other purposes, subject to the registration with the BVI Registrar of Corporate Affairs, approval is given for the company to amend and restate the Memorandum and Articles of Association in the form as signed by the Chairman of the Meeting for identification purposes, in lieu of the existing Memorandum and Articles of Association of the Company; and

- (b) **THAT**, the Company's registered agent, Rawlinson & Hunter Limited, be and is hereby authorised and instructed to file the amended and restated Memorandum and Articles of Association with the Registrar of Corporate Affairs in the British Virgin Islands.

Dated: 5 December 2019

Registered Office:
Suite 12, Level 1
11 Ventnor Avenue
West Perth, 6005
Australia

By order of the Board
Julia Beckett
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution which are the subject of the business of the Meeting.

1. Resolution 1

To approve the subscription for shares in Geomet s.r.o. giving Severočeské doly a.s., fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet s.r.o. (Ordinary Resolution)

The explanatory statement in relation to Resolution 1 are detailed in Parts 1 and 2 of this Circular above.

Board recommendation

Resolution 1 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 1.

The Board recommends Shareholders vote in favour of Resolution 1.

2. Resolution 2

To re-election Director – Mr Kiran Morzaria (Ordinary Resolution)

Pursuant to Article 8.5 of the Company's Articles of Association, at each annual general meeting one third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election.

Accordingly, Mr Morzaria, who was previously re-elected as a Non-Executive Director on 30 November 2017, retires, and being eligible, seeks re-election by ordinary resolution at this meeting.

Resolution 2 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 2.

The Board (other than Mr Morzaria) recommends Shareholders vote in favour of Resolution 2.

Qualifications and other material directorships

Mr Morzaria holds a Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School. He has extensive experience in the mineral resource industry working in both operation and management roles. Kiran spent the first four years of his career in exploration, mining and civil engineering before obtaining his MBA. He has served as a director of a number of public companies in both executive and non-executive capacity. He is currently Chief Executive Officer and Director of the Company's largest shareholder, Cadence Minerals plc (AIM).

At the time of this Annual General Meeting, Mr Morzaria's term of office will be approximately 4 years.

Mr Morzaria is a Non-Executive Director and the Board unanimously supports his re-election.

3. Resolution 3

To ratify the prior issue of unlisted options to Consultant (Ordinary Resolution)

3.1 Background

On 1 January 2019 the Company entered into a Consultancy Agreement ('Agreement') with LCA Pty Ltd ATF the Harman Family Trust trading as Lithium Consultants ('Consultant') to provide technical consulting services to the Cinovec lithium tin project in Czech Republic. As per the Agreement, the Company issued the following Unlisted Options:

- (a) 200,000 Unlisted Options, exercise price of 35 cents, expiring 1 January 2019; and
- (b) 100,000 Unlisted Options, exercise price of 40.18 cents per option, expiring 12 July 2019,

to the Consultant. The Unlisted Options were issued within the 15% annual limit permitted under ASX Listing Rule 7.1, without the need for Shareholder approval.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of a total of 300,000 options as detailed above.

3.2 Summary of ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.3 Technical Information Required By ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Consultant Options:

- (a) a total of 300,000 Unlisted Options on 12 July 2019 as follows:
 - 200,000 Unlisted Options, exercise price of 35 cents, expiring 1 January 2021; and
 - 100,000 Unlisted Options, exercise price of 40.18 cents, expiring 1 June 2021;
- (b) The Consultant Options were issued as per the Agreement therefore issued at an issue price of nil;
- (c) The terms and conditions of the 200,000 Unlisted Options are found in Schedule 2 and the 100,000 Unlisted Options are found in Schedule 3;
- (d) No funds were raised from the issue of the Consultant Options; and
- (e) a voting exclusion statement is included in the Notice.

3.4 Board recommendation

Resolution 3 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 3.

The Board recommends Shareholders vote in favour of Resolution 3.

4. Resolution 4

To ratify the prior issue of CDIs - Placement (Ordinary Resolution)

4.1 Background

On 29 August 2019, the Company issued 4,166,666 CDIs via a placement to sophisticated investors. The CDIs were issued within the 15% annual limit permitted under ASX Listing Rule 7.1, without the need for Shareholder approval.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 4,166,666 CDIs.

4.2 Summary of ASX Listing Rules 7.1 and 7.4

A summary of Listing Rules 7.1 and 7.4 is contained in Section 3.2 above.

The effect of Shareholders passing Resolution 4 will be to restore the Company's ability to issue further Equity Securities, to the extent of 4,166,666 Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

4.3 Technical Information Required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) a total of 4,166,666 CDIs were issued on 29 August 2019;
- (b) the CDIs were issued to sophisticated investors at a price of 18 pence per CDI. None of these subscribers are related parties of the Company;
- (c) a total of £750,000 was raised from the issue;
- (d) the CDIs issued rank equally with all other existing CDIs of the Company;
- (e) the funds raised will be used to continue to advance EMH's corporate strategy including to progress the development of the Cinovec Project and progress discussions with CEZ Group and potential off take partner; and
- (f) a voting exclusion statement is included in the Notice.

4.4 Board recommendation

Resolution 4 is an ordinary resolution.

The Chair will cast all available proxies in favour of Resolution 4.

The Board recommends Shareholders vote in favour of Resolution 4.

5. Resolution 5

To approve the 10% Placement Capacity (Special Resolution)

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (10% Placement Capacity).

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

The Chair will cast all available proxies in favour of Resolution 5.

The Board recommends Shareholders vote in favour of Resolution 5.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being the CDIs (ASX Code: EMH).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of CDIs on issue 12 months before the date of issue or agreement:
- (a) plus the number of CDIs issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of CDIs that became fully paid in the previous 12 months;
 - (c) plus the number of CDIs issued in the previous 12 months with approval of holders of CDIs under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid CDIs under the entity's 15% placement capacity without shareholder approval; and
 - (d) less the number of CDIs cancelled in the previous 12 months.
- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 6.3(a)(i), the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration, then, in accordance with the ASX Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the securities complies with ASX Listing Rule 7.1A.3.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid).

(c) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any CDIs under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing CDIs would be as shown in the table below, subject to the assumptions listed below the table.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of CDIs and the current number of Equity Securities on issue as at the date of this Notice.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2, both as at 13 November 2019.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at 17 October 2019. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at 18 November 2019.

Number of CDIs on Issue (“Variable A”)	Dilution			
	Issue Price (per CDI)	\$0.215 (50% decrease in current issue price)	\$0.43 (Current issue price)	\$0.86 (50% increase in current issue price)
150,808,893 (Current Variable A)	10% Voting Dilution	15,080,889	15,080,889	15,080,889
	Funds Raised	\$3,242,391	\$6,484,782	\$12,969,565
226,213,340 (50% increase in Variable A)*	10% Voting Dilution	22,621,334	22,621,334	22,621,334
	Funds Raised	\$4,863,587	\$9,272,174	\$19,454,347
301,617,786 (100% increase in Variable A)*	10% Voting Dilution	30,161,779	30,161,779	30,161,779
	Funds Raised	\$6,484,782	\$12,969,565	\$25,939,130

*The number of CDIs on issue (variable A in the formula) could increase as a result of the issue of CDIs that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 150,808,893 CDIs on issue.
2. The issue price set out above is the closing price of the CDIs on the ASX on 13 November 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A, or subsequently ratified under ASX Listing Rule 7.4 at this Meeting.

5. The issue of Equity Securities under the 10% Placement Capacity consists only of CDIs. It is assumed that no Options or Warrants are exercised into CDIs before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (iii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Cinovec Project and for general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined but may include current Shareholders or new investors (or both), none of whom will be related parties of the Company. Further, if the Company is successful in acquiring new assets or

investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its 2018 Annual General Meeting held on 18 December 2018 (Previous Approval). The details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Meeting are detailed below:

Number/Class of equity securities issued	Terms and Purpose of Issue	Price and discount to closing market price on the date of issue (if any)	Consideration details	Allottees of the Securities
<i>Securities issued on 18 December 2018</i>				
5,000,000 A Class Performance Shares	Issued in consideration for the previous acquisition of European Metals (UK) Ltd as approved by Shareholders at the 2018 Annual General Meeting held on 18 December 2018.	Issue price of nil.	Issued in consideration for the previous acquisition of European Metals (UK) Ltd to eliminate the halving effect of the current conversional mechanism provided for under the B Class Performance Shares Terms and give the true intended commercial purpose underlying the issue of performance shares to Vendors. Grant date Value ⁽ⁱ⁾ = \$1,700,000 Current Value ⁽¹⁾ = \$1,400,000	1,336,557 A Class Performance Shares were issued to related parties and 3,663,443 A Class Performance Shares were issued to non-related parties as disclosed in the AGM NOM dated 22 November 2018.
<i>Securities issued on 12 July 2019</i>				
200,000 Unlisted Options	Issue of Unlisted Options, exercise price of 35 cents, expiring 1 January 2021	Issue price of nil.	Issued to independent consultant under the terms of the consultancy agreement. Consideration was consultancy services. Grant date Value = \$1,700,000 Current Value = \$56,000	Issued to consultant
100,000 Options, exercise price of 40.18 cents, expiring 1 June 2021	Issued to independent consultant under the terms of the consultancy agreement	Issue price of nil.	Issued to independent consultant under the terms of the consultancy agreement.	Issued to consultant

Number/Class of equity securities issued	Terms and Purpose of Issue	Price and discount to closing market price on the date of issue (if any)	Consideration details	Allottees of the Securities
			Consideration was consultancy services. Grant date Value = \$35,000 Current Value = \$28,000	
Securities issued on 29 August 2019				
4,166,666 CDIs	Placement of 4,166,666 to sophisticated investors.	Issue price of 18 pence per CDI, which represented a discount of approx. 12% at the closing of AIM on 9 August 2019, as disclosed in the ASX announcement dated 14 August 2019.	Cash consideration of £750,000 (approximately \$1,817,300). The funds have been used to advance EMH's corporate strategy including to progress development of the Cinovec Project and progress discussions with CEZ Group and potential off take partners. This work is still progressing.	Issued to sophisticated investors in the UK

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

6. Resolution 6

To approve the amendment of the Memorandum and Articles of Association (Ordinary Resolution)

6.1 General

A company may modify or repeal its memorandum and articles (the "Memorandum and Articles") of or a provision of them by a resolution of shareholders.

The Memorandum and Articles, being the rules by which the Company is governed, should continue to evolve in line with the regulatory environment in which the Company operates. Consequently Resolution 6 is required to include the additional provisions appropriate for a company listed on ASX and AIM.

The Memorandum and Articles will be amended to ensure they reflect the current provisions of the BVI Companies Act, ASX Listing Rules, AIM Rules and other legal and regulatory provisions by which the Company is (and will be) subject to. The amended Memorandum and Articles will contain the necessary provisions to ensure that the Company is compliant with ASX listing rules.

Adoption of the amended Memorandum and Articles is conditional on the registration of the amended Memorandum and Articles with the BVI Registrar of Corporate Affairs in accordance with Section 13 of the BVI Companies Act, at which time they will be deemed legally effective and operational.

The amended Memorandum and Articles are broadly consistent with the provisions of the existing Memorandum and Articles and many of the proposed changes are administrative or minor in nature. The Directors believe they are not material nor will they have a significant impact on Shareholders. ASX is proposing a number of rule changes to make aspects of the listing process and ongoing compliance with the listing rules more efficient for issuers and for ASX.

6.2 Proposed restrictions to securities

ASX is proposing to introduce a two-tier escrow regime where ASX can (and will) require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their Memorandum and Articles of Association imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

Once the new listing rules come into effect, which is expected on 1 December 2019, a company cannot issue restricted securities unless the Memorandum and Articles of Association is amended to include the wording below. Given the Company is already admitted to the official list of ASX, the circumstances in which the Company may issue restricted securities is limited, and would most likely relate to transactions requiring approval under ASX Listing Rule 10.1 or if the Company was required to re-comply with Chapters 1 and 2 of the ASX Listing Rules because of the application of ASX Listing Rule 11.1.3 (i.e. a significant change to the Company's nature or scale of activities).

6.3 Proposed amendments to the Memorandum and Articles of Association

The Company proposes to amend and restate the Memorandum and Articles currently registered by the Register of Corporate Affairs in the British Virgin Islands by adopting amended and restated memorandum and articles of association in the form attached to these resolutions. It is noted that in connection with the amendments to be made, the Company proposes to include a new provision regarding Restricted Securities to the Articles of Association as follows:

24 Restricted Securities

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:

- (a) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (b) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities;*
- (c) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the ASX;*
- (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*
- (e) if a holder of Restricted Securities breaches a restriction deed or a provision of this Memorandum and Articles of Association restricting a Disposal of those securities, the*

holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

In addition, definitions of ‘Holding Lock’, ‘Dispose’ and ‘Disposal’ will be added to Section 1 of the Memorandum of Association.

To assist Shareholders, a mark-up version of the Memorandum and Articles of Association showing the proposed amendments will be available on the Company’s website at: www.europeanmet.com. Shareholders are invited to contact the Company if they have any queries or concerns.

6.4 Board recommendation

The Board unanimously recommend that Shareholders approve the adoption of the amended and restated Memorandum and Articles of Association and vote in favour of this Resolution.

SCHEDULE 1

TERMS AND CONDITIONS OF CONSULTANT OPTIONS (1)

- (a) Entitlement**
Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Option will be 35 cents (**Exercise Price**).
- (c) Expiry Date**
Each Option will expire at 5.00pm (WST) 1 January 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) Timing of issue of CDIs on exercise**
Within 15 Business Days after the later of the following:

 - (i) the Exercise Date; and
 - (ii) no later than 20 Business Days after the Exercise Date, the Company will:
 - (ii) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (h) CDIs issued on exercise**
CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.
- (i) Quotation of CDIs issued on exercise**
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the CDIs issued upon the exercise of the Options.
- (j) Reconstruction of capital**
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) Participation in new issues**
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) Change in exercise price**
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) Transferability**
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2

TERMS AND CONDITIONS OF CONSULTANT OPTIONS (2)

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one CDI upon exercise of the Option.
- (b) **Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Option will be 40.18 cents (**Exercise Price**).
- (c) **Expiry Date**
Each Option will expire at 5.00pm (WST) 1 June 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of CDIs on exercise**
Within 15 Business Days after the later of the following:

 - (i) the Exercise Date; and
 - (ii) no later than 20 Business Days after the Exercise Date, the Company will:
 - (ii) issue the number of CDIs required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of CDIs issued pursuant to the exercise of the Options.
- (h) **CDIs issued on exercise**
CDIs issued on exercise of the Options rank equally with the then issued CDIs of the Company.
- (i) **Quotation of CDIs issued on exercise**
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the CDIs issued upon the exercise of the Options.
- (j) **Reconstruction of capital**
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price**
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Transferability**
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

CDI VOTING INSTRUCTION FORM

Please mark ☒ to indicate your directions.

Please send CDI Voting Instruction Form no later than 4.00pm WST on 17 December 2019 to:

PO Box 1240

WEST PERTH WA 6872

Or via fax +61 8 6245 2055 or email to julia@europeanmet.com

STEP 1 Complete Shareholding Details

Name:

Address:

Holder ID:

STEP 2 CHES Depositary Nominees will vote as directed

Voting Instructions to CHES Depositary Nominees Pty Ltd

PLEASE MARK BOX A OR B

I/We being a holder of CHES Depositary Interests of European Metals Holdings Limited hereby

A ☐ Instruct CHES Depositary Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of European Metals Holdings Limited to be held at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW on 20 December 2019 at 11:00am GMT and at any adjournment or postponement of that meeting in the manner instructed in Step 3. By execution of this CDI Voting Instruction Form and selection of Box A the undersigned hereby authorises CHES Depositary Nominees Pty Ltd to appoint such proxies or their substitutes to vote as instructed and otherwise in their discretion on such business as duly properly come before the meeting.

B ☐ Instruct CHES Depositary Nominees Pty Ltd to appoint the following person as my/our proxy in respect of the shares underlying my/our holding at the Annual General Meeting of European Metals Holdings Limited to be held at the office of White & Case LLP, 5 Old Broad Street, London EC2N 1DW on 20 December 2019 at 11:00am GMT and at any adjournment or postponement of that meeting.

STEP 3 Items of Business

*** PLEASE NOTE:** If you mark the *Abstain* box for an item, you are directing CHES Depositary Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		FOR	AGAINST	ABSTAIN
Resolution 1	To approve the subscription for shares in Geomet s.r.o. giving Severočeské doly a.s., fifty-one per cent. (51%) of the ownership interests and voting rights in Geomet s.r.o.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To approve the re-election of Director - Mr Kiran Morzaria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To ratify the prior issue of unlisted options to consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To ratify the prior issue of CDIs – Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To approve the 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(a)	To approval to amend and restate the Memorandum and Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(b)	To authorise the Company's registered agent to file the amended and restated Memorandum and Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) This section must be completed

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):