



EUROPEAN METALS HOLDINGS LIMITED
ARBN 154 618 989

INTERIM FINANCIAL REPORT

31 DECEMBER 2023

Note: The information contained in this condensed report is to be read in conjunction with European Metals Holding Limited's 2023 annual report and any announcements made by the Company during the half year period ended 31 December 2023

CORPORATE DIRECTORY

Directors

Mr Keith Coughlan
Mr Richard Pavlik
Mr Kiran Morzaria
Ambassador Lincoln Bloomfield, Jr

Executive Chairman
Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Mr Henko Vos

Registered Office in Australia

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West Perth WA 6005
Telephone 08 6245 2050
Website: www.europeanmet.com

Registered Address & Place of Incorporation

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BRITISH VIRGIN ISLANDS

Share Register

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Auditor

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2, 5 Spring St
PERTH WA 6000
Telephone: +61 8 6382 4600

Securities Exchange Listing – Australia

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000
ASX Code: EMH

Securities Exchange Listing – OTCQX Best Market

OTC Markets Group
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NY 10282 United States
OTCQX Codes: EMHXY, ERPNF and EMHLF

Registered Office in Czech Republic

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The Czech Republic
Telephone: +420 732 671 666

Nominated Nomad & Broker

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London EC4R 0DR
United Kingdom

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Reporting Accountants (UK)

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London SE1 1HH
United Kingdom

Securities Exchange Listing – United Kingdom

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London EC4M 7LS
United Kingdom
AIM Code: EMH

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2023.

Directors

The names of the directors who held office during or since the end of the half year:

Mr Keith Coughlan	Executive Chairman	Appointed 30 June 2020
	Previously Managing Director	Appointed 6 September 2013
Mr Richard Pavlik	Executive Director	Appointed 27 June 2017
Mr Kiran Morzaria	Non-Executive Director	Appointed 10 December 2015
Ambassador Lincoln Bloomfield, Jr	Non-Executive Director	Appointed 3 January 2021

Principal activities

The Group is primarily involved in the exploration activities of the Cinovec lithium project in the Czech Republic.

Results of Operations

The consolidated loss for the half year ended 31 December 2023 amounted to \$1,130,439 (2022: \$3,786,950 loss).

Significant changes in the state of affairs

There have not been any significant changes in the state of affairs of the Group during the financial year other than as disclosed in the Review of Operations Sections of this report.

Review of Operations

Strategic investment from European Bank for Reconstruction and Development ("EBRD")

In July 2023, the Company announced a strategic investment of €6 million by EBRD to support the development of the Cinovec Project. The investment was implemented by way of a private placement of 12,315,213 shares in the capital of the Company at a price of £0.423 per share (being AUD\$0.803 per share). As part of the due diligence process, EBRD engaged an independent, international mining consultancy to undertake a technical review of the Cinovec Project. EBRD also performed a review of the project in respect to compliance with EBRD's Environmental and Social Policy. Refer to ASX/AIM Announcement dated 21 July 2023.

EBRD's investment and expertise will be beneficial to the Company as the Cinovec Project moves through permitting, project financing, and completing its Definitive Feasibility Study ("DFS"). The Company's relationship with EBRD is expected to be highly strategic as the European Union charts a path towards greater lithium supply security and sustainability. Support for the Cinovec Project aligns with these EU goals. In connection with the Placement, European Metals and EBRD have an agreement whereby, subject to certain conditions, the EBRD has been granted rights that allow participation in future financings to maintain its pro rata equity interest in the Company. The agreements also provide for the Cinovec Project to be developed according to EBRD's Environmental and Social Policy. The proceeds from the Placement are being used to assist in funding pre-development works and studies for the Cinovec Project including environmental works and working capital expenditures for the period up to the completion of the DFS.

A DFS is currently being undertaken on the Cinovec Project managed by DRA Global Limited. Following detailed analysis, approval has been granted to a formal request from Geomet and the Project study team of DRA Global (Lithium Processing DFS) and Bara Consulting (Mining DFS) for a timetable extension to complete capital and operating cost estimation and project implementation scheduling. Both Geomet and the Company recognise the importance of ensuring accurate and comprehensive engineering and cost data for the DFS, as it forms the foundation of the study's findings and recommendations. In this regard, the Company believes it is prudent to allow the necessary time to complete the study to the highest standard to ensure the delivery of a robust, accurate DFS that conveys the full economic and resource potential of the Project. The Company does not expect that the extension of the study period will impact the overall project timeline, with the permitting process already well underway. (Refer to ASX / AIM Announcement dated 22 December 2023).

During the Period, the Company announced the results of the Lithium Chemical Plant (LCP) pilot programme, confirming the robustness of the Cinovec LCP process flowsheet and providing a strong foundation for the execution of the Cinovec Project. The pilot programme undertaken at ALS Laboratories in Perth, Western Australia, set out to confirm the LCP flowsheet (refer to ASX / AIM announcement of 31 October 2022) and to produce sufficient marketing samples for potential off-takers to test in their own laboratories. The pilot programme has achieved these objectives without necessitating any further development of the LCP process flowsheet and provided extensive data throughout all of the LCP process steps. This data contributes to the confirmation of design and engineering for both the ongoing Definitive Feasibility Study (DFS) and the post-DFS execution of the Project. (Refer to ASX / AIM announcement dated 9 November 2023)

Subsequent to the Period, the Company announced the granting of an extension to all four Cinovec Exploration Licences ("the licences") (refer to ASX / AIM announcement dated 29 January 2024). These licenses fully cover all three granted Preliminary Mining Permits ("**PMP's**") comprising the Cinovec Project. All four licences have been extended until 31 December 2026. The granting of this extension follows a comprehensive evaluation by the relevant state authorities of results achieved to date in exploring the deposit. Plans for future exploration work, including further resource drilling, and compliance with conditions set by the Czech Ministry of Environment were also assessed. The extension was required as the granted PMP's, whilst conveying the sole and exclusive rights to apply for a Final Mining Permit, do not allow for further drilling until the final mining area is granted. As the Company plans to conduct further metallurgical and measured resource drilling, an extension to the exploration licenses due to expire in December 2023 was sought. The Licence extensions apply to the Exploration Areas Cinovec, Cinovec II, Cinovec III and Cinovec IV, which fully cover the East, South and NorthWest PMP's.

CORPORATE AND ADMINISTRATION

On 23 August 2023, the Company issued 12,315,213 shares on completion of the placement to EBRD.

The Company issued 600,000 CDIs on exercise of unlisted options (AUD0.45; 23 October 2023) on 7 September 2023 (400,000) and 20 October 2023 (200,000), raising \$270,000.

The Company issued a further 2,024,000 CDIs on exercise of 2,024,000 unlisted options (AUD0.42; 23 October 2023) on 25 October 2023, raising \$850,080.

In November 2023, the Company moved its registered office in Australia to the following address:

Ground Floor, 41 Colin Street, West Perth WA 6005

Following the AGM on 22 December 2023, the Company appointed BDO Audit Pty Ltd as auditor.

Events subsequent to the reporting date

Subsequent to 31 December 2023, the Company Secretary, Shannon Robinson, retired due to other work commitments and the Company appointed Henko Vos to the position, effective 1 February 2024.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 31 December 2023.

Geomet Tenement Schedule

Permit	Code	Deposit	Interest at 1 July 2023	Acquired / Disposed	Interest at 31 December 2023
Exploration Area	Cinovec	N/A	100%	N/A	100%
	Cinovec II		100%	N/A	100%
	Cinovec III		100%	N/A	100%
	Cinovec IV		100%	N/A	100%
Preliminary Mining Permit	Cinovec II	Cinovec East	100%	N/A	100%
	Cinovec III	Cinovec South	100%	N/A	100%
	Cinovec IV	Cinovec NorthWest	100%	N/A	100%

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2023 has been received and can be found on page 9 of the financial report.

This report of the Directors is signed in accordance with a resolution of the Board of Directors.



Keith Coughlan
EXECUTIVE CHAIRMAN

15 March 2024

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium Project. Geomet has been granted a preliminary mining permit by the Ministry of Environment and the Ministry of Industry. The company is owned 49% by EMH and 51% by CEZ a.s. (CEZ) through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Measured Mineral Resource of 53.3Mt at 0.48% Li₂O, Indicated Mineral Resource of 360.2Mt at 0.44% Li₂O and an Inferred Mineral Resource of 294.7Mt at 0.39% Li₂O containing a combined 7.39 million tonnes Lithium Carbonate Equivalent (refer to the Company's ASX/AIM release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate (refer to the Company's ASX/AIM release dated 11 July 2018) (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

This makes Cinovec the largest hard rock lithium deposit in Europe and the fifth largest non-brine deposit in the world.

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

On 19 January 2022, EMH provided an update to the 2019 PFS, conducted by specialist independent consultants, which indicated a post-tax NPV of USD1.938B and a post-tax IRR of 36.3% and indicated the Cinovec Project as a potential low operating cost producer of battery-grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining (refer to the Company's ASX/AIM release dated 19 January 2022) (**PFS Update delivers outstanding results**). Metallurgical test-work has produced both battery-grade lithium hydroxide and battery-grade lithium carbonate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure. The deposit lies in an active mining region.

The economic viability of Cinovec has been enhanced by the new Critical Raw Materials Act and continued increasing demand for lithium within Europe.

The Company is in the process of finalising its DFS which anticipated to be completed in the near term, As part of the DFS process the Company will update the financial and operating parameters of both the mine and the lithium process plant.

BACKGROUND INFORMATION ON CEZ

Headquartered in the Czech Republic, CEZ is one of the largest companies in the Czech Republic and a leading energy group operating in Western and Central Europe. 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. The foundation of power generation at CEZ Group are emission-free sources. The CEZ strategy named Clean Energy for Tomorrow is based on ambitious decarbonisation, development of renewable sources and nuclear energy. CEZ announced that it would move forward its climate neutrality commitment by ten years to 2040. The largest shareholder of its parent company, CEZ, is the Czech Republic with a stake of approximately 70%. The shares of CEZ are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 20.3 billion.

As one of the leading Central European power companies, CEZ intends to develop several projects in areas of energy storage and battery manufacturing in the Czech Republic and in Central Europe.

CEZ is also a market leader for E-mobility in the region and has installed and operates a network of EV charging stations throughout Czech Republic. The automotive industry in the Czech Republic is a significant contributor to GDP, and the number of EV's in the country is expected to grow significantly in the coming years.

COMPETENT PERSON

Information in this announcement relating to the FECAB metallurgical testwork is based on technical data compiled or supervised by Mr Walter Mädel, a full-time employee of Geomet s.r.o, an associate of the Company. Mr Mädel is a member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and a mineral processing professional with over 27 years of experience in metallurgical process and project development, process design, project implementation and operations. Of his experience, at least 5 years have been specifically focused on hard rock pegmatite Lithium processing development. Mr Mädel consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears. Mr Mädel is a participant in the long-term incentive plan of the Company.

Information in this release that relates to exploration results is based on information compiled by Dr Vojtech Sesulka. Dr Sesulka is a Certified Professional Geologist (certified by the European Federation of Geologists), a member of the Czech Association of Economic Geologist, and a Competent Person as defined in the JORC Code 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Sesulka has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears. Dr Sesulka is an independent consultant with more than 10 years working for the EMH or Geomet companies. Dr Sesulka does not own any shares in the Company and is not a participant in any short- or long-term incentive plans of the Company.

Mr Grant Harman (B.Sc Chem Eng, B.Com) is an independent consultant with in excess of 7 years of lithium chemicals experience. Mr Harman supervised and reviewed the metallurgical test work and the process design criteria and flow sheets in relation to the LCP. Mr Harman is a participant in the long-term incentive plan of the Company.

The information in this release that relates to Mineral Resources and Exploration Targets is based on, and fairly reflects, information and supporting documentation prepared by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australasian Institute of Geoscientists, 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 has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context that the information appears. Mr Widenbar does not own any shares in the Company and is not a participant in any short- or long-term incentive plans of the Company.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF EUROPEAN METALS HOLDINGS LIMITED

As lead auditor for the review of European Metals Holdings Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of European Metals Holdings Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

15 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$ (Restated)*
Finance Income		325,083	146,607
Other income	4	985,160	564,821
Share based payments		854,327	(1,915,154)
Equity accounting on investment in Geomet s.r.o.	5	(1,074,246)	(997,169)
Professional fees		(599,584)	(161,573)
Employees' benefits		(883,117)	(525,615)
Advertising and promotion		(299,594)	(293,383)
Travel and accommodation		(67,780)	(84,989)
Directors' fees		(162,145)	(112,493)
Share registry and listing expenses		(72,350)	(86,571)
Insurance expense		(41,304)	(40,056)
Audit fees		(27,275)	(22,155)
Depreciation and amortisation expense		(29,000)	(24,117)
Facility, advance fee and finance costs		(3,359)	(1,844)
Foreign exchange gain/(loss)		66,326	72,263
Other expenses		(101,581)	(305,522)
Loss before income tax		(1,130,439)	(3,786,950)
Income tax expense		-	-
Loss from operations		(1,130,439)	(3,786,950)
Loss for the period		(1,130,439)	(3,786,950)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translating foreign operations		12,163	(1,091)
- Exchange difference on translating investment in Geomet	5	(1,624,750)	959,954
Other comprehensive (loss)/income for the period, net of tax		(1,612,587)	958,863
Total comprehensive (loss) for the period		(2,743,026)	(2,828,087)
Net Loss attributable to:			
- Members of the parent entity		(1,130,439)	(3,786,950)
Total Comprehensive loss attributable to:		(1,130,439)	(3,786,950)
- Members of the parent entity		(2,743,026)	(2,828,087)
		(2,743,026)	(2,828,087)
Loss per share for loss from continuing operations			
Basic and diluted loss per CDI/share (cents)	3	(0.56)	(2.04)

The above statement should be read in conjunction with the accompanying condensed notes.

*The comparative information has been restated as a result of prior period adjustments discussed in Note 1(f).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$ (Restated)*	1 July 2022 \$ (Restated)*
CURRENT ASSETS				
Cash and cash equivalents		5,668,926	8,892,951	19,055,509
Trade and other receivables		1,387,064	200,706	782,518
Other assets		196,790	34,697	53,094
TOTAL CURRENT ASSETS		7,252,780	9,128,354	19,891,121
NON-CURRENT ASSETS				
Other assets		-	48,154	47,392
Right-of-use asset		191,141	39,968	87,930
Investments accounted for using equity method	5	25,341,016	22,275,934	16,554,847
Advances to associate	9	8,419,507	8,418,872	-
Property, plant and equipment		6,006	2,899	-
TOTAL NON-CURRENT ASSETS		33,957,670	30,785,827	16,690,169
TOTAL ASSETS		41,210,450	39,914,181	36,581,290
CURRENT LIABILITIES				
Trade and other payables		178,967	818,977	939,822
Payable to associate		-	5,627,507	-
Provisions – employee entitlements		25,526	16,570	147,048
Lease liability		39,471	40,775	45,707
TOTAL CURRENT LIABILITIES		243,964	6,503,829	1,132,577
NON-CURRENT LIABILITIES				
Provisions – employee entitlements		87,823	84,051	-
Lease liability		143,856	-	40,775
TOTAL NON-CURRENT LIABILITIES		231,679	84,051	40,775
TOTAL LIABILITIES		475,643	6,587,880	1,173,352
NET ASSETS		40,734,807	33,326,301	35,407,938
EQUITY				
Issued capital	6	58,887,211	47,881,352	47,881,352
Reserves	7	14,252,211	16,719,125	12,872,321
Accumulated losses		(32,404,615)	(31,274,176)	(25,345,735)
TOTAL EQUITY		40,734,807	33,326,301	35,407,938

The above statement should be read in conjunction with the accompanying condensed notes.

*The comparative information has been restated as a result of prior period adjustments disclosed in Note 1 (f).

European Metals Holdings Limited
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022, as previously reported	47,881,352	11,904,132	379,659	(24,365,633)	35,799,510
Adjustment for correction of error	-	-	588,530	(980,102)	(391,572)
Balance at 1 July 2022, as restated	47,881,352	11,904,132	968,189	(25,345,735)	35,407,938
Loss attributable to members of the Company	-	-	-	(3,786,950)	(3,786,950)
Other comprehensive income/(loss)	-	-	958,863	-	958,863
Total comprehensive income/loss for the year	-	-	958,863	(3,786,950)	(2,828,087)
Transactions with owners, recognised directly in equity					
Share based payments	-	1,915,154	-	-	1,915,154
Balance at 31 December 2022	47,881,352	13,819,286	1,927,052	(29,132,685)	34,495,005
Balance at 1 July 2023, as previously reported	47,881,352	13,837,650	4,882,465	(30,294,074)	36,307,393
Adjustment for correction of error	-	-	(2,000,990)	(980,102)	(2,981,092)
Balance at 1 July 2023, as restated	47,881,352	13,837,650	2,881,475	(31,274,176)	33,326,301
Loss attributable to members of the Company	-	-	-	(1,130,439)	(1,130,439)
Other comprehensive income/(loss)	-	-	(1,612,587)	-	(1,612,587)
Total comprehensive (loss) for the year	-	-	(1,612,587)	(1,130,439)	(2,743,026)
Transactions with owners, recognised directly in equity					
CDIs/shares issued during the year	9,889,116	-	-	-	9,889,116
Capital raising costs	(3,337)	-	-	-	(3,337)
Exercise of options and warrants	1,120,080	-	-	-	1,120,080
Share based payments	-	(854,327)	-	-	(854,327)
Balance at 31 December 2023	58,887,211	12,983,323	1,268,888	(32,404,615)	40,734,807

The above statement should be read in conjunction with the accompanying condensed notes.

*The comparative information has been restated as a result of prior period adjustments disclosed in Note 1(f).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Other income		126	551,472
Payments to suppliers and employees		(2,863,612)	(2,045,776)
Interest received		280,266	83,540
Payments for Cinovec associated costs		(10,334)	(224,541)
Net cash (used in) operating activities		<u>(2,593,554)</u>	<u>(1,635,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment		(3,812)	(2,610)
Payments for investments	5	(11,392,220)	-
Net cash (used in) investing activities		<u>(11,396,032)</u>	<u>(2,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of CDIs /shares		9,889,116	-
Capital raising costs paid		(3,337)	-
Proceeds from exercise of options and warrants		1,120,080	-
Payment for lease liability		(38,973)	(24,295)
Net cash (used in)/provided by financing activities		<u>10,966,886</u>	<u>(24,295)</u>
Net (decrease)/increase in cash and cash equivalents		(3,022,699)	(1,662,210)
Cash and cash equivalents at the beginning of the financial year		8,892,951	19,055,509
Exchange differences in foreign currency held		(201,326)	78,440
Cash and cash equivalents at the end of financial year		<u><u>5,668,926</u></u>	<u><u>17,471,739</u></u>

The above statement should be read in conjunction with the accompanying condensed notes.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

NOTE 1: BASIS OF PREPARATION

a. Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

b. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except where applicable for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2023 annual financial report for the financial year ended 30 June 2023, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

c. Financial position

The Directors have prepared the consolidated financial statements on going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

At 31 December 2023, the Group comprising the Company and its subsidiaries has incurred a loss for the year amounting to \$1,130,439. The Group has a net working capital surplus of \$15,428,323 and cash and cash equivalents of \$5,668,926.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the Directors are satisfied that the going concern basis of preparation is appropriate.

d. Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023. All applicable new standards and interpretations effective since 1 January 2023 have been adopted. There was no significant impact on the Group.

e. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Share-based payments

The value attributed to share options, warrants, performance rights, performance shares, loan CDIs and remuneration shares issued is an estimate calculated using where applicable, a mathematical formula based on the Black-Scholes option pricing model. The choice of models and the resultant values require assumptions to be made in relation to the likelihood and timing of the conversion of the options, warrants, performance rights, performance shares, loan CDIs to shares and the value and volatility of the price of the underlying shares. Details of share-based payments assumptions are detailed in Note 8.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

f. Restatement of comparatives

Correction of error

On 28 April 2020, the Company announced the investment of EUR29.1 million (circa A\$ 48.7 million) by CEZ a.s. ("CEZ") for a 51% equity interest in Geomet, the Company's wholly owned Czech subsidiary at the time, and holder of the Cinovec licenses, had been completed. The Company ceased to fully consolidate Geomet's results within EMH's consolidated accounts effective from this date and commenced equity accounting its investment in Geomet, as an associate.

At 30 June 2020, the Company inadvertently recognised its portion of that period's share of Geomet's loss as a profit, resulting in a misstatement of the investment in associate's carrying value. In May 2023, the Company agreed to a further investment of \$5.6 million (EUR 3.43 million) to maintain its 49% shareholding. The Company inadvertently neglected to provide for this obligation as a payable at 30 June 2023, and accordingly also understated its investment by this amount. The balance was subsequently settled on 7 July 2023. The noted errors have, in turn, had a resultant impact on the exchange difference on translating the investment since its acquisition.

Extracts (being only those line items affected) are disclosed below.

	31 Dec 2022		31 Dec 2022
	\$	\$	\$
	Reported	Adjustment	Restated
<i>Consolidated Statement of profit or loss and other comprehensive income</i>			
Loss for the period	(3,786,950)	-	(3,786,950)
<i>Other comprehensive income:</i>			-
– Exchange differences on translating foreign operations	(1,091)	-	(1,091)
– Exchange difference on translating investment in Geomet	(923,780)	1,883,734	959,954
Other comprehensive income/(loss) for the period, net of tax	(924,871)	1,883,734	958,863
Total comprehensive loss for the period	(4,711,821)	1,883,734	(2,828,087)
<i>Consolidated statement of financial position at the end of the earliest comparative period</i>			
	30 Jun 2023		30 Jun 2023
	\$	\$	\$
	As Reported	Adjustment	Restated
Investment in associate	19,629,519	2,646,415	22,275,934
Total assets	37,267,766	2,646,415	39,914,181
Payable to associate	-	5,627,507	5,627,507
Total liabilities	960,373	5,627,507	6,587,880
Net assets	36,307,393	(2,981,092)	33,326,301
Accumulated losses	(30,294,074)	(980,102)	(31,274,176)
Reserves	18,720,115	(2,000,990)	16,719,125
Total equity	36,307,393	(2,981,092)	33,326,301

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

f. Restatement of comparatives (continued)

Consolidated statement of financial position at the beginning of the earliest comparative period

	1 Jul 2022		1 Jul 2022
	\$	\$	\$
	As Reported	Adjustment	Restated
Investment in associate	16,946,419	(391,572)	16,554,847
Total assets	36,972,862	(391,572)	36,581,290
Net assets	35,799,510	(391,572)	35,407,938
Accumulated losses	(24,365,633)	(980,102)	(25,345,735)
Reserves	12,283,791	588,530	12,872,321
Total equity	35,799,510	(391,572)	35,407,938

The prior period adjustment did not have an impact on the consolidated statement of cash flows.
The prior period adjustment did not have an impact on the basic or diluted earnings/(loss) per share.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 2: OPERATING SEGMENTS

The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors, according to AASB 8 Operating Segments.

Effective 28 April 2020, the Group has a 49% interest in Geomet s.r.o. which is accounted for in accordance with AASB 128 Investment in Associates and Joint Ventures. Therefore, the Group has only one operating segment based on geographical location. The Australian segment incorporates the services provided to Geomet s.r.o. in relation to the Cinovec project development along with head office and treasury function. Consequently, the financial information for the sole operating segment is identical to the information presented in these interim financial reports.

NOTE 3: LOSS PER CDI/shares

	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Basic and diluted loss per CDI/share		(0.56)	(2.04)
Loss attributable to members of European Metals Holdings Limited		(1,130,439)	(3,786,950)
Weighted average number of CDIs/shares outstanding during the period		202,148,850	186,042,485

NOTE 4: OTHER INCOME

	31 Dec 2023	31 Dec 2022
	\$	\$
Service income - Geomet	985,034	551,472
Other Income	126	13,349
	985,160	564,821

NOTE 5: INVESTMENT IN ASSOCIATE

		31 Dec 2023	30 Jun 2023
		\$	\$
			Restated
Opening balance		22,275,934	16,554,847
Increase in investment		5,764,078	5,627,507
Share of loss - associates	5	(1,074,246)	(1,845,158)
Share of the movement in foreign currency translation reserve - associates		(1,624,750)	1,938,738
Closing balance		25,341,016	22,275,934

NOTE 6: ISSUED CAPITAL

		31 Dec 2023	30 Jun 2023
		\$	\$
Total issued capital		58,887,211	47,881,352
CDIs//Shares	Number	207,324,705	192,385,492

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 6: ISSUED CAPITAL (CONTINUED)

Movement in CDI/shares

	Date	Number	\$
Balance at the beginning	1 Jul 2023	186,042,485	47,881,352
Issue to consultant @ 0c	9 Jan 2023	6,343,007	-
Balance at the end	30 Jun 2023	192,385,492	47,881,352
Balance at the beginning	1 Jul 2023	192,385,492	47,881,352
Placement shares	23 Aug 2023	12,315,213	9,889,116
Exercise of options	Various	2,624,000	1,120,080
Transaction costs		-	(3,337)
Balance at end	31 Dec 2023	207,324,705	58,887,211

CDIs/Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of a CDI/share present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

European Metals Holdings Limited is a company limited by shares incorporated in the British Virgin Islands with an authorised share capital of 200,000,000 no par value shares of a single class. Pursuant to the prospectus dated 26 April 2012, the Company initially issued CDIs/shares in July 2012. The holder of the CDIs/shares has beneficial ownership in the underlying shares instead of legal title. Legal title and the underlying shares is held by Chess Depository Nominees Pty Ltd.

Holders of CDIs/shares have the same entitlement benefits of holding the underlying shares. Each Share in the Company confers upon the Shareholder:

1. the right to one vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
2. the right to an equal share in any dividend paid by the Company; and
3. the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

NOTE 7: RESERVES

	31 Dec 2023	30 Jun 2023
	\$	\$
Option and Warrant Reserve 17(a)	4,788,589	4,788,589
Performance Shares Reserve 17 (b)	3,471,444	3,471,444
Performance Rights Reserve 17 (c)	3,280,623	4,134,950
Loan CDIs/shares Reserve 17 (d)	1,442,667	1,442,667
Foreign Currency Translation Reserve 17 (e)	1,268,888	2,881,475
Total Reserves	14,252,211	16,719,125

(a) Option and Warrant Reserve

	31 Dec 2023	30 Jun 2023
	\$	\$
Balance at the beginning	4,788,589	4,370,589
Share based payment expense	-	418,000
Balance at the end	4,788,589	4,788,589

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

NOTE 7: RESERVES (CONTINUED)

The following options and warrants existed as at 30 June 2023 and 31 December 2023:

	Expiry date	Balance at 30 Jun 2023	Issued during the year	Exercised during the year	Expired/ cancelled	Balance at 31 Dec 2023
Options @ 42cents	23 Oct 2023 ¹	2,024,000	-	(2,024,000)	-	-
Options @ 45cents	23 Oct 2023 ²	600,000	-	(600,000)	-	-
Options @ 80 cents	31 Dec 2025	2,000,000	-	-	-	2,000,000
Total		4,624,000	-	(2,624,000)	-	2,000,000

¹2,024,000 unlisted options were exercised during the period as detailed in the table above. The share capital for the options exercised was issued on 25 October 2023.

²600,000 unlisted options were exercised during the period as detailed in the table above. The share capital for the options exercised was issued on 23 October 2023.

(b) Performance Shares Reserve

	Date	\$
Balance at the beginning	1 Jul 2023	3,471,444
Balance at the end	31 Dec 2023	3,471,444

(c) Performance Rights Reserve

	31 Dec 2023		30 Jun 2023	
	Number	\$	Number	\$
Balance at the beginning	7,470,000	4,134,950	5,800,000	2,619,432
Granted	-	-	1,670,000	1,515,518
Lapsed	-	-	-	-
Movement (Note 8)	-	(854,327)	-	-
Balance at the end	7,470,000	3,280,623	7,470,000	4,134,950

(d) Loan CDIs/shares Reserve

	31 Dec 2023		30 Jun 2023	
	Number	Amount Expensed	Number	Amount Expensed
Balance at beginning	1,350,000	1,442,667	1,350,000	1,442,667
Loan CDIs/shares repaid during the period	-	-	-	-
Balance at end	1,350,000	1,442,667	1,350,000	1,442,667

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

NOTE 7: RESERVES (CONTINUED)

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiary and associate.

	31 Dec 2023	30 Jun 2023
	\$	\$
		Restated
Balance at the beginning of the financial year	2,881,475	968,189
Movement during the period	(1,612,587)	1,913,286
Balance at the end of the period	1,268,888	2,881,475

NOTE 8: SHARE BASED PAYMENT EXPENSE

During the period, the Group incurred a share-based payment income for a total of \$854,327 resulting from the transactions detailed below.

1. Share-based payment arrangement granted in prior years and existing during the half-year ended 31 December 2023:

- On 17 December 2020, 3,600,000 Performance Rights were issued to Directors. The Performance Rights were valued at \$3,132,000 at grant date and are being expensed over the vesting period ending 31 December 2023. For the period ended 31 December 2023, management assessed the probability of achieving the financial hurdles to be over 50% for its Class A and B options and below 50% for its Class C options, as a result of which, a reversal of share-based payment expense of \$547,575 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 24 November 2021, 100,000 Performance Rights were issued to a consultant. The Performance Rights were valued at \$76,750 at grant date and are being expensed over the vesting period ending 31 December 2023. For the period ended 31 December 2023, the share-based payment expense of \$17,189 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 22 February 2022, 900,000 Performance Rights were issued to a consultant. The Performance Rights were valued at \$1,044,000 at grant date and are being expensed over the vesting period ending 31 December 2023. For the period ended 31 December 2023, management assessed the probability of achieving the financial hurdles to be over 50% for its Class A and C options and below 50% for its Class B options, as a result of which, a reversal of share-based payment expense of \$101,694 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 27 February 2022, 1,200,000 Performance Rights were issued to a consultant. The Performance Rights were valued at \$1,368,000 at grant date and are being expensed over the vesting period ending 31 December 2023. For the period ended 31 December 2023, management assessed the probability of achieving the financial hurdles to be over 50% for its Class A and C options and below 50% for its Class B options, as a result of which, a reversal of share-based payment expense of \$131,391 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 29 August 2022, 750,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$547,500 at grant date and are being expensed over the vesting period ending 31 December 2023. For the period ended 31 December 2023, management assessed the probability of achieving the hurdles to be over 50% for Tranches 1 and 2 and below 50% for Tranche 3, as a result of which, a reversal of share-based payment expense of \$17,188 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 12 December 2022, 450,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$301,500 at grant date and are being expensed over the vesting period noted below. For the period ended 31 December 2023, management assessed the probability of achieving the hurdles to be over 50% for Tranches 1 and 3 and below 50% for Tranche 2, as a result of which, a reversal of share-based payment expense of \$60,119 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

NOTE 8: SHARE BASED PAYMENT EXPENSE (CONTINUED)

- On 13 December 2022, 300,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$201,000 at grant date and are being expensed over the vesting period noted below. For the period ended 31 December 2023, management assessed the probability of achieving the hurdles to be over 50% for Tranches 1 and 3 and below 50% for Tranche 2, as a result of which, a reversal of share-based payment expense of \$39,906 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.
- On 14 December 2022, 170,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$117,300 at grant date and are being expensed over the vesting period noted below. For the period ended 31 December 2023, management assessed the probability of achieving the hurdles to be over 50% for Tranches 1 and 2, as a result of which, a share-based payment expense of \$26,357 was recognised in the consolidated statement of profit or loss and other comprehensive income for the period.

NOTE 9: ADVANCES TO ASSOCIATE

	31 Dec 2023	30 Jun 2023
	\$	\$
Advances to associate	8,419,507	8,418,872
	8,419,507	8,418,872

On 31 May 2023 an unsecured loan of \$8.4 million (initial value of CZK121,000,00) was advanced to Geomet s.r.o by the Company. The loan is due for repayment on 31 December 2028 and carries a fixed interest rate at 8.8% per annum

NOTE 10: RELATED PARTY TRANSACTIONS

Transactions between related parties are at arms' length and on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the period, the Company earned revenue of \$985,034 (2022: \$551,472) from its associate, Geomet s.r.o for providing services of managing the Cinovec project development. A current receivable balance of \$985,034 is noted at reporting date.

The Company received company secretarial, accounting and bookkeeping services of \$104,688 plus GST from Nexia Perth, a company at which the spouse of Executive Chairman, Keith Coughlan, acts as a key management personnel. The amount payable to Nexia as at 31 December 2023 was \$14,850 (June 2023: \$17,028).

The Company paid \$542,123 as remuneration to directors and key management personnel of the Company during the period.

There were no other transactions with related parties during the period.

NOTE 11: CONTINGENT LIABILITIES AND COMMITMENTS

There has been no material changes in contingent liabilities and commitments since the last annual reporting date.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2023, the Company Secretary, Shannon Robinson, retired due to other work commitments and the Company appointed Henko Vos to the position, effective 1 February 2024.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 31 December 2023.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 9 to 21:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
 - (b) give a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'Keith Coughlan'.

Keith Coughlan

EXECUTIVE CHAIRMAN

15 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of European Metals Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of European Metals Holdings Limited (the Company) and its subsidiary (the Group), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- A. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- B. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be the same terms if given to the directors as at the time of this auditor's review report.

Other matter

The financial report of European Metals Holdings Limited, for the year ended 30 June 2023 was audited by another auditor who expressed an unmodified opinion on that report on 29 September 2023.

Responsibility of the directors for the financial report

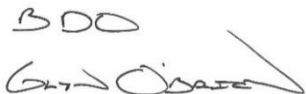
The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



Glyn O'Brien

Director

Perth, 15 March 2024