

## QUARTERLY ACTIVITIES REPORT – MARCH 2022

**European Metals Holdings Limited (ASX & AIM: EMH, NASDAQ: EMHXY)** (“**European Metals**” or the “**Company**”) is pleased to provide an update on its activities during the three-month period ending 31 March 2022 highlighting the continued progress in the development of the globally significant Cinovec Lithium/Tin Project (“**the Project**” or “**Cinovec**”) in the Czech Republic.

During the reporting period, the Company made two very significant announcements.

The first of these was an update to the 2019 Preliminary Feasibility Study, highlighting significant increases in the key financial parameters of the Project, an increase in overall lithium production, and further enhancements to the ESG credentials. The 2022 PFS Update shows an NPV<sub>8</sub> of US\$1.938B (post tax); an up-front capital cost of US\$644M; and an increase in the overall annual production of battery-grade lithium hydroxide to 29,386 tpa. In addition, the post-tax IRR has increased to 36.3% (refer to the Company's ASX release dated 19 January 2022) (**PFS Update delivers outstanding results**).

Secondly, the Company successfully completed a capital raising of approximately AUD 14.4 million and welcomed Ellerston Capital, a leading Sydney-based fund manager, and another institutional fund to the register. (refer to the Company's ASX release dated 19 January 2022) (**Successful Placing to raise AUD14.4M**)

The quarter was marked by continued strong progress by the Company towards finalisation of the Definitive Feasibility Study (“**DFS**”) together with ongoing discussions with potential offtakers for the products of the Project. From a macro perspective, prices for the Project's two key products, lithium hydroxide and tin, continued to increase significantly with lithium hydroxide prices exceeding USD 70,000/tonne and tin exceeding USD45,000/tonne during the period. These prices compare very favourably to the prices that were used in the 2022 PFS Update being USD17,000 for lithium hydroxide and USD24,000 for tin.

The timeline for the completion of the DFS is currently under review. Whilst the work on the DFS is proceeding very well, there have been delays in the DFS process caused in part by COVID-19 issues in laboratories, the dramatic upturn in the workload of laboratories and therefore reduction in laboratory availability due to increase in demand in the lithium space, and logistical issues in the industry caused by the Ukrainian situation. The Company is currently reviewing the project timelines and will advise the market when it has completed this review. It is not expected that this will delay the critical path of the Project, as during this time the Company will be in the process of finalising permitting matters.

Post the reporting period, the Company appointed David Koch as the new CFO and Company Secretary.

### PFS UPDATE DELIVERS OUTSTANDING RESULTS

As announced on 19 January 2022, the 2019 PFS Update for the Cinovec Project has been updated to demonstrate the effect of changes in the mining process to incorporate the use of paste backfill, which results in an increase in annual production, together with changes in lithium and by-product prices to reflect current and expected market conditions.

#### DIRECTORS AND MANAGEMENT

**Keith Coughlan**  
EXECUTIVE CHAIRMAN

**Richard Pavlik**  
EXECUTIVE DIRECTOR

**Kiran Morzaria**  
NON-EXECUTIVE DIRECTOR

**Lincoln Bloomfield**  
NON-EXECUTIVE DIRECTOR

**David Koch**  
COMPANY SECRETARY

#### CORPORATE INFORMATION

ASX EMH

AIM EMH

NASDAQ ERP NF

Frankfurt E861.F

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The effect of the use of the paste backfill option was to enable the mining schedule to increase the mine life to 25 years whilst increasing the amount of ore mined to 2.25mtpa, thereby increasing the amount of lithium hydroxide produced each year from 25,267 tonnes to 29,386 tonnes.

The use of approximately 54% of the plant tailings for backfill will result in a far smaller environmental impact, with much smaller dry stack tailings storage required, further enhancing the already strong ESG credentials of the Project.

### **NPV8 (post tax) increases from US\$1.108B to US\$1.938B, an increase of 74.9%**

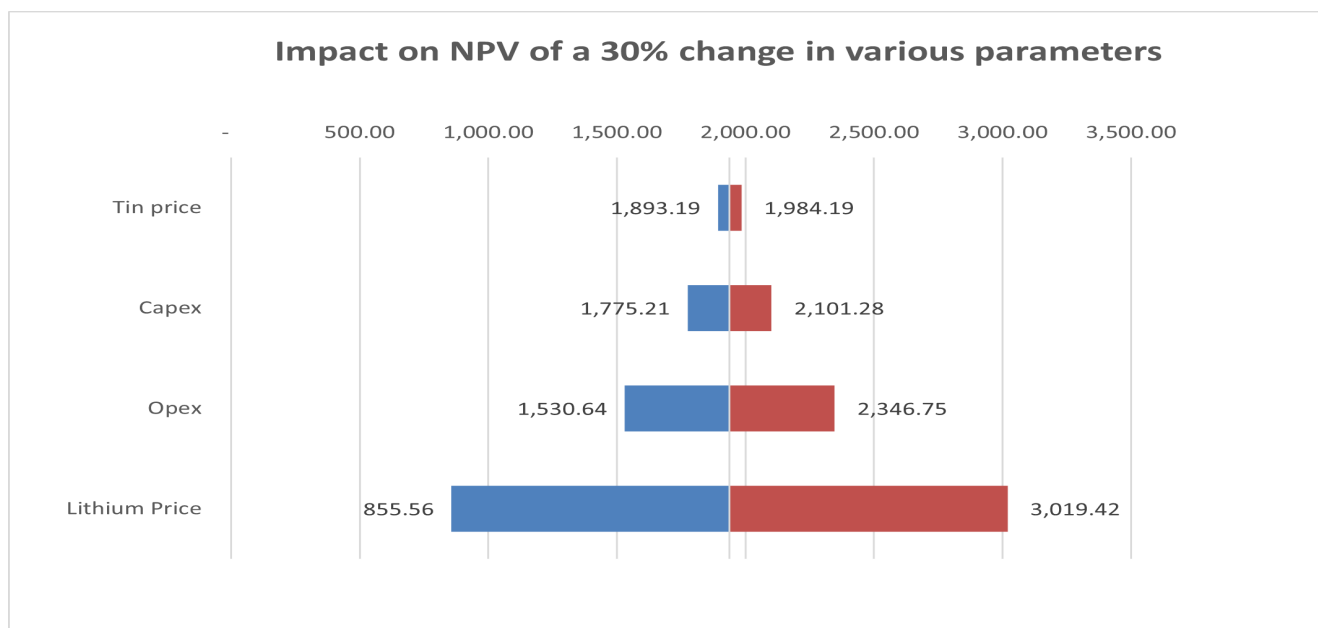
The 2022 PFS Update highlights the very strong increase in value which results from the increase in the price of battery-grade lithium hydroxide when combined with the use of backfill, and an increase in the overall production of battery-grade lithium hydroxide to 29,386 tpa. The 2022 PFS Update shows a NPV of US\$1.938B (post tax, 8%) and an up-front capital cost of US\$644M.

Metric	Value	Metric	Value
NPV @8% Discount	\$1,108 M	Average LiOH Production rate	25,267 tpa
IRR (Post tax)	28.8 %	Avg Production Cost (without credits)	\$4,876 /t LiOH
Capital Expenditure	\$482.6 M	Avg Production Cost (with credits)	\$3,435 /t LiOH
Total Mined Ore	34.4 Mt	Avg Mill Rate (yr. 3-20)	1.68 Mtpa
Peak Mill Feed	1.8 Mtpa	Life of Mine	21 years

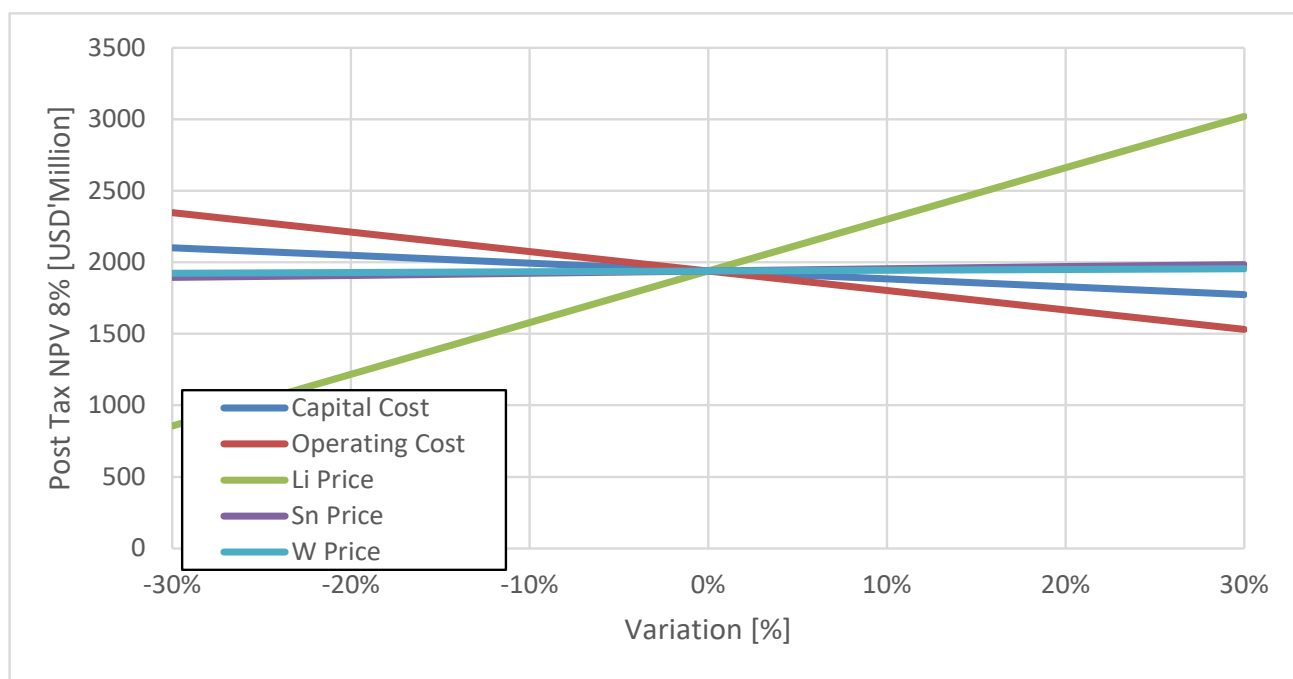
**Table 1: 2019 PFS Update Project Financial Summary**

Metric	Value	Metric	Value
NPV @8% Discount	\$1.94B	Average LiOH Production rate	29,386 tpa
IRR (Post tax)	36%	Avg Production Cost (without credits)	\$6,727 /t LiOH
Capital Expenditure	\$644 M	Avg Production Cost (with credits)	\$5,567 /t LiOH
Total Mined Ore	54.5 Mt	Avg Mill Rate (yr. 2-25)	2.25 Mtpa
Peak Mill Feed	2.34Mtpa	Life of Mine	25 years

**Table 2: 2022 PFS Update Project Financial Summary**



**Figure 1: Sensitivity Analysis**



**Figure 2: Sensitivity Analysis**

## APPOINTMENT OF NEW COMPANY SECRETARY AND CFO

Subsequent to the end of the quarter and as announced on 27 April 2022, the Company has appointed David Koch as the new Company Secretary, replacing Dennis Wilkins from DWCorporate. David was also appointed as the new Chief Financial Officer, replacing Wendy Lim from Everest Corporate.

## **CORPORATE AND ADMINISTRATION**

### **SUCCESSFUL PLACEMENT RAISES ~AUD14.4 M**

Subsequent to the end of the quarter and as announced on 19 January 2022, the company successfully completed a placement for 10,285,000 CDI's at an issue price of A\$1.40 per CDI to raise approximately A\$14.4 million (before costs) (Placement) from institutional clients of Euroz Hartleys. The Placement was well supported by Ellerston Capital, a leading Sydney based fund manager within excess of \$4 Billion in funds under management, which invested ~\$13million. The proceeds of the Placement will assist in the further development of the Cinovec Lithium Project, the largest hard rock lithium resource in Europe, and further general working capital.

### **QUARTERLY CASHFLOW REPORT**

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 31 March 2022. Included in those cashflows are cash receipts from Geomet of \$275k and cash outflow for Cinovec associated costs of \$34k in respect of the Company's investment in the Cinovec Lithium Exploration Project in the Czech Republic ("the Project").

### **PAYMENTS TO RELATED PARTIES**

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$126k in payments were made to related parties and their associates for director salaries, consultancy fees, superannuation and other related costs. A portion of these expenses are to be reimbursed directly from Geomet.

### **CORONAVIRUS**

The potential effects of the Cov-19 pandemic continue to be monitored for impact on the Company's operations. While the second wave has had more of an impact than the initial wave (March – May 2020) the Company has continued to use remote meeting tools (Zoom and MS Teams) to maintain project momentum, albeit not as efficiently as physical meetings would have allowed. The Executive Management team members closely monitor the ever-evolving Cov-19 circumstances and have determined that the pandemic has impacted the timing of laboratory test work and other FEED and DFS activities and has therefore contributed to the to delays in the completion of the DFS. Further updates will be provided in respect to the completion of the DFS and FID as more information becomes available (refer earlier comments on timelines on Page 1 of this Release).

The Executive Team has recommenced travel to the Czech Republic since the end of the Quarter, and expects that having good access to the Project, the local management team and the DFS providers will assist in accelerating the DFS work.

### **PERFORMANCE RIGHTS**

On 2 March 2022, the Company issued 3,600,000 unlisted Performance Rights to Executive Directors expiring 2 March 2025, and also issued 2,100,000 unlisted Performance Rights to management expiring 2 March 2025, per the terms and conditions of the Employee Securities Incentive Plan. The issue of these equity securities were per the terms and conditions resolved by shareholders at the Company's Annual General Meeting held on 17 December 2020.

On 14 February 2022, the Company issued 100,000 unlisted Performance Rights to Everest Corporate Pty Limited per the terms and conditions resolved by shareholders at the Company's Annual General Meeting held on 24 November 2021.

During the quarter, the Company formally cancelled 3,000,000 A Class Performance Shares that expired on 18 December 2021.

As at 29 April 2022 the company had on issue 5,800,000 performance rights.

**GEOMET TENEMENT SCHEDULE**
**Table 3: Geomet Tenements**

Permit	Code	Deposit	Interest at beginning of Quarter	Acquired / Disposed	Interest at end of Quarter
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 South	100%	N/A	100%
	Cinovec III	Cinovec East	100%	N/A	100%
	Cinovec IV	Cinovec NorthWest	100%	N/A	100%

**This announcement has been approved for release by the Board.**

## BACKGROUND INFORMATION ON CINOVEC

### PROJECT OVERVIEW

#### Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin 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. 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% Li<sub>2</sub>O and 0.08% Sn, Indicated Mineral Resource of 360.2Mt at 0.44% Li<sub>2</sub>O and 0.05% Sn and an Inferred Mineral Resource of 294.7Mt at 0.39% Li<sub>2</sub>O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent and 335.1kt of tin (refer to the Company's ASX release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li<sub>2</sub>O and 0.09% Sn 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 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, the fourth largest non-brine deposit in the world and a globally significant tin resource.

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

On 19 January 2022, EMH provided an update to the 2019 PFS Update, conducted by specialist independent consultants, which indicates a post-tax NPV of USD1.938B and a post-tax IRR of 36.3% 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. It confirmed the deposit is amenable

to bulk underground mining (refer to the Company's ASX 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 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.

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

There are no other material changes to the original information and all the material assumptions continue to apply to the forecasts.

## **BACKGROUND INFORMATION ON CEZ**

Headquartered in the Czech Republic, CEZ a.s. 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. CEZ's market capitalization is approximately EUR 22.1 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.

## **CONTACT**

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

## **COMPETENT PERSON**

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.

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.

### **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

### **LITHIUM CLASSIFICATION AND CONVERSION FACTORS**

Lithium grades are normally presented in percentages or parts per million (ppm). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percent lithium oxide ( $\text{Li}_2\text{O}$ ) content or percent lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) content.

Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to,  $\text{Li}_2\text{CO}_3$ . Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent  $\text{Li}_2\text{CO}_3$  value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of  $\text{Li}_2\text{CO}_3$  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 4 below:

**Table 4: Conversion Factors for Lithium Compounds and Minerals**

Convert from		Convert to Li	Convert to $\text{Li}_2\text{O}$	Convert to $\text{Li}_2\text{CO}_3$	Convert to $\text{LiOH} \cdot \text{H}_2\text{O}$
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	$\text{Li}_2\text{O}$	0.464	1.000	2.473	2.809
Lithium Carbonate	$\text{Li}_2\text{CO}_3$	0.188	0.404	1.000	1.136
Lithium Hydroxide	$\text{LiOH} \cdot \text{H}_2\text{O}$	0.165	0.356	0.880	1.000
Lithium Fluoride	LiF	0.268	0.576	1.424	1.618

## WEBSITE

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

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