**European Metals Holdings Limited**

ARBN 154 618 989

Suite 12, Level 1
11 Ventnor Avenue
West Perth WA 6005
PO Box 52
West Perth WA 6872
Phone + 61 8 6141 3500
Fax + 61 6141 3599
Website:
www.europeanmet.com



**Corporate Information**

ASX Code: EMH

CDIs on Issue: 100M



EUROPEAN METALS

**2 May 2016**

## OPTION TO USE L-MAX® TECHNOLOGY SIGNED

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (**ASX** and **AIM: EMH**) is pleased to announce that that it has entered into a licensing agreement option to utilize the L-Max® process directly with the owner and developer of the process, Lepidico Limited ("**Lepidico**").

**Highlights:**

- **Access to L-Max® technology – previously successfully used in European Metals Scoping Study on Cinovec ore**
- **Adds an additional option with regards to metallurgical process route to be investigated as part of the current Preliminary Feasibility Study**

European Metals Managing Director Keith Coughlan commented, "We are very pleased to have entered into this agreement with Lepidico giving us the option to conduct further work with them using the L-Max® technology. Our previous experience with the technology has been very encouraging, as have all our dealings with Lepidico. This brings to four the total number of processing alternatives now available to the Company. We will continue to work with Lepidico and Dorfner Anzaplan to determine the most economic process for the Cinovec project during the PFS period."

**Further Information**

The L-Max® process was used very successfully in the Company's Scoping Study last year and battery grade lithium carbonate was precipitated as part of that work using L-Max®. The key results of that work were:

- 98% of lithium recovered via flotation to concentrate;
- 99.5% of lithium recovered from concentrate via leaching;
- Short leach time; 97.6% of the lithium recovered in only 4 hours;
- 99.56% pure lithium carbonate precipitated from a sample of Cinovec ore;
- By-product potassium sulphate also successfully precipitated;
- Estimated operating cost approximately US$1,500 per tonne of lithium carbonate produced - after sulphate of potash credit.
  (On a project basis, and after tin and tungsten credits, operating cost estimates for lithium carbonate production are anticipated to reduce further.)

**Material Terms of Option to License**

The material terms of the option agreement with Lepidico are:

- Payment of a license option fee of $20,000;
- The term of the option is 12 months, which may be extended for a further 12 months by the payment of an additional option fee of $25,000;
- Upon exercise of option, the Company must make an additional payment of $30,000 plus the issuance of 890,215 CDI's in EMH and
- Under the licensing agreement, the Company is required to pay Lepidico a gross product royalty of 2% of all sales relating to lithium chemicals (and other by products) produced using the L-Max® technology.

The Company will continue further test work with Lepidico and German specialist testing and engineering firm, Dorfner Anzaplan (as announced in ASX release 31 March 2016), running a dual process strategy for the duration of the current PFS, scheduled for completion late in 2016.

**PROJECT OVERVIEW**

**Cinovec Lithium/Tin Project**

European Metals owns 100% of the Exploration Rights to the Cinovec lithium-tin deposit in the Czech Republic. Cinovec is an historic mine incorporating a significant undeveloped lithium-tin resource with by-product potential including tungsten, rubidium, scandium, niobium and tantalum and potash. Cinovec hosts a globally significant hard rock lithium deposit with a total Inferred Mineral Resource of 514.8Mt @ 0.43% $Li_2O$. Within this resource lies one of the largest undeveloped tin deposits in the world, with total Indicated and Inferred Mineral Resources of 79.7Mt grading 0.23% Sn for 183,000 tonnes of contained tin. The Mineral Resource estimates are based primarily on over 83,000 metres of historic drilling and 21.5 km of historic underground development completed by the Czechoslovakian Government from the 1960s through to the 1980s. The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

A Scoping Study conducted by specialist independent consultants indicates the deposit could be amenable to bulk underground mining. Metallurgical testwork has produced both battery grade lithium carbonate and high grade tin concentrate at excellent recoveries with the Scoping Study revealing a potential production cost of approximately $1,500 per tonne of lithium carbonate excluding tin and tungsten credits. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

**COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by European Metals Director Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist (certified by the American Institute of Professional Geologists), a member of the American Institute of Professional Geologists, a Fellow of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves and a Qualified Person for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears. Dr Reichl holds CDIs in European Metals.

The information in this release that relates to Mineral Resources and Exploration Targets has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

**CAUTION REGARDING FORWARD LOOKING STATEMENTS**

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

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

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

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

**LITHIUM CLASSIFICATION AND CONVERSION FACTORS**

Lithium grades are normally presented in percentages or parts per million (ppm). Grades of deposits are also expressed as lithium compounds in percentages, for example as a per cent. lithium oxide ($Li_2O$) content or per cent. lithium carbonate ($Li_2CO_3$) content.

Lithium carbonate equivalent (“**LCE**”) is the industry standard terminology for, and is equivalent to, $Li_2CO_3$. Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included further below to get an equivalent $Li_2CO_3$ value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of $Li_2CO_3$ from the deposit.

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

To convert the Li Inferred Mineral Resource of 514.8Mt @ 0.20% Li grade (as per the Competent Persons Report dated 2 November 2015) to $Li_2O$, the reported Li grade of 0.20% is multiplied by the standard conversion factor of 2.153 which results in an equivalent $Li_2O$ grade of 0.43%.

The standard conversion factors are set out in the table below:

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

| **Convert from** | | **Convert to Li** | **Convert to $Li_2O$** | **Convert to $Li_2CO_3$** |
|---|---|---|---|---|
| Lithium | Li | **1.000** | 2.153 | 5.323 |
| Lithium Oxide | $Li_2O$ | 0.464 | **1.000** | 2.473 |
| Lithium Carbonate | $Li_2CO3$ | 0.188 | 0.404 | **1.000** |

## WEBSITE

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

## TECHNICAL GLOSSARY

The following is a summary of technical terms:

| | |
|---|---|
| **"carbonate"** | refers to a carbonate mineral such as calcite CaCO3 |
| **"cut-off grade"** | lowest grade of mineralised material considered economic, used in the calculation of ore resources |
| **"deposit"** | coherent geological body such as a mineralised body |
| **"exploration"** | method by which ore deposits are evaluated |
| **"g/t"** | gramme 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 below entitled Explanation of Lithium Classification and Conversion Factors) |
| **"lithium"** | a soft, silvery-white metallic element of the alkali group, the lightest of all metals |
| **"lithium carbonate"** | the lithium salt of carbonate with the formula $Li_2CO_3$ |
| **"metallurgical"** | describing the science concerned with the production, purification and properties of metals and their applications |
| **"Mineral Resource"** | a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge; mineral resources are sub-divided into Inferred, Indicated and Measured categories |
| **"mineralisation"** | process of formation and concentration of elements and their chemical compounds within a mass or body of rock |
| **"Mt"** | million tonnes |
| **"ppm"** | parts per million |
| **"recovery"** | proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present |
| **"resources"** | Measured: a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability |
| **"stope"** | underground excavation within the orebody where the main production takes place |
| **"t"** | a metric tonne |
| **"tin"** | A tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO2 |
| **"treatment"** | Physical or chemical treatment to extract the valuable metals/minerals |
| **"tungsten"** | hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram |
| **"W"** | chemical symbol for tungsten |

## ADDITIONAL GEOLOGICAL TERMS

| | |
|---|---|
| **"apical"** | relating to denoting an apex |
| **"cassiterite"** | A mineral, tin dioxide, $SnO_2$. Ore of tin with specific gravity 7 |
| **"cupola"** | A dome-shaped projection of the igneous rock of a batholith. Many stocks are cupolas on batholiths |
| **"dip"** | the true dip of a plane is the angle it makes with the horizontal plane |
| **"granite"** | coarse-grained igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz, and balance of plagioclase feldspars and ferromagnesian silicates |
| **"greisen"** | A pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals |
| **"igneous"** | said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma |
| **"muscovite"** | also known as potash mica; formula: $KAl_2(AlSi_3O_{10})(F,OH)_2$. |
| **"quartz"** | a mineral composed of silicon dioxide, $SiO_2$ |
| **"rhyolite"** | An igneous, volcanic rock of felsic (silica rich) composition. Typically >69% $SiO_2$ |
| **"vein"** | a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle |
| **"wolframite"** | A mineral, $(Fe,Mn)WO_4$; within the huebnerite-ferberite series |
| **"zinnwaldite"** | A mineral, $KLiFeAl(AlSi_3)O_{10}(F,OH)_2$; mica group; basal cleavage; pale violet, yellowish or greyish brown; in granites, pegmatites, and greisens |

**ENQUIRIES:**


**European Metals Holdings Limited**

Keith Coughlan, Chief Executive Officer — Tel: +61 (0) 419 996 333
Email: keith@europeanmet.com

Kiran Morzaria, Non-Executive Director — Tel: +44 (0) 20 7440 0647

Julia Beckett, Company Secretary — Tel: +61 (0) 6141 3504
Email: julia@europeanmet.com

**Beaumont Cornish (Nomad & Broker)** — Tel: +44 (0) 20 7628 3396
Michael Cornish
Roland Cornish