

**European Metals  
Holdings Limited**

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**Directors**

David Reeves  
Non-Executive Chairman

Keith Coughlan  
Managing Director

Dr Pavel Reichl  
Non-Executive Director

**Company Secretary**

Ms Julia Beckett

**Corporate Information**

ASX Code: EMH

CDIs on Issue: 87M

Market Cap: \$16.5M



**EUROPEAN METALS**

**20th OCTOBER 2015**

**LITHIUM BULK SAMPLE COLLECTION AND PROJECTED LITHIUM  
CARBONATE PRODUCTION COST**

European Metals Holdings Limited ("**European Metals**" or "**the Company**") (ASX: **EMH**) is pleased to announce that pre-concentration and subsequent milling of a lithium bulk sample from the Cinovec Lithium-Tin-Tungsten Project ("**the project**" or "**Cinovec**") in the Czech Republic has now been completed.

**Key Points:**

- **420kg of lithium mica concentrate recovered**
- **Mica concentrated by magnetic separation, excellent recoveries at coarse grind of 1,200 micron**
- **Potential to lower project capex and opex**
- **Concentrate now being shipped to Australia**
- **Mini-plant run on concentrate to produce lithium carbonate planned for Q4 2015 in conjunction with Lithium Australia (LIT:ASX)**
- **Lithium carbonate production cost including tin/tungsten by-product credits estimated to be approximately \$800/t**

**European Metals CEO Mr Keith Coughlan said** "I am pleased to report that we have now collected 420kg of lithium mica concentrate from our 100% owned Cinovec Project. This concentrate was recovered by magnetic separation instead of the previously utilized flotation method. This allowed us to use a coarser grind size while maintaining high recoveries, which will impact positively on both project capex and opex.

The sample is now being shipped to Australia for a mini-plant run utilizing the lithium mica technology licensed to Lithium Australia with whom we have a non-binding HOA covering the process. We look forward to this next stage where we will produce lithium carbonate on a continuous basis with enough sample recovered to start engaging with potential end-users.

With our focus now being directed at the lithium component of this multi-element deposit, we have re-calculated the cost of lithium carbonate production to include tin and tungsten as by-products, based on inputs from the Scoping Study (*refer to ASX announcement 1 May 2015*). This results in an estimated production cost of approximately \$800/t, which is substantially lower than any existing or projected producers and shows the value of the massive multi-commodity Cinovec orebody."

## CAUTIONARY STATEMENT

The Scoping Study referred to in this announcement is based on low level technical and economic assessments and is of insufficient certainty, under the JORC Code and ASX Listing Rules and guidance, to permit the technical and economic parameters required to imply economic viability. Investors should note that for the Company to establish economic viability of the Cinovec Project, the Company would need to upgrade an appropriate portion of its Inferred Mineral Resource to a higher level of confidence with sufficient consideration of mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. There is no assurance of an economic development case at this stage, or any certainty that conclusions of the study will be realised. The Scoping Study is based on the Company's Indicated and Inferred Mineral Resource and should not be solely relied upon by investors when making investment decisions.

## Bulk Concentrate Recovery

The bulk sample was ground to 1,200 micron and run through a high intensity dry magnetic separator, producing concentrate weighing 420kg and averaging 2.5% Li<sub>2</sub>O. This concentrate was then ground to 80% passing 30 micron before packaging and transport to Australia for the planned lithium carbonate mini-plant run.



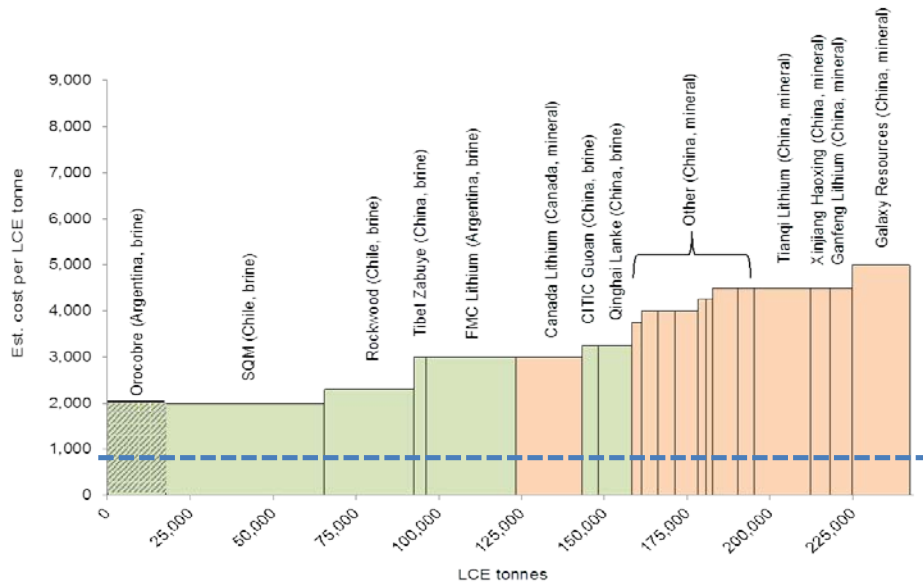
Figure 1: Lithium mica concentrate

## Lithium Carbonate Costing

Based on inputs to the Company's positive Scoping Study (*refer to ASX announcement 1 May 2015*), the projected cost of production for lithium carbonate has been quoted as less than \$2,000/t. With the focus of the Company now squarely on the huge lithium potential of Cinovec, the cost of production has been re-calculated to include tin and tungsten as by-product credits. Using inputs from the Scoping Study, the projected cost of lithium carbonate production drops to approximately \$800/t.

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This cost is substantially lower than the cost incurred by any current producers or the projected cost for any potential producers. Such a positive peer comparison serves to underline the quality of the Cinovec deposit from a global perspective.



**Figure 2: Potential cost of Cinovec lithium carbonate production, including all by-products**

## ABOUT THE PROJECT

Cinovec is a globally significant lithium and tin deposit with the potential to be a very low cost producer of lithium carbonate.

### Key Points

- Largest lithium deposit in Europe
- Positive Scoping Study completed
- Potential to be the lowest cost lithium carbonate producer
- Centrally located to major European end-users

## 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. Cinovec hosts a globally significant hard rock lithium deposit with a total Inferred Mineral Resource of 514.8Mt @ 0.43% Li<sub>2</sub>O. 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 183kt of contained tin. The Mineral Resource estimates are based primarily on over 83,000m of historic drilling and 21.5km of historic underground exploration drifting completed by the Czechoslovakian Government from the 1960s through to the 1980s. The deposit has previously had over 400,000 tonnes trial mined as a sub-level open stope underground mining operation.

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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 \$800 per tonne of lithium carbonate including 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 5km north and 8km south of the deposit and an active 22kV 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. 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.

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**COMPANY SECRETARY**