European Metals

ARBN 154 618 989 | ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF

Annual Report

30 JUNE 2022

CORPORATE DIRECTORY

Directors

Mr Keith Coughlan	Executive Chairman
Mr Richard Pavlik	Executive Director
Mr Kiran Morzaria	Non-Executive Director
Ambassador Lincoln Palmer Bloomfield, Jr	Non-Executive Director

Company Secretary
Mr David Koch

Registered Office in Australia
Level 3
35 Outram Street
West Perth WA 6005
Telephone 08 6245 2050
Facsimile 08 6245 2055
Email www.europeanmet.com

Registered Address and Place of Incorporation – BVI
Woodbourne Hall
PO Box 3162
Road Town
Tortola VG1 110
British Virgin Islands

Share Register - Australia
Computershare Investor Services Limited
Level 11
172 St Georges Terrace
Perth WA 6000
Telephone 1300 850 505 (within Australia)
Telephone +61 3 9415 4000 (outside Australia)
Facsimile 1800 783 447 (within Australia)
Facsimile +61 3 9473 2555 (outside Australia)

Auditor
Stantons International Audit and Consulting Pty Ltd
Level 2, 40 Kings Park Road
West Perth WA 6005
Telephone +61 8 9481 3188
Facsimile +61 8 9321 1204

Securities Exchange Listing - Australia
ASX 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
300 Vesey Street, 12th Floor
New York City
NY 10282 United States
OTCQX Codes: EMHXY, ERPNF and EMHLF

Registered Office in Czech Republic
GEOMET s.r.o.
Ruska 287
417 01 Dubi Bystrice
The Czech Republic
Telephone +420 732 671 666

AIM Nominated Advisor & Joint Broker
WH Ireland Ltd
24 Martin Lane
London EC4R 0DR
United Kingdom

Joint Broker
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF
United Kingdom

UK Depository
Computershare Investor Services plc
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
United Kingdom

Reporting Accountants (UK)
Chapman Davis LLP
2 Chapel Court
London SE1 1HH
United Kingdom

Securities Exchange Listing – United Kingdom
London Stock Exchange plc
10 Paternoster Square
London EC4M 7LS
United Kingdom
AIM Code: EMH

European Metals

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ABOUT EUROPEAN METALS

European Metals Holdings (ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF) is a mineral exploration and development company advancing the Cinovec vertically integrated battery metals project in Czech Republic. The strategic location and size of the Cinovec Project is perfectly placed to capitalise on the EU's accelerated transition to renewable energy and electric vehicles.

CHAIRMAN'S LETTER

Dear Shareholders

Welcome to the 2022 Annual Report for European Metals Holdings Limited ("European Metals" or "the Company").

On behalf of the Board of Directors, I am pleased to report to you on what has been another busy and productive year for your Company, in which the foundation has been set to finalise our studies, secure project finance and long-term high quality off take agreements and take the project towards a final investment decision. Our stated strategy is to become a Czech based lithium and tin producer. Significant progress has been made in the past year towards that goal, and along with the further improvement in macro conditions, we are moving closer towards making that goal a reality.

The lithium price has increased dramatically over the past year and there is a growing awareness of the need to secure long-term supply. The status of Cinovec as the largest hard rock lithium project in Europe enhances its importance to European supply security. In September, the President of the European Commission announced the European Critical Raw Materials Act - legislation to assist in the development of projects like Cinovec. We expect this legislation specifically, and the growing European awareness in general, to greatly assist in the development of the Cinovec Project.

Project development highlights over the year were primarily reflected in the update of the Project's Preliminary Feasibility Study (PFS), a significant resource upgrade, and the publication of a very positive independent Life Cycle Assessment (LCA) – a report into the ESG credentials of the Project.

The updated PFS, released in January, demonstrated significant enhancements to the financial model based on the introduction of a back fill model and the effect of higher prices for the Project's main products, lithium and tin. At that time, the Project NPV_8 increased 75% to USD 1.94b (post tax) with an IRR of post-tax 36.3%. This was based on an increase in production of lithium hydroxide of 16% to ~29,400 tonnes pa. This update assumed a lithium hydroxide price of USD 17,000 per tonne. With that price sitting in the vicinity of USD 70,000 per tonne at the time of writing this report, we expect the Project's financial credentials have further improved dramatically.

The Company announced a significant resource upgrade at the Project earlier in the year. This was the culmination of a drilling campaign at Cinovec South, comprising 22 diamond drill core holes for 6,622 metres, with the goal of increasing resource certainty in the existing resource model in and around the initial planned mining areas and upgrading part of the resource from the Indicated category to the higher confidence Measured category. The goals of the campaign were certainly met, with in excess of 53 million tonnes re-classified into Measured Resource category and in excess of 28 million tonnes re-classified into Indicated Resource category. The overall lithium resource at Cinovec was increased to 7.39 million tonnes Lithium Carbonate Equivalent – the 4th largest hard rock lithium deposit in the world.

Shareholders would no doubt be aware of the growing importance of Environmental, Social and Governance (ESG) credentials of mining projects. The Company engaged Minviro Ltd, an independent environmental consultancy to undertake an LCA of the Project during the period. The LCA assessed the Project's credentials in the key areas of Global Warming Potential, water usage, and acidification. The assessment concluded that the Project rated very well in the three key areas and could have one of the lowest CO_2 intensities of all global lithium projects. This formal assessment supports the Company's view that the Project will also have a minimal impact on the local community at Cinovec. The Company feels that the positive ESG profile and the low impact nature of the development will assist in the timely granting of the permits necessary to develop the Project.

Financially the Company is in a very sound position with approximately AUD 18.6m at bank at the time of this report. In addition, the project company, Geomet is also well funded and we do not envisage the need to seek additional funding until Final Investment Decision, at which point a full Project Financing is expected to be completed.

CHAIRMAN'S LETTER

The Definitive Feasibility Study and associated works continue, although there have been some delays related primarily to Covid-19 and the effect that has had on logistics globally. Whilst we have had no direct Covid-19 related issues at site, moving samples and our people has been problematic at times. There has also emerged a shortage of key technical staff with lithium experience, given the current nature of the lithium market. The Company has been successful in addressing this to a degree with the addition to the team of some key members.

Despite these delays, we have made steady progress of the Project with continued positive developments in optimisation work and permitting advancement. The latter of these factors has been greatly enhanced by the work of our project partner, CEZ who has significant and long- term expertise in this area within the Czech Republic.

Cinovec advances towards being a significant producer of lithium for the European market at a time where this sector is displaying unprecedented growth. The demand for electric vehicles, batteries and therefore lithium is growing faster in Europe than anywhere else in the world. The size, location, economics and ESG credentials of the Cinovec Project place it in an enviable position to become a significant contributor to the solution of critical metals security in Europe.

Finally, I would like to take this opportunity to thank all staff, advisors, contractors, our Project partners, CEZ and our shareholders who have supported us over the past year. I look forward to updating you throughout the new financial year as we continue to advance the Cinovec Project.

Keith Coughlan
EXECUTIVE CHAIRMAN

REVIEW OF OPERATIONS

PROJECT REVIEW

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project.

Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. CEZ is a significant energy group listed on various European Exchanges with the ticker CEZ.

Cinovec hosts a globally significant hard-rock lithium deposit with a total Measured, Indicated and Inferred Mineral Resource of 708.2Mt at 0.43% Li2O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent and 335.1kt of tin, as reported to ASX on 13 October 2021 (Resource Upgrade at Cinovec Lithium Project).

This followed previous reports, 28 November 2017 (Further Increase in Indicated Resource at Cinovec South). An initial Probable Ore Reserve of 34.5Mt at 0.65% Li2O and 0.09% Sn reported on 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 battery-grade lithium carbonate reported on 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 focussed on the recovery of tin only. In January 2022 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV_8 of USD1.94B and a post-tax IRR of 36.3%. The study 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. Metallurgical test-work has produced both battery grade lithium hydroxide and battery grade lithium carbonate in addition to high-grade tin concentrate.

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.

PARTNERSHIP AGREEMENT WITH EUROPEAN UNION BODY

On 28 July 2020, the Company announced that a "Value Added Services Agreement" with KIC InnoEnergy SE ("EIT InnoEnergy", part of the European Institute of Innovation and Technology), the principal facilitator and organiser of the European Battery Alliance, had been entered into by Geomet in respect of the Cinovec Lithium Project. The purpose of the financing agreement with EIT InnoEnergy is to support the construction financing and ultimate commercialisation of Cinovec by EIT InnoEnergy providing assistance to support the:

- Sourcing of construction finance;
- Securing of grant funding; and
- Assisting in offtake introductions and negotiations.

APPOINTMENT OF LEADING GLOBAL ENGINEER

SMS group Process Technologies GmbH was appointed as the lead engineer for the minerals processing and lithium battery-grade chemicals production at the Cinovec Project in September 2020. SMS group will provide a complete Front-End Engineering Design ("FEED") study as the major component of the ongoing Definitive Feasibility Study ("DFS") work at Cinovec.

REVIEW OF OPERATIONS

APPOINTMENT OF LEADING GLOBAL ENGINEER (CONTINUED)

Headquartered in Dusseldorf, the German family-owned SMS group is one of the world's leading companies in plant construction and mechanical engineering for the technology metals and materials sector. SMS group is also a world leader in electrical and automation systems including digital solutions for self-learning processing plants to continuously optimise plant performance, product quality and energy consumption. Under the Agreement, SMS will provide the following to the Cinovec Project:

- Full process integration from the point of delivery of ore to the underground crusher through to the delivery of finished battery-grade lithium chemicals for battery and cathode manufacturers.
- The FEED will include all of the process steps – comminution, beneficiation, roasting, leaching and purification.
- The FEED will encompass both the lithium process flowsheet and the tin/tungsten recovery circuit delivering metal concentrates to refineries.
- The FEED is intended to deliver a binding fixed price lump sum turnkey EPC contract with associated process guarantee and product specification guarantees for battery-grade lithium chemicals. The combination of these will greatly assist to underwrite project financing from leading European and global financial institutions lending into this new energy EV-led industrial revolution.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG and impact investing have become key criteria for both investors and fund managers, leading a new path to how companies are being assessed. The acceleration has been driven by heightened social, governmental and consumer attention on the broader impact of corporations, as well as by the investors and executives who acknowledge that a strong ESG proposition is a key indicator of a company's long-term success. ESG reporting offers a tool and roadmap for investors and society to hold companies to account, to make sure that the issues such as climate change, social justice, equality, diversity and environmental protection are reflected and appropriately addressed by the company in focus.

European Metals has focused very strongly on the Project's ESG criteria and during 2021 adopted a set of ESG metrics and disclosures following the recommendations released by the World Economic Forum ("WEF") in Geneva, Switzerland which are acknowledged as the gold standard for ESG reporting. The key points of this initiative are –

- Establishment of an ESG Committee at Board level, to be chaired by Ambassador Lincoln Bloomfield who has considerable private sector experience centred on sustainability, resilience and renewable energy.
- Engagement of Socialsuite ESG technology platform - a global leader in ESG impact management systems and sustainability reporting.
- Initiation of ESG reporting, monitoring and improvement for European Metals utilising Socialsuite.
- EMH's ESG transparency commitment will include an independent lithium production Life Cycle Assessment ("LCA") which will includes a full carbon footprint assessment.

LITHIUM LIFE CYCLE ASSESSMENT SPECIALIST ENGAGED

In line with the stated ESG adoption, the Project engaged UK-based and globally recognised sustainability and life cycle assessment consultancy, Minviro, to provide an ISO compliant life cycle assessment ("LCA") of the Cinovec project.

This assessment covered both battery-grade lithium carbonate and battery grade lithium hydroxide and was benchmarked against global lithium peers. Minviro was actively engaged to identify decarbonisation optimisation in the developing feasibility study for Cinovec.

REVIEW OF OPERATIONS

CORPORATE

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 Company announced the appointment of Mr David Koch as the Company Secretary on 27 April 2022 (**Change of Company Secretary**).

On 12 May 2022, the Company announced that it had accepted to trade on the globally renowned US based OTCQX ® Best Market Platform, which is run by the OTC Markets Group, following increased US investor interest in European Metals' Cinovec project, the largest hard rock lithium deposit in Europe.
The Company commenced trading on 12 May 2022 under the symbols "EMHLF"; "EMHXY"; and "ERPNF" (**Commencement of trading on OTCQX Best Market**).

COVID-19 UPDATE

The Coronavirus (COVID-19) pandemic is ongoing and has had a negative impact on the Project's timelines. Travel logistics globally have improved since the end of the period, however it is difficult to estimate the ongoing potential impact. The situation is rapidly developing and is dependent on measures imposed by various governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

DIRECTORS' REPORT

Your Directors present their report, together with the consolidated financial statements of the Group, being European Metals Holdings Limited ("EMH" or the "Company") and its controlled entities ("Group"), for the year ended 30 June 2022.

Directors
The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

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 Palmer Bloomfield, Jr	Non-Executive Director	Appointed 3 January 2021

Principal Activities

The Group is primarily involved in the development of the Cinovec lithium and tin project in the Czech Republic.

Review of Operations

The 2022 Financial Year has been one of significant growth and development for the Group. For further information refer to the Project Review section of this report.

Results of Operations

The consolidated loss after tax for year ended 30 June 2022 was $6,802,895 (2021: $3,962,450).

Financial Position

The net assets of the Group have increased by $10,521,595 to $35,799,510 at 30 June 2022 (2021: $25,277,915).

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 section of this report.

Dividends Paid or Recommended

No dividends were declared or paid during the year and the Directors do not recommend the payment of a dividend for the period.

DIRECTORS' REPORT

Information on Directors

Keith Coughlan	Executive Chairman – Appointed 30 June 2020 Previously Managing Director (CEO) – Appointed 6 September 2013 to 30 June 2020
Qualifications	BA
Experience	Mr Coughlan has had almost 30 years' experience in stockbroking and funds management. He has been largely involved in the funding and promoting of resource companies listed on ASX, AIM and TSX. He has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds management organizations.
Interest in CDIs/shares and Options	Mr Coughlan held, at the end of the financial year, a 850,000 CDIs/shares direct interest and 4,900,000 CDIs/shares indirect interest held by Inswinger Holdings Pty Ltd, an entity of which Mr Coughlan is a director and a shareholder.
Performance Rights	On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Coughlan (or his nominee). These Performance Rights have been issued on 2 March 2022.
Special Responsibilities	Member of Nomination Committee Member of Environment, Social and Governance Committee
Directorships held in other listed entities	Non-Executive Chairman of Doriemus plc Mr Coughlan was previously a Non-Executive Director of Calidus Resources Limited
Richard Pavlik	Executive Director – Appointed 27 June 2017
Qualifications	Masters Degree in Mining Engineer
Experience	Mr Pavlik is the Chief Advisor to the CEO of Geomet s.r.o, and is a highly experienced Czech mining executive. Mr Pavlik holds a Masters Degree in Mining Engineer from the Technical University of Ostrava in Czech Republic. He is the former Chief Project Manager and Advisor to the Chief Executive Officer at OKD. OKD has been a major coal producer in the Czech Republic. He has almost 30 years of relevant industry experience in the Czech Republic. Mr Pavlik also has experience as a Project Analyst at Normandy Capital in Sydney as part of a postgraduate program from Swinburne University. Mr Pavlik has held previous senior positions within OKD and New World Resources as Chief Engineer, and as Head of Surveying and Geology. He has also served as the Head of the Supervisory Board of NWR Karbonia, a Polish subsidiary of New World Resources (UK) Limited. He has an intimate knowledge of mining in the Czech Republic.
Interest in CDIs/shares and Options	Mr Pavlik has 300,000 CDIs/shares direct interest
Performance Rights	On 17 December 2020, the shareholders approved the grant of 1,200,000 Performance Rights to Mr Pavlik (or his nominee). These Performance Rights have been issued on 2 March 2022.
Special Responsibilities	Member of Environment, Social and Governance Committee Member of Nomination Committee
Directorships held in other listed entities	Nil

DIRECTORS' REPORT

Information on Directors (continued)

Kiran Morzaria	Non-Executive Director – Appointed 10 December 2015
Qualifications	Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School
Experience	Mr Morzaria has extensive experience in the mineral resource industry working in both operational and management roles. He spent the first four years of his career in exploration, mining and civil engineering before obtaining his MBA. Mr Morzaria has served as a director of a number of public companies in both an executive and non-executive capacity.
Interest in CDIs/shares and Options	Mr Morzaria has 200,000 CDIs/shares direct interest. Mr Morzaria is a director and chief executive of Cadence Minerals Plc which owns 16,444,914 CDIs/shares. Mr Morzaria has no control on the acquisition or sale of the shares held by Cadence Minerals plc.
Special Responsibilities	Chair of Remuneration Committee Chair of Nomination Committee Member of Audit and Risk Committee Member of Environment, Social and Governance Committee
Directorships held in other listed entities	Chief Executive Officer and Director of Cadence Minerals plc and Director of UK Oil & Gas plc. Mr Morzaria was previously a Director of Bacanora Minerals plc.

Lincoln Palmer Bloomfield Jr.	Non-Executive Director – Appointed 3 January 2021
Qualifications	Harvard College (cum laude, Government, 1974), Fletcher School of Law and Diplomacy (M.A.L.D., 1980)
Experience	Ambassador Bloomfield is based in Washington, DC, and brings governance and regulatory experience, years of international diplomacy and security expertise to the EMH Board, along with a North American presence while his private sector experience is centered on sustainability, resilience and renewable energy.
Interest in CDIs/shares and Options	Ambassador Bloomfield has 182,500 direct interest in CDIs/shares.
Special Responsibilities	Chair of Environment, Social and Governance Committee Chair of Audit and Risk Committee Member of Remuneration Committee Member of Nomination Committee
Directorships held in other listed entities	Nil

DIRECTORS' REPORT

Company Secretary

Mr David Koch (appointed 27 April 2022)
Mr Koch is a Chartered Secretary and CPA with 30+ years' experience working in the precious metals and mining services industries. He is a Fellow of the Governance Institute of Australia and holds a Bachelor of Business with majors in Accounting and IT, and a Graduate Diploma of Applied Corporate Governance. Formerly, he has held various senior corporate governance, risk, and financial management positions with ASX listed entities and public/private partnerships, including more recently with The Perth Mint (Gold Corporation). Mr Koch also serves as the Chief Financial Officer of the Company.

Director Meetings

The number of Directors' meetings and meetings of Committees of Directors held during the year and the number of meetings attended by each of the Directors of the Company during the year is:

	Directors' Meetings	
Name	**Number attended**	**Number eligible to attend**
Keith Coughlan	5	5
Richard Pavlik	5	5
Kiran Morzaria	5	5
Lincoln Palmer Bloomfield, Jr	5	5

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

i. The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
ii. The Company has paid premiums of $93,090 (2021: $73,500) to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
iii. No indemnity or insurance of auditors has been paid.

CDIs/shares under option/warrant

During the year, no unquoted options and warrants were issued to consultants.

Unissued CDIs/shares of European Metals Holdings Limited under option and warrant at the date of this report is as follows:

Expiry date	Exercise Price	Number under option/warrants
31 December 2022	25 cents	10,000,000
23 October 2023	42 cents	2,024,000
23 October 2023	45 cents	600,000
31 January 2023	$1.10	1,200,000

DIRECTORS' REPORT

CDIs/shares under option/warrant (continued)

During the year ended 30 June 2022, the following ordinary shares were issued on the exercise of options granted:

Issued to	Grant date/Issue date	Exercise Price	Number of Shares Issued
Consultant	25 September 2020/ 16 July 2021	42 cents	238,000
Consultant	8 October 2020/4 March 2022	45 cents	400,000

No options/warrants were exercised since the end of the reporting year.

No person entitled to exercise the option or warrant has or has any right by virtue of the option or warrant to participate in any share issue of any other body corporate.

Performance Rights

Performance rights on issue at the date of this report is as follows:

Issued to	Grant date/Issue date	Expiry date	Number on issue
Consultant	24 November 2021/30 November 2021	30 November 2024	100,000
Keith Coughlan	17 December 2020/2 March 2022	2 March 2025	2,400,000
Richard Pavlik	17 December 2020/2 March 2022	2 March 2025	1,200,000
Employee in terms of ESIP	27 February 2022 /2 March 2022	2 March 2025	1,200,000
Consultant	22 February 2022/ 2 March 2022	2 March 2025	900,000
	29 August 2022/ 1 September 2022	2 March 2025	750,000

Environmental, Social and Governance

The Company has adopted a set of Environmental, Social and Governance ("ESG") metrics and disclosures following the recommendations released by the World Economic Forum ("WEF") in Geneva, Switzerland which are acknowledged as the gold standard for ESG reporting.

The establishment of an ESG Committee at Board level is chaired by Ambassador Lincoln Bloomfield who has considerable private sector experience centred on sustainability, resilience and renewable energy. Ambassador Bloomfield has stated, "European Metals is making every effort to ensure that any finished product containing our lithium will satisfy the public's need for assurance that high ESG standards have been upheld at every stage of our production process. We are committed to the well-being of our workforce, minimizing environmental impact throughout our process, and being a good neighbour within the local community".

The Company engaged Socialsuite ESG technology platform - a global leader in ESG impact management systems and sustainability reporting.

The Company has deployed Socialsuite's ESG technology platform to set its initial ESG baseline in its first quarterly ESG dashboard. With a tailored action plan, the Company will focus on delivering and reporting ongoing progress toward disclosing and improving ESG metrics and indicators. Socialsuite's ESG reporting technology provides an easy way for investors and other stakeholders to assess the commitment and progress of the Company on its journey to create "best in class" ESG credentials and outcomes.

The Company's ESG transparency commitment is a precursor to an independent lithium production Life Cycle Assessment2 ("LCA") which includes a full Carbon Footprint assessment.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

Stantons has not provided any non-audit services during the year.

Significant events after the reporting date

There have been no significant events arising after the reporting date.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 19 of the financial report.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of the Company, and key management personnel ("KMP"). The Directors are pleased to present the remuneration report which sets out the remuneration information for European Metals Holdings Limited's Non-Executive Directors, Executive Directors and other key management personnel.

A. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Board reviews Executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-executive Directors at commercial market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold CDIs/shares in the Company.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

A. Principles used to determine the nature and amount of remuneration (continued)

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of Directors' and Executives' interests in CDIs/shares, options and performance shares at year end, refer to the remuneration report.

B. Details of Remuneration

Details of the nature and amount of each element of the emoluments of each of the KMP of the Company (the Directors) for the year ended 30 June 2022 are set out in the following tables:

The maximum amount of remuneration for Non-Executive Directors is $300,000 as approved by shareholders.

During the financial period, the Company did not engage any remuneration consultants.

2022

Group Key Management Personnel	**Short-term benefits**				**Post-employment benefits**	**Long-term benefits**	**Equity-settled share-based payments**		**Total**	**% of remuneration as share based payments**
	Salary, fees and leave	**Profit share and bonuses**	**Non-monetary**	**Other**	**Super-annuation**	**Long Service Leave**	**Equity**	**Rights/ Options**		
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Keith Coughlan(i)	318,000	51,226	-	27,160	31,800	6,263	-	1,264,087	1,698,536	74
Kiran Morzaria(ii)	43,570	-	-	-	-	-	-	-	43,570	-
Richard Pavlik	79,351	35,431	-	-	-	-	-	632,043	746,825	85
Lincoln Palmer Bloomfield, Jr	50,741	-	-	-	-	-	-	-	50,741	-
	491,662	86,657	-	27,160	31,800	6,263	-	1,896,130	2,539,672	75

Notes:
(i) During the financial year, a total of $137,280 of Mr Coughlan's remuneration was reimbursed by Geomet s.r.o.
(ii) Includes $3,507 accrual of June 2022 fee.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

B. Details of Remuneration (continued)

2021

Group Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as share based payments
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Long Service Leave	Equity	Rights/ Options		
Directors	$	$	$	$	$	$	$	$	$	
Keith Coughlan(i)	279,000	99,490	-	27,407	27,345	17,825	-	-	451,067	-
Kiran Morzaria	33,567	-	-	-	-	-	-	-	33,567	-
Richard Pavlik	-	50,469	-	-	-	-	-	-	50,469	-
Lincoln Palmer Bloomfield, Jr (ii)	27,468	19,714	-	-	-	-	-	-	47,182	-
	340,035	169,673	-	27,407	27,345	17,825	-	-	582,285	-

Notes:
(i) During the financial year, a total of $137,280 of Mr Coughlan's remuneration was reimbursed by Geomet s.r.o.
(ii) Includes $4,689 accrual of June 2021 fee.

C. Service Agreements

It was formally agreed at a meeting of the directors that the following remuneration be established; there are no formal notice periods, leave accruals or termination benefits payable on termination.

Mr Keith Coughlan, Executive Chairman, received a salary of $318,000 plus statutory superannuation contribution from 1 Jan 2021 to 30 June 2022.

D. Share-based compensation

During the financial year, nil CDIs/shares were issued to KMP under the Employee Securities Incentive Plan (ESIP) (2021: nil).

Loan CDIs/shares on issue to KMP under the ESIP are as follows:

30 June 2022	Loan CDIs/shares Grant Details			Exercised		Lapsed/Cancelled		Balance at End of Year	
	Grant Date	No.	Value $	No.	Value $	No.	Value $	No. Vested	Value $
Group KMP									
Keith Coughlan	30 Nov 2017	850,000	592,245	-	-	-	-	850,000	592,245
Richard Pavlik	30 Nov 2017	300,000	209,028	-	-	-	-	300,000	209,028
Kiran Morzaria	30 Nov 2017	200,000	139,352	-	-	-	-	200,000	139,352
		1,350,000	**940,625**	-	-	-	-	**1,350,000**	**940,625**

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

D. Share-based compensation (continued)

30 June 2021	Loan CDIs/shares Grant Details			Exercised		Lapsed/Cancelled		Balance at End of Year	
	Grant Date	No.	Value $	No.	Value $	No.	Value $	No. Vested	Value $
Group KMP									
Keith Coughlan	30 Nov 2017	850,000	592,245	-	-	-	-	850,000	592,245
Richard Pavlik	30 Nov 2017	300,000	209,028	-	-	-	-	300,000	209,028
Kiran Morzaria	30 Nov 2017	200,000	139,352	-	-	-	-	200,000	139,352
		1,350,000	**940,625**	-	-	-	-	**1,350,000**	**940,625**

The terms of the loan CDIs/shares are disclosed in Note 17.

E. Options issued for the year ended 30 June 2022

No options were issued as part of the remuneration for the year ended 30 June 2022 (2021: nil).

F. Performance Rights granted for the year ended 30 June 2022

30 June 2022	Performance Rights Details			Exercised		Lapsed		Balance at End of Year		Vested	Unvested
	Grant Date	No.	Value[1] $	No.	Value $	No.	Value $	No.	Value[1] $	No.	No.
Group KMP											
Keith Coughlan	17 Dec 20	2,400,000	2,088,000	-	-	-	-	2,400,000	2,088,000	-	2,400,000
Richard Pavlik	17 Dec 20	1,200,000	1,044,000	-	-	-	-	1,200,000	1,044,000	-	1,200,000
		3,600,000	**3,132,000**	-	-	-	-	**3,600,000**	**3,132,000**	**-**	**3,600,000**

Notes:
1. The value of performance rights granted to key management personnel is calculated as at the grant date based on the share price at grant date. As at 30 June 2022, management's assessment is that the performance rights will vest by 30 June 2023.

G. Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the year to Directors or other KMP as a result of options exercised that had previously been granted as compensation.

H. Loans to Directors and Key Management Personnel

There were no loans issued to Key Management Personnel during the financial year.

I. Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. This will be facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance-based bonuses based on key performance indicators are expected to be introduced.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)
J. Other information (continued)

2. Mr Morzaria is a director and chief executive of Cadence Minerals plc, an entity which owns 16,444,914 CDIs/shares in European Metals Holdings Limited. Mr Morzaria does not have direct control over the disposal of the shares either by means of his directorship of Cadence Minerals plc or his shareholding in Cadence Minerals plc.

2021 Name	Balance at Start of year	Granted as remuneration during the year	Issued on exercise of options	Other Changes during the year	Balance at end of year
Keith Coughlan	850,000	-	-	-	850,000
Indirect[1]	8,500,000	-	-	-	8,500,000
Richard Pavlik	300,000	-	-	-	300,000
Kiran Morzaria	200,000	-	-	-	200,000
Indirect[2]	23,259,751	-	-	(5,595,887)	17,663,864
Lincoln Palmer Bloomfield, Jr	122,500[3]	-	-	-	122,500
Total	33,232,251	-	-	(5,595,887)	27,636,364

1. Mr Coughlan held, at the end of the financial year, a 850,000 CDIs/shares direct interest and 8,500,000 CDIs/shares indirect interest held by Inswinger Holdings Pty Ltd, an entity of which Mr Coughlan is a director and a shareholder.
2. Mr Morzaria is a director and chief executive of Cadence Minerals plc, an entity which owns 17,663,864 CDIs/shares in European Metals Holdings Limited. Mr Morzaria does not have direct control over the disposal of the shares either by means of his directorship of Cadence Minerals plc or his shareholding in Cadence Minerals plc.
3. Represent balance held on appointment.

Performance Shares held by Key Management Personnel

There were no Performance rights held by Key Management Personnel of the Group during the 2022 and 2021 financial year.

Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. From July 2021, the Company received accounting and bookkeeping services of $144,218 plus GST from Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. Amount payable to Everest Corporate as at 30 June 2022 was $8,011.70 (2021: $12,528).

The Company received rental income of $52,415 plus GST for the period 1 July 2021 to 30 June 2022 from Everest Corporate for subletting the office in West Perth.

On 24 November 2021, the Company granted 100,000 performance rights to Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. The performance rights have a expiry date which is 3 years from the date of issue.

There were no other transactions with Key Management Personnel during the financial year.

End of Remuneration Report

Signed in accordance with a resolution of the Board of Directors.

Keith Coughlan
EXECUTIVE CHAIRMAN
Dated at 30 September 2022

AUDITOR'S INDEPENDENCE DECLARATION

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

30 September 2022

Board of Directors
European Metals Holdings Limited
Level 3, 35 Outram Street
WEST PERTH WA 6005

Dear Directors

RE: EUROPEAN METALS HOLDINGS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of European Metals Holdings Limited.

As Audit Director for the audit of the financial statements of European Metals Holdings Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik
Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $	30 June 2021 $
Revenue	6	1,102,944	1,102,953
Research and Development rebate		56,187	289,335
Other income		97,198	66,199
Share based payments	17,18	(2,884,447)	(987,490)
Equity accounting on investment in Geomet s.r.o	13	(1,367,744)	(1,263,167)
Professional fees		(1,278,103)	(1,565,631)
Employees' benefits		(822,968)	(559,026)
Advertising and promotion		(475,966)	(405,276)
Share registry and listing expense		(244,206)	(239,475)
Directors' fees		(173,662)	(80,748)
Insurance expense		(88,699)	(64,619)
Audit fees	7	(50,575)	(43,526)
Depreciation and amortisation expense		(40,412)	(8,876)
Facility, advance fee and finance costs		(4,031)	(61,155)
Foreign exchange gain/(loss)		(16,544)	(7,460)
Travel and accommodation		(84,475)	(7,248)
Other expenses		(544,101)	(127,240)
Derecognition of foreign currency reserve		16,709	-
Loss before income tax		(6,802,895)	(3,962,450)
Income tax expense	3	-	-
Loss from operations		(6,802,895)	(3,962,450)
(Loss)/Income for the year attributable to the members of the Company		(6,802,895)	(3,962,450)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translating foreign operations		(5,598)	9,644
– Equity accounting on investment in Geomet s.r.o		853,136	(242,337)
Other comprehensive income/(loss) for the year, net of tax		847,538	(232,693)
Total comprehensive income/(loss) for the year attributable to members of the Company		(5,955,357)	(4,195,143)
Loss per share for loss from continuing operations			
Basic and diluted loss per CDI/share (cents)	8	(3.78)	(2.39)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	9	19,055,509	7,880,673
Trade and other receivables	10	782,518	53,046
Other assets	11	53,094	337,196
TOTAL CURRENT ASSETS		19,891,121	8,270,915
NON-CURRENT ASSETS			
Other assets	11	47,392	47,392
Right-of-use asset	12	87,930	136,122
Investments accounted for using equity method	13	16,946,419	17,461,027
TOTAL NON-CURRENT ASSETS		17,081,741	17,644,541
TOTAL ASSETS		36,972,862	25,915,456
CURRENT LIABILITIES			
Trade and other payables	14	939,822	439,798
Provisions – employee entitlements	15	147,048	99,850
Lease liability	12	45,707	6,038
TOTAL CURRENT LIABILITIES		1,132,577	545,686
NON-CURRENT LIABILITIES			
Lease liability	12	40,775	91,855
TOTAL NON-CURRENT LIABILITIES		40,775	91,855
TOTAL LIABILITIES		1,173,352	637,541
NET ASSETS		35,799,510	25,277,915
EQUITY			
Issued capital	16	47,881,352	34,087,930
Reserves	17	12,283,791	8,752,723
Accumulated losses		(24,365,633)	(17,562,738)
TOTAL EQUITY		35,799,510	25,277,915

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2020	23,954,204	7,950,773	(235,186)	(13,600,288)	18,069,503
Income attributable to members of the Company	-	-	-	(3,962,450)	(3,962,450)
Other comprehensive loss	-	-	(232,693)	-	(232,693)
Total comprehensive income for the year	-	-	(232,693)	(3,962,450)	(4,195,143)
Transactions with owners, recognized directly in equity					
CDIs/shares issued during the year	9,100,000	-	-	-	9,100,000
Capital raising costs	(526,387)	355,000	-	-	(171,387)
Exercise of options and warrants	958,733	-	-	-	958,733
Repayment of Loan CDIs/shares	271,380	-	-	-	271,380
Share based payments	330,000	914,829	-	-	1,244,829
Balance at 30 June 2021	34,087,930	9,220,602	(467,879)	(17,562,738)	25,277,915
Balance at 1 July 2021	34,087,930	9,220,602	(467,879)	(17,562,738)	25,277,915
Loss attributable to members of the Company	-	-	-	(6,802,895)	(6,802,895)
Transfer on derecognition of subsidiaries[1]			(16,709)	-	(16,709)
Other comprehensive income/(loss)	-	-	864,247	-	864,247
Total comprehensive income/(loss) for the year	-	-	847,538	(6,802,895)	(5,955,357)
Transactions with owners, recognized directly in equity					
CDIs/shares issued	14,399,000	-	-	-	14,399,000
Capital raising costs	(885,538)	-	-	-	(885,538)
Exercise of options and warrants	279,960	-	-	-	279,960
Share based payments	-	2,683,530	-	-	2,683,530
Balance at 30 June 2022	47,881,352	11,904,132	379,659	(24,365,633)	35,799,510

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

[1]Refer to Note 22 Controlled entities for further detail on the deregistration.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $	30 June 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenue received		827,208	1,011,041
Payments to suppliers and employees		(2,602,747)	(2,640,953)
Research and Development Rebate		56,187	289,335
Interest received		29,466	1,340
Government grant		-	55,118
Payments for Cinovec associated costs		(887,098)	(1,007,678)
Net cash (used in) operating activities	19	(2,576,984)	(2,291,797)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of CDIs /shares		14,399,000	9,100,000
Capital raising costs paid		(885,538)	(171,387)
Proceeds from exercise of options and warrants		279,960	958,733
Proceeds from repayment of loan CDIs/shares		-	271,380
Payment for lease liability		(36,577)	(47,391)
Net cash from financing activities		13,756,845	10,111,335
Net increase in cash and cash equivalents		11,179,861	7,819,538
Cash and cash equivalents at the beginning of the financial year		7,880,673	58,951
Exchange differences in foreign currency held		(5,025)	2,184
Cash and cash equivalents at the end of financial year	9	19,055,509	7,880,673

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements and notes represent those of European Metals Holdings Limited ("EMHL" or "the Company") and its Controlled Entities (the "Consolidated Group" or "Group").

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Boards (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been adopted in the preparation of the financial report. Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

The Company is a listed public company, incorporated in the British Virgin Islands and registered in Australia.

(i) Accounting policies

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting year.

New and Revised Accounting Standards Adopted by the Group

AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021

The Group has applied AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021 this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Group's financial statements.

AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Group's financials.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Accounting policies (continued)

New and revised Accounting Standards for Application in Future Periods

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting period and on foreseeable future transactions.

(ii) Statement of Compliance

The financial report was authorised for issue on 29 September 2022.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

(iii) 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 30 June 2022, the Group comprising the Company and its subsidiaries has incurred a loss for the year amounting to $6,802,895 (2021: loss of $3,962,450). The Group has a net working capital surplus of $18,758,544 (2021: surplus of $7,725,229) and cash and cash equivalents of $19,055,509 (2021: $7,880,673).

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. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Company at 30 June 2022 and its operations in future periods.

(iv) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the estimated fair value of the equity instruments at the date at which they are granted. These are expensed over the estimated vesting periods. Judgement has been exercised on the probability and timing of achieving milestones related to performance rights granted to Directors.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iv) Critical accounting estimates and judgements (continued)

Estimation of the Group's borrowing rate

The lease payments used to determine the lease liability and right-of-use of asset at 1 July 2020 under AASB 16 *Leases* are discounted using the Group's incremental borrowing rate of 5%.

Recognition of deferred tax assets

Deferred tax assets relating to temporary differences and unused tax losses have not been recognised as the Directors are of the opinion that it is not probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

(b) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of Assets

At the end of each reporting period the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

(e) Revenue

Interest

Interest income is recognised using the effective interest method.

Services Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the profit and loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit and loss.

(h) Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the statement of profit or loss when received or when the amount to be received can be reliably estimated.

(i) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising out of wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions made to defined employee superannuation funds are charged as expenses when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Exploration and Evaluation Assets

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the relevant regulatory authorities as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Group will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

- Sufficient data exists to determine technical feasibility and commercial viability; and
- Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 1(c). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(k) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value throug profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted price in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.
Trade receivables are initially measured at the transaction price if the receivables do not contain c significant financing component in accordance with AASB 15 *Revenue from Contracts with Customers*.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asse expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liabilit is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and measurement
Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15 *Revenue from Contracts with Customers* all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Instruments (continued)

Classification and measurement (continued)
Financial assets (continued)

- fair value through profit or loss (FVPL).

Classifications are determined by both:
- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

(k) Financial Instruments (continued)

***Financial liabilities* (continued)**

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(m) Earnings Per CDI/share

Basic earnings per CDI/share

Basic earnings per CDI/share is determined by dividing the profit or loss attributable to ordinary shareholders of the Company, by the weighted average number of CDIs/shares outstanding during the period, adjusted for bonus elements in CDIs/shares issued during the period.

Diluted earnings per CDI/share

Diluted earnings per CDI/share adjusts the figure used in the determination of basic earnings per CDI/share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential CDIs/shares and the weighted average number of CDIs/shares assumed to have been issued for no consideration in relation to dilutive potential CDIs/shares, which comprise convertible notes and CDI/share options granted.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in as expenses in the period in which they are incurred.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent European Metals Holdings Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(r) CDI based payments

The grant date fair value of CDI-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For CDI-based payment awards with non-vesting conditions, the grant date fair value of the CDI-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Loan CDIs/shares are treated similar to options and value is an estimate calculated using an appropriate mathematical formula based on Black-Scholes option pricing model. The choice of models and the resultant Loan CDI value require assumptions to be made in relation to the likelihood and timing of the vesting of the Loan CDIs/shares and the value and volatility of the price of the underlying shares.

(s) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in Profit or Loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Foreign Currency Transactions and Balances *(Continued)*

Transaction and balances (Continued)

Group companies
The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations recognised in the other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. These differences are reclassified into Profit or Loss in the period in which the operation is disposed.

(t) Issued capital

CDIs/shares are classified as equity. Incremental costs directly attributable to the issue of new CDIs/shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new CDIs/shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Investments in associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(v) Leases

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Leases (continued)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(w) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 2: DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 2: DETERMINATION OF FAIR VALUES (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

CDI-based payment transactions

The fair value of the employee CDI options is measured using the Black-Scholes formula. Measurement inputs include CDI price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

The fair value of consultant CDI options and warrants is measured at the fee of the services received, except for when the fair value of the services cannot be estimated reliably, the fair value is measured using the Black-Scholes formula.

The fair value of performance rights granted to Directors is measured using the share price at grant date. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

NOTE 3: INCOME TAX	30 June 2022	30 June 2021
(a) Income tax expense	**$**	**$**
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities*	-	-
	-	-

* Any capital gain on disposal of shares in Geomet held by EMH UK is tax-exempt under the current UK legislation (Schedule 7AC of the Taxation of Chargeable Gains Act 1992). For this reason, no deferred tax liability has been recognised as at 30 June 2022.

(b) Reconciliation of income tax expense to prima facie tax payable		
Net (loss)/profit before tax	(6,802,895)	(3,962,450)
Prima facie tax on operating loss at 25% (2021: 26%)	(1,700,724)	(1,030,237)
Add / (Less): Non-deductible items		
Non-deductible expenses/(Non-assessable income)	1,322,354	484,048
Current year tax loss not recognised	378,370	546,189
Income tax attributable to operating profit/loss	-	-
The applicable weighted average effective tax rates are as follows:	Nil%	Nil%
Balance of franking account at year end	Nil	Nil

NOTE 3: INCOME TAX (continued)

Deferred tax assets/(liabilities)		
Tax losses	1,311,243	1,124,435
Other receivables and other assets	(19,976)	(68,059)
Unrealised foreign exchange gain	1,177	-
Accruals	31,343	9,838
Business related costs	47	466,341
Right-of-use assets	(21,982)	(35,392)
Lease liabilities	21,621	25,452
Provisions	36,762	25,962
Unrecognised deferred tax asset	1,360,235	1,548,577
Set-off deferred tax liabilities	-	-
Net deferred tax assets	1,360,235	1,548,577
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	5,244,970	4,324,751

(b) Reconciliation of income tax expense to prima facie tax payable (continued)

The Company is registered in the British Virgin Islands (BVI) and the Company is a tax resident of Australia. The unused tax losses are representative of losses incurred in Australia.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company. The Company is subject to UK taxation regulations in respect of European Metals (UK) Limited.

NOTE 4: 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 year, the Company received $1,102,944 (2021: $1,102,953) from its associate, Geomet s.r.o for providing services of managing the Cinovec project development. The Company's Directors also received remuneration from Geomet s.r.o in arm's length transaction during the financial year.

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. From January 2021, the Company received accounting and bookkeeping services of $144,218 plus GST from Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. Amount payable to Everest Corporate as at 30 June 2022 was $8,012 (2021: $12,528).

The Company received rental income of $52,415 plus GST from Everest Corporate for subletting the office in West Perth.

On 24 November 2021, the Company granted 100,000 performance rights to Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. The performance rights have a expiry date which is 3 years from the date of issue.

There were no other transactions with related parties during the financial year.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2022 and 30 June 2021.

The totals of remuneration paid to KMP during the year are as follows:

	2022	2021
	$	$
Short-term benefits	605,479	537,115
Post-employment benefits	31,800	27,345
Long service leave	6,263	17,825
Equity settled	1,896,130	-
	2,539,672	582,285

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year (2021: nil). The total value of loan CDIs/shares at 30 June 2022 amounted to $1,442,666 (30 June 2021: $1,442,666). The fair value of the remaining 1,100,000 loan CDIs/shares is $1,442,666 at 30 June 2022.

NOTE 6: REVENUE

	2022	2021
	$	$
Service revenue – Cinovec project development	1,102,944	1,102,953

NOTE 7: AUDITOR'S REMUNERATION

	2022	2021
	$	$
Auditor's services		
Audit and review of financial report	48,665	39,000
- Under provision in prior year	1,910	4,526
	50,575	43,526

NOTE 8: BASIC AND DILUTED LOSS PER CDI/share

	2022	2021
	$	$
Loss attributable to members of European Metals Holdings Limited ($)	(6,802,895)	(3,962,450)
Weighted average number of CDIs/shares outstanding	179,817,540	166,032,891
Basic and diluted loss per CDI/share (cents)	(3.78)	(2.39)

NOTE 9: CASH AND CASH EQUIVALENTS

	2022	2021
	$	$
Cash at bank	14,035,258	2,880,673
Term deposit	5,020,251	5,000,000
Total cash and cash equivalents in the Statement of Cash Flows	19,055,509	7,880,673

European Metals

NOTE 10: TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade and other receivable	694,907	17,966
GST and VAT receivable	60,808	23,594
Interest receivable	26,803	11,486
	782,518	53,046

NOTE 11: OTHER ASSETS

	2022 $	2021 $
Current		
Deposit	-	6,345
Prepayments	53,094	250,279
Unbilled revenue	-	80,572
	53,094	337,196
Non-Current		
Bank guarantee on office lease	47,392	47,392
	47,392	47,392

NOTE 12: OFFICE LEASE

	2022 $	2021 $
(a) Right-of-use asset		
Right-of-use asset at cost	136,122	144,129
Less accumulated depreciation	(48,192)	(8,007)
	87,930	136,122

Reconciliation of Right-of-use asset:

	2022 $	2021 $
Opening balance	136,122	-
Additions/lease modification	(8,547)	144,129
Depreciation	(40,185)	(8,007)
Closing balance	87,390	136,122

(b) Lease liability

	2022	2021
Opening balance	97,893	-
Additions/lease modification	20,025	144,129
Interest expense	5,141	1,155
Payments	(36,577)	(47,391)
Closing balance	86,482	97,893

NOTE 12: OFFICE LEASE

	2022	2021
(b) Lease liability	**$**	**$**
Current	45,707	6,038
Non-current	40,775	91,855
Closing balance	86,482	97,893

The Group's West Perth office is leased under a lease agreement assigned to the Group commencing on 1 May 2021 for a period of three years with a three-year renewal option and rental of $50,000 plus GST per year payable plus outgoings. The lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 May 2021. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5%.

NOTE 13: INVESTMENT IN ASSOCIATE	2022	2021
	$	**$**
Opening balance	17,461,027	18,966,531
Share of loss – associate	(1,367,744)	(1,263,167)
Share of other comprehensive income/(loss) - associates	853,136	(242,337)
	16,946,419	17,461,027

Effective 28 April 2020, Geomet was equity accounted (i.e., 49% of share of the profit or loss of the investee after the date of acquisition) for as Investment in Associate by EMH. The Company was appointed to provide services of managing the Cinovec project development.

Summarised statement of financial position	2022	2021
	$	**$**
Current assets	26,418,644	38,660,683
Non-current assets	28,724,124	17,091,493
Total assets	55,142,768	55,752,176
Current liabilities	3,500,606	755,929
Non-current liabilities	-	-
Total liabilities	3,500,606	755,929
Net assets	51,642,162	54,996,247

Summarised statement of profit or loss and other comprehensive income		
Revenue	5,250	17,422
Expenses	(2,796,568)	(2,594,480)
Loss for the year	(2,791,318)	(2,577,058)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables	584,039	295,612
Accrued expenses and other liabilities	355,783	125,800
Advance fee received	-	18,386
	939,822	439,798

Payables are normally due for payment within 30 days.

NOTE 15: PROVISIONS

	2022 $	2021 $
Provision for annual leave	96,259	55,362
Provision for long service leave	50,789	44,488
	147,048	99,850

NOTE 16: ISSUED CAPITAL

	2022 $	2021 $
(a) Issued and paid up capital		
186,042,485 CDIs/shares (30 June 2021: 175,119,485 CDIs/shares)	47,881,352	34,087,930
Total issued capital	47,881,352	34,087,930

(b) Movements in CDIs/shares

	Date	Number	$
Balance at the beginning of the year	**1 July 2020**	**154,703,973**	**23,954,204**
CDI/share issue under the Funding Facility Agreement @ A$0.238 per CDI/share	17 July 2020	1,049,825	250,000
Exercise of unlisted options @ 16.6c	5 August 2020	750,000	124,500
Exercise of unlisted options @ 16.6c	18 August 2020	3,000,000	498,000
CDI/share issue under the Funding Facility Agreement @ A$0.27 per CDI/share	27 August 2020	927,300	250,000
Exercise of unlisted options @ 25c	17 September 2020	50,000	12,500
CDI/share issue under the Funding Facility Agreement @ A$0.34 per CDI/share	23 October 2020	723,323	250,000
CDI/share issue under the Funding Facility Agreement @ A$0.34 per CDI/share	13 November 2020	719,821	250,000
Exercise of unquoted warrants @ £0.20 (36.3c)	25 November 2020	89,375	32,483
Exercise of unlisted options @ 35c	25 November 2020	200,000	70,000
Exercise of unlisted options @ 40.18c	21 December 2020	100,000	40,180
Exercise of unlisted options @ 31.11c	21 December 2020	100,000	31,110
Exercise of unlisted options @ 25c	21 December 2020	200,000	50,000
CDI/share issue under the Funding Facility Agreement @ A$0.683 per CDI/share	6 January 2021	1,463,734	1,000,000

NOTE 16: ISSUED CAPITAL (continued)

(b) Movements in CDIs/shares

Issue of CDIs/shares in lieu of consultant options	18 January 2021	1,613,708	-
Share Placement @ A$1.10 per CDI/share	8 February 2021	6,454,546	7,100,000
Issue of CDIs/shares in lieu of consultant options cancelled	4 March 2021	2,435,880	-
Issue of CDIs/shares for services provided @A$1.10 per CDI/share	4 March 2021	300,000	330,000
Repayment of Loan CDIs/shares @ A$0.485 per CDI	15,19,22 March 2021	-	48,480
Repayment of Loan CDIs/shares @ A$0.743 per CDI	18 March 2021	-	222,900
Exercise of unlisted options @ 42c	10 May 2021	238,000	99,960
Capital raising cost		-	(526,387)
Balance at the end of the year	**30 June 2021**	**175,119,485**	**34,087,930**

	Date	Number	$
Balance at the beginning of the year	**1 July 2021**	**175,119,485**	**34,087,930**
Exercise of unlisted options @ 42c	16 July 2021	238,000	99,960
Share placement @ A$1.40 per CDI/share	28 January 2022	10,285,000	14,399,000
Exercise of unlisted options @ 45c	4 March 2022	400,000	180,000
Capital raising cost		-	(885,538)
Balance at the end of the year	**30 June 2022**	**186,042,485**	**47,881,352**

(c) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity comprising issued capital, reserves and accumulated losses.

The Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June is as follows:

	2022	2021
	$	$
Cash and cash equivalents	19,055,509	7,880,673
GST and other receivables	782,518	53,046
Other assets	53,094	337,196
Trade and other payables	(939,822)	(439,798)
Provisions	(147,048)	(99,850)
Lease liability	(45,707)	(6,038)
Working capital surplus/(deficit)	18,758,544	7,725,229

The Group is not subject to any externally imposed capital requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: RESERVES	2022	2021
	$	$
Option and Warrant Reserve 17(a)	4,370,589	4,306,491
Performance Shares Reserve 17 (b)	3,471,444	3,471,444
Performance Rights Reserve 17 (c)	2,619,432	-
Loan CDIs/shares Reserve 17 (d)	1,442,667	1,442,667
Foreign Currency Translation Reserve 17 (e)	379,659	(467,879)
Total Reserves	12,283,791	8,752,723

(a) Option and Warrant Reserve	2022	2021
	$	$
Balance at the beginning of the financial year	4,306,491	3,036,662
Equity based payment expense (Note 18)	64,098	914,829
Equity based payment as capital raising cost	-	355,000
Balance at the end of the financial year	4,370,589	4,306,491

The following options and warrants existed as at 30 June 2021 and 30 June 2022:

	Expiry date	Balance at 30 June 2021	Issued during the year	Exercised during the year	Expired	Balance at 30 June 2022
Options @ 25cents	31 Dec 22	10,000,000	-	-	-	10,000,000
Options @ 42cents	23 Oct 23	2,262,000	-	(238,000)	-	2,024,000
Options @ 45cents	23 Oct 23	1,000,000	-	(400,000)	-	600,000
Warrants @ 20pence	22 Nov 21	27,500	-	-	(27,500)	-
Warrants @ $1.10	31 Jan 23	1,200,000	-	-	-	1,200,000
Total		**14,489,500**	**-**	**(638,000)**	**(27,500)**	**13,824,000**

- 638,000 unlisted options were exercised during the year as detailed in the table above.
- 27,500 warrants exercisable at 20 pence expired on 22 November 2021.

(b) Performance Share Reserve

The Performance Share reserve records the fair value of the Performance Shares issued. No performance shares were on issue at 30 June 2022.

	Date	Number	$
Balance at the beginning of the period	**1 July 2020**	**3,000,000**	**3,471,444**
Balance at end of the period	**30 June 2021**	**3,000,000**	**3,471,444**
Balance at the beginning of the period (Class A)	**1 July 2021**	**3,000,000**	**3,471,444**
Expiry of A Class Performance Shares[1]		(3,000,000)	-
Balance at end of the period	**30 June 2022**	**-**	**3,471,444**

[1]The performance shares lapsed during the period, as the milestone was not achieved by the required date and the shares have been automatically redeemed by the entity.

NOTE 17: RESERVES (continued)

(c) Performance Rights Reserve

	30 June 2022		30 June 2021	
	Number	$	Number	$
Balance at the beginning of the period	**3,600,000**	-	**3,600,000**	**-**
Performance rights granted to directors on 17 Dec 2020[1]	-	1,896,130		
Performance Rights granted to a consultant on 24 Nov 2021[2]	100,000	107,440	-	-
Performance Rights granted to directors on 2 Mar 2022[3]	1,200,000	344,803	-	-
Performance Rights granted to a consultant on 2 Mar 2022[3]	900,000	271,059	-	-
Balance at the end of the period	**5,800,000**	**2,619,432**	**3,600,000**	**-**

[1]On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Keith Coughlan and 1,200,000 Performance Rights to Mr Richard Pavlik. As at 30 June 2021 and 31 Dec 2021, the management had assessed that the probability to achieve the performance hurdles was below 50% therefore, the management had not expensed any of the value of these performance rights in accordance with AASB 2. For the year ended 30 June 2022, management assessed the probability of achieving the finance hurdles to be over 50%, as a result of which, a share-based expense of $1,896,130 was recognized in the statement of profit or loss and other comprehensive income for the period. The 3,600,000 Performance Rights were issued on 2 March 2022.
[2] On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to a consultant for remuneration of consultant fees. The share-based expense of $107,440 was recognized in the statement of profit or loss and other comprehensive income for the period. The Performance Rights were issued on 30 November 2021.
[3] On 2 March 2022, the directors approved the grant of 1,200,000 performance rights to an employee and 900,000 performance rights to a consultant, in terms of the employee share incentive plan. Refer to Note 18 for further detail. The share-based expense of $615,862 was recognized in the statement of profit or loss and other comprehensive income for the period.

(d) Loan CDIs/shares Reserve

Employee securities incentive plan

In prior years, remuneration in the form of Employee Securities Incentive Plan were issued to the Directors and employees to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to shareholders.

The Loan CDIs/shares reserve records the fair value of the Loan CDIs/shares issued.

The Loan CDIs/shares represent an option arrangement. Loan CDIs/shares vested immediately. The key terms of the Employee Share Plan and of each limited recourse loan provided under the Plan are as follows:

i. The total loan equal to issue price multiplied by the number of Plan CDIs/shares/shares applied for ("Advance"), which shall be deemed to have been draw down at Settlement upon issued of the Loan Shares.
ii. The Loan shall be interest free. However, if the advance is not repaid on or before the Repayment date, the Advance will accrue interest at the rate disclosed in the Plan from the Business Day after the Repayment Date until the date the Advance is repaid in full.
iii. All or part of the loan may be repaid prior to the Advance repayment Date.

Repayment date

iv. Notwithstanding paragraph iii. above, ("the borrower") may repay all or part of the Advance at any time before the repayment date i.e. The repayment date for 1,650,000 Director CDIs/shares - 15 years after the date of loan advance and the repayment date for 1,500,000 Employee CDIs/shares – 7 years after the date of loan advice.
v. The Loan is repayable on the earlier of:
   (a) The repayment date;
   (b) The plan CDIs/shares being sold;
   (c) The borrower becoming insolvent;

NOTE 17: RESERVES (CONTINUED)

(d) Loan CDIs/shares Reserve (continued)

(d) The borrower ceasing to be employed by the Company; and
(e) The plan CDIs/shares being acquired by a third party by way of an amalgamation, arrangement, or formal takeover bid for not less than all the outstanding CDIs/shares.

Loan Forgiveness

vi. The Board may, in its sole discretion, waive the right to repayment of all or any part of the outstanding balance of an Advance where:
   (a) The borrower dies or becomes permanently disabled; or
   (b) The Board otherwise determines that such waiver is appropriate
vii. Where the Board waives repayment of the Advance in accordance with clause 6(a), the Advance is deemed to have been repaid in full for the purposes of the Plan in this agreement.

Sale of loan CDIs/shares

i. In accordance with the terms of the Plan and the Invitation, the Loan CDIs/shares cannot be sold, transferred, assigned, charged or otherwise encumbered with the Plan CDIs/shares except in accordance with the Plan.

	30 June 2022		30 June 2021	
	Number	**Amount Expensed**	**Number**	**Amount Expensed**
Balance at beginning of the year	**1,350,000**	**1,442,667**	**1,750,000**	**1,442,667**
Loan CDIs/shares repaid during the year	-	-	(400,000)	-
Balance at end of the year	**1,350,000**	**1,442,667**	**1,350,000**	**1,442,667**

Loan CDIs/shares Reserve

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.

The Loan CDIs/shares were issued to the executive members under the Employee Securities Incentive Plan on 6 June 2018.

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.

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries, the Group's share of foreign exchange movement in Geomet s.r.o. and the deconsolidation of EQHSA.

	2022	**2021**
	$	**$**
Balance at the beginning of the financial year	(467,879)	(235,186)
Transfer of foreign currency to profit or loss on deregistration of EQHSA	(16,709)	-
Movement during the year	864,247	(232,693)
Balance at the end of the financial year	379,659	(467,879)

NOTE 17: RESERVES (continued)

(c) Performance Rights Reserve

	30 June 2022		30 June 2021	
	Number	$	Number	$
Balance at the beginning of the period	**3,600,000**	-	**3,600,000**	**-**
Performance rights granted to directors on 17 Dec 2020[1]	-	1,896,130		
Performance Rights granted to a consultant on 24 Nov 2021[2]	100,000	107,440	-	-
Performance Rights granted to directors on 2 Mar 2022[3]	1,200,000	344,803	-	-
Performance Rights granted to a consultant on 2 Mar 2022[3]	900,000	271,059	-	-
Balance at the end of the period	**5,800,000**	**2,619,432**	**3,600,000**	**-**

[1]On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Keith Coughlan and 1,200,000 Performance Rights to Mr Richard Pavlik. As at 30 June 2021 and 31 Dec 2021, the management had assessed that the probability to achieve the performance hurdles was below 50% therefore, the management had not expensed any of the value of these performance rights in accordance with AASB 2. For the year ended 30 June 2022, management assessed the probability of achieving the finance hurdles to be over 50%, as a result of which, a share-based expense of $1,896,130 was recognized in the statement of profit or loss and other comprehensive income for the period. The 3,600,000 Performance Rights were issued on 2 March 2022.

[2] On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to a consultant for remuneration of consultant fees. The share-based expense of $107,440 was recognized in the statement of profit or loss and other comprehensive income for the period. The Performance Rights were issued on 30 November 2021.

[3] On 2 March 2022, the directors approved the grant of 1,200,000 performance rights to an employee and 900,000 performance rights to a consultant, in terms of the employee share incentive plan. Refer to Note 18 for further detail. The share-based expense of $615,862 was recognized in the statement of profit or loss and other comprehensive income for the period.

(d) Loan CDIs/shares Reserve

Employee securities incentive plan

In prior years, remuneration in the form of Employee Securities Incentive Plan were issued to the Directors and employees to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to shareholders.

The Loan CDIs/shares reserve records the fair value of the Loan CDIs/shares issued.

The Loan CDIs/shares represent an option arrangement. Loan CDIs/shares vested immediately. The key terms of the Employee Share Plan and of each limited recourse loan provided under the Plan are as follows:

i. The total loan equal to issue price multiplied by the number of Plan CDIs/shares/shares applied for ("Advance"), which shall be deemed to have been draw down at Settlement upon issued of the Loan Shares.
ii. The Loan shall be interest free. However, if the advance is not repaid on or before the Repayment date, the Advance will accrue interest at the rate disclosed in the Plan from the Business Day after the Repayment Date until the date the Advance is repaid in full.
iii. All or part of the loan may be repaid prior to the Advance repayment Date.

Repayment date

iv. Notwithstanding paragraph iii. above, ("the borrower") may repay all or part of the Advance at any time before the repayment date i.e. The repayment date for 1,650,000 Director CDIs/shares - 15 years after the date of loan advance and the repayment date for 1,500,000 Employee CDIs/shares – 7 years after the date of loan advice.
v. The Loan is repayable on the earlier of:
   (a) The repayment date;
   (b) The plan CDIs/shares being sold;
   (c) The borrower becoming insolvent;

NOTE 17: RESERVES (CONTINUED)

(d) Loan CDIs/shares Reserve (continued)

(d) The borrower ceasing to be employed by the Company; and
(e) The plan CDIs/shares being acquired by a third party by way of an amalgamation, arrangement, or formal takeover bid for not less than all the outstanding CDIs/shares.

Loan Forgiveness

vi. The Board may, in its sole discretion, waive the right to repayment of all or any part of the outstanding balance of an Advance where:
(a) The borrower dies or becomes permanently disabled; or
(b) The Board otherwise determines that such waiver is appropriate

vii. Where the Board waives repayment of the Advance in accordance with clause 6(a), the Advance is deemed to have been repaid in full for the purposes of the Plan in this agreement.

Sale of loan CDIs/shares

i. In accordance with the terms of the Plan and the Invitation, the Loan CDIs/shares cannot be sold, transferred, assigned, charged or otherwise encumbered with the Plan CDIs/shares except in accordance with the Plan.

	30 June 2022		30 June 2021	
	Number	**Amount Expensed**	**Number**	**Amount Expensed**
Balance at beginning of the year	**1,350,000**	**1,442,667**	**1,750,000**	**1,442,667**
Loan CDIs/shares repaid during the year	-	-	(400,000)	-
Balance at end of the year	**1,350,000**	**1,442,667**	**1,350,000**	**1,442,667**

Loan CDIs/shares Reserve

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.

The Loan CDIs/shares were issued to the executive members under the Employee Securities Incentive Plan on 6 June 2018.

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.

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries, the Group's share of foreign exchange movement in Geomet s.r.o. and the deconsolidation of EQHSA.

	2022	**2021**
	$	**$**
Balance at the beginning of the financial year	(467,879)	(235,186)
Transfer of foreign currency to profit or loss on deregistration of EQHSA	(16,709)	-
Movement during the year	864,247	(232,693)
Balance at the end of the financial year	379,659	(467,879)

NOTE 18: SHARE BASED PAYMENT EXPENSE

During the year, the Group incurred a share-based payments expense for a total of $2,884,447 resulting from the transactions detailed below.

(i) Share based payments granted during the year:

On 24 November 2021, the shareholders approved the grant of 100,000 Performance Rights to a consultant for remuneration of consultant fees with the vesting terms as below:

Tranche 1:

1. Class A shall vest upon an announcement by the Company to the ASX stating that the Company has executed an offtake agreement for at least 25% of the product planned to be produced from the Cinovec Project.
2. Class B shall vest upon the attainment of Project Finance for the Cinovec Project.
3. Class C shall vest upon an announcement by the Company to the ASX stating that the Company has made a Decision to Mine in respect of the Cinovec Project.

Tranche 2:

Tranche 2 shall vest upon CFO and Consultancy Performance up to 30 June 2022.

The Performance Rights will expire three years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. These Performance were issued as at 31 December 2021.

	Number granted	Grant date	Term of maturity	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	50,000	24 Nov 21	3 years	$1.535	$1.535	$76,750	0%
Tranche 2	50,000	24 Nov 21	3 years	$1.535	$1.535	$76,750	100%

The total fair value of the Performance Rights is expensed over the estimated vesting periods. Although Tranche 1 has not vested for the year ended 30 June 2022, management assessed the probability of achieving the finance hurdles to be over 50%, as a result of which, the share-based payment expense has been recognized over the vesting period. The performance rights for Tranche 2 vested fully as at 30 June 2022. A share-based expense of $107,440 was recognized in the statement of profit or loss and other comprehensive income for the period, in respect of tranche 1 and 2.

On 22 February 2022, the directors approved the grant of 900,000 Performance Rights to a consultant for remuneration of consultant fees with the vesting terms as below:

1. Class A shall vest upon an announcement by the Company to the ASX stating that the Company has executed an offtake agreement for at least 25% of the product planned to be produced from the Cinovec Project.
2. Class B shall vest upon an announcement by the Company to the ASX stating that the Company has made a Decision to Mine in respect of the Cinovec Project.
3. Class C shall vest upon the attainment of Project Finance for the Cinovec Project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: SHARE BASED PAYMENT EXPENSE (continued)

(i) Share based payments granted during the year: (continued)

The Performance Rights will expire three years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The share-based expense of $271,059 has been recognised in the current year in the statement of profit or loss and other comprehensive income.

	Number granted	Grant date	Term of maturity	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	900,000	22 Feb 22	3 years	$1.16	$1.16	$1,044,000	0%

On 22 February 2022, the directors approved the grant of 1,200,000 Performance Rights to an employee for remuneration in line with the employee share incentive plan, with the vesting terms as below:

1. Class A shall vest upon an announcement by the Company to the ASX stating that the Company has executed an offtake agreement for at least 25% of the product planned to be produced from the Cinovec Project.
2. Class B shall vest upon an announcement by the Company to the ASX stating that the Company has made a Decision to Mine in respect of the Cinovec Project.
3. Class C shall vest upon the attainment of Project Finance for the Cinovec Project.

The Performance Rights will expire three years from the date of issue, after which the Performance Rights lapse and may no longer be exercised or converted. The share-based expense of $344,803 has been recognised in the current year in the statement of profit or loss and other comprehensive income.

	Number granted	Grant date	Term of maturity	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	1,200,000	27 Feb 22	3 years	$1.14	$1.14	$1,368,000	0%

(ii) Share-based payment arrangements granted in prior years and existed during the financial year ended 30 June 2022:

- On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Keith Coughlan and 1,200,000 Performance Rights to Mr Richard Pavlik. As at 30 June 2021 and 31 Dec 2021, the management had assessed that the probability to achieve the performance hurdles was below 50% therefore, the management had not expensed any of the value of these performance rights in accordance with AASB 2. For the year ended 30 June 2022, management assessed the probability of achieving the finance hurdles to be over 50%, as a result of which, a share-based expense of $1,896,130 was recognised in the statement of profit or loss and other comprehensive income for the period. The 3,600,000 Performance Rights were issued on 2 March 2022.

	Number granted	Grant date	Exercise price	Term of maturity	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	3,600,000	17 Dec 20	Nil	3 years	$0.87	$0.87	$3,132,000	0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: SHARE BASED PAYMENT EXPENSE (continued)

(i) Share based payments granted during the year: (continued)

- On 5 March 2021, the Company issued 300,000 CDIs to an advisor in satisfaction of a $330,000 invoice fee for the provision of digital marketing services. The $330,000 fee has been expensed over the length of the service per the Service Agreement. The last tranche of share-based payment expense of $200,917 has been recognised in the current year in the statement of profit or loss and other comprehensive income.
- On 23 October 2020, 1,000,000 unlisted options exercisable at 45 cents on or before 23 October 2023 were issued to a consultant. The options were valued under the Black and Scholes model at $256,390 with the share-based payment expense of $64,098 recognised in the current year in the statement of profit or loss and other comprehensive income, being the last tranche of the fair value expensed over the vesting period.

Number granted	Grant date	Exercise price	Term of maturity	Share price on grant date	Value per option	Total fair value	% vested
1,000,000	8 Oct 20	$0.45	3 years	$0.43	$0.256	$256,390	100%

Loan CDIs/shares granted in prior years and existed during the financial year ended 30 June 2022:

	Number 30 June 2021	Repaid during the year	Number 30 June 2022
Director Loan CDIs/shares	1,350,000	-	1,350,000
	1,350,000	-	1,350,000

No loan CDIs/shares were granted/repaid during the financial year.

The total fair value of the Loan CDIs/shares was fully expensed in the statement of profit or loss and other comprehensive income in the 2019 financial year.

A summary of the outstanding Director Loan CDIs/shares at 30 June 2022 and the inputs used in the valuation of the loan CDIs/shares issued to Directors are as follows:

Loan CDIs/shares	**Keith Coughlan**	**Richard Pavlik**	**Kiran Morzaria**
Issue price	$0.725	$0.725	$0.725
Share price at date of issue	$0.70	$0.70	$0.70
Grant date	30 November 2017	30 November 2017	30 November 2017
Expected volatility	143.41%	143.41%	143.41%
Expiry date	30 November 2032	30 November 2032	30 November 2032
Expected dividends	Nil	Nil	Nil
Risk free interest rate	2.47%	2.47%	2.47%
Value per loan CDI	$0.69676	$0.69676	$0.69676
Number of loan CDIs/shares	850,000	300,000	200,000
Total value	**$592,245**	**$209,028**	**$139,352**

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk (Continued)

	2022				2021		
	Amount in EUR	**Amount in GBP**	**Amount in USD**	**Amount in AUD**	**Amount in EUR**	**Amount in GBP**	**Amount in AUD**
Cash and cash equivalents in EMHL	3,054	25,287	-	-	522,338	23,999	-
Trade and other payables in EMHL	9,450	105,593	600	-	-	24,106	-
Intercompany payables to EMHL by subsidiaries	-	-	-	10,938,978	-	-	10,927,193
Total per foreign currency	**12,504**	**130,880**	**600**	**10,938,978**	**522,338**	**48,105**	**10,927,193**
5% effect in foreign exchange rates	625	6,544	30	546,949	26,117	2,405	546,360

Other than intercompany balances there were no financial assets and liabilities denominated in foreign currencies for EMH UK.

(i) Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. The Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Consolidated Statement of Financial Position and notes to the consolidated financial statements.

The credit quality of the financial assets was high during the year. The table below details the credit quality of the financial assets at the end of the year:

		2022	2021
Financial assets	**Credit Quality**	**$**	**$**
Cash and cash equivalents held at Westpac Bank	High	131,265	1,031,382
Cash and cash equivalents held at ANZ bank	High	18,924,244	6,849,291
Bank guarantee held at ANZ bank	High	47,392	47,392
Other receivables	High	782,518	53,046
Other assets	High	-	80,572
		19,885,419	8,061,683

(i) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the Group is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

The following are the contractual maturities of financial assets and financial liabilities, including estimated interest receipts and payments and excluding the impact of netting arrangements.

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

As at 30 June 2022	Carrying Amount $	Contractual Cash flows $	<3 months $	3-6 months $	6-24 months $
Financial assets					
Cash and cash equivalents	19,055,509	19,055,509	19,055,509	-	-
Other receivables	782,518	782,518	782,518	-	-
Other assets	47,392	47,392	-	-	47,392
Cash inflows	19,885,419	19,885,419	19,838,027	-	47,392
Financial liabilities					
Trade and other payables	939,822	939,822	939,822	-	-
Lease liabilities	86,482	86,482	11,155	11,297	64,030
Cash outflows	1,026,304	1,026,304	950,977	11,297	64,030

As at 30 June 2021	Carrying Amount $	Contractual Cash flows $	<3 months $	3-6 months $	6-24 months $
Financial assets				-	-
Cash and cash equivalents	7,880,673	7,880,673	7,880,673	-	-
Other receivables	53,046	53,046	53,046	-	-
Other assets	127,964	127,964	80,572	-	47,392
Cash inflows	8,061,683	8,061,683	8,014,291	-	47,392

As at 30 June 2021	Carrying Amount $	Contractual Cash flows $	<3 months $	3-6 months $	6-24 months $
Financial liabilities					
Trade and other payables	439,798	439,798	439,798	-	-
Lease liabilities	97,893	97,893	-	-	97,893
Cash outflows	537,691	537,691	439,798	-	97,893

(iv) Interest rate risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Interest rate risk (continued)

As at 30 June 2022	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	1.62%	-	18,029,343	1,026,166	19,055,509
Other receivables		-	-	721,710	721,710
Bank guarantee		-	47,392	-	47,392
		-	18,076,735	1,747,876	19,824,611
Financial liabilities					
Trade and other payables		-	-	918,029	918,029
Lease liabilities		-	-	86,482	86,482
		-	-	1,004,511	1,004,511

As at 30 June 2021	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	0.21%	2,880,673	5,000,000	-	7,880,673
Other receivables		-	-	29,452	29,452
Bank guarantee	0.32%	-	47,392	-	47,392
Other assets		-	-	80,572	80,572
		2,880,673	5,047,392	110,024	8,038,089
Financial liabilities					
Trade and other payables		-	-	397,535	397,535
Lease liabilities		-	-	97,893	97,893
		-	-	495,428	495,428

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by $180,767 (2021: $79,280).

(v) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest-bearing monetary assets and financial liabilities approximates their carrying values.

NOTE 22: CONTROLLED ENTITIES

Subsidiaries of European Metals Holdings Limited

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned 2022	Percentage Owned 2021
Equamineral Group Limited (EGL)*	British Virgin Islands	Ordinary	0%	0%
Equamineral SA (ESA Congo)*	Republic of Congo	Ordinary	0%	0%
European Metals UK Limited (EMH UK)	United Kingdom	Ordinary	100%	100%
EMH (Australia) Pty Ltd	Australia	Ordinary	100%	100%

*EGL was incorporated on 8 December 2010 and domiciled in the British Virgin Islands. EGL is the parent company for Equamineral SA (ESA Congo) located in the Republic of Congo. EGL is the beneficial holder of 100% of the issued share capital in Equamineral SA. The companies (ESA and Congo and EGL) have been deregistered on 6 December 2018, however the deregistration was only taken into account during the year ended 30 June 2022. The effect of the deconsolidation is not considered to be material to the group.

NOTE 23: PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent, European Metals Holdings Limited, and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position	**2022**	**2021**
	$	**$**
ASSETS		
Current assets	19,889,522	8,270,838
Non-current assets	135,422	182,711
TOTAL ASSETS	20,024,944	8,453,549
LIABILITIES		
Current liabilities	1,132,577	545,686
Non-current liabilities	40,775	91,855
TOTAL LIABILITIES	1,173,352	637,541
NET ASSETS/(LIABILITIES)	18,851,592	7,816,008
EQUITY		
Issued capital	47,881,352	34,087,930
Reserves	11,904,132	9,220,602
Accumulated losses	(40,933,892)	(35,492,524)
TOTAL EQUITY/(DEFICIT)	18,851,592	7,816,008

Profit or Loss and Other Comprehensive Income		
Loss for the year	(5,441,368)	(2,689,539)
Total comprehensive loss	(5,441,368)	(2,689,539)

Guarantees
There are no guarantees entered into by European Metals Holdings Limited for the debts of its subsidiaries as at 30 June 2022.

NOTE 23: PARENT ENTITY DISCLOSURE (Continued)

Contingent liabilities
There are no contingent liabilities of the parent as at 30 June 2022 and 30 June 2021.

Commitments
There were no commitments for the parent as at 30 June 2022 and 30 June 2021.

NOTE 24: CAPITAL COMMITMENTS

There are no capital commitments for the Group as at 30 June 2022 and 30 June 2021.

NOTE 25: CONTINGENT LIABILITIES

There are no contingent liabilities for the Group as at 30 June 2022 and 30 June 2021.

NOTE 26: SIGNIFICANT EVENTS AFTER THE REPORTING DATE
There have been no significant events arising after the reporting date.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the consolidated financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:
   (a) complying with Accounting Standards;
   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
   (c) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
3. 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 and is signed for and on behalf of the Directors by:

Keith Coughlan
EXECUTIVE CHAIRMAN

Dated at Perth on 30 September 2022

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EUROPEAN METALS HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of European Metals Holdings Limited (the Company), and its controlled entity (the Group), which comprises the consolidated statement of the financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined the matters described below to be key audit matters to be communicated in the report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matters	How the matter was addressed in the audit
Valuation of Share-based payments As disclosed in notes 17 and 18 of the financial report, the Company granted a number of performance rights to consultants, employees and the Directors of the Company. The Company prepared valuations of the performance rights and recorded the related expense in accordance with its accounting policy and with *AASB 2 Share-based Payment* ("AASB 2") in the consolidated statement of profit or loss and other comprehensive income. In addition, Options and CDIs issued in the prior period were required to be expensed as Share-Based Payments in the current period. Accounting for share-based payments was identified as a key audit matter due to the significance of the amounts involved, and complexity and judgmental estimates used in determining the fair value of the equity instruments granted, the grant date, vesting conditions and vesting periods.	In assessing the valuation of performance rights, inter alia, our audit procedures included: i. Obtaining an understanding of the underlying transactions, reviewing agreements, minutes of the Board meetings and ASX announcements; ii. Assessing management's determination of the fair value of the share-based payments granted, the inputs used in the valuation models, the underlying assumptions used and discussing with management the justification for these inputs; iii. Evaluating the allocation of the share-based payment expense over the relevant vesting period; iv. Considering the accounting treatment and its application in accordance with AASB 2; and v. Assessing whether the Company's disclosures met the requirements of the accounting standards.
Investment in associates accounted for using the equity method As disclosed in note 13 of the financial report, effective 28 April 2020, the Group ceased to fully consolidate Geomet s.r.o's ("Geomet") results within the Group's consolidated accounts due to the investment made by CEZ a.s. ("CEZ") thus reducing the Group's interest in Geomet to 49%. Geomet has been equity accounted as an investment in associates in accordance with *AASB 128 Investments in Associates and Joint Ventures* ("AASB 128") since that date. The Group accounted for 49% of the loss incurred by Geomet in the period, totalling $1,367,744, and for 49% of the other comprehensive income recorded by Geomet totalling $853,136. This resulted in an investment in associate value at 30 June 2022, amounting to $16,946,419. The investment in associates accounted for using the equity method is considered to be a key audit matter as the investment represents 46% of the total assets of the Group as well as requires significant effort in the performance of the audit of the Group.	In assessing the accounting for the investment in associates, inter alia, our audit procedures included: i. Performing audit procedures on Geomet's trial balance for the year ended 30 June 2022; ii. Ensuring that management correctly applied the Equity method as per *AASB 128 Investments in Associates and Joint* Ventures, recognising the 49% share of the loss and the movement in reserves recorded for the period by Geomet; iii. Assessing the existence of any impairment indicators regarding the investment in the associate; and iv. Ensuring that the disclosures made in the financial report were complete, sufficient and in accordance with the requirements of the accounting standards.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or,

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if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of European Metals Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilites

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
30 September 2022

ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1 Shareholding as at 15 September 2022

(a) Distribution of Shareholders

Category (size of holding)	Number of Shareholders
1 – 1,000	746
1,001 – 5,000	968
5,001 – 10,000	410
10,001 – 100,000	507
100,001 – and over	162
	2,793

(b) The number of shareholdings held in less than marketable parcels is 351.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

186,082,485 CDIs/shares

- Each CDI/share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — CDIs/shares as at 15 September 2022

Rank	Shareholder	Number of CDIs/shares held	Percentage of capital held
1.	Armco Barriers Pty Ltd	16,497,000	8.87
2.	Cadence Minerals Plc	16,444,914	8.84
3.	BNP Paribas Nominees Pty Ltd	15,535,237	8.35
4.	Vidacos Nominees Limited	10,317,104	5.55
5.	United Super Pty Ltd	10,128,480	5.44
6.	Hargreaves Lansdown (Nominees) Limited	8,487,041	4.56
7.	Interactive Investor Services Nominees Limited	5,954,570	3.20
8.	Mr Keith Coughlan	5,750,000	3.09
9.	Lawshare Nominees Limited	4,887,523	2.63
10.	HSDL Nominees Limited	4,561,454	2.45
11.	Barclays Direct Investing Nominees Limited	3,894,944	2.09
12.	Citicorp Nominees Pty Limited	3,192,934	1.72
13.	Mrs Donna Rose Coughlan	2,880,000	1.55
14.	Jim Nominees Limited	2,161,881	1.16
15.	BankAmerica Nominees Limited	1,950,629	1.05
16.	Mr Andrew Ernest Goodall	1,775,000	0.95
17.	Securities Services Nominees Limited	1,764,986	0.95
18.	Roy Nominees Limited	1,526,885	0.82
19.	Morgan Stanley Client Securities Nominees Limited	1,457,433	0.78
20.	HSBC Custody Nominees (Australia) Limited	1,440,828	0.77
Total Top 20 Shareholders		**120,608,843**	**64.83**

ADDITIONAL INFORMATION

2 The name of the Company Secretary is Mr David Koch.

3 The address of the principal registered office in Australia is Level 3, 35 Outram Street, West Perth WA 6005. Telephone +61 8 6245 2050.

4 **Registers of securities are held at the following addresses**

Computershare Investor Services Limited
Level 11
172 St Georges Terrace
Perth, Western Australia, 6000

5 **Securities Exchange Listing**

Quotation has been granted for all the CDIs/shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6 **Unquoted Securities**

A total of 13,024,000 options over unissued CDIs/shares are on issue.

A total of 1,200,000 Warrants over unissued CDIs/shares are on issue.

A total of 6,550,000 performance shares are on issue.

7 **Use of Funds**

The Company has used its funds in accordance with its initial business objectives.

TENEMENT SCHEDULE

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%

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European Metals

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