

ENGAGEMENT OF GERMAN STRATEGIC ENERGY INVESTMENT ADVISER

European Metals Holdings Limited (ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF) (“European Metals” or the “Company”) is pleased to announce the appointment of Luthardt Investment GmbH, a Berlin-based consultancy specializing in energy production and government relations support to large infrastructure projects internationally.

On 14 September 2022, European Commission President Ursula von der Leyen announced the European Critical Raw Materials Act, aimed at securing a sustainable supply of critical raw materials for Europe and lessening European dependency on certain other suppliers. Background commentary regarding the Act focuses on development of Europe’s raw materials sources, through mobilising necessary financing for the sector and identifying strategic European projects for priority assistance.

The Company believes that these initiatives will benefit the Cinovec Project, which has the potential to be a significant European source of lithium.

Luthardt Investment GmbH is led by Sven Luthardt, who has broad business experience supporting companies in Europe and the Middle East, particularly in the field of Government relations.

The company is a globally active services provider and general contractor offering a comprehensive spectrum of services in the energy field. It is also a service and sales partner to several German manufacturers.

Mr Luthardt is a member of the Green Hydrogen Taskforce, a collaborative effort between energy, industrial technology and new technology companies in Germany along with Australia’s Forrest Future Industries. He is also a senior adviser to Roland Berger, an international management consultancy headquartered in Munich.

Luthardt Investment will advise the Company as well as the project company, Geomet, on EU and national government-level relations, with the aim of promoting official support of the Cinovec Project.

In consideration for the engagement, the Company will issue Luthardt Investment a total of 2 million unlisted options to acquire fully paid ordinary shares, exercisable at AU\$0.80 on or before 30 December 2023, which shall vest in two equal tranches, subject to milestones tied to achievement of downstream partnerships and policy support for the project in Germany being met. The milestones are set out in full overleaf. The options are otherwise on standard terms and conditions. The Company is not required to seek shareholder approval for the options because they will be issued out of the Company’s existing placement capacity under ASX Listing Rule 7.1.

DIRECTORS AND MANAGEMENT

Keith Coughlan
EXECUTIVE CHAIRMAN

Richard Pavlik
EXECUTIVE DIRECTOR

Kiran Morzaria
NON-EXECUTIVE DIRECTOR

Lincoln Bloomfield
NON-EXECUTIVE DIRECTOR

David Koch
COMPANY SECRETARY

CORPORATE INFORMATION

ASX EMH

AIM EMH

OTCQX EMHXY, ERPNF and EMHLF

Frankfurt E861.F

CDIs/SHARES ON ISSUE 186.0M

Executive Chairman Keith Coughlan said:

"I am very pleased to be working with Sven and Ludhardt Investments to advance the Cinovec Project and to bring to pass the vision which we have always had of Cinovec supplying a sizable portion of the Lithium needed to fulfil Europe's lofty ambitions of becoming battery self-sufficient.

"European Metals is well positioned for the rising demand in battery materials, developing the Cinovec project, the largest hard rock lithium project in the EU, which is centrally located on the Czech Republic's border with Germany. The project possesses excellent ESG credentials which will enable the production of battery grade lithium hydroxide and carbonate with potentially one of the lowest CO₂ emissions, globally."

This announcement has been approved for release by the Board.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet has been granted a preliminary mining permit by the Ministry of Environment and the Ministry of Industry. The company is owned 49% by EMH and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Measured Mineral Resource of 53.3Mt at 0.48% Li₂O and 0.08% Sn, Indicated Mineral Resource of 360.2Mt at 0.44% Li₂O and 0.05% Sn and an Inferred Mineral Resource of 294.7Mt at 0.39% Li₂O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent and 335.1kt of tin (refer to the Company's ASX release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate (refer to the Company's ASX release dated 11 July 2018) (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

This makes Cinovec the largest hard rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

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

On 19 January 2022, EMH provided an update to the 2019 PFS Update, conducted by specialist independent consultants, which indicates a post-tax NPV of USD1.938B and a post-tax IRR of 36.3% and confirmed that the Cinovec Project is a potential low operating cost producer of battery-grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining (refer to the Company's ASX release dated 19 January 2022) (**PFS Update delivers outstanding results**). Metallurgical test-work has produced both battery-grade lithium hydroxide and battery-grade lithium carbonate in addition to high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit, and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

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

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

BACKGROUND INFORMATION ON CEZ

Headquartered in the Czech Republic, CEZ a.s. is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction.

CEZ Group is one of the ten largest energy companies in Europe, has 28,000 employees and annual revenue of approximately EUR 9.97 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 17.7 billion.

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

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

Milestones

The options to be issued to Luthardt Investments are unquoted and are exercisable at AU\$0.80 each on or before 30 December 2023, subject to the following vesting criteria:

- (a) **Tranche 1:** on or before 31 December 2022, the Company receiving confirmation in writing in the form of a letter or other official correspondence from the federal government of Germany (or a department acting with delegated authority) or the Saxony regional government of Germany that it will formally support the Cinovec Project and the supply of lithium products from the Cinovec Project into Germany and use its best endeavours to assist the Cinovec Project in permitting and funding, apart from other factors.
- (b) **Tranche 2:** on or before 30 June 2023, the Company receiving confirmation in the form of a letter or other official correspondence from the federal government of Germany (or a department acting with delegated authority) or the Saxony regional government of Germany that it will formally support an increased production plan for the Cinovec Project subject to supply security considerations for European manufacturers of Electric vehicles and batteries.

The options are otherwise on standard terms. The Company does not intend to seek shareholder approval for the options because they will be issued out of the Company's existing placement capacity under ASX Listing Rule 7.1.

Competent Person Statement

The information in this report is extracted from ASX announcements made by EMH on 11 July 2018 "Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate", 13 October 2021 "Resource Upgrade at Cinovec Lithium Project" and 19 January 2022 "PFS Update delivers outstanding results" which are available to view on the Company's website: europeanmet.com. The Company

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

CONTACT

For further information on this update or the Company generally, please visit our website at www.europeanmet.com or see full contact details at the end of this release.

WEBSITE

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

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