European Metals Holdings Limited

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Directors & Management

Keith Coughlan
Executive Chairman

Richard Pavlik
Executive Director

Kiran Morzaria
Non-Executive Director

Lincoln Bloomfield
Non-Executive Director

Dennis Wilkins
Company Secretary

Corporate Information

ASX: EMH

AIM: EMH

NASDAQ: ERPNF

OTC: EMHLF

Frankfurt: E861.F

CDIs on Issue: 165.7M

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3 February 2021

SUCCESSFUL PLACING TO RAISE AUD 7.1M

- **Firm Commitments from institutional and sophisticated investors received for a private placement of AUD 7.1 million (before costs)**
- **Includes substantial support and participation with a A$5 million contribution by Luxembourg green energy fund, Thematica Future Mobility**
- **Funds raised will assist in further development of the Cinovec Project and general working capital and to introduce strategic institutional investors as the Company progresses the Project towards FID and full funding**

- **Cinovec contains the largest hard rock lithium deposit in Europe**
- **Cinovec is fully funded to final investment decision with approximately EUR 26.7m in the Project company currently**
- **EMH intending to become one of the lowest carbon footprint producers of battery grade Lithium Hydroxide and Lithium Carbonate in Europe**
- **Cinovec is situated within 250 km of a large number of existing or proposed end users of battery grade lithium chemicals**

European Metals Holdings Limited (ASX & AIM: EMH, NASDAQ: ERPNF) ("**European Metals**" or the "**Company**") is pleased to announce it has successfully received firm commitments for a placement for approximately 6.45 million CDI's at an issue price of A$1.10 per CDI to raise A$7.1 million (before costs) (Placement). The Placement was well supported, especially by Thematica Future Mobility, a Luxembourg-based green energy fund.

The proceeds of the Placement will assist in the further development of the Cinovec Lithium Project, the largest hard rock lithium resource in Europe, and further general working capital.

European Metals Executive Chairman Keith Coughlan said*:* "*We are very pleased to complete this capital raising at this time and to add cornerstone shareholders to our register who we believe will be very valuable to the Company as we move into our full project funding. It is very pleasing in particular to welcome Thematica Future Mobility to the Company. Thematica is a specialist investor in the Electric Vehicle supply chain, based in Luxembourg. As such, Thematica recognizes the unique opportunity presented by investment in the Cinovec Project against a backdrop of unprecedented EU support."*

A Thematica representative said: *"The strong growth in European EV sales and the rise of domestic battery cell production is going to require substantial lithium supply in the future. The European Raw Material Alliance (ERMA) has stated its ambition is to have 80% of lithium supply sourced locally – we see European Metals Holdings, that should reach final investment decision in early 2022 post the completion of a definitive feasibility study, as one of the first producers of battery-grade lithium chemicals on the continent and given its large resource, a meaningful contributor to the ERMA target."*

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About Thematica

Thematica Future Mobility is a Luxembourg-based UCITS fund, with exposure to companies that are focused or will substantially benefit from the transition to clean and sustainable transportation and energy storage solutions. The fund invests in companies globally and across all market caps. For more information please go to www.thematicafunds.com

Under the Placement, the Company will issue 6,454,545 CDI's pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1. The Placement pricing represents a 5% discount to the closing price of the Company's securities on ASX on 2 February 2021 of $1.16 per share and a 1.8% premium to the 5-day VWAP of $1.084 per share.

This announcement has been approved for release by the Board.

BACKGROUND INFORMATION ON CINOVEC

PROJECT OVERVIEW

Cinovec Lithium/Tin Project ("Cinovec")

Cinovec is the largest hard rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource and is fully funded through to Final Investment Decision.

Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS and controls the mineral exploration licenses awarded by the Czech State over Cinovec. Cinovec hosts a globally significant hard rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li_2O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li_2O and 0.04% Sn containing a combined 7.22Mt Lithium Carbonate Equivalent and 263kt of tin. An initial Probable Ore Reserve of 34.5Mt at 0.65% Li_2O and 0.09% Sn has been declared to cover the first 20 years of mining at an output of 22,500tpa of lithium carbonate or 25,267tpa of lithium hydroxide monohydrate.

As reported to the market 21 October 2016 ("Outstanding Lithium Recoveries at Coarse Grind") wet magnetic separation ("WMS") achieved a near pure lithium mica concentrate grading 2.85% Li_2O with a lithium recovery of 92%. The zinnwaldite concentrate produced from Cinovec requires only roasting, compared to the calcination and roasting required of processing spodumene. The combined effect of not requiring calcination, energy intensification and use of natural gas is expected to considerably reduce greenhouse gas emissions of the Project when compared to existing spodumene projects.

The Preliminary Feasibility Study, conducted by specialist independent consultants, indicated a return post tax NPV of USD1.108B and an IRR of 28.8% 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. 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.

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

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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

CEZ a.s. is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 33,000 employees and annual revenue of approximately EUR 7.24 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a holding 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 10.08 billion.

As one of the leading Central European power companies, CEZ is involved in 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 Czech is a significant contributor to GDP and the number of EV's in the country and Europe is expected to grow significantly in coming years.

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.

COMPETENT PERSON

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

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

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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

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objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

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

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

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

LITHIUM CLASSIFICATION AND CONVERSION FACTORS

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

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

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

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

Table: Conversion Factors for Lithium Compounds and Minerals

Convert from		Convert to Li	Convert to Li_2O	Convert to Li_2CO_3	Convert to $LiOH.H_2O$
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	Li_2O	0.464	1.000	2.473	2.809
Lithium Carbonate	Li_2CO_3	0.188	0.404	1.000	1.136

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Lithium Hydroxide	$LiOH.H_2O$	0.165	0.356	0.880	1.000
Lithium Fluoride	LiF	0.268	0.576	1.424	1.618

WEBSITE

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

ENQUIRIES:

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