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17 APRIL 2015

ASX ANNOUNCEMENT

CINOVEC BATTERY GRADE LITHIUM CARBONATE

HIGHLIGHTS

European Metals Holdings Limited (“**European Metals**” or “**The Company**”) (**ASX: EMH**) is pleased to announce that battery-grade lithium carbonate has been precipitated in metallurgical testwork on a sample of ore from the Cinovec Lithium-Tin-Tungsten Project in the Czech Republic.

Key Points:

- **99.56% pure lithium carbonate precipitated from a sample of Cinovec ore**
- **By-product potassium sulphate also successfully precipitated**
- **Sample achieved lithium leach recovery of 92% in a leach residence time of 18 hours**
- **Scoping Study to be concluded and results announced in the near future**
- **Cinovec is one of the largest hard rock lithium deposits in the world, with an Inferred lithium resource of 5.5Mt LCE* and additional Exploration Target of 3.4-5.3Mt LCE**

European Metals CEO Mr Keith Coughlan said “I am pleased to report that the final stage of initial metallurgical testwork for lithium has successfully concluded with the precipitation of battery-grade lithium carbonate and by-product sulphate of potash from a sample of Cinovec ore. The process is being managed by Cobre Montana (ASX:CXB) under a MOU executed between The Company and CXB late last year (*refer to ASX announcement 14 December 2014*).

In conjunction with the highly successful concentration and leach of lithium from Cinovec ore (*refer to ASX announcements 3 and 4 February 2015*) and the substantial upgrade in resource tonnage and contained lithium (*refer to ASX announcement 9 February 2015*), the potential for a positive impact on project economics is significant. Current indications are that the process is low cost, with production of battery-grade lithium carbonate at a cost equivalent to brine deposits. Taking into account sales of tin and tungsten, which will also be produced at Cinovec, the total cost of lithium carbonate production has the potential to be substantially less than for brine deposits. Preliminary financial modelling is underway and due to be finalised soon. I look forward to reporting outcomes of this work and the Scoping Study in the near future.”

*LCE is lithium carbonate equivalent, a common measure for reporting lithium production and demand; LCE = Li₂O% X 2.473.

Metallurgical testwork program

Testwork was conducted on a 50kg sample of drill core from Cinovec. The sample was crushed and milled prior to concentration of lithium micas via froth flotation. Subsequent atmospheric leaching of the float concentrate resulted in 92% recovery of lithium to the leach liquor in a residence time of 18 hours.

Tables below list reported grades for important compounds and elements in the concentrate feed and lithium carbonate product; purity of the lithium carbonate product is 99.56%.

Concentrate Feed								
Li ₂ O	K ₂ O	CaO	Al ₂ O ₃	FeO	MgO	S	Rb	Cs
%	%	%	%	%	ppm	ppm	ppm	ppm
1.81	7.41	1.57	19.3	6.91	367	740	6671	222

Lithium Carbonate Product												
Li ₂ O	K ₂ O	CaO	Al ₂ O ₃	SiO ₂	FeO	MgO	S	P	As	Co	Rb	Cs
%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
40.3	176	57	ND	87	ND	67	1581	162	ND	ND	24	ND

ND - not detected

As expected, sulphate of potash (K₂SO₄) was precipitated as part of the process. Potash could be a valuable by-product of lithium production at Cinovec, as it is an important component of fertiliser.

The commercial implications of metallurgical testwork for lithium will be included in the Scoping Study, which will be released once financial modelling is complete. As part of the MOU between The Company and CXB, CXB will provide The Company with a commercial development proposal for processing of lithium ore at Cinovec; the proposal is currently in preparation.

PROJECT OVERVIEW

Cinovec Tin Project

Cinovec is an historic tin mine incorporating a significant undeveloped tin resource with by-product potential including tungsten, lithium, rubidium, scandium, niobium and tantalum. Cinovec is one of the largest undeveloped tin deposits in the world, with a total inferred resource of 30.1Mt grading 0.37% Sn for 111,370 tonnes of contained tin. Cinovec also hosts a partly-overlapping hard rock lithium deposit with a total inferred resource of 514.8Mt @ 0.43% Li₂O. The resource estimates are based primarily on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit is amenable to bulk underground mining and has had over 400,000 tonnes trial mined as a sub-level open stope. Historical metallurgical testwork, including the processing of the trial mine ore through the previous on-site processing plant, indicates the ore can be treated using simple gravity methods with good recovery rates for tin and tungsten of approximately 75%. Recent metallurgical testwork on tin indicates the potential for upwards of 80% recovery; initial results of testwork on lithium extraction using proprietary technology has been highly encouraging, with the capability to produce battery grade lithium carbonate. Cinovec is very well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.

COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by European Metals Director Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist, a member of the American Institute of Petroleum Geologists, a Fellow of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources 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 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. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

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