

5 February 2015

ASX ANNOUNCEMENT

OUTSTANDING LITHIUM LEACH RESULTS

HIGHLIGHTS

European Metals Holdings Limited (“**European Metals**” or “**The Company**”) (ASX: EMH) is pleased to announce results from the second stage of metallurgical testing for lithium at the Cinovec Project in the Czech Republic; extremely high recovery of lithium achieved in leach tests.

Key Points:

- **99.5% of lithium recovered from concentrate via leaching**
- **Short leach time; 97.6% of the lithium recovered in only 4 hours**
- **Overall recovery from ore to leach liquor exceeds 97.5%**
- **Lithium resource being updated to reflect positive impact of successful testwork**

European Metals CEO Mr Keith Coughlan said “I am extremely pleased to report these remarkably successful second stage lithium testwork results. Initial testwork showed that Cinovec lithium micas are easily and effectively concentrated (in excess of 98% recovery for contained lithium) using a simple and proven method of froth flotation. Now we know that lithium can be leached from the micas effectively and rapidly – 99.5% of lithium in the concentrate reported to the leach liquor, with 97.6% of the lithium recovered after only 4 hours. The overall recovery of lithium through both phases of testwork exceeds 97.5%, which is nothing short of exceptional. These positive testwork results have a flow-on effect to Cinovec’s lithium resource because improved economics through cost-effective recovery impact both tonnage and metal content. I look forward to reporting revised resources in the near future.

I cannot stress enough how important this program is to the Cinovec Project – the impact of a simple, cost-effective lithium recovery process on project economics could be extraordinary. To my knowledge, there are no other lithium projects where ore samples are the tails (waste) from treatment to extract tin and tungsten. The combined revenue from all of these products – tin, tungsten, lithium and potash (which is a potential by-product of the lithium leach process) – would create a hedge against volatile commodity prices and make Cinovec a truly multi-commodity project.

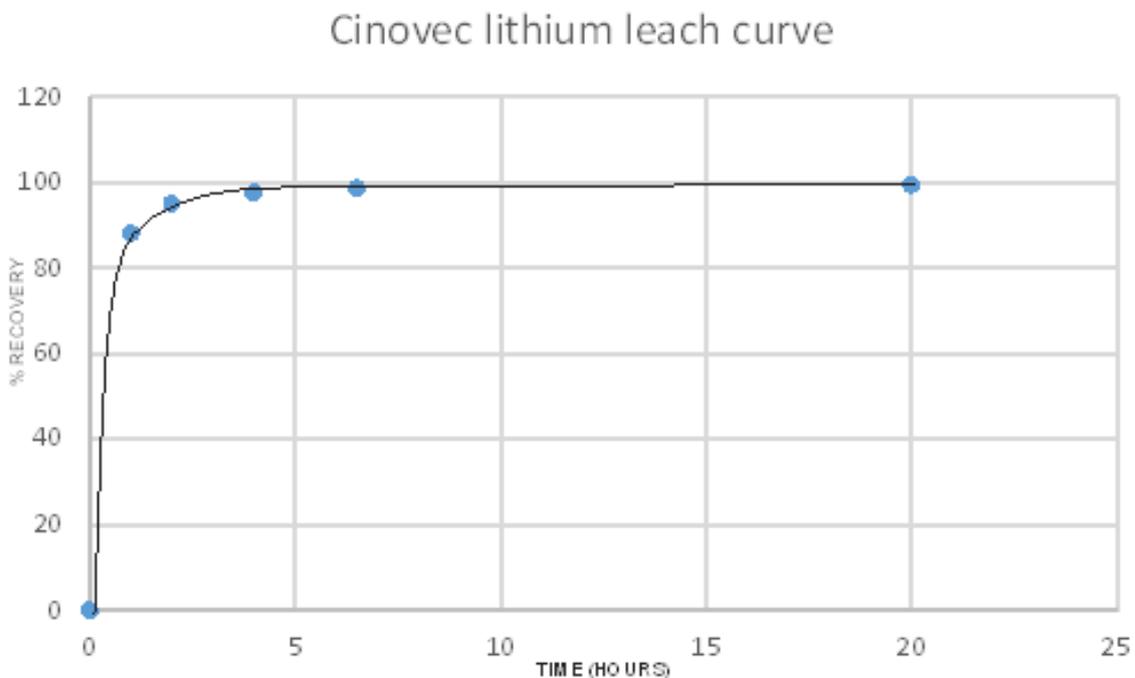
We look forward to the results from the testwork’s next stage, which involves processing a larger sample. This sample has arrived in Perth and Cobra Montana (ASX:CXB) will begin the program next week.”

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Metallurgical testwork program

A sample of gravity tails from EMH's metallurgical testwork program for tin and tungsten (*refer to ASX announcement 29 January 2015*) was sent to Cobre Montana with who the Company has signed an MOU to investigate a lithium processing technology held under licence by Cobre Montana (*refer to ASX announcement 14 December 2014*). Initial testwork, aimed at concentrating lithium micas via froth flotation, proved highly effective (*refer to ASX announcement 4 February 2015*); recovery exceeded 98% on a contained lithium basis. Subsequent leaching of the concentrate returned outstanding results, with lithium recoveries to the leach liquor of 97.6% after 4 hours and 99.5% after 20 hours. The lithium leach curve is shown below.

The overall recovery of lithium, from gravity tails to leach liquor, exceeds 97.5%.



Lithium Resource Implications

These successful testwork results have a substantial positive impact on the lithium resource defined at Cinovec. As a direct result of this work and the recently completed drill holes, the current JORC Code compliant Inferred Resource of 36.8Mt @ 0.8% Li₂O is being updated by EMH's resource consultant Lynn Widenbar. The revised lithium resource will see a marked increase in both tonnage and contained metal because this simple, cost-effective process route positively impacts the modifying factors used to define the economics of the lithium model. Revised resources will be reported in the near future.

PROJECT OVERVIEW

Cinovec Project

Cinovec is an historic tin mine incorporating a significant undeveloped tin resource with by-product potential including tungsten, lithium, potash, rubidium, scandium, niobium and tantalum. Cinovec is one of the largest undeveloped tin deposits in the world, with a total inferred resource of 28.1Mt 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 36.8Mt @ 0.8% 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 appears amenable to bulk mining techniques 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 indicated the potential for upwards of 80% recovery; initial results of testwork on lithium extraction using proprietary technology have been highly encouraging, with recovery in excess of 97.5% lithium. 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 2004 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.

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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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