

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2021

European Metals Holdings Limited (ASX & AIM: EMH, NASDAQ: EMHXY) (“European Metals” or the “Company”) is pleased to provide an update on its activities during the three-month period ending 30 September 2021 highlighting the continued progress in the development of the globally significant Cinovec Lithium/Tin Project (“**the Project**” or “**Cinovec**”) in Czech Republic.

The quarter was marked by a significant resource upgrade following an extensive drilling programme and considerably higher prices for the Project's two key metals, lithium and tin.

RESOURCE UPGRADE AT CINOVEC LITHIUM PROJECT

The Company completed a drilling campaign during the quarter at Cinovec South, comprising 22 diamond drill core holes for 6,622 metres. The drilling programme has been systematically undertaken over the year with the primary aim to convert a larger part of the resource to higher JORC classification.

Independent expert Lynn Widenbar of Widenbar and Associates updated the Mineral Resource Estimate of the Cinovec Project, which has been prepared and reported in accordance with the 2012 Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code (2012)).

The additional information resulted in an upgrade of some 28.5 million tonnes (MT) of Inferred Resources to Indicated Resources and the increased drilling density in the southern area has allowed the re-classification of **53.3MT of Indicated material to the Measured category**. The **total Measured, Indicated and Inferred Resources have increased by 12.3MT to 708.2MT**.

The contained lithium in the resource increased from 7.2 Mt to 7.39 Mt LCE.

The Cinovec Project remains a potential low operating cost, hard rock lithium hydroxide or lithium carbonate producer, due to a number of key advantages:

- By-product credits from the recovery of tin, tungsten, potash and sodium sulphate;
- Paramagnetic properties of zinnwaldite allow the use of low-cost wet magnetic processing to produce a lithium concentrate for further processing at relatively high recoveries;
- Relatively low temperature roasting at atmospheric pressure utilizing conventional technologies, reagent recycling and the use of waste gypsum; and
- Low-cost access to extensive existing infrastructure and grid power.

DIRECTORS AND 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 ERPWF

Frankfurt E861.F

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MINERAL RESOURCE UPGRADE

A summary of the updated Lithium Resource Estimate is presented in Table 1 below.

Table 1: Cinovec Project Mineral Resource September 2021 (0.1% Li (0.2153% Li₂O) Cut-off)

CINOVEC SEPTEMBER 2021 RESOURCE SUMMARY							
	Cut-off	Tonnes	Li	Li ₂ O	Sn	W	LCE
	%	(Millions)	%	%	%	%	MT
MEASURED	0.1 % Li (0.22% Li ₂ O)	53.3	0.22	0.48	0.08	0.02	0.64
INDICATED	0.1 % Li (0.22% Li ₂ O)	360.2	0.20	0.44	0.05	0.02	3.88
MEASURED+INDICATED	0.1 % Li (0.22% Li ₂ O)	413.4	0.21	0.44	0.05	0.02	4.51
INFERRED (approx.)	0.1 % Li (0.22% Li ₂ O)	294.7	0.18	0.39	0.05	0.02	2.87
TOTAL	0.1 % Li (0.22% Li ₂ O)	708.2	0.20	0.42	0.05	0.02	7.39

Notes:

1. Mineral Resources are not Reserves until they have demonstrated economic viability based on a feasibility study or prefeasibility study.
2. Mineral Resources are reported inclusive of any reserves and are prepared by Widenbar in accordance with the guidelines of the JORC Code (2012).
3. The effective date of the Mineral Resource is September 20, 2021.
4. All figures are rounded to reflect the relative accuracy of the estimate.
5. The operator of the project is Geomet s.r.o., 49% owned by EMH and 51% owned by CEZ a.s. Gross and Net resources attributable to EMH. are the same.
6. Any apparent inconsistencies are due to rounding errors.
7. MT is million tonnes.
8. LCE is Lithium Carbonate Equivalent and is equivalent to Li₂CO₃.

APPOINTMENT OF NEW OPERATIONS MANAGER

During the quarter, Geomet s.r.o., the management company of the Cinovec Lithium Project, appointed Mr. Walter Mädel in the role of Operations Manager.

Walter Mädel is an experienced minerals operations and ore processing specialist and has successfully delivered lithium ore processing plants for Altura's Pilgangoora mine and Firefinch's Goulamina hard rock lithium DFS over the last five years.

At Firefinch, Mr Mädel recently led the development of the lithium ore processing facility in the DFS for the Goulamina project, on the back of which Jiangxi Ganfeng Lithium Company Ltd, the world's largest lithium producer (by capacity), committed to invest US\$194m in June 2021, substantially funding Goulamina through to production.

At Altura's Pilgangoora project, Mr. Mädel had a leadership role as processing manager in taking the processing facility of the project from early-stage feasibility, through DFS, detailed design, project implementation, commissioning and operational readiness into production.

ENGAGEMENT OF LCA SPECIALIST

In line with Environmental, Social and Governance (ESG) adoption, the Company 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 will cover both battery-grade lithium carbonate and battery grade lithium hydroxide and will be benchmarked against global lithium peers. Minviro has been actively engaged to identify decarbonisation optimisation in the developing feasibility study for Cinovec.

The Company strongly believes that the Cinovec LCAs will demonstrate strong carbon footprint credentials with lower energy use, less intensive reagent application and net carbon credits from mine and process by-products. Minviro has provided the assessment to Geomet and it is currently undergoing external independent QA/QC before publication. The Company expects to be able to release these findings during the month of November.

CORPORATE AND ADMINISTRATION

US ADS Programme

The Company announced that its American Depository Share (ADS) program became available for trading in the US on Tuesday 27 July 2021. EMH's ADS will trade in the US over-the-counter (OTC) market under the symbol EMHXY. One EMH ADS represents twenty existing EMH chess depository instruments. The ADS program does not involve the issuance of new shares or the raising of new capital by the Company. ADSs allow US investors to buy shares in foreign companies through US registered securities without the need for cross-border or cross-currency transactions. They are priced in US dollars and can be traded like shares of US-based companies. EMH will remain a member company of the Nasdaq International Designation and is not listed or traded on the NASDAQ Stock Market, LLC. Deutsche Bank Trust Company Americas is the depository bank for the program. There have been a number of issuances of ADS by the depository bank and the ADS's have traded on the OTC Markets.

QUARTERLY CASHFLOW REPORT

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 30 September 2021. Included in those cashflows are cash receipts from Geomet of \$276k and cash outflow for Cinovec associated costs of \$303k in respect of the Company's investment in the Cinovec Lithium Exploration Project in the Czech Republic ("the Project").

PAYMENTS TO RELATED PARTIES

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$143k in payments were made to related parties and their associates for director salaries, consultancy fees, superannuation and other related costs. A portion of these expenses are to be reimbursed directly from Geomet.

CORONAVIRUS

The potential effects of the Cov-19 pandemic continue to be monitored for impact on the Company's operations. While the second wave has had more of an impact than the initial wave (March – May 2020) the Company has continued to use remote meeting tools (Zoom and MS Teams) to maintain project momentum, albeit not as efficiently as physical meetings would have allowed. The Executive Management team closely monitor the ever-evolving Cov-19 circumstances and have determined that, so far, the pandemic has not had a material impact on the Company's operations although timelines may be slightly longer than envisaged. Further updates will be provided in the event circumstances change.

PERFORMANCE SHARES

As at 30 September 2021 the issued performance shares including the terms and conditions were as follows:

Number	Description	Summary Terms & Conversion Hurdles
3,000,000	A Class Performance Shares	<p>Convert into Shares and an equivalent number of CDIs upon the completion of a definitive feasibility study (DFS). For clarity, the DFS must be:</p> <ul style="list-style-type: none"> (i) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study; (ii) capable of supporting a decision to mine on the Permits; and (iii) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a pre-tax net present value of not less than US\$250,000,000. <p>The A Class Performance Shares shall convert into the number of Shares and equivalent number of CDIs equal to 3,000,000 multiplied by 0.5 and divided by the greater of: (A)\$0.50 per CDI; and (B) the volume weighted average price of CDIs (expressed as a decimal of \$1.00) as calculated over the 5 ASX trading days prior to date of receipt of the completed DFS.</p>

GEOMET 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%

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 European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS.

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 based on stope optimizing model to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate reported 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 for the extraction of tin.

In June 2019 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which 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 (refer Company's ASX release dated 17 June 2019). 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. 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 has 33,000 employees and annual revenue of approximately EUR 8.3 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 15.7 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 Czech is a significant contributor to GDP and the number of EV's in the country 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 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 (Li₂O) content or percent lithium carbonate (Li₂CO₃) content.

Lithium carbonate equivalent (“LCE”) is the industry standard terminology for, and is equivalent to, Li₂CO₃. 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 Li₂CO₃ value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li₂CO₃ 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 ₂ O	Convert to Li ₂ CO ₃	Convert to LiOH.H ₂ O
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	Li ₂ O	0.464	1.000	2.473	2.809
Lithium Carbonate	Li ₂ CO ₃	0.188	0.404	1.000	1.136
Lithium Hydroxide	LiOH.H ₂ O	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:

European Metals Holdings Limited

Keith Coughlan, Executive Chairman

Tel: +61 (0) 419 996 333

Email: keith@europeanmet.com

Kiran Morzaria, Non-Executive Director

Tel: +44 (0) 20 7440 0647

Dennis Wilkins, Company Secretary

Tel: +61 (0) 417 945 049

Email: dennis@europeanmet.com

WH Ireland Ltd (Nomad & Joint Broker)

James Joyce/Darshan Patel

(Corporate Finance)

Harry Ansell/Jasper Berry (Broking)

Tel: +44 (0) 20 7220 1666

Shard Capital (Joint Broker)

Damon Heath

Erik Woolgar

Tel: +44 (0) 20 7186 9950

Blytheweigh (Financial PR)

Tim Blythe

Megan Ray

Tel: +44 (0) 20 7138 3222

Chapter 1 Advisors (Financial PR – Aus)

David Tasker

Tel: +61 (0) 433 112 936

The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who authorised for the release of this announcement on behalf of the Company was Keith Coughlan, Executive Chairman.