

European Bank for Reconstruction and Development €6m Strategic Investment

HIGHLIGHTS

- **The European Bank for Reconstruction and Development ("EBRD")** has agreed to invest €6 million to support the Company's development of the Cinovec Project in the Czech Republic.
- EBRD's investment and expertise will be beneficial to the Company as the Cinovec Project moves through permitting, project financing, and completing its Definitive Feasibility Study ("DFS").
- As part of its due diligence, EBRD engaged an independent, international mining consultancy to conduct a technical review of the Cinovec Project.
- EBRD is an International Financial Institution owned by the European Union, European Investment Bank and 71 countries, including the Czech Republic.
- The investment is to be implemented by way of a private placement of 12,315,213 shares of the Company to be issued to EBRD at a price of £0.423 per share (the "**Placement**"). This equates to AUD 0.803 per share.¹

European Metals Holdings Limited (ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF) ("European Metals" or the "Company") is pleased to announce the entry into a strategic investment agreement under which EBRD has agreed to invest €6 million to support the Company's development of the Cinovec Project in the Czech Republic.

As part of the due diligence process, EBRD engaged an independent, international mining consultancy to undertake a technical review of the Cinovec Project. EBRD also performed a review of the Cinovec Project in respect to compliance with EBRD's Environmental and Social Policy.

Keith Coughlan, Executive Chairman, said:

"The Company welcomes EBRD's strategic investment, which is a strong endorsement of the Cinovec Project's value and its commitment to the highest environmental and social standards. The EBRD investment aims to fund the project's predevelopment work and opens a pathway to potentially securing project financing. The successful completion of the technical due diligence process is a testament to the quality of the Cinovec team, the work which has been done to date and a strong vote of confidence in the project."

"The EBRD investment is confirmation that the Cinovec Project is a vital part of establishing a strong, sustainable European electric vehicle battery supply chain to support Europe's accelerating transition to e-mobility."

¹ The issue price was calculated by reference to the volume weighted average trading price of the Company's shares on the AIM on the five trading days preceding the date of signing of the Subscription Agreement.

Natalia Lacorzana, Head of Natural Resources at EBRD said:

"We are pleased to support the Cinovec project, the first lithium project financed by the Bank, on its path to become a responsibly mined source of battery grade lithium for Europe. EBRD is committed to supporting the global transition to a green economy, the move towards wider adoption of electric vehicles, in particular, via providing necessary funding and know-how to junior miners of critical and/or strategic raw materials."

The Company's relationship with EBRD is expected to be highly strategic as the European Union charts a path towards greater lithium supply security and sustainability. Support for the Company's lithium, tin and tungsten Cinovec Project aligns with these EU goals. The investment is to be implemented by way of a private placement of 12,315,213 shares of the Company to be issued to EBRD at a price of £0.423 per share (the "**Placement**").² Upon the closing of the Placement, EBRD will hold approximately 6% of the Company's shares on issue (on a non-diluted basis).

In connection with the Placement, European Metals and EBRD have an agreement whereby, subject to certain conditions, the EBRD has been granted rights that allow participation in future financings to maintain its pro rata equity interest in the Company. The agreements also provide for the Cinovec Project to be developed according to EBRD's Environmental and Social Policy.

The proceeds from the Placement will be used to assist in funding pre-development works and studies for the Cinovec Project including environmental works and working capital expenditures for the period up to the completion of the DFS.

The Placement is subject to normal and customary conditions precedent for a transaction of this nature. The shares will be issued without shareholder approval utilising the Company's existing placement capacity under ASX Listing Rule 7.1.

About the European Bank for Reconstruction and Development

The EBRD is an international financial institution established in 1991 to foster the economic transition process and to promote private and entrepreneurial initiative in its countries of operations including Central and Eastern Europe, former Soviet Union and Eastern Mediterranean through provision of loans, equity investments, conducting policy dialogue and providing technical cooperation. It has since played a transformative role and gained unique expertise in fostering change in the region - and beyond - investing €170 billion in more than 6,400 projects including nearly EUR 3bn in some 70 mining projects across 15 countries of operation.

This announcement has been approved for release by the Company's Board.

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.

² The issue price was calculated by reference to the volume weighted average trading price of the Company's shares on the AIM on the five trading days preceding the date of signing of the Subscription Agreement.

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 fifth 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 South-eastern 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.

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