

For immediate release

27 November 2024

## CINOVEC PROJECT UPDATE

European Metals Holdings Limited (ASX & AIM: EMH, OTCQX: EMHXY and EMHLF) ("European Metals" or the "Company") is pleased to provide the following update regarding the Cinovec Lithium Project ("Cinovec" or "the Project").

### Highlights

- New Processing Plant site confirmed at Pruněrov EPR1
- New site has benefits in respect to construction costs, waste management, access to utilities and transport links and logistics, and geotechnical characteristics.
- Work on updating the DFS to include the revised project configuration has already commenced with results expected to be released in mid-2025.
- Engineering work has continued, in parallel to finalising the process plant location, to optimise mining and processing Capex and Opex, including potential for increased production, and confirmation of changes to FECAB for flotation.
- Extensive stakeholder engagement in respect to the EPR1 site.

### Confirmation of New Processing Plant Site

The Company announced the change of plant site to Pruněrov on 25 April 2024 (*refer Note 1 below*). The Pruněrov area is several hundred hectares in extent and Geomet, the Project company, has studied numerous potential locations (potential plant footprints) within the Pruněrov area, focussing on how to optimise the Cinovec processing plant from a construction, operability and ongoing maintenance perspective both in technical and commercial terms. These assessments have encompassed comparative capital expenditure ("Capex") assessments, long-term suitability and sustainability assessments including in relation to waste management, re-connection and ongoing access to utilities and transport links and logistical aspects, geological and geotechnical surveys, including geotechnical drilling.

Final site selection has now been completed, with the Cinovec Project processing plant to be located on the site of the former Pruněrov 1 Power Station ("EPR1").

Geotechnical drilling has been undertaken on two of the sites in the Pruněrov area and the final site at EPR1 has a near-complete geotechnical survey and site demolition report from the decommissioning of the power station, with some minor infill drilling required to complete the database.

**Note 1:** Company's ASX/ AIM announcement of that date "New Lithium Plant Site Expected to Improve Project Permitting and Economics"



**Figure 1:** EPR1 site in March 2024 after demolition, clearance and ground rehabilitation. The administration building on the west of the site has been retained and is suitable for use as construction offices.

Pruněrov Power Station, comprised of EPR1 and EPR2 was the largest coal-fired power plant in the Czech Republic with an installed capacity of 1,490MW. EPR1 was decommissioned by CEZ in 2020 and demolished in 2022-2023, whilst EPR2 remains in operation. Locating the Cinovec processing plant here seamlessly delivers into the Czech Government plans to re-develop the Pruněrov site with new energy technology and related businesses.





**Figure 2:** EPR1 before decommissioning and demolition

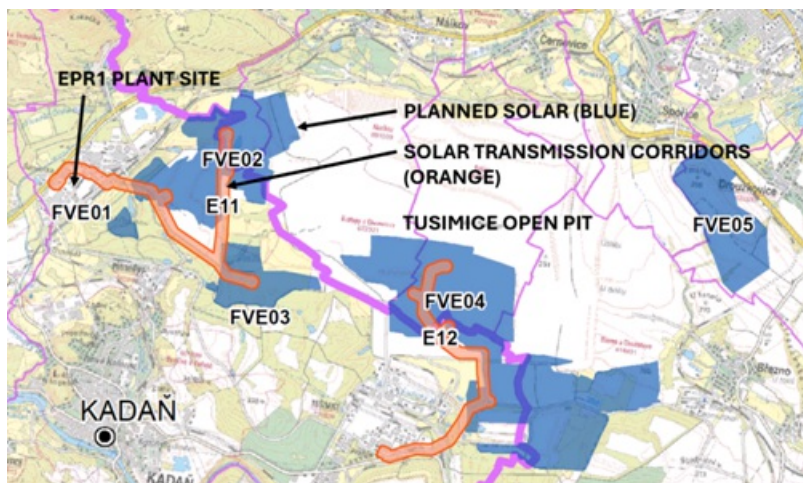
The EPR1 site is 36Ha in total. Compared with other locations considered, including Dukla (24Ha), the site is expected to bring several significant benefits:

- Well-established road infrastructure including to rail links will provide excellent access to site, which will provide significant constructability advantages for the processing plant as well as ongoing operating cost ("**Opex**") benefits and sustainability (environmental footprint) benefits as a result of building on rehabilitated land.
- EPR1 was a major industrial site and is therefore well serviced by power, gas and water infrastructure which will require less work and investment to re-connect and reticulate into the processing plant.
- EPR1 is served directly by extensive rail infrastructure built for the purpose of delivering coal to the EPR1 and EPR2 power plants, which will continue to be used for EPR2 until it is decommissioned by CEZ. This presents synergies in terms of operating and maintenance costs for shared infrastructure and services and may enable expansion of planned processing capacity beyond that published in the Project's 2022 Pre-Feasibility Study ("**PFS**"), namely 2.25mtpa run-of-mine ore ("**ROM**") feed; and
- Ultimately, this may enable a further expansion of lithium production when the adjacent EPR2 coal-fired power plant is shut down in-line with European and Czech policy on phasing out coal-fired power generation and adoption of renewables, including planned solar power installations in the Prunéřov area.

#### Access to Clean Energy Supply Enhanced

In terms of clean energy supply, Prunéřov includes a wide area suitable for solar power generation installations that CEZ has already planned, with the locations currently going through the Czech regional re-zoning process (planning permission) in the Usti Region. It is expected that these solar power installations will provide early green energy to the Project and the local grid.

Furthermore, CEZ has recently entered into agreements with Rolls Royce plc in relation to the construction of a series of Small Modular Reactors ("**SMR**") in the Czech Republic (*refer Note 2 below*). The Tušimice area, close to EPR1, has been identified as a possible site for an SMR. The green electricity supplied into the local grid by solar installations and the SMR, if built, will be accessed by the Cinovec processing plant, delivering into the decarbonisation strategy set out within the Minviro Life Cycle Assessment (LCA) that has been completed for the project (*refer Note 3 below*).



**Figure 3:** Planned CEZ solar power installations close to Cinovec EPR1 processing plant site

**Note 2:** announcements dated 18<sup>th</sup> September 2024 "<https://www.rolls-royce-smr.com/press/rolls-royce-smr-named-as-preferred-supplier-to-build-in-czechia>" and 29<sup>th</sup> October 2024" <https://www.rolls-royce.com/media/press-releases/2024/29-10-2024-rolls-royce-smr-and-cez-group-partner-to-deploy-smrs-in-uk-and-czechia.aspx>"

**Note 3:** Company's ASX/ AIM announcement of 23 November 2021 " LCA Quantifies Cinovec Lithium Chemical Production CO2 Emissions and Mitigation Scenarios Identified to Produce Low Carbon Products".

#### Assessment of an Increase in Planned ROM Production

Assessment of an increase in planned ROM production is currently underway.

The EPR1 site lies 4km to the west of the 267Ha tailings storage facility area demarcated for the Project which lies within the wider Doly Nástup Tušimice pit area. Knight Piesold, the tailings consultant for Cinovec, has confirmed on a preliminary basis that the area is large enough to accommodate a potential increase in ROM as noted above. Siting the processing plant as close as possible to the tailings storage area has considerably simplified the tailings handling and transport requirements and is expected to result in reduced Capex and Opex costs compared with siting the processing plant at Dukla and transporting tailings 60km by rail to the Doly Nástup Tušimice pit area.







Figure 4: Cinovec EPRI processing plant site and proximity to tailings storage facility

#### DFS Status Update

Engineering work has continued in parallel to finalising the process plant location and has included:

- Continuous improvement to mining and processing Capex and Opex, including optimisation of process design criteria;
- Investigation of opportunities to increase mine production tonnages and processing plant throughput volumes;
- Reconfiguration of the previous proposed plant site at Dukla to become a transport hub to load ROM onto trains for carriage to the EPRI site;
- Optimising materials handling solutions for ROM and tailings at both the Dukla and EPRI sites; and
- Evaluation of rail logistics and confirmation that the network capacity can accommodate the volumes of material from the Cinovec Project.

Work on updating the Definitive Feasibility Study ("DFS") to include the revised project configuration has already commenced. The results of the DFS are expected to be released in mid-2025.

The Project team continues to progress several DFS-related programs of development work on the Front-End Comminution and Beneficiation circuit ("FECAB") and Lithium Chemical Plant circuit ("LCP") to improve the overall process performance in recovery, waste reduction and operating and maintenance costs terms which are expected to positively impact Project economics.

The Company previously announced testwork results for FECAB flotation run on 100% of ROM ore samples. That is, without the removal of the  $-20\mu\text{m}$  size fraction which contains 7-8% of the lithium content of ore, on 31 July 2024 (refer Note 4 below). Furthermore, the Project team has now completed its assessment of the ramifications of changing the FECAB to 100% flotation in terms of bulk materials handling, tailings storage and backfilling with the adoption of 100% flotation for FECAB now confirmed. The change to 100% flotation will result in an increase in the overall FECAB recovery from 87% to over 94% resulting in an uplift in concentrate grade from 1.198% Li (2.58% Li<sub>2</sub>O) to an average grade of 1.46% Li (3.14% Li<sub>2</sub>O) of almost pure zinnwaldite concentrate with significant reductions in operating expenses per tonne of end Lithium Product anticipated as well as a reduction in Capex for the processing plant.

For the LCP part of the process, post-pilot program testwork is continuing using 100% flotation concentrate feed to optimise roasting reagents, roast mixing, pelletising and the reduction of moisture content in the roast mix. Testwork improving the lithium phosphate precipitation from pregnant leach solution has already been completed. The aggregation and consolidation of outcomes of all testwork to date continues to demonstrate material improvements to the economics of the processing plant can be achieved and these gains will flow through to the DFS. The DFS will also include reducing the size of the kilns for roasting the concentrate and reagents and energy consumption reductions identified for the same overall process plant outputs.

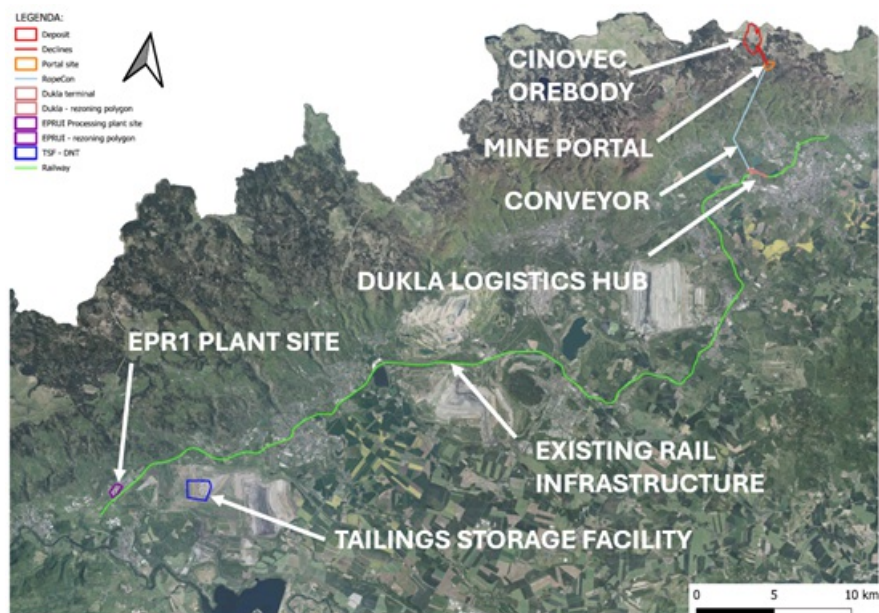


Figure 5: Cinovec Whole Project Map

**Note 4:** Company's ASX/ AIM announcement dated 31 July 2024 "Cinovec Lithium Project Update".

#### Stakeholder Engagement

One of the important factors in the recent processing plant location finalisation has been local and regional stakeholder engagement and input. The mayor of the nearest town to EPRI, Kadaň and local representative groups favour the development of the processing plant site at EPRI because it enables the local economy to transition from the old industry (coal mining and coal fired power generation) to new energy and related technologies, replacing jobs that have been lost, creating new jobs and skills and potentially opening up opportunities for additional downstream industrial development.

An application for the European Commission's ("EC") Critical Raw Material Act ("CRMA") Strategic Project Status was submitted by Geomet in August 2024. The EC has advised that the application has passed through the first evaluation stage - an application completeness check. The final decision on Strategic Project Status is expected mid-March 2025 based on what is understood to be a high number of applications.

Keith Coughlan, Executive Chairman, commented: "*The final selection of the EPRI site for the processing plant provides significant benefits, including access to excellent existing infrastructure across rail, road, power and water for Cinovec. This strategic location in an existing industrial area reduces costs and improves constructability, and offers the potential for expanded processing capacity and further cost reducing synergies as it is adjacent to the CEZ-operated EPR2 power station. We are excited that it allows access to already in progress green energy sources from solar power installations and potentially, a Small Modular Nuclear Reactor. These developments deliver into our decarbonisation strategy, ensuring the project's competitiveness, sustainability and long-term viability.*"

*Our ongoing work to update the DFS is focused on reducing costs, increasing production tonnages and volumes, and further enhancing the processing flowsheet. The confirmation of 100% flotation in the FECAB circuit will decrease both Opex and Capex and improve lithium recovery and concentrate quality, further reducing the environmental impacts of the Cinovec Project. With these advancements, we are confident that Cinovec will play a key role in Europe's lithium supply and contribute to the green energy transition."*

This announcement has been approved for release by the Board.

## CONTACT

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or see full contact details at the end of this release.

## BACKGROUND INFORMATION ON CINOVEC

### PROJECT OVERVIEW

#### Cinovec Lithium Project

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium 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% Li<sub>2</sub>O, Indicated Mineral Resource of 360.2Mt at 0.44% Li<sub>2</sub>O and an Inferred Mineral Resource of 294.7Mt at 0.39% Li<sub>2</sub>O containing a combined 7.39 million tonnes Lithium Carbonate Equivalent (refer to the Company's ASX/ AIM release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li<sub>2</sub>O 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/ AIM 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 and the fifth largest non-brine deposit in the world.

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. It confirmed the deposit is amenable to bulk underground mining (refer to the Company's ASX/ AIM 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 at excellent recoveries. In February 2023 DRA Global Limited ("**DRA**") was appointed to complete the Definitive Feasibility Study ("**DFS**").

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 deposit lies in an active mining region.

The economic viability of Cinovec has been enhanced by the recent push for supply security of critical raw materials for battery production, including the strong increase in demand for lithium globally, and within Europe specifically, as demonstrated by the European Union's Critical Raw Materials Act (CRMA).

## BACKGROUND INFORMATION ON CEZ

Headquartered in the Czech Republic, CEZ a.s. is one of the largest companies in the Czech Republic and a leading energy group operating in Western and Central Europe. 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. The foundation of power generation at CEZ Group are emission-free sources. The CEZ strategy named Clean Energy for Tomorrow is based on ambitious decarbonisation, development of renewable sources and nuclear energy. CEZ announced that it would move forward its climate neutrality commitment by ten years to 2040.

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 20.3 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 EVs in the country is expected to grow significantly in the coming years.

## COMPETENT PERSONS

Information in this release that relates to the FECAB metallurgical testwork is based on, and fairly reflects, technical data and supporting documentation compiled or supervised by Mr. Walter Middel, a full-time employee of Geomet s.r.o. or an associate of

supporting documentation compiled or supervised by Mr Walter Mädel, a full-time employee of Geomet s.r.o an associate of the Company. Mr Mädel is a member of the Australasian Institute of Mining and Metallurgy ("AUSIMM") and a mineral processing professional with over 27 years of experience in metallurgical process and project development, process design, project implementation and operations. Of his experience, at least 5 years have been specifically focused on hard rock pegmatite Lithium processing development. Mr Mädel consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears. Mr Mädel is a participant in the long-term incentive plan of the Company.

Information in this release that relates to exploration results is based on, and fairly reflects, information and supporting documentation compiled by Dr Vojtech Sesulka. Dr Sesulka is a Certified Professional Geologist (certified by the European Federation of Geologists), a member of the Czech Association of Economic Geologist, and a Competent Person as defined in the JORC Code 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Sesulka has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears. Dr Sesulka is an independent consultant with more than 10 years working for the EMH or Geomet companies. Dr Sesulka does not own any shares in the Company and is not a participant in any short- or long-term incentive plans of the Company.

Information in this release that relates to metallurgical test work and the process design criteria and flow sheets in relation to the LCP is based on, and fairly reflects, information and supporting documentation compiled by Mr Grant Haman (B.Sc Chem Eng, B.Com). Mr Haman is an independent consultant and the principal of Lithium Consultants Australasia Pty Ltd with in excess of 14 years of lithium chemicals experience. Mr Haman has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context that the information appears. Mr Haman is a participant in the long-term incentive plan of the Company.

The information in this release that relates to Mineral Resources and Exploration Targets is based on, and fairly reflects, information and supporting documentation prepared by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australasian Institute of Geoscientists, 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 has provided his prior written consent to the inclusion in this report of the matters based on his information in the form and context that the information appears. Mr Widenbar does not own any shares in the Company and is not a participant in any short- or long-term incentive plans of the Company.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

#### 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 (Li<sub>2</sub>O) content or percent lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) content.

Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to, Li<sub>2</sub>CO<sub>3</sub>. 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<sub>2</sub>CO<sub>3</sub> value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li<sub>2</sub>CO<sub>3</sub> 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 <sub>2</sub> O	Convert to Li <sub>2</sub> CO <sub>3</sub>	Convert to LiOH.H <sub>2</sub> O
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	Li <sub>2</sub> O	0.464	1.000	2.473	2.809
Lithium Carbonate	Li <sub>2</sub> CO <sub>3</sub>	0.188	0.404	1.000	1.136
Lithium Hydroxide	LiOH.H <sub>2</sub> 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/announcements/](http://www.europeanmet.com/announcements/).

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The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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