

Approval of up to €360 Million Czech Government Grant

Strong EU and National Support for the Cinovec Project

European Metals Holdings Limited (ASX and AIM: EMH, OTCQX: EMHXY/EMHLF) ("**European Metals**" or the "**Company**") is pleased to announce that, subject to completion of administrative processes, Geomet s.r.o. has been informed it has been awarded a grant of up to **EUR 360 million (AUD 645 million)** under the "Strategic Investments for a Climate-Neutral Economy" programme (the "**Programme**"), administered by the Ministry of Industry and Trade of the Czech Republic for the development of the Company's flagship **Cinovec Lithium Project** ("**Cinovec**" or "**Project**").

The Programme is designed to support significant investments in the production and expansion of equipment, key components, and critical raw materials essential for the transition to a climate-neutral economy. The Programme is aligned with the European Commission's Temporary Crisis and Transition Framework and aims to accelerate economic development and investment in strategic sectors.

The final amount of the monetary grant will be confirmed upon formal award and may be less than the maximum amount of EUR 360 million.

Executive Chairman, Keith Coughlan, said:

"This is a transformational milestone for European Metals and the Cinovec Project. The Czech Government's award of a grant of up to EUR 360 million represents one of the largest direct project-level funding commitments to a critical raw materials project within the European Union. Following the previously detailed formal recognition of the Project, the approval of such a significant financial contribution clearly demonstrates the support for and importance of Cinovec in the future of European electromobility."

Coming at a time of renewed positive outlook for lithium and strong geopolitical commitment to Critical Raw Material supply chain security, the grant confirms the significant support at both Czech Government and European Union levels."

Strong Support for Cinovec

The Cinovec Project has been formally recognised at both the European and national levels as essential to Europe's energy transition. It was:

- Declared a *Strategic Project* by the **European Commission** under the *EU Critical Raw Materials Act*, granting access to accelerated permitting, funding eligibility through institutions such as the European Investment Bank, and "one-stop-shop" regulatory processes.¹

¹ Refer ASX announcement dated 26 March 2025 and AIM announcement dated 25 March 2025

- Designated a *Strategic Deposit* by the **Czech Government**, simplifying and prioritising permitting under the Czech Construction Code.²
- Awarded a **USD 36 million (CZK 800 million)** grant from the **EU Just Transition Fund**, confirming the EU's direct financial commitment to progressing Cinovec.³

Collectively, these milestones demonstrate a unified European and Czech Government commitment to bringing Cinovec into production as a secure, sustainable source of lithium for the continent's battery and automotive sectors.

Formal Grant Information

1. Summary of the Grant

- **Status of Grant:** awaiting completion of administrative processes to issue the formal grant-award decision
- **Maximum grant allocation:** Up to EUR 360 million, reflecting the maximum aid intensity permitted under the Programme for qualifying regional investments
- **Aid intensity:** Up to 35% of eligible project costs for projects located in the Moravia-Silesia, Central Moravia, North-East, or North-West cohesion regions
- **Form of support:** Special-purpose subsidy paid in Czech koruna (CZK) to reimburse documented eligible capital expenditure ("capex") recorded during project execution
- **Funding period:** Annual drawdowns aligned with the Programme's project-status reporting cycle, with project completion required no later than 31 December 2032
- **Decision authority:** The Programme requires each project to be individually approved by the Government of the Czech Republic following assessment by the Ministry of Industry and Trade

2. Background on the Programme

The Programme supports major investments relating to:

1. Production of equipment essential for the transition to a climate-neutral economy, including batteries, solar panels, wind turbines, heat pumps, electrolyzers, and carbon capture technologies;
2. Production of key components used in such equipment; and
3. Production or processing of critical raw materials identified in Regulation (EU) 2024/1252, including lithium.

The Programme's objective is to incentivise rapid and large-scale investments that enhance European energy security, supply-chain resilience, and industrial competitiveness.

3. Funding Mechanism and Drawdown Process

Once the formal grant decision is issued:

1. Annual project-status reports must detail eligible costs, new jobs created, procurement activities, and production-capacity development.
2. Grant payments are made within 60 days of validated submission and cannot exceed aid-intensity limits or annual caps.
3. All supported assets must be maintained for five years post-completion, and newly created jobs must also be maintained for at least five years.

These requirements are standard under EU state-aid frameworks for large industrial investments.

4. Next Steps

- Completion of administrative processes to issue the formal grant-award decision;
- Integration of the grant into Cinovec's project-finance structure;
- Ongoing coordination with the Ministry and CzechInvest on eligible-cost planning and reporting;
- Finalisation of construction-readiness activities once remaining approvals are completed.

² Refer ASX/AIM announcement dated 7 March 2025

³ Refer ASX/AIM announcement dated 28 April 2025

The Company will provide further updates in accordance with ASX disclosure requirements.

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 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% Li₂O, Indicated Mineral Resource of 360.2Mt at 0.44% Li₂O and an Inferred Mineral Resource of 294.7Mt at 0.39% Li₂O 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% Li₂O 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 by far the largest hard rock lithium deposit in the European Union.

Cinovec has been designated a Strategic Project by the European Union under the Critical Raw Materials Act (refer to the Company's ASX/ AIM release dated 25/ 26 March 2025) (**Cinovec declared a Strategic Project under EU Critical Raw Materials Act**) and a Strategic Deposit by the Czech Government (refer to the Company's ASX/ AIM release dated 7 March 2025) (**Cinovec declared Strategic Deposit by Czech Government**).

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 Pre-Feasibility Study ("**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 Cinovec processing plant comprises of a Front-End Comminution and Beneficiation circuit (“**FECAB**”) and Lithium Chemical Plant circuit (“**LCP**”) in combination producing Lithium Hydroxide or Lithium Carbonate end products, and will be located on the Prunéřov 1 Power Station site located approximately 59 km by rail from the Cinovec mine site. (Refer to the Company's ASX/ AIM releases dated 26 April 2024 (**New Lithium Plant Site Expected to Improve Project Permitting and Economics**) and 27 November 2024 (**Cinovec Project Update**)).

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 is 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 AND QUALIFIED PERSON FOR THE PURPOSES OF THE AIM NOTE FOR MINING AND OIL & GAS COMPANIES

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 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 Harman (B.Sc Chem Eng, B.Com). Mr Harman is an independent consultant and the principal of Lithium Consultants Australasia Pty Ltd with in excess of 14 years of lithium chemicals experience. Mr Harman 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 Harman 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 announcements 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_2O) content or percent lithium carbonate (Li_2CO_3) content.

Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to, Li_2CO_3 . 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_2CO_3 value in percent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li_2CO_3 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_2O	Convert to Li_2CO_3	Convert to $\text{LiOH}\cdot\text{H}_2\text{O}$
Lithium	Li	1.000	2.153	5.325	6.048
Lithium Oxide	Li_2O	0.464	1.000	2.473	2.809
Lithium Carbonate	Li_2CO_3	0.188	0.404	1.000	1.136
Lithium Hydroxide	$\text{LiOH}\cdot\text{H}_2\text{O}$	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/.

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