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EUROPEAN METALS HOLDINGS LIMITED
ARBN 154 618 989

**ANNUAL REPORT
30 JUNE 2023**

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CORPORATE DIRECTORY

Directors

Mr Keith Coughlan
Mr Richard Pavlik
Mr Kiran Morzaria
Ambassador Lincoln Bloomfield, Jr

Executive Chairman
Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Ms Shannon Robinson

Registered Office in Australia

Level 3
35 Outram Street
West Perth WA 6005
Telephone 08 6245 2050
Facsimile 08 6245 2055
Email www.europeanmet.com

Registered Office in Czech Republic

GEOMET s.r.o.
Ruska 287
417 01 Dubi Bystrice
The Czech Republic
Telephone: +420 732 671 666

Registered Address and Place of Incorporation – BVI

Woodbourne Hall
PO Box 3162
Road Town
Tortola VG1 110
British Virgin Islands

AIM Nominated Advisor & Joint Broker

WH Ireland Ltd
24 Martin Lane
London EC4R 0DR
United Kingdom

Share Register - Australia

Computershare Investor Services Limited
Level 17
221 St Georges Terrace
Perth WA 6000
Telephone 1300 850 505 (within Australia)
Telephone +61 3 9415 4000 (outside Australia)
Facsimile 1800 783 447 (within Australia)
Facsimile +61 3 9473 2555 (outside Australia)

Joint Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF
United Kingdom

UK Depository

Computershare Investor Services plc
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
United Kingdom

Auditor

Stantons International Audit and Consulting Pty Ltd
Level 2, 40 Kings Park Road
West Perth WA 6005
Telephone +61 8 9481 3188
Facsimile +61 8 9321 1204

Reporting Accountants (UK)

Chapman Davis LLP
2 Chapel Court
London SE1 1HH
United Kingdom

Securities Exchange Listing - Australia

ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
ASX Code: EMH

Securities Exchange Listing – United Kingdom

London Stock Exchange plc
10 Paternoster Square
London EC4M 7LS
United Kingdom
AIM Code: EMH

Securities Exchange Listing – OTCQX Best Market

OTC Markets Group
300 Vesey Street, 12th Floor
New York City
NY 10282 United States
OTCQX Codes: EMHXY, ERPWF and EMHLF

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CHAIRMAN'S LETTER

Dear Shareholders

Welcome to the 2023 Annual Report for European Metals Holdings Limited ("European Metals" or "the Company").

On behalf of the Board of Directors, I am pleased to report to you on what has been a very significant year for the Company in the development of the Cinovec Lithium Project.

The team has had another busy and productive year and big steps have been taken towards the realisation of our stated strategy to become a lithium producer. The Cinovec Project stands on the cusp of filling a significant role in addressing the supply and demand imbalance for lithium in the European Union.

Awareness of this imbalance has been growing within the region and formal steps have been taken by the European Union and the European Commission to assist projects like Cinovec to be brought into production as quickly as possible. The EU Critical Raw Materials Act is an example of the recent level of support, and the key tenets of the Act have received strong support within the Czech Republic, our country of operation. The Czech Government has recently become actively supportive of the Project, highlighted by the visit of Czech Prime Minister Petr Fiala to Cinovec in May, and his personal public endorsement of the project. The Company expects that benefits will flow from this recent support, at both national and regional levels.

The Project was awarded pre-approval for an ~ EUR 49 million grant under the EU's Just Transition Fund scheme in January 2023 – indicative of the overall support for the Project and the industry. Importantly, Cinovec was formally classified as a "Strategic Project" as part of this grant scheme, potentially leading to further assistance. The final application and approval process are due to be completed in early 2024.

Other key milestones achieved during the year include the appointment of DRA Global to complete the Definitive Feasibility Study ("DFS"), the continuation of outstanding results from the final test work, and the securing of the land necessary to build the proposed lithium processing plant at Dukla, approximately 6.2km from the proposed portal site.

DRA Global, a globally recognised leader in the delivery of lithium projects, is making excellent progress on the DFS which remains on track for publication before the end of 2023. As part of the required test work for the study, the Company has continued to deliver excellent results, particularly in the area of lithium recoveries. This test work will shortly complete and battery grade lithium samples will be available for distribution to selected potential off take partners. Securing the land necessary for the construction of the proposed beneficiation and processing plants has been a significant development for the Project and was concluded in early June 2023.

Post the completion of the reporting period, European Metals received an investment from a significant strategic investor, the European Bank for Reconstruction and Development ("EBRD"). The EBRD is an International Financial Institution owned by the European Union, European Investment Bank and 71 countries, including the Czech Republic. The investment by EBRD 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 and 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.

These significant developments place your company in a sound position to finalise our studies, secure project finance and long-term, high quality off take agreements, and take the project towards a final investment decision.

CHAIRMAN'S LETTER

Financially the Company is in a sound financial position, with approximately AUD\$8.9 million at bank at the date of this report. In addition, the project company, Geomet, is also well-funded and we do not envisage the need to seek additional funding until Final Investment Decision, at which point a full Project Financing is expected to be completed.

Cinovec advances towards being a significant producer of lithium for the European market at a time when this sector is displaying unprecedented growth. The demand for electric vehicles, batteries and therefore lithium is growing faster in Europe than anywhere else in the world. The size, location, economics and ESG credentials of the Cinovec Project place it in an enviable position to become a significant contributor to the solution of critical metals security in Europe.

Finally, I would like to take this opportunity to thank all staff, advisors, contractors, our Project partners, CEZ and our shareholders, who have supported us over the past year. I look forward to updating you throughout the new financial year as we continue to advance the Cinovec Project.

A handwritten signature in black ink, appearing to read 'Keith Coughlan'.

Keith Coughlan
EXECUTIVE CHAIRMAN

REVIEW OF OPERATIONS

PROJECT REVIEW

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech Republic over the Cinovec Lithium Project.

Geomet s.r.o. is owned 49% by European Metals and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. CEZ is a significant energy group listed on various European Exchanges with the ticker CEZ.

Cinovec hosts a globally significant hard-rock lithium deposit with a total Measured, Indicated and Inferred Mineral Resource of 708.2Mt at 0.43% Li₂O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent, as reported to ASX on 13 October 2021 (Resource Upgrade at Cinovec Lithium Project).

This followed previous reports: 28 November 2017 (Further Increase in Indicated Resource at Cinovec South). An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported on 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 battery-grade lithium carbonate reported on 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 focussed on the recovery of tin only. In January 2022 EMH completed an updated Preliminary Feasibility Study, conducted by specialist independent consultants, which indicated a return post tax NPV₈ of USD1.94B and a post-tax IRR of 36.3%. The study 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. Metallurgical test-work has produced both battery grade lithium hydroxide and battery grade lithium carbonate in addition to high-grade tin concentrate. A Definitive Feasibility Study ("DFS") for the Cinovec Project is currently underway and at an advanced stage.

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.

ENGAGEMENT OF GERMAN STRATEGIC ENERGY INVESTMENT ADVISER

On 28 October 2022, the Company announced the appointment of Luthardt Investment GmbH, a Berlin-based consultancy specializing in energy production and government relations support to large infrastructure projects internationally.

SIMPLIFIED EXTRACTION PROCESS

On 31 October 2022, the Company announced a simplification of the flowsheet to deliver very high purity lithium hydroxide, lithium carbonate, lithium sulphate or lithium phosphate. The Company reported that this simplified new flowsheet had demonstrated overall lithium recoveries of 88-93%. After roasting and leaching, the pregnant leach solution ("PLS") is passed through two cleaning steps to remove transition metal and calcium impurities, resulting in a "polished" PLS of lithium sulphate together with sulphates of other similar metals, principally sodium and potassium. The last step in the earlier flowsheet was to purify the crude lithium carbonate with a bicarbonation and crystallisation step. The simplified flowsheet precipitates lithium phosphate directly from the polished PLS and then goes on to clean the lithium phosphate to enable precipitation of a much cleaner crude lithium carbonate. The final purification step of bicarbonation and re-precipitation is the same as in the earlier flowsheet, but the end-product is of even higher quality due to the input crude lithium carbonate being much cleaner. The simplification of the central section of the LCP flowsheet reduces the number of basic chemical engineering unit processes (after the initial roast/water leach) from 15 to 7. The revised process also results in the elimination of all energy-intensive cooling processes.

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The completed testwork for the re-engineered LCP flowsheet produced the following crude and battery-grade lithium carbonate products, compared with the published global standard specification, YS/T 582-2013 with the Li₂CO₃ results highlighted in yellow.

	Li ₂ CO ₃ %	Na ppm	K ppm	Mg ppm	Ca ppm	Mn ppm	Fe ppm	Ni ppm	Cu ppm	Zn ppm	Al ppm	Si ppm	Pb ppm	SO ₄ ²⁻ ppm	Cl ppm
YS/T 582-2013	≥99.5	250	10	80	50	3	10	10	3	3	10	30	3	800	30
Crude LC	99.4	368	3	5	357	0	8	3.4	0.2	1.2	5.1	26	0	4860	NA
Battery- Grade LC	99.99	3	0.8	0.9	2	0.7	6.3	3.4	0.2	1.3	2.8	2.1	0.07	95	<10

As can be seen from the table, the crude lithium carbonate first precipitated (i.e., with no purification or re-precipitation steps) meets the battery-grade specification for 10 of the 14 impurity thresholds. The battery-grade lithium carbonate recrystallised after a single bicarbonation step shows an exceptionally clean battery-grade material. The ability to produce an exceptionally clean battery-grade product in a single bicarbonation step is expected to reduce Capex, energy and reagent costs and consequently the Opex of production.

The Company made a further announcement in relation to the testwork on 25 May 2023 which confirmed separation efficiency and capability of flotation of lithium-bearing zinnwaldite. The updated flotation testwork recently undertaken at Nagrom Laboratories (Perth) has repeatedly reached >95% lithium recovery from flotation concentrates at target Li-grades and mass yield. Ongoing testwork to confirm the robust nature of the process and optimise the Definitive Feasibility Study ("DFS") design has surpassed previous performance indicators. Results from testing and optimisation of flotation for the concentration of zinnwaldite in fine ore has exceeded expectations and further demonstrated the potential for high overall lithium recoveries when combined with magnetic separation for the coarse particle size ranges.

EUROPEAN UNION'S JUST TRANSITION FUND APPROVED CINOVEC AS A STRATEGIC PROJECT

On 30 January 2023, the Company announced the Cinovec Project has been classified as a Strategic Project for the Usti Region of the Czech Republic. The list of Strategic Projects has been approved by the European Commission, the Czech Central Government and the Czech Regional Government in Usti.

Being classified as such means that the Cinovec Project has priority for grant funding from the Just Transition Fund ("JTF") co-funding, ahead of many other projects that have been submitted. The total amount allocated by the Just Transition fund for the Czech Republic is CZK 41B (€1.64B) of which the Usti region has been allocated CZK 15.8B (approx. €632M).

The first call for grant applications under the JTF opened on 14 November 2022 and closes on 31 December 2023. Given that the total amount which may be applied for by the eleven designated Strategic Projects in the Usti region in the first call is CZK 8.3B (approx. €350M) and that the funds allocated in this first call from the Just Transition Fund to these Strategic Projects totals CZK7.3B (approx. €300M), although there can be no certainty, the Company believes that the Cinovec Project is well-positioned to receive a significant portion of the funds applied for from the JTF for the Project. The maximum funding to be made available upon application to each Strategic Project in the Usti Region is CZK 1.2bn (approx. €49M).

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The Cinovec Project has been allocated the maximum possible JTF grant of CZK 1.2B (approx. €49M), subject to passing through the application process, funds remaining available, and obtaining the necessary permits for the early-stage Cinovec work programmes to which this grant funding is planned to be applied, in particular the early full development of the twin decline entry/egress system for the mine. Accordingly, Geomet s.r.o. (the Cinovec project company) will apply for JTF Grant funding for the maximum amount of CZK 1.2B (approx. €49M).

APPOINTMENT OF DRA GLOBAL AS DEFINITIVE FEASIBILITY STUDY MANAGER

On 2 February 2023, the Company announced that DRA Global Limited ("DRA") has been appointed to complete the DFS for the Cinovec Project in the Czech Republic. With over 30 years' experience in the development and execution of projects, DRA is a recognised leader in the delivery of lithium projects globally. DRA has the necessary capacity, expertise and track record to deliver the Cinovec DFS in a timely and efficient manner and will be working to build on all of the optimisation work that the Cinovec team completed over the course of 2022, with a view to completion of the DFS in Q4 2023. DRA's appointment for this vital piece of project development work is testament to both the Company's and its joint-venture partner CEZ s.a.'s commitment to, and the tremendous prospectivity and value of, the Cinovec Project. The Cinovec Project's in-house team will work closely with DRA to develop and finalise the DFS.

DRA Global Limited (ASX: DRA | JSE: DRA) is a multi-disciplinary consulting, engineering, project delivery and operations management group predominantly focused on the mining and minerals resources sector. DRA has an extensive global track record, spanning more than three decades and more than 7,500 studies and projects as well as operations, maintenance and optimisation solutions across a wide range of commodities. DRA has expertise in mining, minerals and metals processing, and related non-process infrastructure including sustainability, water and energy solutions for the mining industry. DRA delivers advisory, engineering and project delivery services throughout the capital project lifecycle from concept through to operational readiness and commissioning as well as ongoing operations, maintenance and shutdown services.

LAND SECURED FOR CINOVEC LITHIUM PLANT

On 9 June 2023, the Company announced that Geomet s.r.o. (its 49% owned subsidiary) has agreed to purchase land at the industrial site "Dukla" in the Újezdeček Municipality, 6.2 km south of the planned Cinovec Mine portal area, on which it intends to construct a lithium plant, for a total purchase consideration of US\$ 43.96m.

The Dukla site, which is subject to an existing industrial usage permit, is owned by four private companies, with all peripheral and adjacent land relevant to the site held by the Czech Republic state and/or local public bodies. The Cinovec Project holding company, Geomet s.r.o. (Geomet) which is a forty-nine percent (49%) owned subsidiary of European Metals, has agreed to acquire one of the privately held land packages and entered into exclusive and unconditional option agreements for the purchase of the other three. The Dukla site has been confirmed as an appropriate site upon which to build a lithium plant for the beneficiation of Cinovec ore and production of battery-grade lithium in accordance with the ongoing DFS which is on track to be completed in 4Q23. This confirmation has been obtained as a result of engineering layout and design work undertaken in the DFS to-date, geohydrological and geotechnical surveys over the site, completed in early 2023.

An application to the Usti Regional Department of Land Use Planning for the rezoning of the land around the Dukla site (which is already zoned for industrial use), ore transport corridor options and the Cinovec Mine portal area was made in April 2022. The result of this re-zoning application is expected to be finalised in 4Q23. Geomet intends to exercise its 3 options and settle these land acquisitions after the re-zoning application has been successful, anticipated to occur in 2024.

CZECH PM VISITS CINOVEC, SIGNS KEY MOC WITH PM OF SAXONY

On 9 June 2023, the Company announced that Czech Republic Prime Minister Petr Fiala had visited the Cinovec Project and stated that he sought to expedite the development of significant projects such as Cinovec.

REVIEW OF OPERATIONS

Prime Minister Fiala commented on the Cinovec Project via social media, which translates to: "Lithium is a critical and key raw material. Cinovec is the largest European deposit of this raw material. Thanks to this, the Czech Republic has a unique opportunity to contribute to both its own and European raw material security. We are on the threshold of a lithium revolution as the use of lithium will grow significantly. As a country with a large share of the automotive industry, it is important for us to support it and capture current trends. We are offered a unique chance to build the entire chain from mining to the production of electric cars. That is why we need lithium and we are trying to build a battery factory, the so-called gigafactory."

Prime Minister Fiala also commented on the Memorandum of Cooperation with the Saxony Government via social media, which translates to: "I believe that this memorandum will help our cooperation on the development of the lithium deposit in Cinovec and, in the future, the creation of the entire production chain for the production of batteries for cars."

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG and impact investing have become key criteria for both investors and fund managers, leading a new path to how companies are being assessed. The acceleration has been driven by heightened social, governmental and consumer attention on the broader impact of corporations, as well as by the investors and executives who acknowledge a strong ESG proposition is a key indicator of a Company's long-term success. ESG reporting offers a tool and roadmap for investors and society to hold companies to account, to make sure issues such as climate change, social justice, equality, diversity and environmental protection are reflected and appropriately addressed by the Company.

European Metals has focused very strongly on the Company's ESG criteria and, during 2021, adopted a set of ESG metrics and disclosures following the recommendations released by the World Economic Forum ("WEF") in Geneva, Switzerland which are acknowledged as the gold standard for ESG reporting. The key points of this initiative are –

- Establishment of an ESG Committee at Board level, chaired by Ambassador Lincoln Bloomfield who has considerable private sector experience centred on sustainability, resilience and renewable energy. The ESG Committee has met to consider relevant matters including establishing ESG baseline reporting.
- Engagement of Socialsuite ESG technology platform - a global leader in ESG impact management systems and sustainability reporting.
- Continuation of ESG reporting, monitoring and improvement for European Metals utilising Socialsuite.
- EMH's ESG transparency commitment will include an independent lithium production Life Cycle Assessment ("LCA") which includes a full carbon footprint assessment.

LITHIUM LIFE CYCLE ASSESSMENT SPECIALIST ENGAGED

In line with the stated ESG adoption, the Project engaged UK-based and globally recognised sustainability and life cycle assessment consultancy, Minviro, to provide an updated ISO compliant life cycle assessment ("LCA") of the Cinovec project.

This updated assessment will cover both battery-grade lithium carbonate and battery grade lithium hydroxide, and will be benchmarked against global lithium peers. Minviro is actively engaged to identify decarbonisation optimisation in the definitive feasibility study for Cinovec.

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CORPORATE

The Company successfully completed a capital raising of approximately €6 million by EBRD as a strategic investment in the Company and the development of the Cinovec Project (refer to the Company's ASX release dated 21 July 2023). 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. 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 project aligns with these EU goals.

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 operation 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.

The Company announced on 10 November 2022, the appointment of Mr Marc Rowley, a lithium specialist, to lead its Definitive Feasibility Study team to progress the Cinovec Project in the Czech Republic.

The Company announced the appointment of Ms Shannon Robinson as the Company Secretary on 20 April 2023.

RISKS AND UNCERTAINTIES

The Group's activities have inherent risk, and the Board is unable to provide certainty of the expected results of activities, or that any or all of the likely activities will be achieved. The material business risks faced by the Group that could influence the Group's future prospects, and how the Group manages these risks, are provided below.

Operational risk

The Company may be affected by various operational factors. In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through successful exploration outcomes on its tenement holdings. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The operations of the Company may be affected by various factors, including failure to achieve predicted grades during mining, operational and technical difficulties encountered during mining, lack of infrastructure in the Company's areas of operation, unanticipated metallurgical problems which may affect value of defined resources, increases in the costs of consumables, spare parts, plant and equipment.

Mineral Resource estimates are made in accordance with the 2012 edition of the JORC Code. Mineral resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates may alter significantly when new information or techniques become available. Resource estimates can be imprecise and depend on interpretations, which may prove to be inaccurate.

The Company's interests in mining tenements are at various stages of exploration and potential production, and potential investors should understand that mineral exploration and production is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. The Company has interests in mining tenements in the Czech Republic which operate under different regulatory conditions which may impact on time taken to evaluate projects and may affect the viability of resources.

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There can no assurance that the tenements, or any other exploration properties that may be acquired in the future, will result in the exploitation of an economic mineral resource. Even though an apparently viable deposit has been identified, there is no guarantee that it can be economically exploited.

The Company will need to apply for a mining lease to undertake development and mining on the relevant tenement. There is no guarantee that the Company will be granted a mining lease and if it is granted, it will be subject to conditions which may impact on the financial viability of the project.

Renewals

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the company. The company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in the Czech Republic and the ongoing expenditure budgeted for by the company. However, the consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the company could be significant.

Title

Notwithstanding that the exploration licenses the subject of the Cinovec Project has been granted, if the application for the licenses did not strictly comply with the application requirements (such as were required reports were not lodged or were lodged late), there is a risk that the tenements could be deemed invalid.

Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's potential development activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, interest and inflation rates, currency exchange controls, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration and development activities, as well as on its ability to fund those activities.

Regulatory compliance

The company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The company requires permits from regulatory authorities to authorise the company's operations. These permits relate to exploration, development, production and rehabilitation activities. While the company believes that it will operate in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the company or its properties, which could have a material adverse impact on the company's current operations or planned activities. Obtaining necessary permits can be a time-consuming process and there is a risk that company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the company's activities or forfeiture of one or more of the tenements, the subject of the Projects.

Climate

There are a number of climate-related factors that may affect the operations and proposed activities of the company. The climate change risks particularly attributable to the company include: (a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts,

REVIEW OF OPERATIONS

or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the company and its business viability. While the company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the company will not be impacted by these occurrences; and (b) climate change may cause certain physical and environmental risks that cannot be predicted by the company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the company operates.

General risks

Future funding requirements and the ability to access debt and equity markets. The funds raised by the Company are considered sufficient to meet the evaluation and development objectives of the Company. Additional funding may be required in the event development costs exceed the company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the company may incur, additional financing will be required. In addition, should the company consider that its development results justify commencement of production on any of its projects, additional funding will be required to implement the company's development plans, the quantum of which, remain unknown at the date of the Annual report. The company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the company's activities and future projects may result in delay and indefinite postponement of development or production on the company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the company and might involve substantial dilution to shareholders.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the company if one or more of these employees cease their employment. The company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the company.

Competition

The industry in which the company will be involved is subject to domestic and global competition. Although the company will undertake all reasonable due diligence in its business decisions and operations, the company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the company's projects and business.

Market conditions

Share market conditions may affect the value of the company's shares regardless of the company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) global health epidemics or pandemics;
- (e) currency fluctuations;
- (f) changes in investor sentiment toward particular market sectors;
- (g) the demand for, and supply of, capital;
- (h) political tensions; and
- (i) terrorism or other hostilities.

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the company nor the Directors warrant the future performance of the company or any return on an investment in the company. Potential investors should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration

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companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the company's performance. In addition, after the end of the relevant escrow periods affecting shares in the company, a significant sale of then tradeable shares (or the market perception that such a sale might occur) could have an adverse effect on the company's share price.

Commodity price volatility and exchange rate

If the company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the company will be taken into account in Australian currency, exposing the company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the company. It is possible that the current system of exploration and mine permitting in the Czech Republic may change, resulting in impairment of rights and possibly expropriation of the company's properties without adequate compensation.

Dilution

In the future, the company may elect to issue shares or engage in capital raisings to fund construction of the Project and growth, for investments or acquisitions that the company may decide to undertake, to repay debt or for any other reason the Board may determine at the relevant time. While the company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), shareholder interests may be diluted as a result of such issues of shares or other securities.

Taxation

The acquisition and disposal of shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the company are urged to obtain independent financial advice about the consequences of acquiring shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for shares under the prospectus.

Litigation

The company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the company's operations, reputation, financial performance and financial position. The company is not currently engaged in any litigation.

Environmental regulation

The operations and proposed activities of the company are subject to Czech laws and regulations concerning the environment. As with most exploration projects and mining operations, the company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the company's ongoing compliance with environmental legislation, regulations, and licences. Significant liabilities could be imposed on the company for damages, clean-up costs or penalties in the event of

REVIEW OF OPERATIONS

certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

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EUROPEAN METALS HOLDINGS LIMITED

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DIRECTORS' REPORT

Your Directors present their report, together with the consolidated financial statements of the Group, being European Metals Holdings Limited ("EMH" or the "Company") and its controlled entities ("Group"), for the year ended 30 June 2023.

Directors

The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

Mr Keith Coughlan	Executive Chairman	Appointed 30 June 2020
	Previously Managing Director	Appointed 6 September 2013
Mr Richard Pavlik	Executive Director	Appointed 27 June 2017
Mr Kiran Morzaria	Non-Executive Director	Appointed 10 December 2015
Ambassador Lincoln Bloomfield Jr	Non-Executive Director	Appointed 3 January 2021

Company Secretary

David Koch	Resigned 20 April 2023
Shannon Robinson	Appointed 20 April 2023

Principal Activities

The Group is primarily involved in the development of the Cinovec lithium project in the Czech Republic.

Review of Operations

The 2023 Financial Year has been one of significant growth and development for the Group. For further information refer to the Project Review section of this report.

Results of Operations

The consolidated loss after tax for year ended 30 June 2023 was \$5,928,441 (2022: \$6,802,895).

Financial Position

The net assets of the Group have increased by \$507,883 to \$36,307,393 at 30 June 2023 (2022: \$35,799,510).

Significant Changes in the State of Affairs

There have not been any significant changes in the state of affairs of the Group during the financial year other than as disclosed in the Review of Operations section of this report.

Dividends Paid or Recommended

No dividends were declared or paid during the year and the Directors do not recommend the payment of a dividend for the period.

DIRECTORS' REPORT

Information on Directors

Keith Coughlan

Executive Chairman – Appointed 30 June 2020

Previously Managing Director (CEO) – Appointed 6 September 2013 to 30 June 2020

Qualifications

BA

Experience

Mr Coughlan has had almost 30 years' experience in stockbroking and funds management. He has been largely involved in the funding and promoting of resource companies listed on ASX, AIM and TSX. He has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds management organizations.

Interest in CDs/shares and Options

Mr Coughlan held, at the end of the financial year, 850,000 CDs/shares direct interest and 4,900,000 CDs/shares indirect interest held by Inswinger Holdings Pty Ltd, an entity of which Mr Coughlan is a director and a shareholder.

Performance Rights

Mr Coughlan held, at the end of the financial year, 2,400,000 Performance Rights indirect interest held by KADAJE INVESTMENTS PTY LTD <KADAJE A/C>, an entity of which Mr Coughlan is a director and a shareholder.

Special Responsibilities

Member of Nomination Committee

Member of Environment, Social and Governance Committee

Directorships held in other listed entities

Non-Executive Chairman of Doriemus plc

Mr Coughlan was previously a Non-Executive Director of Calidus Resources Limited

Richard Pavlik

Executive Director – Appointed 27 June 2017

Qualifications

Masters Degree in Mining Engineer

Experience

Mr Pavlik is the Chief Advisor to the CEO of Geomet s.r.o. and is a highly experienced Czech mining executive. Mr Pavlik holds a Masters Degree in Mining Engineer from the Technical University of Ostrava in the Czech Republic. He is the former Chief Project Manager and Advisor to the Chief Executive Officer at OKD. OKD has been a major coal producer in the Czech Republic. He has almost 30 years of relevant industry experience in the Czech Republic. Mr Pavlik also has experience as a Project Analyst at Normandy Capital in Sydney as part of a postgraduate program from Swinburne University. Mr Pavlik has held previous senior positions within OKD and New World Resources as Chief Engineer, and as Head of Surveying and Geology. He has also served as the Head of the Supervisory Board of NWR Karbonia, a Polish subsidiary of New World Resources (UK) Limited. He has an intimate knowledge of mining in the Czech Republic.

Interest in CDs/shares and Options

Mr Pavlik held, at the end of the financial year, 300,000 CDs/shares direct interest

Performance Rights

Mr Pavlik held, at the end of the financial year, 1,200,000 Performance Rights direct interest

Special Responsibilities

Member of Environment, Social and Governance Committee

Member of Nomination Committee

Directorships held in other listed entities

Nil

DIRECTORS' REPORT

Information on Directors (continued)

Kiran Morzaria

Non-Executive Director – Appointed 10 December 2015

Qualifications

Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School

Experience

Mr Morzaria has extensive experience in the mineral resource industry working in both operational and management roles. He spent the first four years of his career in exploration, mining and civil engineering before obtaining his MBA. Mr Morzaria has served as a director of a number of public companies in both an executive and non-executive capacity.

Interest in CDIs/shares and Options

Mr Morzaria held, at the end of the financial year, 200,000 CDIs/shares direct interest. Mr Morzaria is a director and chief executive of Cadence Minerals Plc which owns 11,968,504 CDIs/shares. Mr Morzaria has no control on the acquisition or sale of the shares held by Cadence Minerals plc.

Special Responsibilities

Chair of Remuneration Committee
Chair of Nomination Committee
Member of Audit and Risk Committee
Member of Environment, Social and Governance Committee

Directorships held in other listed entities

Chief Executive Officer and Director of Cadence Minerals plc and Director of UK Oil & Gas plc. Mr Morzaria was previously a Director of Bacanora Minerals plc.

Lincoln Bloomfield Jr.

Non-Executive Director – Appointed 3 January 2021

Qualifications

Harvard College (cum laude, Government, 1974), Fletcher School of Law and Diplomacy (M.A.L.D., 1980)

Experience

Ambassador Bloomfield is based in Washington, DC, and brings governance and regulatory experience, years of international diplomacy and security expertise to the EMH Board, along with a North American presence, while his private sector experience is centred on sustainability, resilience and renewable energy.

Interest in CDIs/shares and Options

Ambassador Bloomfield held, at the end of the financial year, 250,500 direct interest in CDIs/shares.

Special Responsibilities

Chair of Environment, Social and Governance Committee
Chair of Audit and Risk Committee
Member of Remuneration Committee
Member of Nomination Committee

Directorships held in other listed entities

Nil

EUROPEAN METALS HOLDINGS LIMITED

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ANNUAL REPORT 30 JUNE 2023**DIRECTORS' REPORT****Company Secretary**

Ms Shannon Robinson (appointed 20 April 2023)

Ms Robinson is a chartered secretary and corporate advisor with 20 years' experience in providing strategic advice on mergers and acquisitions, capital raisings, and listings of companies on stock exchanges such as the ASX and AIM, due diligence, compliance, and managing legal issues associated with clients' activities. Shannon is a former corporate lawyer, a graduate member of the Australian Institute of Company Directors (AICD) and a fellow of the Governance Institute of Australia (GIA). Shannon is currently company secretary of Doriemus plc (ASX:DOR), and joint company secretary of Echo IQ Limited (ASX:EIQ) and Viridis Mining and Minerals Limited (ASX:VMM).

Mr David Koch (resigned 20 April 2023).

Director Meetings

The number of Directors' meetings and meetings of Committees of Directors held during the year and the number of meetings attended by each of the Directors of the Company during the year is:

Name	Directors' Meetings		Audit and Risk Committee
	Number attended	Number eligible to attend	Number eligible to and attended
Keith Coughlan	6	6	-
Richard Pavlik	6	6	-
Kiran Morzaria	6	6	2
Lincoln Bloomfield, Jr	6	6	2

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums of \$71,000 (2022: \$93,090) to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
- No indemnity or insurance of auditors has been paid.

CDIs/shares under option/warrant

During the year, no unquoted options and warrants were issued to consultants.

Unissued CDIs/shares of European Metals Holdings Limited under option and warrant at the date of this report is as follows:

Expiry date	Exercise Price	Number under option/warrants
23 October 2023	42 cents	2,024,000
23 October 2023	45 cents	200,000
31 December 2025	80 cents	2,000,000

DIRECTORS' REPORT

CDIs/shares under option/warrant (continued)

The following ordinary shares of European Metals Holdings Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Type	Date options granted	Expiry Date	Number under option	Cancelled/expired	Number exercised	Exercise Price
Consultant	30 April 2020	31 December 2022	10,000,000	(3,656,993)	6,343,007	\$0

No person entitled to exercise the option or warrant has or has any right by virtue of the option or warrant to participate in any share issue of any other body corporate.

Performance Rights

Performance rights on issue at the date of this report is as follows:

Issued to	Grant date/Issue date	Expiry date	Number on issue
Consultant	24 November 2021/30 November 2021	30 November 2024	100,000
Keith Coughlan	17 December 2020/2 March 2022	2 March 2025	2,400,000
Richard Pavlik	17 December 2020/2 March 2022	2 March 2025	1,200,000
Employee in terms of ESIP	27 February 2022 /2 March 2022	2 March 2025	1,200,000
	12 December 2022/20 December 2022	2 March 2025	450,000
	13 December 2022/20 December 2022	2 March 2025	300,000
	14 December 2022/20 December 2022	2 March 2025	170,000
Consultant	22 February 2022/ 2 March 2022	2 March 2025	900,000
	29 August 2022/ 1 September 2022	2 March 2025	750,000

Environmental, Social and Governance

The Company has adopted a set of Environmental, Social and Governance ("ESG") metrics and disclosures following the recommendations released by the World Economic Forum ("WEF") in Geneva, Switzerland which are acknowledged as the gold standard for ESG reporting.

The establishment of an ESG Committee at Board level is chaired by Ambassador Lincoln Bloomfield who has considerable private sector experience centred on sustainability, resilience and renewable energy. Ambassador Bloomfield has stated, "European Metals is making every effort to ensure that any finished product containing our lithium will satisfy the public's need for assurance that high ESG standards have been upheld at every stage of our production process. We are committed to the well-being of our workforce, minimizing environmental impact throughout our process, and engaging with the local community".

The Company engaged Socialsuite ESG technology platform - a global leader in ESG impact management systems and sustainability reporting.

The Company has utilised Socialsuite's ESG technology platform to establish its initial ESG baseline dashboard. The Company will focus on delivering and reporting on its ESG metrics and indicators. Socialsuite's ESG reporting technology provides an easy way for investors and other stakeholders to assess the progress of the Company on its journey.

The Company's ESG transparency commitment is a precursor to an independent lithium production Life Cycle Assessment² ("LCA") which includes a full Carbon Footprint assessment.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

Stantons has not provided any non-audit services during the year.

Significant events after the reporting date

Subsequent to 30 June 2023, the following significant events were undertaken by the Group:

- On 18 July 2023 a mortgage in favour of the joint venture partners (Severoceske Doly and the Company) was granted over the Deskform Property in the Czech Republic. Additional information is disclosed in the Operations Report (refer to "Land Secured for Cinovec Lithium Plant" section) and ASX Announcement dated 9 June 2023.
- As announced on 21 July 2023, the EBRD has invested EUR6,000,000 to support the Group's development of the Cinovec Project in the Czech Republic. The investment was implemented by way of a private placement of 12,315,213 shares of the Group to EBRD at a price of \$0.803 per share.
- On 7 September 2023, 400,000 shares were issued on the exercise of unlisted options which were granted on 23 October 2020 for an exercise price of \$0.45.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 24 of the financial report.

Corporate Governance Statement

The Company's 2023 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <https://www.europeanmet.com/corporate-governance/>.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of the Company, and key management personnel ("KMP"). The Directors are pleased to present the remuneration report which sets out the remuneration information for European Metals Holdings Limited's Non-Executive Directors, Executive Directors and other key management personnel.

A. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Board

REMUNERATION REPORT (AUDITED)

DIRECTORS' REPORT

A. Principles used to determine the nature and amount of remuneration (continued)

reviews Executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-executive Directors at commercial market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the non-executive.

Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold CDs/shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of Directors' and Executives' interests in CDs/shares, options and performance shares at year end, refer to the remuneration report.

B. Details of Remuneration

Details of the nature and amount of each element of the emoluments of each of the KMP of the Company (the Directors) for the year ended 30 June 2023 are set out in the following tables:

The maximum amount of remuneration for Non-Executive Directors is \$300,000 as approved by shareholders.

During the financial period, the Company did not engage any remuneration consultants.

2023

**Group Key
Management
Personnel**

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments	Total	% of remuneration as share-based payments
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Long Service Leave	Rights/Options ⁽ⁱⁱⁱ⁾		
Directors	\$	\$	\$	\$	\$	\$	\$	\$	%
Keith Coughlan ⁽ⁱ⁾	425,901	48,922	-	-	27,500	32,762	201,359	736,444	27
Kiran Morzaria	57,048	-	-	-	-	-	-	57,048	0
Richard Pavlik ⁽ⁱⁱ⁾	141,295	33,647	-	-	-	-	100,681	275,623	37
Lincoln Bloomfield Jr	70,852	-	-	-	-	-	-	70,852	0
	695,096	82,569	-	-	27,500	32,762	302,040	1,139,967	26

Notes:

(i) During the financial year, a total of \$137,280 of Mr Coughlan's remuneration was reimbursed by Geomet s.r.o.

(ii) In the current financial period, Mr Pavlik was reimbursed for a salary that should have been paid to him by European Metals Holdings Limited in 2021, in addition to the salary paid by Geomet. The total salary for the period January 2021 to July 2022 was \$54,883 and a bonus of \$33,647.

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

B. Details of Remuneration (continued)

(iii) As noted in section F "Performance Rights granted for the year ended 30 June 2023" of the Remuneration Report, performance rights were granted to Keith Coughlan and Richard Pavlik on 17 December 2020. The Group's estimate of when these performance rights will vest has been extended for previous years, as disclosed in section F. As a result, no additional share-based expense is recognised for the year ended 30 June 2023.

2022

Group Key Management Personnel

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments	Total	% of remuneration as share-based payments
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Long Service Leave	Rights/Options		
Directors	\$	\$	\$	\$	\$	\$	\$	\$	
Keith Coughlan ⁽ⁱ⁾	318,000	51,226	-	27,160	31,800	6,263	1,264,087	1,698,536	74
Kiran Morzaria	43,570	-	-	-	-	-	-	43,570	-
Richard Pavlik	79,351	35,431	-	-	-	-	632,043	746,825	85
Lincoln Bloomfield Jr ⁽ⁱⁱ⁾	50,741	-	-	-	-	-	-	50,741	-
	491,662	86,657	-	27,160	31,800	6,263	1,896,130	2,539,672	75

Notes:

(i) During the financial year, a total of \$137,280 of Mr Coughlan's remuneration was reimbursed by Geomet s.r.o.

(ii) Includes \$3,507 accrual of June 2022 fee.

C. Service Agreements

It was formally agreed at a meeting of the directors that the following remuneration be established; there are no formal notice periods, leave accruals or termination benefits payable on termination.

Mr Keith Coughlan, Executive Chairman, received a salary of \$474,823 plus statutory superannuation contribution from 1 July 2022 to 30 June 2023.

D. Share-based compensation

During the financial year, nil CDIs/shares were issued to KMP under the Employee Securities Incentive Plan (ESIP) (2022: nil).

Loan CDIs/shares on issue to KMP under the ESIP are as follows:

30 June 2023	Loan CDIs/shares Grant Details			Exercised		Lapsed/Cancelled		Balance at End of Year	
	Grant Date	No.	Value \$	No.	Value \$	No.	Value \$	No. Vested	Value \$
Group KMP									
Keith Coughlan	30 Nov 2017	850,000	592,245	-	-	-	-	850,000	592,245
Richard Pavlik	30 Nov 2017	300,000	209,028	-	-	-	-	300,000	209,028
Kiran Morzaria	30 Nov 2017	200,000	139,352	-	-	-	-	200,000	139,352
		1,350,000	940,625	-	-	-	-	1,350,000	940,625

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

D. Share-based compensation (continued)

30 June 2022	Loan CDs/shares Grant Details			Exercised		Lapsed/Cancelled		Balance at End of Year	
	Grant Date	No.	Value	No.	Value	No.	Value	No.	Value
			\$		\$		\$	Vested	\$
Group KMP									
Keith Coughlan	30 Nov 2017	850,000	592,245	-	-	-	-	850,000	592,245
Richard Pavlik	30 Nov 2017	300,000	209,028	-	-	-	-	300,000	209,028
Kiran Morzaria	30 Nov 2017	200,000	139,352	-	-	-	-	200,000	139,352
		1,350,000	940,625	-	-	-	-	1,350,000	940,625

The terms of the loan CDs/shares are disclosed in Note 17(d).

E. Options issued for the year ended 30 June 2023

No options were issued as part of the remuneration for the year ended 30 June 2023 (2022: nil).

F. Performance Rights granted for the year ended 30 June 2023

No performance rights were granted as part of the remuneration for the year ended 30 June 2023 (2022: nil).

Granted in prior year	Performance Rights Details			Exercised		Lapsed		Balance at End of Year		Vested	Unvested
	Grant Date	No.	Value ¹	No.	Value	No.	Value	No.	Value ¹	No.	No.
			\$		\$		\$		\$		
Group KMP											
Keith Coughlan	17 Dec 2020	2,400,000	2,088,000	-	-	-	-	2,400,000	2,088,000	-	2,400,000
Richard Pavlik	17 Dec 2020	1,200,000	1,044,000	-	-	-	-	1,200,000	1,044,000	-	1,200,000
		3,600,000	3,132,000	-	-	-	-	3,600,000	3,132,000	-	3,600,000

Notes:

- The value of performance rights granted to key management personnel is calculated as at the grant date based on the share price at grant date. As at 30 June 2023, management's assessment is that the performance rights will vest as follows:
 - 1,200,000 Class A performance rights on 31 December 2023
 - 1,200,000 Class B performance rights on 30 September 2024
 - 1,200,000 Class A performance rights on 1 March 2025

G. Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the year to Directors or other KMP as a result of options exercised that had previously been granted as compensation.

H. Loans to Directors and Key Management Personnel

There were no loans issued to Key Management Personnel during the financial year.

I. Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. This will be facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

I. Company performance, shareholder wealth and Directors' and Executives' remuneration (continued)

commencement of mine production, performance-based bonuses based on key performance indicators are expected to be introduced.

J. Other information

2023 Name	Balance at Start of year	Granted as remuneration during the year	Issued on exercise of options	Other Changes during the year	Balance at end of year
Keith Coughlan	850,000	-	-	-	850,000
Indirect ¹	8,500,000	-	-	(3,600,000)	4,900,000
Richard Pavlik	300,000	-	-	-	300,000
Kiran Morzaria	200,000	-	-	-	200,000
Indirect ²	17,663,864	-	-	(5,695,360)	11,968,504
Lincoln Bloomfield, Jr	182,500	-	-	68,000	250,500
Total	27,696,364	-	-	(9,227,360)	18,469,004

1. Mr Coughlan held, at the end of the financial year, 850,000 CDIs/shares direct interest and 8,500,000 CDIs/shares indirect interest held by Inswinger Holdings Pty Ltd, an entity of which Mr Coughlan is a director and a shareholder.
2. Mr Morzaria is a director and chief executive of Cadence Minerals plc, an entity which owns 11,968,504 CDIs/shares in European Metals Holdings Limited. Mr Morzaria does not have direct control over the disposal of the shares either by means of his directorship of Cadence Minerals plc or his shareholding in Cadence Minerals plc.

K. Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

From July 2022, the Company received accounting and bookkeeping services of \$28,655 plus GST from Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. Amount payable to Everest Corporate as at 30 June 2023 was \$nil (2022: \$8,012).

From October 2022, the Company received company secretarial, accounting and bookkeeping services of \$89,105 plus GST from Nexia, a company at which the spouse of Executive Chairman, Keith Coughlan, acts as key management personnel. Amount payable to Nexia as at 30 June 2023 was \$17,028 (2022: \$nil).

The Company received rental income of \$13,349 plus GST from Everest Corporate for subletting the office in West Perth, until October 2022.

There were no other transactions with Key Management Personnel during the financial year.

End of Remuneration Report

Signed in accordance with a resolution of the Board of Directors.



Keith Coughlan
EXECUTIVE CHAIRMAN

Dated at 29 September 2023



PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

29 September 2023

Board of Directors
European Metals Holdings Limited
Level 3
35 Outram Street,
West Perth WA 6005

Dear Directors

RE: EUROPEAN METALS HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of European Metals Holdings Limited.

As Audit Director for the audit of the financial statements of European Metals Holdings Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik
Director



EUROPEAN METALS HOLDINGS LIMITED
ARBN 154 618 989
ANNUAL FINANCIAL REPORT 30 JUNE 2023



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	30 June 2023 \$	30 June 2022 \$
Other income	6	1,116,293	1,155,359
Research and Development rebate		-	56,187
Finance Income		479,783	44,783
Share based payments	17,18	(1,933,518)	(2,884,447)
Equity accounting on investment in Geomet s.r.o.	13	(1,845,158)	(1,367,744)
Professional fees		(1,544,741)	(1,278,103)
Employees' benefits		(719,705)	(822,968)
Advertising and promotion		(576,744)	(475,966)
Travel and accommodation		(175,848)	(84,475)
Directors' fees		(219,984)	(173,662)
Share registry and listing expense		(152,501)	(244,206)
Insurance expense		(76,357)	(88,699)
Audit fees	7	(63,443)	(50,575)
Depreciation and amortisation expense		(48,873)	(40,412)
Facility, advance fee and finance costs		(3,092)	(4,031)
Foreign exchange gain/(loss)		145,858	(16,544)
Other expenses		(310,411)	(544,101)
Derecognition of foreign currency reserve		-	16,709
Loss before income tax		(5,928,441)	(6,802,895)
Income tax expense	3	-	-
Loss from operations		(5,928,441)	(6,802,895)
(Loss) for the year attributable to the members of the Company		(5,928,441)	(6,802,895)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translating foreign operations		(25,452)	(5,598)
– Equity accounting on investment in Geomet s.r.o.		4,528,258	853,136
Other comprehensive (loss)/income for the year, net of tax		4,502,806	847,538
Total comprehensive (loss) for the year attributable to members of the Company		(1,425,635)	(5,955,357)
Loss per share for loss from continuing operations			
Basic and diluted loss per CDI/share (cents)	8	(3.14)	(3.78)

The above statement should be read in conjunction with the accompanying notes.

EUROPEAN METALS HOLDINGS LIMITED
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ANNUAL FINANCIAL REPORT 30 JUNE 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	9	8,892,951	19,055,509
Trade and other receivables	10	8,619,578	782,518
Other assets	11	34,697	53,094
TOTAL CURRENT ASSETS		17,547,226	19,891,121
NON-CURRENT ASSETS			
Other assets	11	48,154	47,392
Right-of-use asset	12	39,968	87,930
Investments accounted for using equity method	13	19,629,519	16,946,419
Property, plant and equipment		2,899	-
TOTAL NON-CURRENT ASSETS		19,720,540	17,081,741
TOTAL ASSETS		37,267,766	36,972,862
CURRENT LIABILITIES			
Trade and other payables	14	818,977	939,822
Provisions – employee entitlements	15	16,570	147,048
Lease liability	12	40,775	45,707
TOTAL CURRENT LIABILITIES		876,322	1,132,577
NON-CURRENT LIABILITIES			
Provisions – employee entitlements	15	84,051	-
Lease liability	12	-	40,775
TOTAL NON-CURRENT LIABILITIES		84,051	40,775
TOTAL LIABILITIES		960,373	1,173,352
NET ASSETS		36,307,393	35,799,510
EQUITY			
Issued capital	16	47,881,352	47,881,352
Reserves	17	18,720,115	12,283,791
Accumulated losses		(30,294,074)	(24,365,633)
TOTAL EQUITY		36,307,393	35,799,510

The above statement should be read in conjunction with the accompanying notes.

EUROPEAN METALS HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	34,087,930	9,220,602	(467,879)	(17,562,738)	25,277,915
Loss attributable to members of the Company	-	-	-	(6,802,895)	(6,802,895)
Transfer on derecognition of subsidiaries			(16,709)	-	(16,709)
Other comprehensive income/(loss)	-	-	864,247	-	864,247
Total comprehensive income/loss for the year	-	-	847,538	(6,802,895)	(5,955,357)
Transactions with owners, recognized directly in equity					
CDIs/shares issued during the year	14,399,000	-	-	-	14,399,000
Capital raising costs	(885,538)	-	-	-	(885,538)
Exercise of options and warrants	279,960	-	-	-	279,960
Share based payments	-	2,683,530	-	-	2,683,530
Balance at 30 June 2022	47,881,352	11,904,132	379,659	(24,365,633)	35,799, 510
Balance at 1 July 2022	47,881,352	11,904,132	379,659	(24,365,633)	35,799, 510
Loss attributable to members of the Company	-	-	-	(5, 928,441)	(5,928,441)
Other comprehensive (loss)	-	-	4,502,806	-	4,502,806
Total comprehensive (loss) for the year	-	-	4,502,806	(5, 928,441)	(1,425,635)
Transactions with owners, recognised directly in equity					
Share based payments	-	1,933,518	-	-	1,933,518
Balance at 30 June 2023	47,881,352	13,837,650	4,882,465	(30,294,074)	36,307,393

The above statement should be read in conjunction with the accompanying notes.

EUROPEAN METALS HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Other income		1,716,398	827,208
Payments to suppliers and employees		(3,596,566)	(2,602,747)
Research and Development Rebate		-	56,187
Interest received		438,823	29,466
Payments for Cinovec associated costs		(398,354)	(887,098)
Net cash (used in) operating activities	19	<u>(1,839,699)</u>	<u>(2,576,984)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment		(4,191)	-
Payments to associate		(8,420,065)	-
Net cash (used in) investing activities		<u>(8,424,256)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of CDs /shares		-	14,399,000
Capital raising costs paid		-	(885,538)
Proceeds from exercise of options and warrants		-	279,960
Payment for lease liability		(48,799)	(36,577)
Net cash (used in)/provided by financing activities		<u>(48,799)</u>	<u>13,756,845</u>
Net (decrease)/increase in cash and cash equivalents		(10,312,754)	11,179,861
Cash and cash equivalents at the beginning of the financial year		19,055,509	7,880,673
Exchange differences in foreign currency held		150,196	(5,025)
Cash and cash equivalents at the end of financial year	9	<u>8,892,951</u>	<u>19,055,509</u>

The above statement should be read in conjunction with the accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

These consolidated financial statements and notes represent those of European Metals Holdings Limited ("EMHL" or "the Company") and its Controlled Entities (the "Consolidated Group" or "Group").

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Boards (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been adopted in the preparation of the financial report. Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

The Company is a listed public company, incorporated in the British Virgin Islands and registered in Australia.

(i) **Accounting policies**

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting year.

New and Revised Accounting Standards Adopted by the Group

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and revised Accounting Standards for Application in Future Periods

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting period and on foreseeable future transactions.

(ii) **Statement of Compliance**

The financial report was authorised for issue on 29 September 2023.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) **Financial Position**

The Directors have prepared the consolidated financial statements on going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

At 30 June 2023, the Group comprising the Company and its subsidiaries has incurred a loss for the year amounting to \$5,928,441 (2022: loss of \$6,802,895). The Group has a net working capital surplus of \$16,670,909 (2022: surplus of \$18,758,544) and cash and cash equivalents of \$8,892,951 (2022: \$19,055,509).

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the Directors are satisfied that the going concern basis of preparation is appropriate.

(iv) **Critical accounting estimates and judgements**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the estimated fair value of the equity instruments at the date at which they are granted. These are expensed over the estimated vesting periods. Judgement has been exercised on the probability and timing of achieving milestones related to performance rights granted to Directors.

Estimation of the Group's borrowing rate

The lease payments used to determine the lease liability and right-of-use of asset at 1 July 2020 under AASB 16 Leases are discounted using the Group's incremental borrowing rate of 5%.

Recognition of deferred tax assets

Deferred tax assets relating to temporary differences and unused tax losses have not been recognised as the Directors are of the opinion that it is not probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Investment in associate

Control exists where the parent entity is exposed or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when it has existing rights to direct the relevant activities of the investee which are those which significantly affect the investee's returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence exists if the Group holds 20% or more of the voting power of an investee, and has the power to participate in the financial and operating policy decisions of the entity.

Estimates and judgements are required by the Group to consider the existence of control, joint control or significant influence over an investee. The Group has considered its investment in Geomet concluding the Group has significant influence but not control or joint control.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) **Income Tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) **Impairment of Assets**

At the end of each reporting period the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Impairment of Assets (continued)**

An assessment is also made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

(e) **Revenue**

Interest

Interest income is recognised using the effective interest method.

Services Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(f) **Goods and Services Tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) **Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade and other receivables (continued)

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the profit and loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit and loss.

(h) Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the consolidated statement of profit or loss when received or when the amount to be received can be reliably estimated.

(i) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising out of wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions made to defined employee superannuation funds are charged as expenses when incurred.

(j) Exploration and Evaluation Assets

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the relevant regulatory authorities as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Group will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

- Sufficient data exists to determine technical feasibility and commercial viability; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Exploration and Evaluation Assets (continued)

- Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 1 (c)). For the purposes of impairment testing, exploration and

evaluation assets are allocated to cash-generating units to which exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(k) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain significant financing component in accordance with AASB 15 *Revenue from Contracts with Customers*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15 *Revenue from Contracts with Customers*, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Instruments (continued)

Classification and measurement (continued)

Financial assets (continued)

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) **Earnings Per CDI/share**

Basic earnings per CDI/share is determined by dividing the profit or loss attributable to ordinary shareholders of the Company, by the weighted average number of CDIs/shares outstanding during the period, adjusted for bonus elements in CDIs/shares issued during the period.

Diluted earnings per CDI/share

Diluted earnings per CDI/share adjusts the figure used in the determination of basic earnings per CDI/share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential CDIs/shares and the weighted average number of CDIs/shares assumed to have been issued for no consideration in relation to dilutive potential CDIs/shares, which comprise convertible notes and CDI/share options granted.

(n) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(o) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(p) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent European Metals Holdings Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) CDI based payments

The grant date fair value of CDI-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For CDI-based payment awards with non-vesting conditions, the grant date fair value of the CDI-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Loan CDIs/shares are treated similar to options and value is an estimate calculated using an appropriate mathematical formula based on Black-Scholes option pricing model. The choice of models and the resultant Loan CDI value require assumptions to be made in relation to the likelihood and timing of the vesting of the Loan CDIs/shares and the value and volatility of the price of the underlying shares.

(s) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in Profit or Loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations recognised in the other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. These differences are reclassified into Profit or Loss in the period in which the operation is disposed.

(t) Issued capital

CDIs/shares are classified as equity. Incremental costs directly attributable to the issue of new CDIs/shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new CDIs/shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Investments in associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(v) Leases

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(w) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Fair value measurement hierarchy

the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 2: DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

CDI-based payment transactions

The fair value of the employee CDI options is measured using the Black-Scholes formula. Measurement inputs include CDI price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

The fair value of consultant CDI options and warrants is measured at the fee of the services received, except for when the fair value of the services cannot be estimated reliably, the fair value is measured using the Black-Scholes formula.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: DETERMINATION OF FAIR VALUES (continued)

CDI-based payment transactions (continued)

The fair value of performance rights granted to Directors is measured using the share price at grant date. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

NOTE 3: INCOME TAX

(a) Income tax expense

	30 June 2023	30 June 2022
	\$	\$
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities*	-	-
	-	-

* Any capital gain on disposal of shares in Geomet held by EMH UK is tax-exempt under the current UK legislation (Schedule 7AC of the Taxation of Chargeable Gains Act 1992). For this reason, no deferred tax liability has been recognised as at 30 June 2023.

(b) Reconciliation of income tax expense to prima facie tax payable

Net (loss) before tax	(5,928,441)	(6,802,895)
Prima facie tax on operating loss at 25% (2022: 25%)	(1,482,110)	(1,700,724)
Add / (Less): Non-deductible items		
Non-deductible expenses	1,333,306	1,322,354
Adjustments recognised in the current year in relation to the current tax of previous years	1,236	-
Current year tax loss not recognised	188,998	378,370
Temporary differences not recognised	(41,430)	-
Income tax attributable to operating profit/loss	-	-
The applicable weighted average effective tax rates are as follows:	Nil%	Nil%
Balance of franking account at year end	Nil	Nil

Deferred tax assets/(liabilities)

Tax losses	1,499,005	1,311,243
Other receivables and other assets	(27,670)	(19,976)
Unrealised foreign exchange gain	-	1,177
Trade and other payables and Accruals	8,750	31,343
Business related costs	-	47
Right-of-use assets	(9,992)	(21,982)
Lease liabilities	10,194	21,621
Provisions	27,517	36,762
Unrecognised deferred tax asset	1,507,804	1,360,235
Set-off deferred tax liabilities	(37,663)	-
Net deferred tax assets	1,470,141	1,360,235
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	6,000,962	5,244,970

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 3: INCOME TAX (continued)

(b) Reconciliation of income tax expense to prima facie tax payable (continued)

The Company is registered in the British Virgin Islands (BVI) and the Company is a tax resident of Australia. The unused tax losses are representative of losses incurred in Australia.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company. The Company is subject to UK taxation regulations in respect of European Metals (UK) Limited.

NOTE 4: RELATED PARTY TRANSACTIONS

Transactions between related parties are at arms' length and on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, the Company received \$1,102,944 (2022: \$1,102,944) from its associate, Geomet s.r.o. for providing services of managing the Cinovec project development. The Company's Directors also received remuneration from Geomet s.r.o in arm's length transaction during the financial year.

From July 2022, the Company received accounting and bookkeeping services of \$28,655 plus GST from Everest Corporate, a company controlled by the spouse of Executive Chairman, Keith Coughlan. Amount payable to Everest Corporate as at 30 June 2023 was \$nil (2022: \$8,012).

From October 2022, the Company received company secretarial, accounting and bookkeeping services of \$89,105 plus GST from Nexia, a company at which the spouse of Executive Chairman, Keith Coughlan, acts as key management personnel. Amount payable to Nexia as at 30 June 2023 was \$17,028 (2022: \$nil).

The Company received rental income of \$13,349 plus GST from Everest Corporate for subletting the office in West Perth, until October 2022.

There were no other transactions with related parties during the financial year.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023 and 30 June 2022.

The totals of remuneration paid to KMP during the year are as follows:

	2023	2022
	\$	\$
Short-term benefits	777,665	605,479
Post-employment benefits	27,500	31,800
Long service leave	32,762	6,263
Equity settled	302,040	1,896,130
	1,139,967	2,539,672

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year (2022: nil). The total value of loan CDs/shares at 30 June 2023 amounted to \$1,442,666 (30 June 2022: \$1,442,666). The fair value of the remaining 1,350,000 loan CDs/shares is \$1,442,666 at 30 June 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6: Other Income

	2023	2022
	\$	\$
Service revenue – Cinovec project development	1,102,944	1,102,944
Other Income	13,349	52,415
	<u>1,116,293</u>	<u>1,155,359</u>

NOTE 7: AUDITOR'S REMUNERATION

	2023	2022
	\$	\$
Auditor's services		
Audit and review of financial report	63,443	48,665
- Under provision in prior year	-	1,910
	<u>63,443</u>	<u>50,575</u>

NOTE 8: BASIC AND DILUTED LOSS PER CDI/share

	2023	2022
	\$	\$
Loss attributable to members of European Metals Holdings Limited (\$)	(5,928,441)	(6,802,895)
Weighted average number of CDIs/shares outstanding	188,790,669	179,817,540
Basic and diluted loss per CDI/share (cents)	<u>(3.14)</u>	<u>(3.78)</u>

NOTE 9: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank	6,758,425	14,035,258
Term deposit	2,134,526	5,020,251
Total cash and cash equivalents in the consolidated Statement of Cash Flows	<u>8,892,951</u>	<u>19,055,509</u>

NOTE 10: TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade and other receivable	94,802	694,907
Advances to associate	8,418,872	-
GST and VAT receivable	38,903	60,808
Interest receivable	67,001	26,803
	<u>8,619,578</u>	<u>782,518</u>

The Group notes that no debtors are past due as at 30 June 2023 (2022: nil).

NOTE 11: OTHER ASSETS

	2023	2022
	\$	\$
Current		
Prepayments	-	53,094
Other receivables	34,697	-
	<u>34,697</u>	<u>53,094</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: OTHER ASSETS (continued)

	2023	2022
	\$	\$
Non-Current		
Bank guarantee on office lease	48,154	47,392
	<u>48,154</u>	<u>47,392</u>

NOTE 12: OFFICE LEASE

	2023	2022
	\$	\$
(a) Right-of-use asset		
Right-of-use asset at cost	136,122	136,122
Less accumulated depreciation	(96,154)	(48,192)
	<u>39,968</u>	<u>87,930</u>

Reconciliation of Right-of-use asset:

	2023	2022
	\$	\$
Opening balance	87,930	136,122
Additions/lease modification	-	(8,007)
Depreciation	(47,962)	(40,185)
Closing balance	<u>39,968</u>	<u>87,930</u>

(b) Lease liability

Opening balance	86,482	97,893
Additions/lease modification	-	20,025
Interest expense	3,092	5,141
Payments	(48,799)	(36,577)
Closing balance	<u>40,775</u>	<u>86,482</u>

	2023	2022
	\$	\$
(b) Lease liability		
Current	40,775	45,707
Non-current	-	40,775
Closing balance	<u>40,775</u>	<u>86,482</u>

The Group's West Perth office is leased under a lease agreement assigned to the Group commencing on 1 May 2021 for a period of three years with a three-year renewal option and rental of \$50,000 plus GST per year payable plus outgoings. The lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 May 2021. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13: INVESTMENT IN ASSOCIATE

	2023	2022
	\$	\$
Opening balance	16,946,419	17,461,027
Share of loss – associate	(1,845,158)	(1,367,744)
Share of other comprehensive income/(loss) - associates	4,528,258	853,136
	<u>19,629,519</u>	<u>16,946,419</u>

Effective 28 April 2020, Geomet was equity accounted (i.e. 49% of share of the profit or loss of the investee after the date of acquisition) for as Investment in Associate by EMH. The Company was appointed to provide services of managing the Cinovec project development.

Summarised statement of financial position

	2023	2022
	\$	\$
Current assets	24,328,436	26,418,644
Non-current assets	64,599,159	28,724,124
Total assets	<u>88,927,595</u>	<u>55,142,768</u>
Current liabilities	5,785,887	3,500,606
Non-current liabilities	17,193,373	-
Total liabilities	<u>22,979,260</u>	<u>3,500,606</u>
Net assets	<u>65,948,335</u>	<u>51,642,162</u>

Summarised statement of profit or loss and other comprehensive income

Revenue	18,399	5,250
Expenses	(3,781,572)	(2,796,568)
Loss for the year	<u>(3,763,173)</u>	<u>(2,791,318)</u>

NOTE 14: TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables	747,492	584,039
Accrued expenses and other liabilities	71,485	355,783
	<u>818,977</u>	<u>939,822</u>

Payables are normally due for payment within 30 days.

NOTE 15: PROVISIONS

	2023	2022
	\$	\$
<i>Current Liability</i>		
Provision for annual leave	16,570	96,259
Provision for long service leave	-	50,789
<i>Non-current Liability</i>		
Provision for long service leave	84,051	-
	<u>100,621</u>	<u>147,048</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16: ISSUED CAPITAL

	2023	2022
	\$	\$
(a) Issued and paid up capital		
192,385,492 CDIs/shares (30 June 2022: 186,042,485 CDIs/shares)	47,881,352	47,881,352
Total issued capital	47,881,352	47,881,352

(b) Movements in CDIs/shares

	Date	Number	\$
Balance at the beginning of the year	1 July 2021	175,119,485	34,087,930
Exercise of unlisted options @ 42c	16 July 2021	238,000	99,960
Share placement @ A\$1.40 per CDI/share	28 January 2022	10,285,000	14,399,000
Exercise of unlisted options @ 45c	4 March 2022	400,000	180,000
Capital raising cost		-	(885,538)
Balance at the end of the year	30 June 2022	186,042,485	47,881,352
	Date	Number	\$
Balance at the beginning of the year	1 July 2022	186,042,485	47,881,352
Issue to consultant @ 0c	9 January 2023	6,343,007	-
Balance at the end of the year	30 June 2023	192,385,492	47,881,352

(c) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity comprising issued capital, reserves and accumulated losses.

The Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June is as follows:

	2023	2022
	\$	\$
Cash and cash equivalents	8,892,951	19,055,509
GST and other receivables	8,619,578	782,518
Other assets	34,697	53,094
Trade and other payables	(818,977)	(939,822)
Provisions	(16,570)	(147,048)
Lease liability	(40,775)	(45,707)
Working capital surplus/(deficit)	16,670,904	18,758,544

The Group is not subject to any externally imposed capital requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: RESERVES

	2023	2022
	\$	\$
Option and Warrant Reserve 17(a)	4,788,589	4,370,589
Performance Shares Reserve 17 (b)	3,471,444	3,471,444
Performance Rights Reserve 17 (c)	4,134,950	2,619,432
Loan CDs/shares Reserve 17 (d)	1,442,667	1,442,667
Foreign Currency Translation Reserve 17 (e)	4,882,465	379,659
Total Reserves	18,720,115	12,283,791

(a) Option and Warrant Reserve

	2023	2022
	\$	\$
Balance at the beginning of the financial year	4,370,589	4,306,491
Share based payment expense (Note 18)	418,000	64,098
Balance at the end of the financial year	4,788,589	4,370,589

The following options and warrants existed as at 30 June 2022 and 30 June 2023:

	Expiry date	Balance at 30 June 2022	Issued during the year	Exercised during the year	Expired/ cancelled	Balance at 30 June 2023
Options @ 25cents	31 Dec 22	10,000,000	-	-	(10,000,000)	-
Options @ 42cents	23 Oct 23	2,024,000	-	-	-	2,024,000
Options @ 45cents	23 Oct 23	600,000	-	-	-	600,000
Options @ 80 cents	31 Dec 2022 ¹	-	2,000,000	-	(2,000,000)	-
Options @ 80 cents	31 Dec 2025 ²	-	2,000,000	-	-	2,000,000
Warrants @ \$1.10	31 Jan 23	1,200,000	-	-	(1,200,000)	-
Total		13,824,000	4,000,000	-	(13,200,000)	4,624,000

¹2,000,000 options were cancelled during the period lapsing unvested due to the vesting criteria not being met.

²2,000,000 options exercisable at \$0.80 on or before 31 December 2023 were granted to consultants on 15 June 2023, subject to vesting conditions. The share-based payment expense of \$418,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

(b) Performance Shares Reserve

The Performance Shares reserve records the fair value of the Performance Shares issued. No performance shares were on issue at 30 June 2023.

	Date	Number	\$
Balance at the beginning of the year	1 July 2022	-	3,471,444
Balance at the end of the year	30 June 2023	-	3,471,444

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: RESERVES (continued)

(c) Performance Rights Reserve

Grant Date	30 June 2023		30 June 2022	
	Number	\$	Number	\$
Balance at the beginning of the period	5,800,000	2,619,432	3,600,000	-
Granted to directors	17 Dec 2020	-	302,040	- 1,896,130
Granted to a consultant	24 Nov 2021	-	(1,829)	100,000 107,440
Granted to an employee	2 Mar 2022	-	424,235	1,200,000 344,803
Granted to a consultant	2 Mar 2022	-	318,305	900,000 271,059
Granted to a consultant	29 Aug 2022	750,000	247,614	- -
Granted to an employee	12 Dec 2022	450,000	107,705	- -
Granted to an employee	13 Dec 2022	300,000	71,587	- -
Granted to an employee	14 Dec 2022	170,000	45,861	- -
Balance at the end of the period	7,470,000	4,134,950	5,800,000	2,619,432

(d) Loan CDIs/shares Reserve

Employee securities incentive plan

In prior years, remuneration in the form of Employee Securities Incentive Plan were issued to the Directors and employees to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to shareholders.

The Loan CDIs/shares reserve records the fair value of the Loan CDIs/shares issued.

The Loan CDIs/shares represent an option arrangement. Loan CDIs/shares vested immediately. The key terms of the Employee Share Plan and of each limited recourse loan provided under the Plan are as follows:

- The total loan equal to issue price multiplied by the number of Plan CDIs/shares/shares applied for ("Advance"), which shall be deemed to have been draw down at Settlement upon issued of the Loan Shares.
- The Loan shall be interest free. However, if the advance is not repaid on or before the Repayment date, the Advance will accrue interest at the rate disclosed in the Plan from the Business Day after the Repayment Date until the date the Advance is repaid in full.
- All or part of the loan may be repaid prior to the Advance repayment Date.

Repayment date

- Notwithstanding paragraph iii. above, ("the borrower") may repay all or part of the Advance at any time before the repayment date i.e. The repayment date for 1,650,000 Director CDIs/shares - 15 years after the date of loan advance and the repayment date for 1,500,000 Employee CDIs/shares - 7 years after the date of loan advice.
- The Loan is repayable on the earlier of:
 - The repayment date;
 - The plan CDIs/shares being sold;
 - The borrower becoming insolvent;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: RESERVES (Continued)

(d) Loan CDIs/shares Reserve (continued)

- (d) The borrower ceasing to be employed by the Company; and
- (e) The plan CDIs/shares being acquired by a third party by way of an amalgamation, arrangement, or formal takeover bid for not less than all the outstanding CDIs/shares.

Loan Forgiveness

- vi. The Board may, in its sole discretion, waive the right to repayment of all or any part of the outstanding balance of an Advance where:
 - (a) The borrower dies or becomes permanently disabled; or
 - (b) The Board otherwise determines that such waiver is appropriate
- vii. Where the Board waives repayment of the Advance in accordance with clause 6(a), the Advance is deemed to have been repaid in full for the purposes of the Plan in this agreement.

Sale of loan CDIs/shares

- viii. In accordance with the terms of the Plan and the Invitation, the Loan CDIs/shares cannot be sold, transferred, assigned, charged or otherwise encumbered with the Plan CDIs/shares except in accordance with the Plan.

	30 June 2023		30 June 2022	
	Number	Amount Expensed	Number	Amount Expensed
Balance at beginning of the year	1,350,000	1,442,667	1,350,000	1,442,667
Loan CDIs/shares repaid during the year	-	-	-	-
Balance at end of the year	1,350,000	1,442,667	1,350,000	1,442,667

Loan CDIs/shares Reserve

CDIs/shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of a CDI/share present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

The Loan CDIs/shares were issued to the executive members under the Employee Securities Incentive Plan on 6 June 2018.

Holders of CDIs/shares have the same entitlement benefits of holding the underlying shares. Each Share in the Company confers upon the Shareholder:

1. the right to one vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
2. the right to an equal share in any dividend paid by the Company; and
3. the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: RESERVES (Continued)

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries, the Group's share of foreign exchange movement in Geomet s.r.o. and the deconsolidation of EQHSA in prior year.

	2023	2022
	\$	\$
Balance at the beginning of the financial year	379,659	(467,879)
Transfer of foreign currency to profit or loss on deregistration of EQHSA	-	(16,709)
Movement during the year	4,502,806	864,247
Balance at the end of the financial year	<u>4,882,465</u>	<u>379,659</u>

NOTE 18: SHARE BASED PAYMENT EXPENSE

During the year, the Group incurred a share-based payments expense for a total of \$1,933,518 resulting from the transactions detailed below.

(i) Share based payment arrangements granted in previous years/periods and existing during the year ended 30 June 2023:

- On 17 December 2020, the shareholders approved the grant of 2,400,000 Performance Rights to Mr Keith Coughlan and 1,200,000 Performance Rights to Mr Richard Pavlik. The 3,600,000 Performance Rights were issued on 2 March 2022. The Performance Rights were valued at \$3,132,000 at grant date and are being expensed over the vesting period noted below. For the year ended 30 June 2023, management assessed the probability of achieving the finance hurdles to be over 50%, as a result of which, a share-based expense of \$302,040 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Class A	1,200,000	17 Dec 20	31 Dec 2023	\$0.87	\$0.87	\$1,044,000	0%
Class B	1,200,000	17 Dec 20	30 Sep 2024	\$0.87	\$0.87	\$1,044,000	0%
Class C	1,200,000	17 Dec 20	1 March 2025	\$0.87	\$0.87	\$1,044,000	0%

- On 24 November 2021, 100,000 Performance Rights were issued to a consultant. The Performance Rights were valued at \$76,750 at grant date and are being expensed over the vesting period noted below. A reversal of share-based payment expense of \$1,829 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year, to account for the new estimated longer vesting period. The group notes that Class C is estimated to vest on 31 March 2025. As the consultant performance rights expire on 30 November 2024, management assessed the probability of achieving the hurdle to be less than 50%, as a result of which, no expense was recognised with respect to Class C noted below.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Class A	10,000	24 Nov 21	31 Dec 2023	\$1.535	\$1.535	\$15,350	0%
Class B	20,000	24 Nov 21	30 Sep 2024	\$1.535	\$1.535	\$30,700	0%
Class C	20,000	24 Nov 21	1 March 2025	\$1.535	\$1.535	\$30,700	0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18: SHARE BASED PAYMENT EXPENSE (Continued)

- On 22 February 2022, 900,000 Performance Rights were issued to a consultant. The Performance Rights were valued at \$1,044,000 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$318,305 was recognised in the statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Class A	300,000	22 Feb 22	31 Dec 2023	\$1.16	\$1.16	\$348,000	0%
Class B	300,000	22 Feb 22	30 Sep 2024	\$1.16	\$1.16	\$348,000	0%
Class C	300,000	22 Feb 22	1 March 2025	\$1.16	\$1.16	\$348,000	0%

- On 27 February 2022, 1,200,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$1,368,000 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$424,235 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Class A	400,000	27 Feb 22	31 Dec 2023	\$1.14	\$1.14	\$456,000	0%
Class B	400,000	27 Feb 22	30 Sep 2024	\$1.14	\$1.14	\$456,000	0%
Class C	400,000	27 Feb 22	1 March 2025	\$1.14	\$1.14	\$456,000	0%

- On 29 August 2022, 750,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$547,500 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$247,614 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	250,000	29 Aug 22	31 Dec 2023	\$0.73	\$0.73	\$182,500	0%
Tranche 2	250,000	29 Aug 22	30 Sep 2024	\$0.73	\$0.73	\$182,500	0%
Tranche 3	250,000	29 Aug 22	1 March 2025	\$0.73	\$0.73	\$182,500	0%

- On 12 December 2022, 450,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$301,500 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$107,705 was recognized in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	150,000	12 Dec 22	31 Dec 2023	\$0.67	\$0.67	\$100,500	0%
Tranche 2	150,000	12 Dec 22	30 Sep 2024	\$0.67	\$0.67	\$100,500	0%
Tranche 3	150,000	12 Dec 22	1 March 2025	\$0.67	\$0.67	\$100,500	0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18: SHARE BASED PAYMENT EXPENSE (Continued)

- On 13 December 2022, 300,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$201,000 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$71,587 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	100,000	13 Dec 22	31 Dec 2023	\$0.67	\$0.67	\$67,000	0%
Tranche 2	100,000	13 Dec 22	30 Sep 2024	\$0.67	\$0.67	\$67,000	0%
Tranche 3	100,000	13 Dec 22	1 March 2025	\$0.67	\$0.67	\$67,000	0%

- On 14 December 2022, 170,000 Performance Rights were issued to an employee. The Performance Rights were valued at \$117,300 at grant date and are being expensed over the vesting period noted below. The share-based payment expense of \$45,861 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

	Number granted	Grant date	Estimated Vesting Date	Share price on grant date	Value per right	Total fair value	% vested
Tranche 1	70,000	14 Dec 22	31 Dec 2023	\$0.69	\$0.69	\$48,300	0%
Tranche 2	100,000	14 Dec 22	30 Sep 2024	\$0.69	\$0.69	\$69,000	0%

Loan CDIs/shares granted in prior years and existed during the financial year ended 30 June 2023:

	Number 30 June 2022	Repaid during the year	Number 30 June 2023
Director Loan CDIs/shares	1,350,000	-	1,350,000
	1,350,000	-	1,350,000

No loan CDIs/shares were granted/repaid during the financial year.

The total fair value of the Loan CDIs/shares was fully expensed in the consolidated statement of profit or loss and other comprehensive income in the 2019 financial year.

A summary of the outstanding Director Loan CDIs/shares at 30 June 2023 and the inputs used in the valuation of the loan CDIs/shares issued to Directors are as follows:

Loan CDIs/shares	Keith Coughlan	Richard Pavlik	Kiran Morzaria
Issue price	\$0.725	\$0.725	\$0.725
Share price at date of issue	\$0.70	\$0.70	\$0.70
Grant date	30 November 2017	30 November 2017	30 November 2017
Expected volatility	143.41%	143.41%	143.41%
Expiry date	30 November 2032	30 November 2032	30 November 2032
Expected dividends	Nil	Nil	Nil
Risk free interest rate	2.47%	2.47%	2.47%
Value per loan CDI	\$0.69676	\$0.69676	\$0.69676
Number of loan CDIs/shares	850,000	300,000	200,000
Total value	\$592,245	\$209,028	\$139,352

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 19: CASH FLOW INFORMATION

	2023	2022
	\$	\$
Reconciliation of cash flow from operating activities with (loss) after tax:		
(Loss) after income tax	(5,928,441)	(6,802,895)
<i>Adjustments for:</i>		
Share based payments	1,933,518	2,884,447
Finance costs	25,962	5,141
Foreign exchange loss	362,201	16,544
Depreciation and amortisation expenses	48,873	40,412
Equity accounted of investment in Geomet s.r.o.	1,845,158	1,367,744
Derecognition of foreign currency reserve	-	(16,709)
Lease modification	-	28,572
<i>Interest in assets and liabilities net of deemed disposal of subsidiary</i>		
Decrease/(Increase) in trade and other receivables and other assets	40,302	(647,462)
(Decrease)/Increase in trade and other payables	(120,845)	500,024
(Decrease)/increase in provisions	(46,427)	47,198
Cash flow used in operating activities	<u>(1,839,699)</u>	<u>(2,576,984)</u>

(b) Credit standby facilities

The Company had no credit standby facilities as at 30 June 2023 and 2022.

(c) Investing and Financing Activities – Non-Cash

There were no non-cash investing or financing activities during the year, apart from the shares issued to a consultant, as per Note 16.

NOTE 20: OPERATING SEGMENTS

The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors. According to AASB 8 *Operating Segments*, two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects:

- The nature of the products and services;
- The nature of the production processes;
- The type or class of customer for their products and services;
- The methods used to distribute their products or provide their services; and
- If applicable, the nature of the regulatory environment, for example; banking, insurance and public utilities.

Effective 28 April 2020, the Group has a 49% interest in Geomet s.r.o. which is accounted for in accordance with AASB 128 *Investment in Associates and Joint Venture*. Therefore, the Group has only one operating segment based on geographical location. The Australian segment incorporates the services provided to Geomet s.r.o. in relation to the Cinovec project development along with head office and treasury function. Consequently, the financial information for the sole operating segment is identical to the information presented in these financial reports.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, equity instruments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for Group's operations. The Group does not speculate in the trading of derivative instruments.

The Group holds the following financial instruments:

	2023 \$	2022 \$
Financial assets		
Cash and cash equivalents	8,892,951	19,055,509
Other receivables	8,619,578	782,518
Other assets	82,851	47,392
Total financial assets	17,595,380	19,885,419
Financial liabilities		
Trade and other payables	818,977	939,822
Lease liability	40,775	86,482
Total financial liabilities	859,752	1,026,304

The fair value of the Group's financial assets and liabilities approximate their carrying value.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk) credit risk and liquidity risk.

(i) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. Interest rate risk is not material to the Group as no interest-bearing debt arrangements have been entered into.

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is monitored by the Board. The majority of the Group's funds are held in Australian dollars, British Stirling and EUR.

At 30 June 2023, the Group has financial assets and liabilities denominated in the foreign currencies detailed below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk (Continued)

	2023				2022			
	Amount in EUR	Amount in GBP	Amount in USD	Amount in AUD	Amount in EUR	Amount in GBP	Amount in USD	Amount in AUD
Cash and cash equivalents in EMHL	2,018,189	48,287	-	-	3,054	25,287	-	-
Trade and other payables in EMHL	6,300	12,909	3,901	-	9,450	105,593	600	-
Total per foreign currency	2,024,489	61,196	3,901	-	12,504	130,880	600	-
5% effect in foreign exchange rates	101,224	3,060	195	-	625	6,544	30	-

Other than intercompany balances there were no financial assets and liabilities denominated in foreign currencies for EMH UK.

(ii) Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. The Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Consolidated Statement of Financial Position and notes to the consolidated financial statements.

The credit quality of the financial assets was high during the year. The table below details the credit quality of the financial assets at the end of the year:

Financial assets	Credit Quality	2023	2022
		\$	\$
Cash and cash equivalents held at Westpac Bank	High	2,045,240	131,265
Cash and cash equivalents held at ANZ bank	High	6,847,711	18,924,244
Bank guarantee held at ANZ bank	High	48,154	47,392
Other receivables	High	8,619,578	782,518
		<u>17,560,683</u>	<u>19,885,419</u>

(iii) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the Group is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

The following are the contractual maturities of financial assets and financial liabilities, including estimated interest receipts and payments and excluding the impact of netting arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (continued)

	Carrying Amount	Contractual Cash flows	<3 months	3-6 months	6-24 months
As at 30 June 2023	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	8,892,951	8,892,951	8,892,951	-	-
Other receivables	8,619,578	8,619,578	8,619,578	-	-
Other assets	82,851	82,851	34,697	-	48,154
Cash inflows	17,595,380	17,595,380	17,547,226	-	48,154
Financial liabilities					
Trade and other payables	818,977	818,977	818,977	-	-
Lease liabilities	40,775	40,775	12,047	12,201	16,527
Cash outflows	859,752	859,752	831,024	12,201	16,527

	Carrying Amount	Contractual Cash flows	<3 months	3-6 months	6-24 months
As at 30 June 2022	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	19,055,509	19,055,509	19,055,509	-	-
Other receivables	782,518	782,518	782,518	-	-
Other assets	47,392	47,392	-	-	47,392
Cash inflows	19,885,419	19,885,419	19,838,027	-	47,392

	Carrying Amount	Contractual Cash flows	<3 months	3-6 months	6-24 months
As at 30 June 2022	\$	\$	\$	\$	\$
Financial liabilities					
Trade and other payables	939,822	939,822	939,822	-	-
Lease liabilities	86,482	86,482	11,155	11,297	64,030
Cash outflows	1,026,304	1,026,304	950,977	11,297	64,030

(iv) Interest rate risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

As at 30 June 2023	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
Financial assets	%	\$	\$	\$	\$
Cash and cash equivalents	1.05%	-	2,134,526	6,758,425	8,892,951
Other receivables		-	-	8,619,578	8,619,578
Bank guarantee		-	48,154	34,697	82,851
		-	2,182,680	15,412,700	17,595,380
Financial liabilities					
Trade and other payables		-	-	818,977	818,977
Lease liabilities		-	-	40,775	40,775
		-	-	859,752	859,752

As at 30 June 2022	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
Financial assets	%	\$	\$	\$	\$
Cash and cash equivalents	1.62%	-	18,029,343	1,026,166	19,055,509
Other receivables		-	-	721,710	721,710
Bank guarantee		-	47,392	-	47,392
		-	18,076,735	1,747,876	19,824,611
Financial liabilities					
Trade and other payables		-	-	918,029	918,029
Lease liabilities		-	-	86,482	86,482
		-	-	1,004,511	1,004,511

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by \$21,345 (2022: \$180,767).

(v) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest-bearing monetary assets and financial liabilities approximates their carrying values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 22: CONTROLLED ENTITIES

Subsidiaries of European Metals Holdings Limited

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned	
			2023	2022
Equamineral Group Limited (EGL)	British Virgin Islands	Ordinary	0%	0%
Equamineral SA (ESA Congo)	Republic of Congo	Ordinary	0%	0%
European Metals UK Limited (EMH UK)	United Kingdom	Ordinary	100%	100%
EMH (Australia) Pty Ltd	Australia	Ordinary	100%	100%

NOTE 23: PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent, European Metals Holdings Limited, and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2023	2022
	\$	\$
ASSETS		
Current assets	9,366,264	19,889,522
Non-current assets	8,511,087	135,422
TOTAL ASSETS	17,877,351	20,024,944
LIABILITIES		
Current liabilities	1,186,524	1,132,577
Non-current liabilities	-	40,775
TOTAL LIABILITIES	1,186,524	1,173,352
NET ASSETS	16,690,827	18,851,592
EQUITY		
Issued capital	47,881,352	47,881,352
Reserves	13,837,650	11,904,132
Accumulated losses	(45,028,175)	(40,933,892)
TOTAL EQUITY/(DEFICIT)	16,690,827	18,851,592
Profit or Loss and Other Comprehensive Income		
Loss for the year	(4,094,183)	(5,441,368)
Total comprehensive loss	(4,094,183)	(5,441,368)

Guarantees

There are no guarantees entered into by European Metals Holdings Limited for the debts of its subsidiaries as at 30 June 2023.

Contingent liabilities

There are no contingent liabilities of the parent as at 30 June 2023 and 30 June 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: PARENT ENTITY DISCLOSURE (Continued)

Commitments

There were no commitments for the parent as at 30 June 2023 and 30 June 2022.

NOTE 24: CAPITAL COMMITMENTS

There are no capital commitments for the Group as at 30 June 2023 and 30 June 2022.

NOTE 25: CONTINGENT LIABILITIES

There are no contingent liabilities for the Group as at 30 June 2023 and 30 June 2022.

NOTE 26: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Subsequent to 30 June 2023, the following significant events were undertaken by the Group:

- On 18 July 2023 a mortgage in favour of the joint venture partners (Severoceske Doly and the Company) was granted over the Deskform Property in the Czech Republic. Additional information is disclosed in the Operations Report (refer to "Land Secured for Cinovec Lithium Plant" section) and ASX Announcement dated 9 June 2023.
- As announced on 21 July 2023, the EBRD has invested EUR 6,000,000 to support the Group's development of the Cinovec Project in the Czech Republic. The investment was implemented by way of a private placement of 12,315,213 shares of the Group to EBRD at a price of \$0.803 per share.
- On 7 September 2023, 400,000 shares were issued on the exercise of unlisted options which were granted on 23 October 2020 for an exercise price of \$0.45.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the consolidated financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - (b) the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the consolidated financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Keith Coughlan
EXECUTIVE CHAIRMAN

Dated at Perth on 29 September 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EUROPEAN METALS HOLDINGS LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of European Metals Holdings Limited (the Company) and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters
How the matters were addressed in the audit
Measurement of share-based payments

During the year, the Group recognised a share-based payment expense which amounted to \$1,933,518 for the vesting of options and performance rights issued in the current year and previous years (refer to Note 18).

Measurement of share-based payments was a key audit matter due to the complex and judgmental estimates used in determining the fair value of the share-based payments.

Inter alia, our audit procedures included the following:

- i. Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;
- ii. Assessing the assumptions used in the Group's valuation of share options and performance rights being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date;
- iii. Assessing the allocation of the share-based payment expense over the relevant vesting period; and
- iv. Assessing the appropriateness of the disclosures in Notes 17 and 18 to the consolidated financial statements.

Investment in associate accounted for using the equity method

The carrying amount of the investment in associate as at 30 June 2023 amounted to \$19,629,519 (refer to Note 13). The Group accounted for the investment in associate in accordance with AASB 128 *Investments in Associates and Joint Ventures*.

The investment in associate accounted for using the equity method is a key audit matter due to:

- the significant of the total balance (68% of the total assets);
- the level of judgement required in evaluating management's assessment of existence of impairment indicators of the investment; and
- the greater level of audit effort applied to gather sufficient appropriate audit evidence.

Inter alia, our audit procedures included the following:

- i. Assessing the accounting methodology used by the Group for the investment in against the requirements of AASB 128;
- ii. Performing audit procedures on the associate's trial balance for the year ended 30 June 2023;
- iii. Reviewing the profit or loss of the associate recognised in the Group's profit or loss for compliance with AASB 128;
- iv. Considering management's assessment of the existence of impairment indicators of the investment; and
- v. Assessing the appropriateness of the disclosures in Note 13 to the consolidated financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.



We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 23 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of European Metals Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
29 September 2023

EUROPEAN METALS HOLDINGS LIMITED

ARBN 154 618 989

ANNUAL REPORT 30 JUNE 2023



ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1 Shareholding as at 13 September 2023

(a) Distribution of Shareholders

Category (size of holding)	Number of Shareholders
1 – 1,000	684
1,001 – 5,000	890
5,001 – 10,000	408
10,001 – 100,000	525
100,001 – and over	159
	<hr/> 2,666 <hr/>

(b) The number of shareholdings held in less than marketable parcels is 475.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

205,100,705 CDIs/shares

- Each CDI/share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — CDIs/ shares as at 13 September 2023

Rank	Shareholder	Number of CDIs /shares held	Percentage of capital held
1.	BNP Paribas Nominees Pty Ltd ACF Clearstream	19,115,755	9.32
2.	Armco Barriers Pty Ltd	13,660,000	6.66
3.	Euroclear Nominees Limited <EOC01>	12,371,555	6.03
4.	J P Morgan Nominees Australia Pty Limited	10,189,919	4.97
5.	European Energy & Infrastructure Group Limited	6,343,007	3.09
6.	Vidacos Nominees Limited <CLRLUX>	6,164,615	3.01
7.	BNP Paribas Noms Pty Ltd <DRP>	5,844,204	2.85
8.	Hargreaves Lansdown (Nominees) Limited <15942>	5,774,580	2.82
9.	Inswinger Holdings Pty Ltd	4,900,000	2.39
10.	Citicorp Nominees Pty Limited	4,718,623	2.30
11.	Interactive Investor Services Nominees Limited <SMKTISAS>	4,396,569	2.14
12.	Barclays Direct Investing Nominees Limited <Client1>	4,185,941	2.04
13.	Hargreaves Lansdown (Nominees) Limited <VRA>	3,737,709	1.82
14.	Lawshare Nominees Limited <SIPP>	3,317,052	1.62
15.	HSDL Nominees Limited <Maxi>	2,540,192	1.24
16.	Interactive Investor Services Nominees Limited <SMKTNOMS>	2,350,141	1.15
17.	Wilgus Investments Pty Ltd	2,210,000	1.08
18.	Mr Richard Keller <Est Anna E Keller A/C>	2,180,000	1.06
19.	Lawshare Nominees Limited <ISA>	2,147,419	1.05
20.	BNP Paribas Nominees Pty Ltd <IB AU NOMS RetailClient DRP>	2,057,350	1.00
Total Top 20 Shareholders		118,204,631	57.63

EUROPEAN METALS HOLDINGS LIMITED

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ADDITIONAL INFORMATION

- 2 The name of the Company Secretary is Ms Shannon Robinson.
- 3 The address of the principal registered office in Australia is Level 3, 35 Outram Street, West Perth WA 6005. Telephone +61 8 6245 2050.
- 4 **Registers of securities are held at the following addresses**
Computershare Investor Services Limited
Level 17
221 St Georges Terrace
Perth, Western Australia, 6000
- 5 **Securities Exchange Listing**
Quotation has been granted for all the CDIs/shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.
- 6 **Unquoted Securities**
A total of 4,224,000 options over unissued CDIs/shares are on issue.
A total of 7,470,000 performance shares are on issue.
- 7 **Use of Funds**
The Company has used its funds in accordance with its business objectives.

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%