18 DECEMBER 2013

ASX ANNOUNCEMENT

ACQUISITION OF EUROPEAN TIN, TUNGSTEN & LITHIUM ASSETS

HIGHLIGHTS

- **Equamineral to acquire a tin-focused advanced exploration and development company with projects in the Czech Republic**
- **Cinovec, the key project, hosts an Inferred Resource[1] of 28.1Mt grading 0.37% Sn, 0.04% W, for total contained tin of 103,970 tonnes based on 83,000m of drilling and 21.5km of underground drives**
- **Additional Inferred Resource[1] for lithium of 36.8Mt grading 0.8% Li_2O**
- **Parts of the Cinovec deposit were mined historically, but it remains one of the largest undeveloped hard rock tin projects in the world with proven high metallurgical recoveries**
- **Projects are located in the EU, close to major markets and with excellent infrastructure in place**

[1] This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The previous disclosure is publicly available at www.europeanmet.com

Equamineral Holdings Limited (Equamineral or the Company) is pleased to announce that it has entered into a binding agreement to acquire 100% of the issued capital in European Metals (UK) Ltd, the holder, through its 100% owned subsidiary Geomet s.r.o., of exploration licenses covering the Cinovec tin-tungsten-lithium project, the Zlaty Kopec polymetallic tin-zinc-indium project and the Prebuz exploration permit in the Czech Republic (together the Permits).

Equamineral Executive Director Mr Keith Coughlan said, "I am very pleased to report the potential acquisition of this advanced tin project by the Company. The project is significantly de-risked due to the extraordinary amount of previous exploration, bulk sampling and processing undertaken. This allows the potential for rapid development of the project utilising the existing shafts and underground bulk sample workings. This ability to rapidly advance the project ties in extremely well with the forecast deficit in tin over the next few years as current production is forecast to cease at the world's largest tin mine, San Rafael in Peru. The Company also believes the project could be low cost based on the low labour costs and bulk mining methods the project is envisaged to employ.

On completion of the acquisition, the Company intends to conduct initial drilling, twinning previous holes to allow an upgrade in the resource and provide samples for metallurgical testing which will form the background of a scoping study to be completed in 2014."

ACQUISITION TERMS

Equamineral is acquiring 100% of the issued capital in European Metals (UK) Ltd. The consideration will be satisfied in total by the issuance of 12,500,000 Chess Depository Instruments (CDIs) and 10,000,000 performance shares convertible into CDIs subject to reaching significant project milestones.

The 5,000,000 A Class Performance CDIs will convert to between 3,000,000 and 5,000,000 CDIs upon the net present value of the Permits (**NPV**) being independently determined to be not less than US$100,000,000, or, where the NPV is less than US$100,000,000 the directors of the Company who are not an associate or related party of European Metals nevertheless resolve to commission a definitive feasibility study in respect of the Permits (**DFS**) as contemplated in the milestone to the B Class Performance CDIs. This determination or resolution must occur on or before that date which is 1 year after the date of issue of the A Class Performance CDIs.

The 5,000,000 B Class Performance CDIs will convert to up to 25,000,000 CDIs subject to completion of a DFS by an independent third party on or before that date which is 2 years after the date of issue of the B Class Performance CDIs. The number of CDIs issued on conversion will be calculated by reference to a total of $7,500,000 worth less the value of any A Class Performance CDIs converted using a deemed issue price of $0.30 per CDI. The conversion price will be calculated at the time the DFS is provided to the Company subject to being a minimum of $0.30. The B Class Performance CDIs will also be subject to early conversion in the event a change of control event occurs prior to satisfaction of the milestone. Further details of the conversion terms are annexed to this notice.

The Company notes the terms of the Performance CDIs remain subject to ASX approval.

The transaction is conditional upon the ASX confirming that ASX Listing Rule 11.1.3 does not apply, completion of due diligence by the Company and the Company obtaining all necessary shareholder, regulatory and third party approvals or consents.

Equamineral expects to have the Notice of Meeting in relation to the transaction completed in the New Year, with a shareholder meeting to be held in February 2014.

Pro-forma Capital Structure

CDIs

	Number
CDIs currently on issue	25,400,006
CDIs issued upon completion of the acquisition	12,500,000
CDIs to be issued to Keith Coughlan (or nominee) (subject to shareholder approval)	500,000
Total CDIs on issue after completion of the acquisition	**38,400,006**

Options

	Number
Options currently on issue: (Unquoted exercisable at $0.30 on or before 1 December 2014)	1,200,000
Options issued upon completion of the acquisition	NIL
Total Options on issue after completion of the acquisition	**1,200,000**

Performance CDIs

	Number
Performance CDIs currently on issue	NIL
A Class Performance CDIs issued upon completion of the acquisition (refer to previous disclosure for the number of CDIs these convert to)	5,000,000
B Class Performance CDIs issued upon completion of the acquisition (refer to previous disclosure for the number of CDIs these convert to)	5,000,000
Total Performance CDIs on issue after completion of the acquisition	**10,000,000**

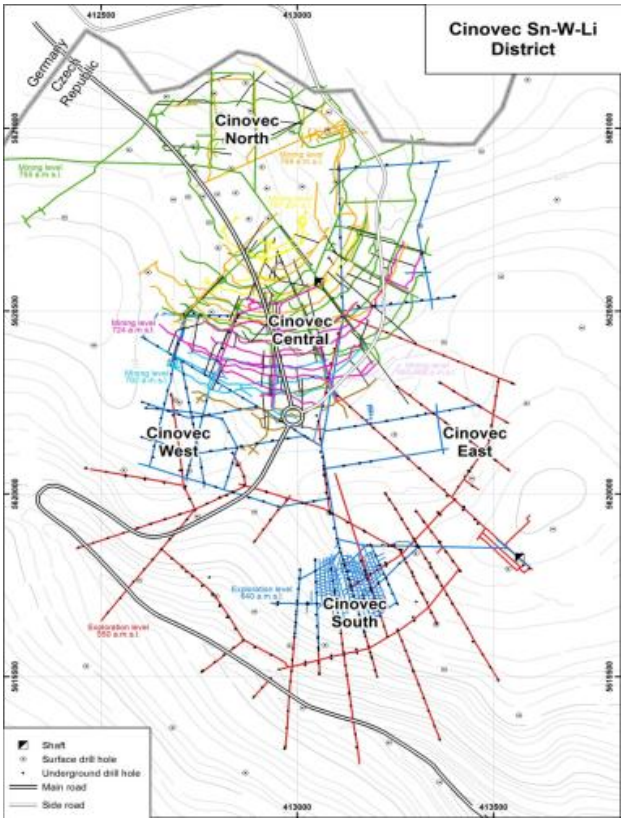
Map – Project Location

PROJECT OVERVIEW

Cinovec Tin Project

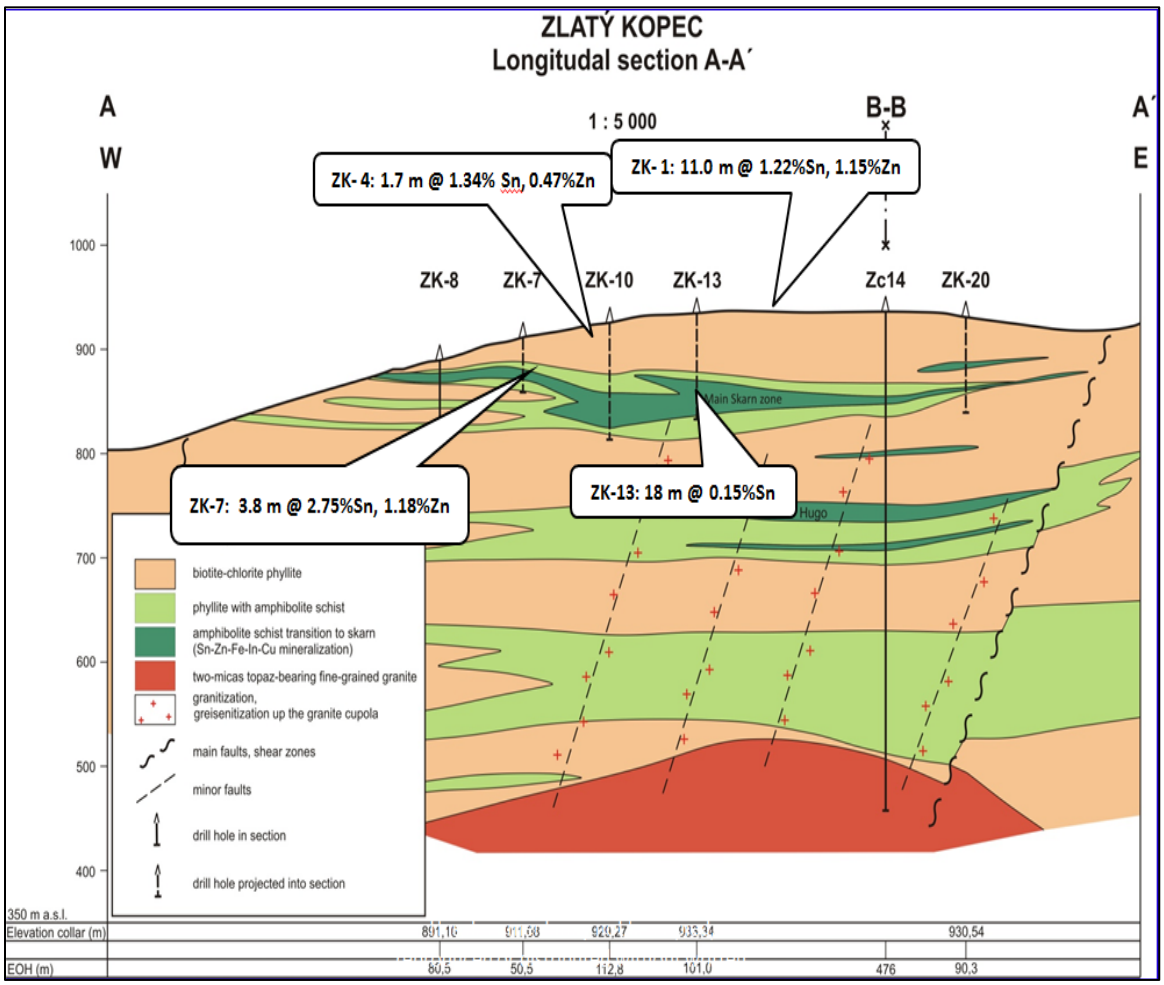
Cinovec is a historic tin mine that incorporates a significant undeveloped tin resource with potential by-product tungsten, lithium, rubidium, scandium, niobium and tantalum. The inferred resource for Cinovec totals 28.1Mt grading 0.37% Sn for 103,970 tonnes of contained tin, which makes it one of the largest undeveloped tin deposits in the world. Cinovec also hosts a partly-overlapping hard rock lithium deposit with a total inferred resource estimate of 36.8Mt @ 0.8% Li_2O. The resource estimates were based on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit appears amenable to bulk mining techniques and has had over 400,000 tonnes trial mined as a sub-level open stope. Historical metallurgical test work, including the processing of the trial mine ore through the previous on-site processing plant, indicates the ore can be treated using simple gravity methods with good recovery rates for tin and tungsten in oxide minerals of approximately 75%. Cinovec is extremely well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.

Plan showing historical development and trial stoping area at Cinovec South (blue lines)



Zlaty Kopec Project

Zlaty Kopec is a brownfields polymetallic tin-zinc-magnetite skarn enriched in indium (100 to 300ppm). Intermittent small-scale tin mining at Zlaty Kopec commenced in the 16th Century and ceased during World War 1; approximately 4 tonnes of tin was produced at grades in excess of 1%. A total of 76 surface and underground diamond drill holes (more than 12,000m) were completed by the Czechoslovakian Government from 1959 to 1973. Soil anomalies defined as part of the Government exploration program indicate there is potential to expand the known mineralization.



COMPETENT PERSON

Information in this release that relates to exploration results is based on information compiled by Mr Mark Styles, who is a technical consultant to European Metals. Mr Styles is a qualified geologist, a member of the Australian Institute of Geoscientists and is a Competent Person as defined in the Australasian Code for Reporting of Exploration Results. Mr Styles consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting

of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Caution Regarding Forward Looking Statements: Information included in this release constitutes forward-looking statements. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

For further information please contact Keith Coughlan (k.coughlan@equamineral.com or +61 41 999 6333).

Julia Beckett
JOINT COMPANY SECRETARY

TIN OVERVIEW

Applications

Tin's largest use is for solder in the electronics business, replacing lead solder for environmental reasons. China is currently migrating to this standard to satisfy global supply chain requirements; the EU has implemented similar code; the US has not yet fully implemented the code. Tin is also used increasingly in high technology industries (green technology, nano-technology)

Demand outlook

Global demand is GDP sensitive and highly leveraged on electronics industries. The global tin market has increased from ~190,000tpy (1980) to ~360,000 tpy (2011) and is forecast to reach 400,000 tonnes by 2015. There is no new supply likely to enter the market in the medium term.

A decline in supply of 30,000t and increase in demand of 40,000t means there could be a 70,000t deficit by 2015.

New applications and markets include:

- Nano-technology
- Battery technology
- Agri chemicals
- Solar technology
- Steel applications

Supply

Total annual production of tin is about 350,000t, with extraction dominated by small, private and state miners including:

- Timah PT – Indonesia (30,000t)
- China Yunnan Tin - China (27,000t)
- Minsur – Peru (25,000t)

Alluvial mining methods dominate global tin supply.

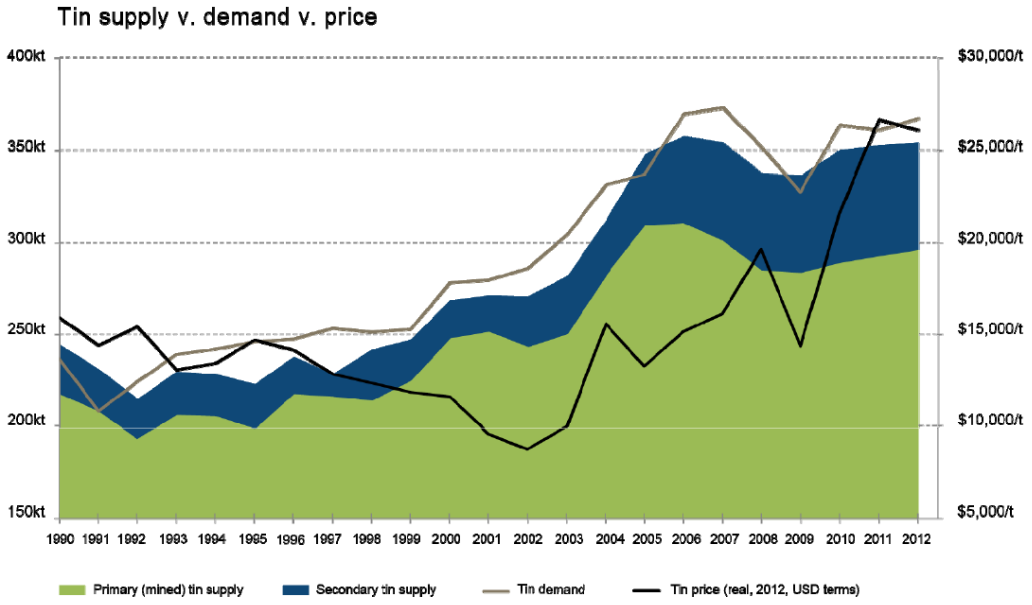
A forecast decline in supply from Indonesia and Peru will have a material effect on the global tin market; Minsur, which operates San Rafael in Peru (the largest tin mine in the world supplying ~10% of the global market) has stated that it expects the mine to be exhausted by 2017. Indonesian alluvial production is forecast to drop materially.

Supply outlook

ITRI forecasts that 70,000t p.a. increase in new supply will be required by 2015 and estimates the capital cost per installed tonne of tin production as $30,000 implying investment of $2.1 billion by 2015. There are insufficient robust projects available to meet the required increase in supply regardless of the amount of capital required/available.

Future tin supply will be more dependent on by-product projects as tin grades decline and alluvial tin supply is expected to be replaced by mining of hard rock deposits. Therefore, higher capex and lower grade projects (with by-products) will be needed to ensure project feasibility.

Tin Market Overview 1990-2013



Source ITRI data, Octa Phillip

By-product credits

Lithium and tungsten are considered key by-products that will significantly enhance the value of the ore and future mining operation at Cinovec. Parts of the Cinovec deposit are significantly enriched in lithium, tungsten, and other metals deemed critical by the EU, such as Nb, Ta, Y, Yb, Sc; the lithium resource amounts to between 50,760t of lithium (cut-off 0.4% Li) and 374,080t of lithium (cut-off 0.2% Li). The lithium-bearing mica can be easily separated during tin recovery by electromagnets and/or flotation from crushed ore to produce a lithium mica concentrate which can be further refined to produce battery-grade lithium carbonate

CZECH REPUBLIC

The Czech Republic is a land-locked country in central Europe that shares borders with Germany, Austria, Slovakia and Poland. The capital and largest city is Prague and the population of the country is estimated to be around 10.4 million.

Czech has a stable political and economic environment, is a member state of the European Union and a high income economy with a GDP per capita of US$25,600 (at 80% of the EU average); 83% of exports are to EU

countries, with one third being to Germany alone. Czech has a relatively low corporate income tax rate of 19%. Infrastructure is excellent, with well established transport, power and communications networks.

Czech has an active and-well developed mining industry with an established code. Cinovec is located in a sound mining environment within a historically producing district – tin has been mined in the region since the 1600s.

Cinovec Resource Estimate

Lynn Widenbar of Widenbar and Associates compiled the resource estimates for Cinovec in February 2012 (tabulated below). The resources comply with the 2004 edition of the JORC Code. Information below is paraphrased from Mr Widenbar's report.

The database used by Mr Widenbar incorporated 769 surface and underground drill holes and 41,560 assay intervals. After reviewing the limited available QA/QC data and comparison of production data versus estimated tonnage/grade from the resource model, Mr Widenbar classified the estimates as Inferred under the 2004 edition of the JORC Code.

A series of hand-drawn interpreted cross sections compiled by Czech geologists during the historical exploration programs were provided to Mr Widenbar with the database. These sections were used to confirm drill hole locations and to ensure that the model fits the interpreted geology.

The Sn-Li mineralisation is greisen style, hosted in a granite cupola; the first step in the modelling process was to use the geological data to define the top-of-granite surface. Geological data were converted to two categorical indicator fields: one for granite and the other for greisen. The indicator fields were interpolated into blocks using an inverse distance cubed algorithm and variable search ellipses based on the orientation of the top-of-granite surface. A geological code (GRN for granite, GRS for greisen) was coded into the block model based on the dominant indicator value.

Initially a rock model was constructed with 5x5x2.5 cells, using the top-of-granite surface as an upper constraint. This "empty" model became the input for subsequent interpolations.

A first pass unconstrained grade model was generated using a 75m x 75m x 7.5m search, with a variable search ellipse orientation which essentially followed a combination of the geological framework as understood from historical interpretations, and the top-of-granite surface. Sn%, W% and Li% were interpolated directly using an Inverse Distance Cubed (ID3) interpolation methodology.

The model seemed to produce orientations and values that were reasonable given the current geological understanding of the mineralisation and were then used to generate solid wireframes. These solids were then used as constraints to a further interpolation of Sn and Li separately. Sn composites within the solid were used to estimate only blocks within the solid; the same process was carried out independently for Li.

The rock type codes were used to define the applicable density for resource tonnage calculations; 2.57 for granite and 2.70 for greisen.

Test mining of over 400,000 tonnes was carried out underground at Cinovec between 1981 and 1990, with production records compiled on an annual and stope-by-stope basis. Plans showing production areas were

converted into wireframe solids and used to flag the resource model and calculate a total mined reserve within these shapes.

Whilst there is some uncertainty with the accuracy of the production data, the result is encouraging globally and, to a reasonable extent, locally; the model estimate agrees quite well with production estimates.

CINOVEC SN% INFERRED RESOURCE				
(Reported by Sn% Cutoffs)				
CUTOFF	TONNES	Sn	W	Li
Sn%	(Millions)	%	%	%
0.3	13.4	0.51	0.05	0.11
0.2	28.1	0.37	0.04	0.11
0.1	74.2	0.23	0.03	0.11

Verification work planned

A drill program, primarily designed to twin historical intercepts, will be planned and executed in H1 2014. Given the high density of historical data, Equamineral expects that this will allow parts of the resource to be classified as Indicated under the 2012 edition of the JORC Code. The program will be funded from working capital.

Conversion terms of Performance CDIs

The Company notes the terms of the Performance CDIs remain subject to ASX approval.

The 5,000,000 A Class Performance CDIs will convert to CDIs in the following manner:

(a) 3,000,000 CDIs upon the net present value of the Permits as determined in the first scoping study commissioned by the board of the Company in respect of the Permits and prepared by a reputable independent third party engaged by the board of the Company (**NPV**) being US$100,000,000 or greater but less than US$120,000,000; or

(b) 4,000,000 CDIs upon the NPV being US$120,000,000 or greater but less than US$140,000,000; or

(c) 5,000,000 CDIs upon the NPV being not less than US$140,000,000; or

(d) 3,000,000 CDIs where despite the NPV being less than US$100,000,000 the directors of the Company who are not an associate or related party of European Metals (as defined by the Corporations Act 2001 (Cth)) resolve to commission a definitive feasibility study as contemplated in the milestone to the B Class Performance CDIs, and

subject to the NPV being determined on or before that date which is 1 year after the date of issue of the A Class Performance CDIs and where the parameters for the scoping study are +/- 45% with respect to operating and capital costs, tin @ US$25,000/ton and net present value calculated at a discount rate of 10%.

The 5,000,000 B Class Performance CDIs will convert to CDIs in the following manner:

(a) that number of CDIs equal to:

(i) $7,500,000 less the value of the CDIs issued on conversion of the A Class Performance CDIs calculated at a deemed issue price of $0.30 per CDI; divided by,

(ii) the greater of $0.30 and the volume weighted average price of CDIs as calculated over the 5 ASX trading days prior to the date the DFS (as defined below) is provided to the Company, and

subject to the definitive feasibility study commissioned by the board of the Company in respect of the Permits (**DFS**) and prepared by a reputable independent third party engaged by the board of the Company being provided to the Company on or before that date which is 2 years after the date of issue of the B Class Performance CDIs (**Milestone**). For clarity, the DFS must be:

(iii) of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of mining activities contemplated in the study;

(iv) capable of supporting a decision to mine on the Permits; and

(v) completed to an accuracy of +/- 15% with respect to operating and capital costs and display a net present value of not less than US$100,000,000 using a discount rate of 10% and a tin price of no less than 90% of the average price of tin for the 6 months immediately preceding completing of the study.

(b) Subject to no prior conversion pursuant to the Milestone, the B Class Performance CDIs will, in aggregate, upon any person's voting power in the Company, as determined in accordance with the Corporations Act

2001 (Cth), becoming more than 50%, or, a scheme of arrangement under Part 5.1 of the Corporations Act becoming binding on shareholders of the Company on or before that date which is 2 years after the date of issue of the B Class Performance CDIs (**Change of Control Event**), automatically convert into that number of CDIs equal to:

(i) $7,500,000 less the value of the CDIs issued on conversion of the A Class Performance CDIs calculated at a deemed issue price of $0.30 per CDI; divided by,

(ii) the greater of $0.30 and the volume weighted average price of CDIs as calculated over the 5 ASX trading days prior to the date of the Change of Control Event.