

23 October 2017

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 30 SEPTEMBER 2017

The Board of European Lithium Limited (ASX:**EUR**, FRA:**PF8**, VSE:**ELI**) (the **Company**) is pleased to present its activities report and Appendix 5B for the three months ending 30 September 2017.

SUMMARY OF KEY UPDATES

- Completion of hydrometallurgical testwork which demonstrated that the spodumene concentrate from Wolfsberg can be converted to battery grade lithium carbonate and lithium hydroxide
- PFS contract awarded for completion in Q1 2018

Post quarter end:

- Completion of dual listing on Vienna Stock Exchange
- Completion of \$2.3 million placement (Before costs)
- Appointment of Mr Stefan Muller as Non-Executive Director

CORPORATE MATTERS

Vienna Stock Exchange Listing

On 5 October 2017, the Company announced that it had been admitted to the Vienna Stock Exchange (**VSE**). Trading on the VSE commenced on 9 October 2017.

Placement

In October 2017, the Company completed a placement of 45,980,000 fully paid ordinary shares at \$0.05 per share to raise cash funds of \$2,132,500 (before costs) and settle certain creditors of the company of approximately \$166,500 (**Placement**). The funding will be used towards finalising the PFS at the Company's Wolfsberg Lithium Project.

Sale of Paynes Find Gold Project

As previously announced, the Company has entered into a binding terms sheet with Cervantes Gold Pty Ltd, a wholly owned subsidiary of Cervantes Corporation Limited (ASX: **CVS**) (**CVS**) for the sale of its 100% owned Paynes Find Gold Project located in Western Australia (the **Transaction**).

Consideration for the Transaction consists of \$500,000 cash, of which \$170,000 has been received to date, and \$500,000 share capital in CVS. The Company will receive the balance of funds and be issued shares in CVS upon completion which is scheduled for 28 November 2017.

Offtake Negotiations

On 14 August 2017, the Company announced that discussions with Shandong RuiFu Lithium Co., Ltd (**Shandong**) for the off-take of spodumene concentrates from the Company's Wolfsberg Lithium Project were ongoing.

At the date of this announcement discussions with Shandong are ongoing and the Company is also exploring options with European based companies for the off-take.

Capital Management

On 9 September 2017, the Company released 172,406,363 fully paid ordinary shares from voluntary escrow.

Board Restructure

On 20 October 2017, the Company announced the appointment of Mr Stefan Muller and the resignation of Mr Paul Lloyd as Non-Executive Director of the Company with effect from 20 October 2017.

Suspension and Reinstatement of Trading

On 7 July 2017, the Company's securities were suspended from official quotation in relation to cleansing notices issued on 8 June 2017, 15 June 2017 and 3 July 2017 relating to the issue of ordinary shares on 8, 15 and 30 June 2017 (**Shares**) which did not exempt the sellers of the Shares from their obligation to make disclosure pursuant to s707(3) of the Corporations Act 2001 because the Shares were not in a class of securities that was trading on the ASX and not suspended for more than a total of 5 days during the previous 12 month period.

The Company prepared a short form cleansing prospectus which was lodged with ASIC on 10 July 2017. In addition, the Company lodged an application with the Federal Court of Australia seeking urgent declaratory relief and ancillary orders relating to the issue of securities and the subsequent offer for sale, or sale, by some of the subscribers to those securities. The Company sought orders declaring that any offer for sale or sale of the securities from the date of issue of the securities until 10 July 2017 was not invalid by reason of the sellers failure to comply with s707(3) of the *Corporations Act 2001*. On 26 July 2017, the Company was granted the relevant court orders and was reinstated to trading on ASX at the open of market on 27 July 2017.

Appendix 5B Quarterly Report and Statement of Cash Flows

The ASX Appendix 5B quarterly report is attached to and lodged with this report. The Company's Appendix 5B Quarterly Report covers the 3 month period from 1 July to 30 September 2017.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

Exploration

The deep drilling programme was completed and reported to the ASX on 3 July 2017 "European Lithium increases resources at Wolfsberg adding 4.7 million tonnes at 0.78% Li₂O in Zone 1" with

an explanatory addendum on 7 July 2017.

The exploration team was stood down after completing all documentation on the programme. The surface drilling programme will restart in Spring 2018 when weather allows access to higher elevations and funding is available. An exploration report is being prepared for the Mining Authority which will satisfy the work requirement for all exploration licences to be extended for a further 5 years beyond the existing 5 year term expiring 31 December 2019.

Metallurgy

The hydrometallurgical test work report was completed and a final report received from the independent consultant Dorfner Anzaplan. This work showed that battery grade lithium carbonate (>99.9% Li_2CO_3) can be produced from the spodumene flotation concentrate produced in earlier physical processing test work. The conventional acid roast, carbonate precipitation, bicarbonation process was used. Furthermore the test work also showed that the lithium carbonate can be transformed to battery grade lithium hydroxide monohydrate (>56.6% Li_2OH) by reaction with lime and crystallising the resulting lithium hydroxide solution.. These results were reported to the ASX on 27 July 2017.

Environmental

Environmental base line studies into flora and fauna for the summer and autumn seasons were resumed following renewed land access. The spring season monitoring that was interrupted by the arbitration proceedings with the land owner, Glock Gut-und Forstwerwaltung GmbH (Glock Gut), will be completed in Spring 2018.

Pre-Feasibility Study

A fourth proposal to undertake the PFS engineering and integration was received. After evaluation of scope understanding, estimated man hours required and man hour costs a letter of engagement to undertake the PFS was signed, after end of quarter, on 6th October 2017 with the multi disciplinary engineering group, DRA. DRA has extensive experience in undertaking studies for lithium projects having completed through its subsidiary, MetChem, the PFS and DFS for Nemaska Lithium's project in Quebec, Canada to produce spodumene concentrate and convert it to lithium hydroxide and lithium carbonate. DRA has also delivered, under an EPCM contract, the beneficiation plant for the Mt Cattlin lithium project in Western Australia for Galaxy Resources and is undertaking the preliminary engineering and design for the processing facilities of Altura Mining's Pilgangoora lithium project. The PFS for the Wolfsberg project is scheduled for completion within Q1 2018.

Land Access

The arbitration on the validity of the agreement reached on 15 April 2011 granting ECM Lithium AT GmbH (**ECM**) access to and use of Glock Gut property ruled on 26 June 2017 that the agreement remained in full force. Environmental consultants were then permitted to enter the property to continue with environmental base line studies that had been interrupted since land access was denied by Glock Gut in April 2017.

The agreement of 15 April 2011 provides for costs of the arbitration tribunal to be shared equally by the two parties. Glock Gut had failed to pay invoices for their costs as submitted by the arbitration tribunal and these were covered by ECM in order to allow the arbitration to continue. On completion of the arbitration ECM submitted an invoice for €160,881.08 to Glock Gut for repayment as their unpaid share of the arbitration costs. On 27 July 2017 ECM received a letter

from Glock Gut denying liability to reimburse these costs.

On 5 September 2017 ECM filed for arbitration to recover these costs. Both parties have agreed to arbitration and nominated the same arbitrators as for the initial arbitration. This should allow for a speedy resolution.

Tony Sage

Non-Executive Chairman

Competent Person's Statement

The information in this announcement pertaining to the Wolfsberg Lithium Project, and to which this statement is attached, relates to Project Development and Metallurgical Studies and is based on and fairly represents information and supporting documentation provided by the Company and its Consultants and summarized by Dr Steve Kesler who is a Qualified Person and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer with over 40 years' experience in the mining and resource development industry. Dr Kesler has sufficient experience, as to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Dr Kesler consents to the inclusion in the report of the matters based on information in the form and context in which it appears. The company is reporting progress on project development and metallurgical results under the 2012 edition of the Australasian Code for the Reporting of Results, Minerals Resources and Ore reserves (JORC code 2012).

Tenement Status

The mining tenements held at the end of the quarter, acquired and disposed of during the quarter and their location:

Tenement reference	Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at the end of the quarter
M59/2	Paynes Find, WA	-	-	100%
M59/10	Paynes Find, WA	-	-	100%
M59/235	Paynes Find, WA	-	-	100%
M59/244	Paynes Find, WA	-	-	100%
M59/396	Paynes Find, WA	-	-	100%
M59/662	Paynes Find, WA	-	-	100%
M59/663	Paynes Find, WA	-	-	100%
P59/1907	Paynes Find, WA	-	-	100%
P59/1908	Paynes Find, WA	-	-	100%
P59/1909	Paynes Find, WA	-	-	100%
P59/1924	Paynes Find, WA	-	-	100%
P59/1941	Paynes Find, WA	-	-	100%
P59/1942	Paynes Find, WA	-	-	100%
P59/1956	Paynes Find, WA	-	-	100%
P59/1957	Paynes Find, WA	-	-	100%
P59/1958	Paynes Find, WA	-	-	100%
P59/1959	Paynes Find, WA	-	-	100%
P59/2101	Paynes Find, WA	-	-	100%
104/96	Wolfsberg Project, Austria	-	-	100%
105/96	Wolfsberg Project, Austria	-	-	100%
106/96	Wolfsberg Project, Austria	-	-	100%
107/96	Wolfsberg Project, Austria	-	-	100%
108/96	Wolfsberg Project, Austria	-	-	100%
109/96	Wolfsberg Project, Austria	-	-	100%
110/96	Wolfsberg Project, Austria	-	-	100%
111/96	Wolfsberg Project, Austria	-	-	100%
112/96	Wolfsberg Project, Austria	-	-	100%
113/96	Wolfsberg Project, Austria	-	-	100%
114/96	Wolfsberg Project, Austria	-	-	100%
115/96	Wolfsberg Project, Austria	-	-	100%
116/96	Wolfsberg Project, Austria	-	-	100%
117/96	Wolfsberg Project, Austria	-	-	100%
118/96	Wolfsberg Project, Austria	-	-	100%
119/96	Wolfsberg Project, Austria	-	-	100%
120/96	Wolfsberg Project, Austria	-	-	100%
121/96	Wolfsberg Project, Austria	-	-	100%
122/96	Wolfsberg Project, Austria	-	-	100%
123/96	Wolfsberg Project, Austria	-	-	100%

124/96	Wolfsberg Project, Austria	-	-	100%
125/96	Wolfsberg Project, Austria	-	-	100%
370/11(611/11)	Wolfsberg Project, Austria	-	-	100%
371/11(612/11)	Wolfsberg Project, Austria	-	-	100%
372/11(613/11)	Wolfsberg Project, Austria	-	-	100%
373/11(614/11)	Wolfsberg Project, Austria	-	-	100%
374/11(615/11)	Wolfsberg Project, Austria	-	-	100%
375/11(616/11)	Wolfsberg Project, Austria	-	-	100%
378/11(619/11)	Wolfsberg Project, Austria	-	-	100%
379/11(620/11)	Wolfsberg Project, Austria	-	-	100%
380/11(621/11)	Wolfsberg Project, Austria	-	-	100%
381/11(622/11)	Wolfsberg Project, Austria	-	-	100%
382/11(623/11)	Wolfsberg Project, Austria	-	-	100%
383/11(624/11)	Wolfsberg Project, Austria	-	-	100%
384/11(625/11)	Wolfsberg Project, Austria	-	-	100%
386/11(627/11)	Wolfsberg Project, Austria	-	-	100%
387/11(628/11)	Wolfsberg Project, Austria	-	-	100%
388/11(629/11)	Wolfsberg Project, Austria	-	-	100%
389/11(630/11)	Wolfsberg Project, Austria	-	-	100%
390/11(631/11)	Wolfsberg Project, Austria	-	-	100%
391/11(632/11)	Wolfsberg Project, Austria	-	-	100%
392/11(633/11)	Wolfsberg Project, Austria	-	-	100%
394/11(636/11)	Wolfsberg Project, Austria	-	-	100%
395/11(637/11)	Wolfsberg Project, Austria	-	-	100%
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397/11(639/11)	Wolfsberg Project, Austria	-	-	100%
398/11(640/11)	Wolfsberg Project, Austria	-	-	100%
400/11(645/11)	Wolfsberg Project, Austria	-	-	100%
401/11(646/11)	Wolfsberg Project, Austria	-	-	100%
402/11(647/11)	Wolfsberg Project, Austria	-	-	100%
403/11(648/11)	Wolfsberg Project, Austria	-	-	100%
408/11(648/11)	Wolfsberg Project, Austria	-	-	100%
409/11(641/11)	Wolfsberg Project, Austria	-	-	100%
412/11(649/11)	Wolfsberg Project, Austria	-	-	100%
Andreas 1	Wolfsberg Project, Austria	-	-	100%
Andreas 2	Wolfsberg Project, Austria	-	-	100%
Andreas 3	Wolfsberg Project, Austria	-	-	100%
Andreas 4	Wolfsberg Project, Austria	-	-	100%
Andreas 5	Wolfsberg Project, Austria	-	-	100%
Andreas 6	Wolfsberg Project, Austria	-	-	100%
Andreas 7	Wolfsberg Project, Austria	-	-	100%
Andreas 8	Wolfsberg Project, Austria	-	-	100%
Andreas 9	Wolfsberg Project, Austria	-	-	100%
Andreas 10	Wolfsberg Project, Austria	-	-	100%
Andreas 11	Wolfsberg Project, Austria	-	-	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

EUROPEAN LITHIUM LIMITED

ABN

45 141 450 624

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(377)	(377)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(169)	(169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
- Promotion and marketing related costs	(48)	(48)
- Bank guarantee refund (movement from restricted to non-restricted cash)	223	223
1.9 Net cash from / (used in) operating activities	(371)	(371)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	120	120
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	120	120

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	550	550
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(371)	(371)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	120	120
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	300	300

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	300	550
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	300	550

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

22

-

Director Fees paid to Directors (inclusive of GST)
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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	63
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments included in item 7.1 are inclusive of GST and relate to payments to Director-related parties for office occupancy costs, professional services and the reimbursement of travel and other expenses.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(909)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(408)
9.6 Other (sale of Paynes Find Gold Tenements)	25
9.6 Other (capital raising)	2,013
9.7 Total estimated cash outflows	721

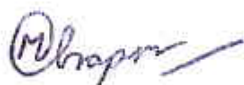
Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced ^a	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

^a As announced on 22 December 2016, the Company has executed a Binding Terms Sheet with Cervantes Gold Pty Ltd, a wholly owned subsidiary of Cervantes Corporation Limited (ASX:CVS), to sell 100% of the right, title and interest in the tenements known as the Paynes Find Gold Project, located in Western Australia. The Company is working with CVS towards a completion date of 28 November 2017 (refer ASX Announcement dated 18 October 2017).

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date:23 October 2017.....

Print name:Melissa Chapman.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.