

30 January 2018

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 31 DECEMBER 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 31 December 2017.

SUMMARY OF KEY UPDATES

- Appointment of Mr Stefan Muller as Non-Executive Director
- Adoption of new constitution
- Completion of dual listing on Vienna Stock Exchange
- Completion of two placements raising cash of \$7.133 million (before costs)
- Cash proceeds of \$1.243 million received from the exercise of options
- Completion of the Paynes Find Gold Project sale to CVS
- DRA project team and all third-party consultants are in place and committed to have the PFS completed and reviewed by end Q1 2018
- The Company is developing with the assistance of SRK a further drilling programme to increase the measured and indicated resource at Wolfsberg

CORPORATE MATTERS

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.

Change in Constitution

On 29 November 2017, the Company adopted a new constitution following the passing of a special resolution at the annual general meeting of shareholders held on 29 November 2017.

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.

Placements and Capital Movements

On 13 October 2017 and 17 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.

On 20 October 2017, the Company issued 20,000 shares to raise funds of \$1,000 pursuant to a cleansing prospectus.

On 29 November 2017, the Company issued 1,711,111 fully paid ordinary shares and 855,555 options with an exercise price of \$0.05 per share expiring on 31 March 2020 in lieu of outstanding director fees as approved at the annual general meeting of shareholders held on 29 November 2017.

On 29 November 2017, 1 December 2017, 4 December 2017 and 11 December 2017, the Company issued a total of 12,376,184 fully paid ordinary shares following the conversion of options with an exercise price of \$0.05 expiring on 31 March 2020 into shares.

On 1 December 2017, 4 December 2017 and 15 December 2017, the Company issued a total of 5,000,000 fully paid ordinary shares following the conversion of options with an exercise price of \$0.125 expiring on 27 February 2020 into shares.

On 11 December 2017, the Company completed a placement of 22,222,221 fully paid ordinary shares at \$0.225 per share to raise cash funds of \$5,000,000 (before costs). On the same day, the Company issued 5,555,556 options to shareholders who participated in the placement and 3,150,000 out of the 14,400,000 options to facilitators of the placement which are exercisable at \$0.25 on or before 31 May 2019. The remaining 11,250,000 facilitator options pursuant to the placement will be issued to Directors Tony Sage (2,500,000), Stefan Muller (6,250,000) and Malcolm Day (2,500,000) upon receipt of shareholder approval.

Sale of Paynes Find Gold Project

As previously announced, the Company 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 and \$500,000 share capital in CVS.

The Company has received cash funds of \$220,000 to date with the remaining cash payments due as follows:

- \$25,000 on or before 15 January 2018
- \$25,000 on or before 28 February 2018
- \$230,000 on or before 31 March 2018

On 27 December 2017, the Company was issued 25,000,000 consideration shares in CVS at a deemed issue price of 2 cents each. On the same date, the Company releasing a notice of initial substantial holder notice confirming its 7% ownership in CVS as a result of the Transaction.

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 October to 31 December 2017.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

Exploration

An exploration report describing the activities undertaken in 2017 was 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.

The Company currently has a suspension granted by the Mining Authority for the requirement to carry out mining for at least 4 months a year as a condition of the mining licence. This was granted by the Mining Authority to enable the Company to undertake further technical studies to optimise the project. This suspension expired on 31 December 2017. Following presentation of completed technical studies to the Mining Authority, which were declared to be satisfactory, an application was made to the Mining Authority to extend the suspension for a further two years. This is required to allow completion of the PFS, DFS and construction.

GeoUnterweissacher and Mine-it, the Austrian mining information consultant, are preparing a lithological model using all drilling and trenching data from Zones 1 and 2. This will be completed in January 2018. SRK Consulting (UK) (SRK) have been contracted to review the model and assist the Company and its consultants to develop a next stage drilling programme on identified exploration targets in both Zone 1 and Zone 2 of such a drilling density that will lead to an increase in Measured and Indicated resources. This new drilling programme will require authorisation by the Mining Authority.

Increasing the Measured and Indicated resources could support a higher lithium production level for the definitive feasibility study (**DFS**) than currently being used for the pre-feasibility study (**PFS**)

Pre-Feasibility Study

DRA Global (**DRA**) was contracted as the lead consultant for the project engineering design and integration of third party studies into the PFS and a kick off meeting was held at Wolfsberg on 12-13 October 2017 with the Company, DRA and other key company consultants. This established the base planning parameters for the DFS, defined battery limits for each consultant and established project management procedures. Follow up management and review meetings were held by the Company and DRA at their Johannesburg office during November. The engineering work is to be carried out between DRA's Johannesburg and Montreal offices. DRA are targeting to complete the PFS by end February 2018 for Company review during March 2018. The DRA PFS project and infrastructure managers visited Wolfsberg on 12-14 December to firm up on the project configuration and plant locations, determine utility suppliers and meet with selected local construction contractors. The Wolfsberg Stadtwerke, responsible for the supply of municipal infrastructure, was met with to obtain their support to DRA and the Company in provision of services and land access required for the development of the project.

The base project configuration for the PFS is an underground mine (designed by SRK) producing 650,000 tpa run of mine, crusher, screening and ore sorting underground with waste returned to mined out stopes. The concentrator to produce spodumene concentrate, feldspar and quartz is located close to the mine entrance adit and tailings will be returned to the mined out stopes. The spodumene concentrate will be transported to the conversion plant at a site to the south of Wolfsberg with good access to motorway, natural gas, power and water. Alternative location options will also be considered. Paterson & Cooke has been contracted to undertake the design of the tailings backfill system to the mine.

Benchmark Minerals Intelligence has been contracted to undertake the marketing study into lithium carbonate and lithium hydroxide particularly focusing on European battery demand. This

will be completed early in January.

Orykton Consulting was contracted to undertake the marketing study into spodumene concentrate, feldspar and quartz by-products from the concentrator and aluminium silicate and sodium sulphate by-products from the conversion facility. This will include development of target markets and a marketing plan. Completion is expected by end January.

Dorfner Anzaplan were contracted to undertake additional metallurgical testwork to assist DRA in the design and sizing of equipment. This includes crushing and grinding testing, spodumene flotation locked cycle tests and hydrometallurgy variability testwork. In addition Dorfner Anzaplan will prepare tailings samples for Paterson & Cooke's testwork. Additional bulk samples of the previously mined ore samples were prepared and shipped to Dorfner Anzaplan

Environmental

Environmental base line studies by Umweltbüro at mine site into flora and fauna for the summer and autumn seasons were continued until October 2018. Additional base line studies into noise, air quality and traffic will be undertaken and local consultants have been identified. SRK are making a proposal to undertake the hydrogeological studies and determine whether there is sufficient mine water available for process use in the concentrator or whether a supplemental water source is required. GeoUnterweissacher is setting up continuous water flow and quality monitoring in the mine.

Land Access

An arbitration was invoked in September 2018 to recover the €160,881.08 due from Glock Gut und Forstverwaltung as their unpaid share of fees for the arbitration into the validity of the 2011 agreement which the arbitral tribunal found in favour of the Company earlier in the year. The composition of the arbitral tribunal was agreed by both parties and the anticipated costs agreed with the arbitration Chairman at €30,000 per party. The Company's legal counsel, DLA Piper, agreed to waive fees for their work on this second arbitration. The Company has delayed pressing ahead with the arbitration whilst discussions with the Glock group on relationship issues are ongoing.

Marketing

The Company has not closed the off-take agreement for supply of spodumene concentrate with Shandong Ruifu as it is engaged with a number of parties interested in the supply of battery grade materials into Europe. The global competition for lithium resources is clearly an issue for the nascent European battery plants, the motor manufacturers aiming to increase EV volumes and the European Commission. The Company's Wolfsberg lithium project in Austria can be a key provider into an integrated lithium supply chain in Europe.

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%	0%
M59/10	Paynes Find, WA	-	100%	0%
M59/235	Paynes Find, WA	-	100%	0%
M59/244	Paynes Find, WA	-	100%	0%
M59/396	Paynes Find, WA	-	100%	0%
M59/662	Paynes Find, WA	-	100%	0%
M59/663	Paynes Find, WA	-	100%	0%
P59/1907	Paynes Find, WA	-	100%	0%
P59/1908	Paynes Find, WA	-	100%	0%
P59/1909	Paynes Find, WA	-	100%	0%
P59/1924	Paynes Find, WA	-	100%	0%
P59/1941	Paynes Find, WA	-	100%	0%
P59/1942	Paynes Find, WA	-	100%	0%
P59/1956	Paynes Find, WA	-	100%	0%
P59/1957	Paynes Find, WA	-	100%	0%
P59/1958	Paynes Find, WA	-	100%	0%
P59/1959	Paynes Find, WA	-	100%	0%
P59/2101	Paynes Find, WA	-	100%	0%
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%
396/11(638/11)	Wolfsberg Project, Austria	-	-	100%
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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(999)	(1,376)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(388)	(557)
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	(112)	(160)
- Bank guarantee refund (movement from restricted to non-restricted cash)	-	223
1.9 Net cash from / (used in) operating activities	(1,499)	(1,870)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)	50	170
(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	50	170

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	7,133	7,133
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	1,244	1,244
3.4 Transaction costs related to issues of shares, convertible notes or options	(454)	(454)
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	7,923	7,923

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	300	550
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,499)	(1,870)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	50	170
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,923	7,923
4.5	Effect of movement in exchange rates on cash held	(6)	(5)
4.6	Cash and cash equivalents at end of period	6,768	6,768

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	317	300
5.2	Call deposits	6,451	-
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)	6,768	300

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	54
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	

Director Fees paid to Directors (inclusive of GST)

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	146
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	(2,071)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(255)
9.6 Other (sale of Paynes Find Gold Tenements)	280
9.7 Total estimated cash outflows	(2,046)

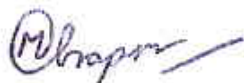
Mining exploration entity and oil and gas exploration entity quarterly report

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	M59/2	Paynes Find, WA	100%	0%
		M59/10	Paynes Find, WA	100%	0%
		M59/235	Paynes Find, WA	100%	0%
		M59/244	Paynes Find, WA	100%	0%
		M59/396	Paynes Find, WA	100%	0%
		M59/662	Paynes Find, WA	100%	0%
		M59/663	Paynes Find, WA	100%	0%
		P59/1907	Paynes Find, WA	100%	0%
		P59/1908	Paynes Find, WA	100%	0%
		P59/1909	Paynes Find, WA	100%	0%
		P59/1924	Paynes Find, WA	100%	0%
		P59/1941	Paynes Find, WA	100%	0%
		P59/1942	Paynes Find, WA	100%	0%
		P59/1956	Paynes Find, WA	100%	0%
		P59/1957	Paynes Find, WA	100%	0%
		P59/1958	Paynes Find, WA	100%	0%
	P59/1959	Paynes Find, WA	100%	0%	
	P59/2101	Paynes Find, WA	100%	0%	
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

^a As announced on 21 December 2017, the Company settled the sale of its Paynes Find Gold Project with Cervantes Gold Pty Ltd, a wholly owned subsidiary of Cervantes Corporation Limited (ASX:CVS).

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:30 January 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.