

7 September 2018

EUROPEAN LITHIUM SECURES FUNDING TO FAST-TRACK DEFINITIVE FEASIBILITY STUDY OF WOLFSBERG LITHIUM PROJECT

Highlights

- Up to A\$10 million finance facility secured to complete the Definitive Feasibility Study (DFS) for the Wolfsberg Lithium Project;
- Pre-Feasibility Study (PFS) completed during April 2018 demonstrated a project pre-tax NPV₈ of A\$441.9m;
- The planning and review for the scope of work for the DFS has commenced with the DFS scheduled for completion April 2019; and
- Key optimisation process includes an immediate drilling programme to increase the Measured and Indicated Resource. If successful, would allow the DFS to be undertaken at the higher mining rate of 800,000tpa (compared to PFS's 620,000 tpa) and improve project economics.

European Lithium Limited (ASX:EUR, FRA:PF8, VSE:ELI) (the **Company**) is pleased to advise that it has secured a A\$10m finance facility to fast-track the completion of a DFS at the Wolfsberg Lithium Project in Austria. This comes on the back of recent key developments for the Company including the successful PFS results referred to above, the appointment of new CEO, Dietrich Wanke, the appointment of an experienced project director, Christian Heili, the ongoing work in commencing the DFS activities and ongoing negotiations to secure a strategic European partner.

The A\$10m facility allows the Company to ensure its DFS process is fully funded whilst retaining flexibility in the event negotiations for a strategic partner result in alternative funding, such as a cash injection into the Project, through development and beyond. The facility has been entered into with MEF I, L.P. (**Magna or Investor**) for up to A\$10m by way of the issue of convertible securities in the Company. An initial amount of A\$2.5m will be available for drawdown immediately following completion of definitive transaction documents with a further A\$7.5m available in tranches upon the Company meeting key milestones relating to the DFS process and standard conditions precedent.

Full terms and conditions are outlined in Annexure A.

Tony Sage, Chairman, commented "securing the funding provides the Company an opportunity to fast-track completion of the DFS with a high degree of flexibility given the progress we have made in negotiations with potential partners."

Release of Restricted Securities from Escrow

In accordance with ASX Listing Rule 3.10A, the Company advises that 101,978,820 fully paid ordinary shares will be released from ASX escrow on 20 September 2018. The Company also advises that 200,000,000 options with an exercise price of \$0.10 exercisable on or before 30 June 2020 currently held under ASX escrow will be released from escrow on 20 September 2018.

Tony Sage
Non-Executive Chairman
European Lithium Limited

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Visit the Company's website to find out more about the advanced Wolfsberg Lithium Project located in Austria.

Annexure A

- EUR will receive A\$2.5 million immediately with a further A\$7.5m available in A\$2.5M tranches upon the Company meeting key milestones relating to the DFS process and standard conditions precedent.
- The Convertible Notes are convertible at any time by the Investor at the lower of (a) A\$0.30; or (b) a 15% discount from the lowest VWAP over ten (10) days prior to the conversion date.
- The Convertible Notes bear no interest.
- The Convertible Notes have a maturity date of 12 months after their respective issue dates.
- Once drawn down, the Company will have the option to repay the Convertible Notes at 110% premium to Face Value if within 180 days of investment and then 115% thereafter.
- The Convertible Notes are secured against the assets of the Company.
- The Investor will receive a commitment fee of 4% of the investment amount at the funding of each tranche payable in shares.
- The Investor shall be subject to certain trading restrictions on shares received from the Company for the commitment fee or conversion of the Convertible Notes, which may be removed upon certain equity conditions or in the event of a default.