

16 January 2019

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 31 DECEMBER 2018

The Board of European Lithium Limited (ASX: **EUR**, FRA: **PF8**, VSE: **ELI**, NEX: **EUR**) (the **Company**) is pleased to present its activities report and Appendix 5B for the three months ending 31 December 2018.

SUMMARY OF KEY UPDATES

- Contract to Dorfner/Anzaplan has been awarded for the metallurgical test work and pilot processing
- Drilling program in Zone 1 continued to confirm 10.98 mt JORC resource
- European Lithium lists on the NEX Exchange Growth Market in London

CORPORATE MATTERS

Financing Facility

As previously announced, the Company has a A\$10m finance facility with MEF I, L.P. (**Magna** or **Investor**) to fast-track the completion of a DFS at the Wolfsberg Lithium Project in Austria.

An initial amount of A\$2.5m was drawn down on 14 September 2018 and a further A\$7.5m is available in tranches upon the Company meeting key milestones relating to the DFS process.

The finance facility is by the issue of convertible securities in the Company. The convertible notes are convertible at any time by the Investor at the lower of A\$0.30 or a 15% discount from the lowest VWAP over ten (10) days prior to the conversion date, provided that the conversion price shall not in any case be lower than A\$0.08 (revised floor price).

During the quarter, Magna converted 100,000 notes on 1 November 2018 and a further 100,000 notes on 14 December 2018.

NEX Listing

On 26 November 2018, the Company's ordinary shares were admitted for trading on the London based NEX Exchange Growth Market (**NEX**) under the ticker symbol EUR.

To facilitate trading of the Company's shares on NEX, EUR has established a Depositary Interest (**DI**) facility under which it has appointed Computershare Investor Services Plc (**Computershare UK**) as the depositary. Securities of Australian issuers such as EUR's cannot be directly registered, transferred or settled through CREST (which is the electronic settlement system in the UK). The DI facility overcomes this by creating entitlements to EUR's shares (the DIs), which are deemed to be UK securities and therefore admissible to CREST. The underlying shares are listed and traded on NEX, while the DIs are transferred in CREST to settle those trades.

If shareholders choose to move their securities to the UK to trade/or hold and become the holder of DIs, their shares are no longer held in their name on EUR's Australian share register. Instead they are held by Computershare UK's Australian custodian. DI holders become the beneficial holder of those EUR shares, with the DIs held on EUR's UK DI register in CREST on their behalf by their broker.

Vienna Listing

As previously announced, the Company is investigating listing on the Prime Market of the Vienna Stock Exchange (**VSE**). The Company continues to work with its Austrian lawyers Brandl & Talos Rechtsanwälte GmbH on the VSE listing.

Capital Movements

During the quarter, the Company issued the following securities:

- 1 November 2018 - 1,550,824 shares issued to Magna as partial conversion of convertible notes (as outlined above)
- 6 December 2018 – 350,000 shares issued to the Company's Project Director Mr Christian Heili as a sign-on bonus pursuant to a contracting agreement
- 11 December 2018 – 11,250,000 unlisted options exercisable at \$0.15 each on or before 31 May 2019 issued to Directors as approved at the Company's 2018 AGM
- 11 December 2018 – 2,500,000 unlisted options exercisable at \$0.20 each on or before 11 December 2021 issued to Empire Capital as approved at the Company's 2018 AGM
- 14 December 2018 – 1,695,515 shares issued to Magna as partial conversion of convertible notes (as outlined above)

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 2018 to 31 December 2018.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

Drilling

Mobilisation of equipment onto site has been completed for the drilling program to convert the Zone 1 10.98mt JORC resource into Measured and Indicated category. Applications for the drilling have been lodged with the relevant authorities and drilling collar locations and pads for the 31-drill hole programme have been surveyed by a licensed surveyor. Approval from the authorities is expected to be received in Q1 2019 following which drilling will commence immediately.

Definite-Feasibility Study (DFS)

As previously announced, The Mineral Corporation (**TMC**) has completed the definition of the scope of work for the DFS, based on the results of the PFS being published in April 2018.

The PFS had identified areas in geology, hydrogeology, mining, metallurgy, land access and environmental to be investigated for the DFS so that design changes during the DFS will be minimised.

As outlined above, a drilling program is underway to convert the 10.98mt JORC resource into Measured and Indicated category. The Zone 1 drilling programme to increase the Measured and Indicated Resource would allow the DFS to be undertaken at the envisaged higher mining rate of max. 800,000tpa.

During the quarter, TMC together with DRA Global (**DRA**) completed the scope of works for the DFS project engineering design and integration of third-party studies into the DFS. SRK Consulting (**SRK**) has also prepared the scope of work for the optimized mine design and increased declaration of mineral reserves, based on the PFS and current drilling program results when completed.

In December 2018, the Company awarded to Dorfner/Anzaplan the contract for complex metallurgical test work and pilot processing with work commenced immediately. The awarding of this contract is a key milestone in order to complete the DFS in a timely manner.

The Company has sent a 300t sample with 150 t each for Amphibolite Hosted Pegmatite (**AHP**) and Micaschist Hosted Pegmatite (**MHP**) to Dorfner Anzaplan's German testing facilities to commence the detailed metallurgical process studies through the pilot plant. This testing is to ensure a high-quality final product (LithiumHydroxide) is produced using the most efficient and competitive metallurgical processes from the beginning of the production cycle.

Hydrogeology

The Company continues to monitor hydrogeological baseline activities as follows:

- Weekly: measuring the water level in surface and underground measuring sides including drill holes and creeks
- Monthly: measuring specific chemical and physical parameters (e.g., temperature, pH-value, conductivity, redox potential) at the surface and underground measuring sides
- Quarterly: taking samples from the mine and surface water measuring sides and sending them to Agrolab, an Austrian lab specialized in water analysis. Agrolab is analyzing the samples based on the criteria of the Austrian drinking water ordinance

Data from the above activities is fed into a water measuring database from which an annual report is produced.

Environmental

During the quarter, Umweltbüro completed additional Biotope mapping and presented the final reports covering possible sensitive flora and fauna species.

Monitoring of water flows and quality from the mine continue.

Product Marketing

The marketing study undertaken by Benchmark Minerals Intelligence as part of the PFS projected that lithium hydroxide prices in Europe would continue to increase from the present level to a peak in 2022 and then decline to stabilise. Taking recent global lithium industry developments into account, the strategy for the company remains unchanged and focuses on the supply of lithium hydroxide to the nascent lithium battery plants of Europe. The Company is in discussion with a number of these regarding future off-take contracts and good progress has already been made in the advanced discussions with potential off-take partners.

Horizon 2020

The Company's 100% owned subsidiary ECM Lithium AT GmbH (**ECM**) has been invited to participate in the European Union funded Horizon 2020 - GREENPEG programme. The Horizon 2020 - GREENPEG project aims to develop innovative exploration toolsets and proprietary technologies in order to secure the sustainable supply of lithium and other critical raw materials to Europe by increasing their resources and reducing the import dependency of these raw materials. ECM will submit in Q1 2019 the first of the two-stage submission process outlining suggested and planned works.

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 Dietrich Wanke who is a Qualified Person and is a Member of the Australian Institution of Mining and Metallurgy (AusIMM) since 2006 with about 30 years' experience in the mining and resource development industry. Dietrich Wanke 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". Dietrich Wanke 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 |
|---------------------------|----------------------------|---|---|---|
| 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 2018

| 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 | (631) | (1,381) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | (1) |
| (e) administration and corporate costs | (479) | (838) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 14 | 24 |
| 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 | (121) | (232) |
| - Overseas listing fees | (199) | (199) |
| 1.9 Net cash from / (used in) operating activities | (1,416) | (2,627) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |

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 |
|---|------------------------------------|--|
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (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 | - | - |

| | | |
|---|----------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | 2,500 |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | (83) |
| 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 | - | 2,417 |

| | | |
|---|----------------|----------------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 4,461 | 3,258 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,416) | (2,627) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | 2,417 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | (1) | (4) |
| 4.6 | Cash and cash equivalents at end of period | 3,044 | 3,044 |

| 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 | 49 | 104 |
| 5.2 | Call deposits | 2,995 | 4,357 |
| 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) | 3,044 | 4,461 |

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**

57

-

Director Fees paid to Directors (inclusive of GST)

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

120

-

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.

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 (Magna convertible security) | 10,000,000 | 2,500,000 |
| 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. | | |

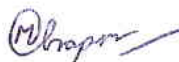
The Company has established a convertible note facility with MEF I, L.P. Full terms and conditions of this facility are included in the ASX announcement dated 7 September 2018.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | (3,119) |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | (394) |
| 9.6 Other (Magna financing facility) | 2,500 |
| 9.7 Total estimated cash outflows | (1,013) |

| 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 | - | - | - | - |

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:16 January 2019.....

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.