

31 July 2019

EUROPEAN LITHIUM SIGNS BINDING AGREEMENT FOR A\$10m FUNDING FACILITY

The Board of European Lithium Limited (ASX: **EUR**, FRA: **PF8**, VSE: **ELI**, NEX: **EUR**) (the **Company**) is pleased to confirm that it has executed binding documentation for an A\$10m finance facility with Winance Investment LLC (**Winance** or **Investor**) (**Finance Facility**).

The Winance Finance Facility replaces the Company's existing A\$10m facility with MEF I, L.P (**Magna**) (refer ASX announcement 7 September 2018). In relation to the Magna facility, there is a total of 638,042 convertible notes which remain outstanding from the 1,840,500 notes issued at the initial draw down of A\$2.5m by the Company in September 2018.

The Company continues to engage in dialogue with institutional parties and is focused on engaging a strategic investor to alleviate, or minimise, the funds the Company draws down under the Winance Finance Facility.

Any funds advanced under the Winance Finance Facility will be used to repay the residual amount owing to Magna, to fast-track the completion of a DFS at the Company's Wolfsberg Lithium Project in Austria and for general working capital purposes.

The Finance Facility is by way of the issue of convertible securities in the Company. An initial amount of A\$2.0m is available for immediate drawdown, with this to occur at the Company's election prior to 31 October 2019. Further drawdowns of \$1,000,000 each are available upon full conversion of the notes from the previous drawdown, subject to a cooling off period.

Material terms and conditions are outlined in Annexure A.

Tony Sage, Chairman, commented "securing this additional funding provides the Company flexibility and allows us to continue to negotiate with potential strategic partners".

Cristina Nine, CEO of Winance, commented "this arrangement strengthens European Lithium's long-term financial structure and secures their ongoing development and expansion which will help both companies achieve its organizational goals. This new investment round will enable European Lithium to further capitalize on its position as a growing company in mining exploration and development across Australia."

The initial \$2.0 million tranche is made without shareholder approval, with the conversion unconditional. EUR relies upon its existing capacity under Listing Rule 7.1 to issue the initial notes.

Tony Sage
Non-Executive Chairman

Annexure A

- EUR will receive A\$2.0m (before expenses) within 3 business days of electing to draw down the funds.
- Further drawdowns of A\$8m are at the Company's election available in tranches of A\$1m each upon full conversion of the notes from the previous drawdown, subject to:
 - a cooling off period calculated based on the value of the tranche and average trading volumes during the preceding 60-day period; and
 - prior approval by EUR's shareholders.
- There are no fees or penalties if no subsequent drawdowns are made.
- The convertible notes will be 100% of the par value A\$1.00 each (**Par Value**).
- The convertible notes are, subject to prior shareholder approval where required, convertible at any time by the Investor at 92% of the lowest closing VWAP over ten (10) days prior to the conversion date, providing that the conversion price shall not in any case be lower than A\$0.055 (**Floor Price**).
- In the event the conversion price is less than the Floor Price at conversion, the Company will issue the number of shares equal to the conversion amount divided by the Floor Price with the shortfall amount (calculated based on the conversion amount less the number of shares equal to 90% of the lowest closing VWAP over ten (10) days prior to the conversion date) payable in cash.
- In the event the closing VWAP for any five (5) day period falls below 135% of the Floor Price, the Investor, at their discretion, shall have the right to decline further drawdowns. Drawdowns may resume if the VWAP remains over 135% of the VWAP for 20 consecutive days
- The minimum conversion amount is A\$20,000.
- The convertible notes bear no interest.
- The convertible notes have a maturity date of 36 months from the date of issue.
- The convertible notes are unsecured.
- The Investor will receive a commitment fee of 3% of the investment amount at the funding of each tranche payable in cash.
- Kapital Global Advisors Limited, the broker who facilitated the Finance Facility, will receive a broker fee of 5% of the investment amount at the funding of each tranche payable in cash.
- In the event of default, the Investor is entitled to issue a redemption notice which requires the Company to repay the outstanding amount together with interest at 10% per annum (accruing from issue to redemption).
- The Company will seek shareholder approval to issue shares in accordance with the convertible note facility as required
- A fee of \$100,000 is payable in the event the Company has not drawn down on the Finance Facility by 31 October 2019 (unless the Investor is in default of their obligations under the Facility).
- EUR gives warranties considered typical for a financing facility of this nature.

About Winance

Founded by Cristina Nine, Winance is an independent global firm specialized in corporate financing. Creative and dedicated, we focus on small and mid-sized listed companies to help them secure funding needed for their growth. Winance sees itself as a non-invasive and passive investor, acting in the best interest of its portfolio companies and their shareholders. We are offering the possibility to renew contractual arrangements at our client's request in an easy and uncomplicated manner.

We bring significant resources and credibility and maintain a long-standing commitment to our principal values of honesty, integrity, and loyalty. We deliver an appealing performance to our partners through traditional and inventive financing products, ensuring to stay at forefront of the ever-evolving industry.

Winance worked on the European Lithium transaction with Kapital Global Advisors Limited, Kapital Global is Winance's exclusive and strategic partner for Australia, collectively we focus on ASX listed and private opportunities in Asia Pacific region.

Kapital Global is an advisory firm based in the UAE, which led by Kapil Singh and focuses on Asia Pacific, North & South America, Europe & Africa.