

31 January 2020

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 31 DECEMBER 2019

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 2019.

SUMMARY OF KEY UPDATES

- Dorfner/Anzaplan continued and completed metallurgical test work and pilot processing in Q4/2019, final report will be published in Q1/2020
- Core logging and assay testing from the summer drilling program was completed in Q4/2019 to convert JORC resource Inferred into Measured and Indicated category and upgrade resources to 10.98mt
- Application for the deep holes with more than 300m of depth covering phase 2 of the drilling program in Zone 1 has been lodged in Q4/2019 to the mining authority.

CORPORATE MATTERS

Placement

During the quarter, the Company issued 5.0m shares at an issue price of \$0.085 per share to raise cash proceeds of \$425,000 (before expenses) (**Placement**).

Magna Financing Facility

As previously announced, the Company established a A\$10m finance facility with MEF I, L.P. (**Magna**) of which A\$2.5m (1,840,500 convertible notes) was drawn down on 7 September 2018.

During the quarter, Magna converted the remaining 103,260 convertible notes. As at 31 December 2019, there were nil convertible notes remaining.

Winance Financing Facility

The Company previously announced that it had secured a A\$10m finance facility with Winance Investment LLC (**Winance**) of which A\$2.0m (2,000 convertible notes) was drawn down on 20 September 2019.

During the quarter, Winance converted 900 notes. As at 31 December 2019, Winance had 940 convertible notes remaining.

During the quarter, the Company announced that it had agreed to a long-term debt facility of EUR 7.5m with a Swiss based sophisticated investor which will be used instead of the facility with Winance.

Debt Facility

On 30 December 2019, the Company announced that it had agreed to a long-term debt facility of EUR 7,500,000 with a Swiss based sophisticated investor introduced by Helvetican International AG (**Debt Facility**).

The Debt Facility will allow the Company to repay the residual amount owing to Winance, to complete the DFS at the Company's Wolfsberg Lithium Project in Austria and for general working capital purposes.

Key terms and conditions of the Debt Facility are included in the announcement released on 30 December 2019.

Capital Movements

During the quarter, the Company issued the following securities:

- 7 October 2019 – 819,917 shares issued to Magna upon the conversion 40,000 convertible notes
- 11 October 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes
- 23 October 2019 – 1,428,570 shares issued to Winance upon the conversion of 100 convertible notes
- 30 October 2019 – 2,857,142 shares issued to Winance upon the conversion of 200 convertible notes
- 5 November 2019 – 5,000,000 shares issued pursuant to the Placement
- 12 November 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes
- 19 November 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes
- 26 November 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes
- 5 December 2019 – 853,289 shares issued to Magna upon the conversion of 30,000 convertible notes
- 10 December 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes
- 11 December 2019 - 25,940,000 unlisted options issued exercisable at 10c each on or before 30 June 2020 (as approved at the Company's 2019 AGM held on 28 November 2019)
- 13 December 2019 – 950,026 shares issued to Magna upon the conversion of 33,260 convertible notes
- 17 December 2019 – 1,428,571 shares issued to Winance upon the conversion of 100 convertible notes

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 2019 to 31 December 2019.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

Drilling

In Q4 2019 drill core samples continued to be assayed at ALS laboratory in Dublin, Ireland where crushing, pulp and Li₂O analysis was completed. However, we needed to resend a few samples to laboratory to confirm the results. The Company expects the final results from phase 1 drilling in Q1/2020.

Application for the deep holes with more than 300m of depth covering phase 2 of the drilling program in Zone 1 was lodged in Q4 2019 with the mining authority. An official hearing at the municipality involving compulsory public and private parties during the approval process took place on 30th October 2019 and was coordinated and moderated under the leadership of the mining authority. The approval for the phase 2 drilling program is expected to be issued in Q1/2020 and we anticipate drilling will commence shortly thereafter.

Definitive Feasibility Study (DFS)

Results from Phase 1 of the summer drilling program (shallow holes <300m depth in Zone 1) are being assessed for eligibility to convert the JORC resource from Inferred into Measured and Indicated category and upgrade resources to 10.98mt. This will form the basis to convert the Measured and Indicated resources into JORC reserves during the DFS mine planning and scheduling. The Zone 1 drilling programme to increase the Measured and Indicated Resource allows the DFS to be undertaken at the envisaged higher mining rate of max. 800,000tpa.

During the 4th quarter SRK Consulting (**SRK**) continued to work on the optimized mine design and increased declaration of mineral reserves, based on the PFS and current drilling program results as the data become available.

During the 4th quarter, Dorfner/Anzaplan completed the metallurgical test work to assess and optimize the process lines, flowsheets and layouts. This testing is to ensure a high-quality final product (Lithium Hydroxide) is produced using the most efficient and competitive metallurgical processes from the beginning of the production cycle. All metallurgic test work took place at the pilot plant for the Wolfsberg Project at Dorfner/Anzaplan's testing facility in Hirschau, Germany and were completed in Q4 2019. The results will be published in a timely manner during Q1/2020, based on the comprehensive and detailed technical report.

DRA Global has independently assessed and reviewed the metallurgical test work to complete the research in a timely manner and attended to all work stages at the testing facility in Hirschau, Germany.

Tenement Renewal

In Q4 2019 the company renewed 54 exploration and 11 mining licenses. The decision of the mining authority is based on the significant effort the Company has demonstrated to develop the Wolfsberg Lithium Project. The exploration progress to increase the resources and metallurgic test work to produce battery grade lithium hydroxide in high level industrial purity have shown the company's successful work to the mining authority. This is a significant milestone to secure the company's rights to develop the Wolfsberg Lithium Project through the DFS into production.

Hydrogeology

The Company continues a hydrogeology monitoring program on a weekly, monthly and quarterly time frame:

- Weekly monitoring includes measuring the water level at the surface and underground sites,
- Monthly monitoring includes sampling and analysing defined chemical and physical parameters,
- Quarterly monitoring includes water sampling and analysing water from previously defined field sites at a certified Austrian lab in Austria. The water samples are analysed according to the Austrian state requirements for drinking water.

All hydrogeological data continues to be stored and secured into the Company's database.

The preparation work by SRK, and the geological consultant, GEO Unterweissacher, continues to ensure in-hole hydrogeological test work has been completed appropriately and can continue in future.

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

Environmental

No environmental work has been carried out in Q4 2019.

Monitoring of water flows and quality from the mine have continued.

Product Marketing

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 industry players regarding future off-take contracts and good progress has already been made in the advanced discussions with potential off-take partners.

Horizon 2020

As reported in Q1/2019, the company's 100% owned subsidiary ECM Lithium AT GmbH (**ECM**) has lodged contribution papers to participate in the European Union funded Horizon 2020 - GREENPEG programme. In Q4 the company was approved to participate in the GREENPEG programme. All requested and compulsory paperwork was lodged in Q4 2019 to Horizon 2020 administrators and approval is expected in Q1/2020. Continued participation shows the Company's abilities and eligibility to contribute with EU-level support to the sustainable supply of battery grade lithium, sourced and produced in Europe.

During Q4 2019 the Company continued to work proactively in the already approved and funded Horizon 2020 LithRef programme.

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%

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 2019

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	(1,534)	(2,251)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(274)	(527)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
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	(19)	(189)
- Overseas listing fees	-	(19)
1.9 Net cash from / (used in) operating activities	(1,826)	(2,983)
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 – Refund of costs	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	425	902
3.2 Proceeds from issue of convertible notes	-	2,000
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(18)	(271)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(812)
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	407	1,819

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,458	1,200
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,826)	(2,983)
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)	407	1,819

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	(7)	(4)
4.6	Cash and cash equivalents at end of period	32	32

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	32	1,458
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)	32	1,458

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**

39

-

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**

48

-

Payments included in item 7.1 are inclusive of GST and relate to payments to Director-related parties for office occupancy costs, capital raising fees, professional services and the reimbursement of business related 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	2,000,000
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 Winance Investment LLC. Full terms and conditions of this facility are included in the ASX announcement dated 31 July 2019.

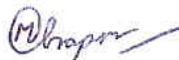
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,565)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(579)
9.6 Other – Loan and Convertible Note Repayment	(524)
9.7 Total estimated cash outflows	(2,668)*

* This is an estimate of the total cash outflows of the Company for the next quarter and does not take into account any anticipated cash inflows.

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:31 January 2020.....

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.