

EUROPEAN LITHIUM LIMITED

ACN 141 450 624

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the Cleansing Prospectus dated 29 November 2017 (**Prospectus**) issued by European Lithium Limited (ACN 141 450 624) (**Company**).

This Supplementary Prospectus is dated 6 December 2017 and was lodged with ASIC and ASX on that date. The ASIC, ASX and their officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be available with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at <http://europeanlithium.com/>.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

EUROPEAN LITHIUM LIMITED
ACN 141 450 624
SUPPLEMENTARY PROSPECTUS

1. REASON FOR SUPPLEMENTARY PROSPECTUS

As announced on 6 December 2017 the Company has resolved to conduct a placement to professional and sophisticated investors of 17,777,778 Shares at an issue price of \$0.225 together with one free attaching option for every four Shares applied for with an exercise price of \$0.25 and expiry date of 31 May 2019 (**New Option**) to raise up to \$4,000,000 and oversubscriptions of up to a further 4,444,444 Shares with free attaching New Options on a one for four basis to raise up to a further \$1,000,000 may be accepted and to issue 14,400,000 options with an exercise price of \$0.25 and expiry date of 31 May 2019 to facilitators of the Placement (**Facilitator Options**) (**Placement**). It is expected that the Placement will be finalised and Shares and Options issued later this week.

This Supplementary Prospectus has been prepared to provide investors with up-to-date details of:

- (a) the indicative timetable for the Offer;
- (b) the Company's capital structure following the completion of the Placement being the issue of 17,777,778 Shares, 4,444,444 New Options and 14,400,000 Facilitator Options assuming full subscription under the Placement and 22,222,222 Shares, 5,555,556 New Options and 14,400,000 Facilitator Options assuming all oversubscriptions are placed;
- (c) the financial effect of the Offer and the Placement;
- (d) the documents recently lodged with ASX;
- (e) the highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Supplementary Prospectus with the ASIC; and
- (f) those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

2. INDICATIVE TIMETABLE

The Indicative Timetable in Section 2.1 of the Prospectus is amended as follows to reflect the extension of the Closing Date:

2.1 Timetable

Action	Date
Lodgement of the Prospectus with the ASIC and ASX	Wednesday, 29 November 2017
Opening Date	Wednesday, 29 November 2017

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

Lodgement of this Supplementary Prospectus with the ASIC and ASX	6 December 2017
Closing Date*	12 December 2017

* The Directors reserve the right to bring forward or extend the Closing Date at any time without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

3. CAPITAL STRUCTURE

Section 4.2 of the Prospectus is amended as follows to reflect the completed issue of Shares and New Options pursuant to the Placement:

Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares	Number (assuming Placement is fully subscribed)	Number assuming oversubscriptions are all accepted under the Placement
Shares currently on issue ^{1,2,3}	516,085,639	516,085,639
Shares issued under the Placement	17,777,778	22,222,222
Shares offered pursuant to the Offer ⁴	20,000	20,000
Total Shares	533,883,417	538,327,861

Notes:

¹ 101,978,820 of these Shares are escrowed until 20 September 2018 and 414,106,819 are not subject to any escrow period.

² This includes the exercise of 6,554,888 Options on 29 November 2017, the exercise of 1,941,667 Options on 1 December 2017 and the exercise of 2,462,963 Options on 4 December 2017.

³ This includes the issue of 1,711,111 shares to Directors in lieu of director fees per resolutions 9-11 detailed in the Notice of Annual General Meeting held on 29 November 2017.

⁴ This assumes the Offer is fully subscribed.

Options	Number (assuming Placement is fully subscribed)	Number assuming oversubscriptions are all accepted under the Placement
Unquoted; exercise price \$0.10 each; expiry date 30 June 2020	200,000,000	200,000,000

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

Unquoted; exercise price \$0.125; expiry date 27 February 2020	5,000,000	5,000,000
Unquoted; exercise price \$0.05; expiry date 31 March 2020 ¹	6,811,110	6,811,110
New Options unquoted; exercise price \$0.25; expiry date 31 May 2019 to be issued under the Placement	4,444,444	5,555,556
Facilitator Options unquoted; exercise price \$0.25; expiry date 31 May 2019 to be issued under the Placement	14,400,000	14,400,000
Total Options on issue	230,655,554	231,766,666

Notes:

¹ This includes the issue of 855,555 options to Directors in lieu of director fees per resolutions 9-11 detailed in the Notice of Annual General Meeting held on 29 November 2017.

² Refer to Section 4 of this Supplementary Prospectus for full terms of the New Options.

4. RIGHTS ATTACHING NEW OPTIONS

Additional Section 5A is to be included in the Prospectus to set out the terms of the New Options.

5A RIGHTS ATTACHING TO NEW OPTIONS

The following is a summary of the terms and conditions attaching to the New Options.

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 31 May 2019 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued Shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are not transferable without consent of the Board.

(m) **Unquoted**

The Company will not apply for quotation of the New Options.

5. FINANCIAL EFFECT OF THE OFFER AND THE PLACEMENT

Section 4.3 of the Prospectus is amended to include the revised unaudited pro forma consolidated statements of financial position of the Company as a result of the effect of the Placement (assuming full subscription and all oversubscriptions are accepted). This has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position resulting from the November Conversion, the Placement and the Offer (including expenses of the Offer) and assumes no further Shares are issued (including by way of exercise of Options).

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The significant accounting policies upon which the consolidated statement of financial position and the pro forma consolidated statements of financial position are based are contained in the audited financial report for the year ended 30 June 2017.

	Consolidated Audited 30-Jun-17	Consolidated Pro Forma 30-Jun-17 (assuming Placement is fully subscribed)	Consolidated Pro Forma 30-Jun-17 (assuming all oversubscriptions are accepted under the Placement)
Current Assets			
Cash and cash equivalent (note i)	549,855	5,044,836	5,981,920
Trade and other receivables	330,765	330,765	330,765
Restricted cash and other deposits	199,233	199,233	199,233
Total Current Assets	<u>1,079,853</u>	<u>5,574,834</u>	<u>6,511,918</u>
Non-Current Assets			
Property, plant and equipment	6,150	6,150	6,150
Deferred exploration and evaluation expenditure	21,532,875	21,532,875	21,532,875
Restricted cash and other deposits	252,298	252,298	252,298
Total Non-Current Assets	<u>21,791,323</u>	<u>21,791,323</u>	<u>21,791,323</u>
Total Assets	<u>22,871,176</u>	<u>27,366,157</u>	<u>28,303,241</u>
Current Liabilities			

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

Trade and other payables (note iii)	(523,484)	(446,484)	(446,484)
Total Current Liabilities	(523,484)	(446,484)	(446,484)
Net Assets	22,347,692	26,919,673	27,856,757
Issued capital (note ii)	8,771,321	13,343,302	14,280,386
Reserves	4,634,653	4,634,653	4,634,653
Accumulated losses	8,941,718	8,941,718	8,941,718
Net Assets	22,347,692	26,919,673	27,856,757

Notes to the Pro-Forma Balance Sheet table above:

Note (i) – Cash and cash equivalent	\$ (assuming Placement is fully subscribed)	\$ (assuming all oversubscriptions are accepted under the Placement)
Per audited balance sheet as at 30 June 2017	549,855	549,855
Capital raised from issue of Shares under the Offer and Placement	4,002,400	5,002,400
Shares issued under conversion of Options (exercise price \$0.05; expiry date 31 March 2020)	397,976	397,976
Shares issued under conversion of Options (exercise price \$0.125; expiry date 27 February 2020)	375,000	375,000
Costs associated with the Offer and the Placement	(280,395)	(343,311)
Per Pro-Forma balance sheet as at 30 June 2017	5,044,836	5,981,920

Note (ii) – Issued capital	\$ (assuming Placement is fully subscribed)	\$ (assuming all oversubscriptions are accepted under the Placement)
Per audited balance sheet as at 30 June 2017	8,771,321	8,771,321

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

Issue of Shares under the Offer	2,400	2,400
Issue of Shares under the Placement	4,000,000	5,000,000
Shares issued under conversion of Options (exercise price \$0.05; expiry date 31 March 2020)	397,976	397,976
Shares issued under conversion of Options (exercise price \$0.125; expiry date 27 February 2020)	375,000	375,000
Costs associated with the Offer and the Placement	(280,395)	(343,311)
Issue of Shares to Directors in lieu of Directors Fees (per resolutions 9-11 in the Notice of Annual General Meeting held on 29 November 2017)	77,000	77,000
Per Pro-Forma balance sheet as at 30 June 2017	13,343,302	14,280,386

Note (iii) – Trade and other payables	\$ (assuming Placement is fully subscribed)	\$ (assuming all oversubscriptions are accepted under the Placement)
Per audited balance sheet as at 30 June 2017	523,484	523,484
Issue of Shares to Directors in lieu of Directors Fees (per resolutions 9-11 in the Notice of Annual General Meeting held on 29 November 2017)	(77,000)	(77,000)
Per Pro-Forma balance sheet as at 30 June 2017	446,484	446,484

6. CONTINUOUS DISCLOSURE OBLIGATIONS

The table in Section 7.2 of the Prospectus is amended as follows to reflect the details of documents recently lodged with ASX since the lodgement of the Prospectus dated 29 November 2017:

Announcements released under ASX Code: EUR	
Date	Description of Announcement
06/12/2017	Capital Raising at 40% Premium to 15 day VWAP
05/12/2017	Trading Halt
05/12/2017	Appendix 3B

This Supplementary Prospectus is intended to be read with the Prospectus dated 29 November 2017 issued by European Lithium Limited (ACN 141 450 624)

04/12/2017	Change in substantial holding from CFE + Dempsey Resources
01/12/2017	Appendix 3Y - Tony Sage
01/12/2017	Appendix 3B
29/11/2017	Appendix 3Y - Malcolm Day
29/11/2017	Appendix 3Y - Tony Sage
29/11/2017	Appendix 3B
29/11/2017	Cleansing Prospectus

7. MARKET PRICE OF SHARES

The table in Section 7.3 of the Prospectus is amended as follows to reflect corrections to the highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Supplementary Prospectus with the ASIC:

	Price	Date
Highest	\$0.29	04 December 2017
Lowest	\$0.043	14 September 2017
Last	\$0.29	04 December 2017

8. DETAILS OF SUBSTANTIAL HOLDERS

Section 7.4 of the Prospectus is amended as follows to reflect recent changes to the holdings of persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue:

Details of substantial holders

As at the date of this Supplementary Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
JP Morgan Nominees Australia	112,645,881	21.10
Dempsey Resources Pty Ltd / Cape Lambert Resources Limited ¹	65,483,920	12.27
Exchange Minerals Limited	41,138,140	7.71

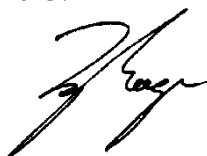
Notes:

¹ Dempsey Resources Pty Ltd / Cape Lambert Resources Limited sold 975,000 shares on 5 December 2017. No updated substantial holder notice was required to be released.

9. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Supplementary Prospectus with the ASIC.



Tony Sage
Non-Executive Chairman
For and on behalf of
European Lithium Limited

Note: All other details in relation to the terms of the Offer and other matters under the Prospectus remain unchanged.