

15 March 2019

WOLFSBERG LITHIUM PROJECT DFS UPDATE

HIGHLIGHTS

- **European Lithium to participate in a €1,000,000,000 battery production funding programme launched by the German Ministry of Economy**
- **European Lithium in advanced-stage discussions regarding offtake agreements**
- **Dorfner Anzaplan to complete pilot processing plant on schedule and will soon commence metallurgical testwork**
- **European Lithium enters into discussions with several European banks to secure project financing**

European Lithium Limited (ASX: **EUR**)(FRA: **PF8**)(VSE: **ELI**)(NEX: **EUR**) (**European Lithium** or the **Company**) is pleased to provide a comprehensive update on its advanced Wolfsberg Lithium Project (**Wolfsberg Project**), in Austria.

€1,000,000,000 funding programme by the German Federal Ministry of Economy (BMWi)

European Lithium is part of a syndicate applying for funds from a grants programme launched by BMWi to ramp up battery production in Germany. This syndicate comprises numerous acclaimed industry players and must include partners from at least two EU states to meet the relevant tender criteria. Thanks to the lithium resources mined and produced in Austria, this syndicate will be able to represent the entire value chain within Europe, while still fully complying with the highest environmental standards. Considering that sustainability requirements throughout the entire production process are steadily increasing, this is an invaluable advantage for all the companies involved. The anticipate the application documents will be filed with the authorities today.

Advanced-stage discussions regarding offtake agreements

The Company is in advanced stages of discussion with several European companies regarding the completion of long-term offtake agreements. Some of these companies are members of the aforementioned syndicate.

The credit ratings of potential offtake partners, the funding expected through the BMWi syndicate as well as other grants (such as those available to companies that are involved in job creation within the structurally disadvantaged province of Carinthia) should positively impact the NPV calculated in the preliminary feasibility study (**PFS**) dated 27 April 2018 which was completed independently by SRK. The Company anticipates the refinance costs of 8%, as outlined in the PFS, will be substantially reduced on account of the aforementioned subsidies.

Dorfner Anzaplan pilot plant and metallurgical testwork

In addition to a large number of customary drill samples, the Wolfsberg Project already has an established exploration mine that was originally built by the Austrian government in the 1980s. A trial mining operation to extract approximately 1,500 tonnes of pegmatite ore from the Wolfsberg Project was completed in 2013 and provides the Company a unique advantage as material is readily available for use to define the ultimate refining process of lithium carbonate and lithium hydroxide products at this early stage in the projects development. As this step usually only occurs after production starts it can lead to a substantial reduction of productivity in the first few months of a mines productive life.

European Lithium has retained Dorfner Anzaplan GmbH (**Dorfner**), a company based in Germany, to develop the lithium refining process. For this purpose, Dorfner is currently building a pilot plant. With this pilot plant, Dorfner will be engineering and defining the lithium refining process in the forthcoming months.



Based on these results, European Lithium will be in a strong position to manufacture premium-quality lithium products right from the very beginning and represents a significant advantage not only for the Company itself, but also for its future offtake partners.

In the interest of all partners and stakeholders, these results will be incorporated into the definitive feasibility study (**DFS**); as a result, the completion of this study will depend on the completion of these activities. Where appropriate, any independent partial results of the DFS may be announced earlier. Based on current information, this will have no impact on the expected start of production (late 2021/early 2022) as the relevant preparations are already underway and undertaken in parallel to the DFS.

Project financing

In addition to the aforementioned grants and subsidies, the Company anticipate most of the financing for the project will be secured through non-equity funding/debt capital structures. European Lithium is already engaged in negotiations with banks experienced in this field. Furthermore, the Company will be in a position to leverage the BMWi funding programme and the commitment expressed by future offtake partners to qualify for financing schemes such as

those provided by state owned development bank, KfW or the European Union investment arm, European Investment Bank (**EIB**), with whom the Company's representatives have already established a working relationship.

European Lithium's Chairman, Tony Sage, said "We are progressing full steam ahead and it is our strong belief that our Wolfsberg project will be the first local producer of lithium hydroxide in Europe".

European Lithium's Non-Executive Director, Stefan Müller, said "The current developments are a testament to the quality of our project. The great interest and support expressed by industry, capital markets as well as local and European political members highlight the unique selling propositions of the Wolfsberg Project. With lithium from the Wolfsberg project located in Carinthia positioned at the very start of the value chain, our future industry partners will be the only ones in the near-term that are able to boast an entirely European solution for battery production, and complying with the most demanding global standards in terms of a fully sustainable production cycle, from mine to battery."

Tony Sage
Non-Executive Chairman
European Lithium Limited

- END -

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

For further information please contact:

European Lithium Ltd
Investor Relations

+61 861 819 792
ir@europeanlithium.com

NEX Corporate Adviser
James Joyce
James Sinclair-Ford

+44 207 220 1666