

30 July 2019

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 30 JUNE 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 30 June 2019.

SUMMARY OF KEY UPDATES

- Dorfner/Anzaplan has commissioned the pilot plant and conducts metallurgical test work and pilot processing
- Summer drilling program ongoing with drill rigs operating onsite to convert JORC resource Inferred into Measured and Indicated category and upgrade resources to 10.98mt

CORPORATE MATTERS

Placement

On 10 May 2019, the Company announced that it would be undertaking a placement, mainly to European based sophisticated investors, at an issue price of \$0.09 per share to raise proceeds of up to €1.5million (before expenses) (**Placement**).

During the quarter, the Company issued 18.2m shares to raise cash proceeds of \$1,638,000 (before expenses).

The Company will keep the placement open to allow institutional investors an opportunity to participate given the summer holiday period in Europe.

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.

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 300,000 notes. As at 30 June 2019, Magna had 688,042 convertible notes remaining.

Capital Movements

During the quarter, the Company issued the following securities:

- 23 April 2019 – 3,378,545 shares issued to Magna upon conversion of 200,000 convertible notes
- 10 May 2019 – 3,500,000 shares issued pursuant to the Placement
- 16 May 2019 – 2,500,000 shares issued pursuant to the Placement
- 22 May 2019 – 2,000,000 shares issued pursuant to the Placement
- 30 May 2019 – 2,000,000 shares issued pursuant to the Placement
- 31 May 2019 – 8,705,556 unlisted options exercisable at \$0.25 each expired and 11,250,000 unlisted options exercisable at \$0.15 each expired
- 5 June 2019 – 992,064 shares issued to Magna upon conversion of 50,000 convertible notes and 4,500,000 shares issued pursuant to the Placement
- 11 June 2019 – 1,200,000 shares issued pursuant to the Placement
- 21 June 2019 – 1,005,117 shares issued to Magna upon conversion of 50,000 convertible notes
- 25 June 2019 – 2,500,000 shares issued pursuant to the Placement

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 April 2019 to 30 June 2019.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

Drilling

Initial drilling samples are currently being assayed at ALS laboratory in Dublin, Ireland where crushing, pulp and Li₂O analysis will be completed. The Company expects results from phase 1 drilling in Q3, 2019.

Applications for additional deep holes (>300m depth, phase 2) were lodged with the relevant authorities during the quarter. Approval is expected to be received in Q3, 2019 after completion of phase 1 shallow drill program.

Definitive Feasibility Study (DFS)

Results from phase 1 of the summer drilling program (shallow holes <300m depth in Zone 1) are expected to convert 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.

SRK Consulting (**SRK**) has started to work on the optimized mine design and increased declaration of mineral reserves, based on the PFS and current drilling program results when the

data become available.

During the 2nd quarter, Dorfner/Anzaplan commissioned the pilot testing plant and continued 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.

DRA Global is independently assessing and reviewing the metallurgical test work to complete the research in a timely manner.

The company reported on 23 May 2019 interim test results titled "Metallurgical Testwork Milestone" concerning the Sensor Based Sorting tests have been completed in high quality outcome and well ahead of schedule.

Hydrogeology

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

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

All hydrogeological data is stored and secured into the Company database.

Also, preparation work together with SRK, the drilling contractor Geops and geological consultant, GEO Unterweissacher, have started to ensure in-hole hydrogeological test work can commence in near future.

Environmental

No environmental work has been carried out in Q2/2019, due to the snow coverage during the European winter period.

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

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 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 Q2 2019 has been a site-visit at the Wolfsberg Mine and Exploration area conducted by the project's leader group. Additional paper with scope of work are due to be lodged in Q3 2019.

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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(903)	(4,580)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(1)
(e) administration and corporate costs	(204)	(1,339)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	34
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	(102)	(441)
- Overseas listing fees	(16)	(216)
- Grants	65	65
1.9 Net cash from / (used in) operating activities	(1,158)	(6,478)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(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	-	293
2.6	Net cash from / (used in) investing activities	-	293

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,638	1,638
3.2	Proceeds from issue of convertible notes	-	2,500
3.3	Proceeds from exercise of share options	-	100
3.4	Transaction costs related to issues of shares, convertible notes or options	(18)	(100)
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	1,620	4,138

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	741	3,258
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,158)	(6,478)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	293
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,620	4,138
4.5	Effect of movement in exchange rates on cash held	(3)	(11)
4.6	Cash and cash equivalents at end of period	1,200	1,200

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	289	148
5.2	Call deposits	911	593
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)	1,200	741

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

52

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Director Fees paid to Directors (inclusive of GST)
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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	73
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	

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 business related travel and other expenses.

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	(1,848)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(453)
9.7 Total estimated cash outflows	1,670*

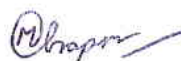
* This is an estimate of the total cash outflows of the Company for the next quarter and does not take into account any anticipated cash inflows.

Mining exploration entity and oil and gas exploration entity quarterly report

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:30 July 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.