

European Lithium Limited

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EANS-News: European Lithium Limited / NOTICE UNDER SECTIONS 708A(5)(E) AND 708A(12C)(E) (AS NOTIONALLY INSERTED BY ASIC CORPORATIONS (SALE OFFERS: SECURITIES ISSUED ON CONVERSION OF CONVERTIBLE NOTES) - ATTACHMENT

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INSTRUMENT 2016/82) OF THE CORPORATIONS ACT 2001 (CTH)

Capital Measures

West Leederville - 1. Background

On 31 July 2019 European Lithium Limited (Company) announced a \$10 million funding facility with Winance Investment LLC.

The Company has elected to draw down on the facility and following this notice will issue 2,000 convertible notes (each with a face value of \$1,000) (Convertible Notes) to Winance Investment LLC. The Convertible Notes are issued without disclosure.

This notice is given under 708A(12C)(e) of the Act (as notionally inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82) (ASIC Instrument) and will allow Shares issued by the Company upon conversion of the Convertible Notes to be quoted on ASX and offered for sale without disclosure.

This notice sets out the following:

(a) In relation to the issue of the Convertible Notes:

- (i) the effect of the issue on the Company;
- (ii) a summary of the rights and liabilities attaching to the Convertible Notes;
- (iii) a summary of the rights and liabilities attaching to the shares to be issued on conversion of the Convertible Notes.

(b) Any information that:

- (i) has been excluded from a continuous disclosure notice given in accordance with the ASX Listing Rules;
- (ii) is information that investors and their professional advisors would reasonably require to make an informed assessment of:
 - (A) the assets, liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and

(c) Any other information relating to the Company's status as a disclosing entity and which certain documents may be obtained.

2. Effect of the issue of the Convertible Note on the Company

The Convertible Notes were issued under a convertible security agreement (Agreement) with Winance Investment LLC (Winance) announced to ASX on 31 July 2019 under which Winance will subscribe for convertible securities issued by the Company with a total face value of up to A\$10 million (Convertible Notes) over the term of the facility.

Funds raised under the Agreement will be used to repay the residual amount owing to MEF I, L.P. (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 facility is available through 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.

The principle effects of the issue are to:

- (a) increase the Company's cash reserves by \$1,840,000 (after costs);
- (b) increase the number of convertible notes on issue by 2,000;
- (c) increase the Company's indebtedness by \$2,000,000;
- (d) in the event the Convertible Notes are converted, increase the number of fully paid ordinary shares on issue by that number determined by the then prevailing share price, with maximum number of 36,363,636 Shares issued.

The Company's capital structure following the issue will be as follows:

Shares: 593,158,210

Options exercisable at \$0.10 each on or before 30 June 2020: 199,000,000

Options exercisable at \$0.125 each on or before 27 February 2020: 2,000,000

Options exercisable at \$0.05 each on or before 31 March 2020: 2,394,444

Options exercisable at \$0.20 each on or before 11 December 2021: 2,500,000

Convertible notes (in accordance with the terms announced 7 September 2018): 538,042

The number of Shares to be issued on conversion is determined by the then prevailing price at which Shares trade on ASX. The maximum number of Shares that can be issued upon conversion is 36,363,636, assuming conversion at the floor price of \$0.055.

Please see the full announcement and appendix in the document attached.

Further inquiry note:

info@europeanlithium.com

end of announcement

euro adhoc

Attachments with Announcement:

<http://resources.euroadhoc.com/documents/10207074/5/10359760/1/1974795.pdf>

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