

European Lithium Limited

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EANS-Adhoc: European Lithium Limited / DJ European Lithium Limited Facility Drawdown and Board Changes

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Capital Measures
05.03.2020

West Leederville - EUROPEAN LITHIUM DRAWS AUD\$2M FROM EXISTING FACILITY

The Board of European Lithium Limited (ASX: EUR, FRA: PF8, VSE: ELI, NEX: EUR) (the Company) advises that it has agreed to drawdown a further AUD\$2m from its existing finance facility with Winance Investment LLC (Winance) (Finance Facility).

The terms of the Finance Facility were first announced to ASX on 31 July 2019 and the details were set out in the Company's 2019 notice of annual general meeting. There have not been any material changes to the terms of the Finance Facility.

Funds received under the drawdown will be used to progress the Company's definitive feasibility study on its Wolfsberg lithium project (anticipated to be \$1,565,000 in the forthcoming quarter) and for general working capital (anticipated to be \$435,000 in the forthcoming quarter). The Company intends to repay notes issued under the drawdown through either conversion and/or further equity and/or debt raisings.

The drawdown is independent of debt funding introduced by H120 AG (in corporation) late last year (refer ASX announcement 30 December 2019). The Company has yet to draw on the H120 AG loan as outstanding security issues relating to the loan require finalisation. We have been informed that a legal advisor in Australia has been appointed to complete the security agreement, and that it is intended that drawdown will be due within the next months.

Commenting on the drawdown, Waqas Ibrahim, CFO of Winance, said "Winance's commitment towards European Lithium and belief in the Wolfsberg project has been substantiated by the independent analysis and studies conducted recently. Winance is entirely satisfied in the development of the project and adept strategies implemented by management. Winance has decided to extend our support to European Lithium and provided reasonable assurance to the management that Winance is still holding the majority of the shares resulting from the conversion of the first tranche."

The drawdown is occurring by way of issue of 2,000 convertible notes to Winance. The notes convert to fully paid ordinary shares using a price determined by reference to the Company's then prevailing market price, with a floor price of \$0.055 per share (subject to adjustment in the event of a capital restructure). As a result the maximum number of shares that may be issued on conversion of the notes is 36,363,636 shares.

The issue is made using the Company's existing capacity under Listing Rule 7.1 and without shareholder approval. To facilitate the drawdown and prior to agreeing it, the Company and H120 AG varied the agreement between them (announced 30 December 2019) by relieving the Company of its obligation to issue 2 million options (\$0.10 expiring 30 June 2020) and 30 million options (\$0.15 expiring 30 December 2020).

Board Changes

The Company is pleased to advise that Mr Tim Turner is appointed as a Non-Executive Director of the Company to commence on 4 March 2020.

Mr Turner is the senior partner of accounting and advisory Firm, HTG Partners. Mr Turner heads the audit and assurance division and is responsible for the issue of audit opinions for self-managed superannuation funds through to full reporting entities. He also has in excess of 30 years' experience in business development, structuring and general business consultancy.

Mr Turner has a Bachelor of Business Degree (Accounting), is a Registered Company, SMSF and Organisation Auditor, and a Chartered Tax Advisor.

Mr Turner also sits on the Board of Cape Lambert Resources Limited (ASX: CFE).

A further announcement containing the relevant disclosures under Appendix 1, Table A, paragraph 5.1.2 of the NEX Exchange Growth Market Rules for Issuers will be made in due course.

Mr Stefan Müller has resigned and the Board would like to take this opportunity to thank Stefan for his service to the Company since his appointment.

On the board changes, Tony Sage, Chairman, commented "We're extremely pleased to have Tim join us and look forward to welcoming him to our board. Tim has many years' experience on listed company boards and has strong industry knowledge."

"I would like to express my gratitude to Stefan for his work and commitment to the Company, particularly in respect to the Company's exposure in the German and Austrian markets."

This announcement has been authorised for release by Mr Tony Sage, European Lithiums Non-Executive Chairman.

The full ASX announcement can be seen at: <https://www.asx.com.au/asx/share-price-research/company/EUR>

Tony Sage
Non-Executive Chairman

About Winance

Founded by Cristina Nine, Winance is an independent global firm specialized in corporate financing. Creative and dedicated, we focus on small and mid-sized listed companies to help them secure funding needed for their growth. Winance sees itself as a non-invasive and passive investor, acting in the best interest of its portfolio companies and their shareholders. We are offering the possibility to renew contractual arrangements at our client's request in an easy and uncomplicated manner.

We bring significant resources and credibility and maintain a long-standing commitment to our principal values of honesty, integrity, and loyalty. We deliver an appealing performance to our partners through traditional and inventive financing products, ensuring to stay at forefront of the ever-evolving industry.

Winance worked on the European Lithium transaction with Kapital Global, Kapital Global is Winance's exclusive and strategic partner for Australia, collectively we focus on ASX listed and private opportunities in other geographies.

Kapital Global is an advisory firm based in the UAE. Lead by Kapil Singh, Kapital Global focuses on markets in MENA, Western Europe, Australia, North & South America.

Reinstatement to Official Quotation

The suspension of trading in the securities of European Lithium Limited ('EUR') will be lifted immediately, following the release by EUR of an announcement regarding a funding update and board changes.

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Further inquiry note:

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end of announcement

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