

19 April 2022

POSITIVE INTERIM NPV₆ OF A\$862 MILLION SHOWS WOLFSBERG LITHIUM PROJECT IS VERY ROBUST**Highlights**

- **Accelerated case NPV₆ A\$862 million, based on the Measured and Indicated resource of 9.7 million tonnes at 1% Li₂O;**
- **Lithium Hydroxide production approx. 10,500tpa in accelerated case, based on current and advanced Definitive Feasibility Study (DFS) work;**
- **Lithium hydroxide price of US\$26,800/t;**
- **Mining rate of about 770,000tpa, life of mine, based on current and advanced DFS work;**
- **Robust NPV paves way for DRA to complete a DFS in Quarter 3, 2022;**
- **The Company aims to be the first local lithium supplier into an integrated European battery supply chain;**

European Lithium Limited (ASX: **EUR**, FRA: **PF8**, OTC: **EULIF**) (**EUR** or the **Company**) is pleased to advise that it has received an interim NPV₆ calculation on its 100% owned Wolfsberg Lithium Project (**Wolfsberg Project**) in Austria, confirming a very robust project and paving the way to complete a DFS in Q3 of 2022 for production of the critical commodity, lithium, for the benefit of Europe.

Tony Sage, Chairman, commented: "Calculation of a positive interim NPV provides confidence in the future commercialisation of the Wolfsberg Project that comes during a buoyant market for lithium and increased urgency for decisive action to accelerate the green energy transition, specifically in Europe".

Summary of interim NPV calculation and final DFS timing

Due to lengthy delays caused in large part by COVID19 travel restrictions and more recently the Ukraine conflict, the Company regrets to advise the delayed completion of the final DFS, which is now anticipated in the third quarter of 2022. As a result, the Company asked DRA, who is undertaking the DFS, to provide an interim NPV₆ calculation (having regard to the work done to date and the assumptions set out below).

DRA provided the interim production target and NPV₆ using the following assumptions and based on the Pre-feasibility Study (**PFS**) financial model finalised by DRA in 2018 (see the Company's ASX announcement dated 5 April 2018):

- Increase of 20% in Capex (being US\$508.32 million);
- Increase of 20% of Opex;
- Debt 60% Equity 40% for Capex;
- Interest rate of 6%;

- New resource number of 9.7mt (see the Company's ASX announcement dated 1 December 2021);
- The 10,500tpa Lithium hydroxide production is an outcome of detailed mechanical and chemical process flow based on completed complex pilot plant test work as an essential part of the ongoing DFS studies and advanced engineering work to deploy this process on an industrial scale; and
- The mining rate of 770,000tpa is an outcome of the ongoing and advanced mine planning and scheduling work as shown in updated layout plan and isometric view below.

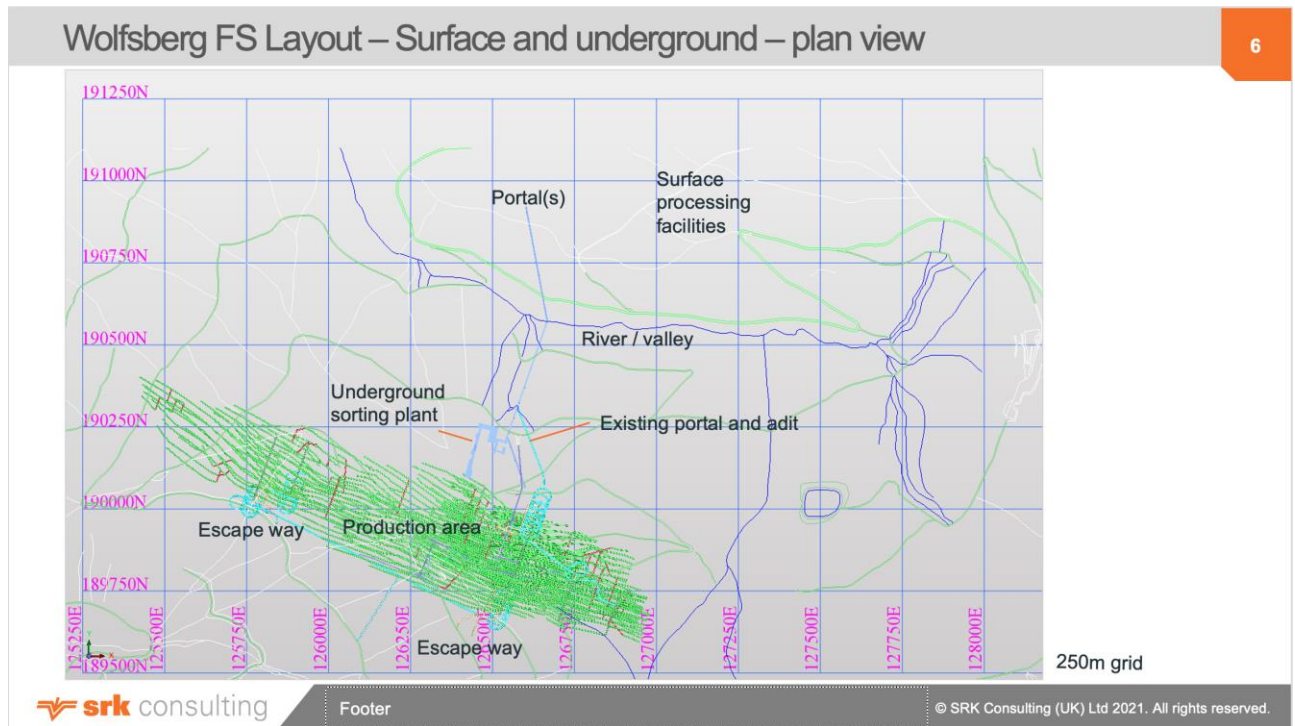


Figure 1: Draft DFS Layout - Surface & Underground - plan view

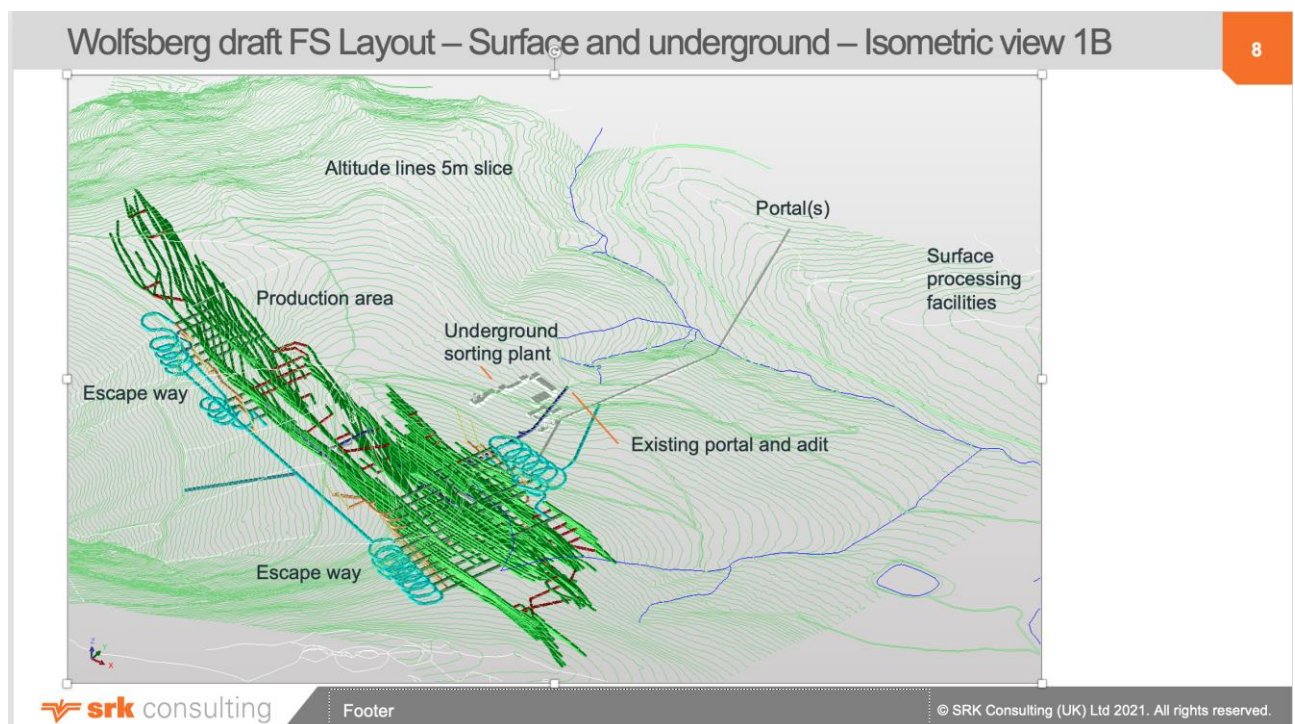


Figure 2: Draft DFS Layout - Surface & Underground - isometric view

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The Company expects to achieve a maximum of 20 years Life of Mine (LOM) when the underground development has commenced as shown in the draft production schedule below.

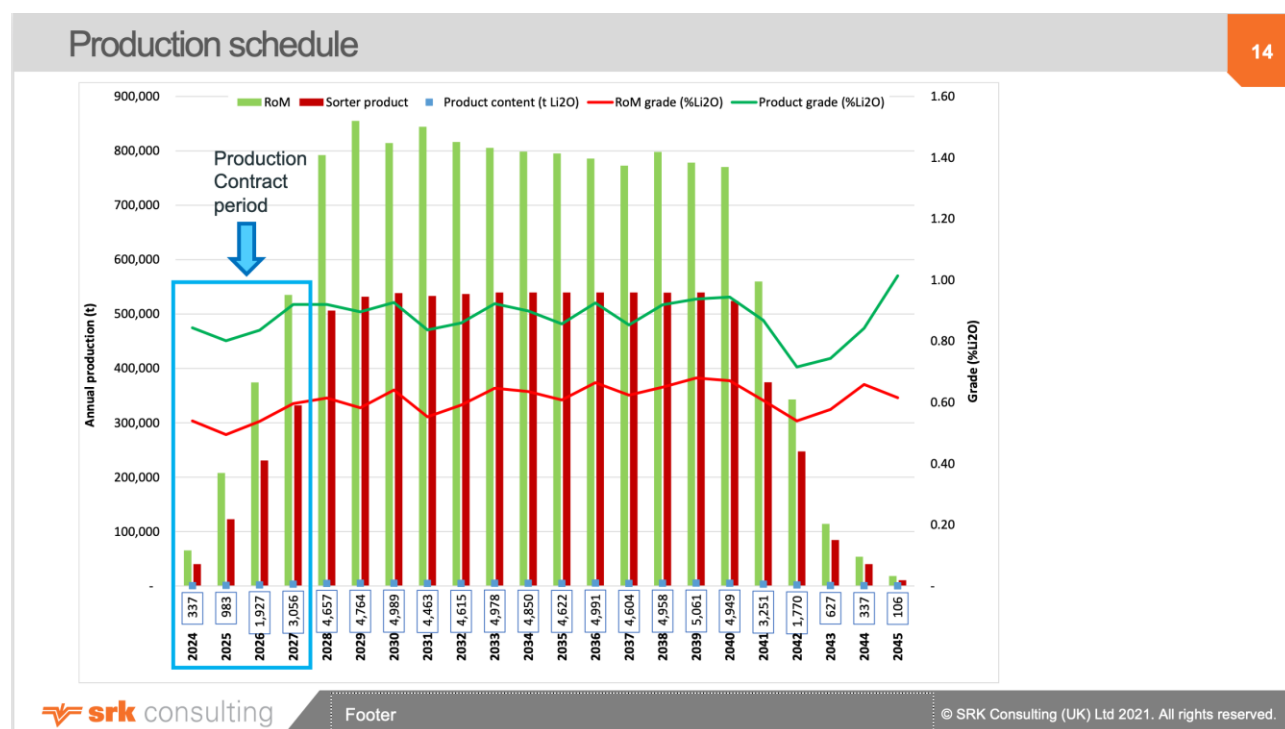


Figure 3: Draft DFS Production Schedule

The pre-tax NPV₆ for the Accelerated case is A\$862 million (applying an exchange rate of US\$0.7471:A\$1).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the 1 December 2021 announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Production Targets

The production targets and the forecast financial information derived from those production targets referred to in this announcement are based on 100% Measured (44%) and Indicated (56%) JORC (2012) Mineral Resource Estimates (see the Company's ASX announcement dated 1 December 2021). A significant proportion of the production was based on previously defined Measured and Indicated Resources. No new Ore Reserves have been declared as part of this Interim production target and NPV₆. The Mineral Resource Estimates underpinning the production targets were previously prepared by a Competent Person in accordance with the JORC Code 2012 (see the Company's ASX announcement dated 1 December 2021).

Definitive Feasibility Study

The DFS is led by DRA Global who integrated the work of third party consultants and information provided by the Company. Areas of responsibility were as follows:

DRA Global - DFS lead and integration, process and infrastructure engineering, capital and operating cost estimates for process and infrastructure, construction planning and financial modelling

Dorfner Anzuplan - Metallurgical testwork in support of DRA process engineering

SRK Consulting - Mining engineering and mine capital and operating cost estimates, geotechnical engineering, hydrogeology, ore reserves

Paterson & Cooke - Tailings Design with capital and operating cost estimate

Umweltbüro – Environmental study

Benchmark Minerals Intelligence – Data for marketing studies, lithium carbonate/hydroxide

Orykton Consulting - Marketing study spodumene and by-products

The Company and DRA expect the DFS to be completed in Quarter Three of 2022.

Cautionary Statement

In accordance with the ASX Interim Guidance on reporting studies, the interim production target and NPV₆ referred to in this announcement is a preliminary technical and economic study of the potential viability of the Wolfsberg Lithium Project whilst the Company completes a definitive study. It is based on low level technical and economic assessment that are not sufficient to support the estimation of Ore Reserves beyond Measured and Indicated Resources referred to in the Company's ASX Announcement dated 1 December 2021. Further evaluation work and appropriate studies are required before the Company will be in a position to provide any assurance of an economic development case.

The interim production target and NPV₆ is based on the material assumptions outlined elsewhere in this announcement and those set out in the Company's ASX Announcements dated 5 April 2018 and 1 December 2021. While the Company considers all material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Interim production target and NPV₆ will be achieved.

To achieve the range of proposed feasibility studies and potential mine development outcomes indicated in the Interim production target and NPV₆, project funding will be required. Investors should note there is no certainty that the Company will be able to raise funding when needed. It is also likely that such funding may only be available on terms that may be dilutive or otherwise affect the value of the Company's existing shares. It is also possible that the Company could pursue other value realisation studies such as sale, partial sale, or joint venture of the Project. If it does, this could materially reduce the Company's proportional ownership of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the result of the Interim production target and NPV₆.

Disclaimer

This announcement contains "forward-looking information" that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to this Interim production target and NPV₆, the Pre-Feasibility Study (PFS)¹, the Company's business strategy, plan, development, objectives, performance, outlook, growth, cashflow, projections, targets and expectations, mineral resources, ore reserves, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-

¹ See ASX announcement 5 April 2018

looking terminology such as, 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend',

'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

The Company believes the forward-looking information in this announcement is based on reasonable grounds having regard to the fact all production targets and forecast financial information are underpinned by 100% Measured (44%) and Indicated (56%) JORC (2012) Mineral Resource Estimates (see the Company's announced made 1 December 2022) and, although incomplete, the work undertaken by DRA to date on the DFS. However, neither the Company nor any other person makes or gives any representation, assurance or guarantee that the production targets or expected outcomes in this announcement will ultimately be achieved. The forward-looking information in this announcement is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such risks include but are not limited to future prices and demand of iron and other metals; foreign exchange rates; availability of funding; results of further optimisation activities (including further exploration and metallurgical work); changes in project parameters as plans continue to be refined; failure of plant; equipment or processes to operate as anticipated; possible variations of ore grade or recovery rates; accident, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities and general business, economic, competitive, political and social uncertainties.

A number of key steps need to be completed in order to achieve the expansion scenarios detailed in this Interim production target and NPV₆. Investors should note that if there are delays associated with completing these steps, or completion of the steps does not yield the anticipated results, the actual estimated production and forecast financial information may differ materially from the Interim production target and NPV₆ results presented in this announcement.

These risks are not exhaustive of the factors that may affect or impact future results. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to revise any forward-looking statements whether as a result of new information, estimates, options, events or results or otherwise, unless required to do so by law.

Wolfsberg Project Description and Location

The Wolfsberg Project mine and concentrator site is located 20km east of Wolfsberg and the hydrometallurgical plant located just to the south of Wolfsberg close to the A2 motorway and the natural gas transmission pipeline that follows the motorway. Wolfsberg is a town of approximately 25,000 inhabitants with a growing light industrial sector. There will be no requirement for the project to provide accommodation or social infrastructure. Austria has a mining tradition with an established mining university in Leoben, 93km from Wolfsberg, that currently has 3,000 students. Technical skill levels to support the Project are high. The Baltic to Adriatic rail corridor will pass just to the south of Wolfsberg on completion of the Koralm tunnel in 2025. The Project will be well located with good access to Europe's motorway and rail

infrastructure to distribute lithium hydroxide to the lithium battery plants in construction or planning in northern Europe and by-products to regional industry

Figure 1: Wolfsberg Lithium Project Location



Mineral Resources

The current resources at Wolfsberg are shown in Table 2 and was first announced to ASX on 1 December 2021.

The mine design for this DFS is based on using only the Measured and Indicated resource of 9.74 million tonnes at 1% Li_2O . Vein thickness and Li_2O grade are of paramount importance and a semi-3D modelling approach is appropriate. Modelling was done in Surpac. Interpolation parameters are derived from variograph analysis. The block dimension of the model is 25m x 25m with variable thickness. Measured resources are stated for the veins immediately above and below the underground workings that visibly show continuity to the extent of the underground drilling which results in profiles at 50m along strike. Indicated resources are stated for the main cross sections where there are at least three drill holes not more than 50m apart. No Li_2O cut off was applied as previous work indicated 74% of the pegmatite reported to saleable product and there were very limited zones of lower grade material.

Table 2: Mineral Resource

Category	Tonnage (Mt)	Grade (%Li ₂ O)
Measured	4.31	1.13
Indicated	5.43	0.95
Total (M+I)	9.74	1.03
Inferred	3.14	0.90
Total (M+I+I)	12.88	1.00

The resource comprises multiple parallel lithium bearing pegmatite veins dipping at about 60° as shown in Figure 2. The veins vary in thickness with the maximum width recorded at 5.5m but with an average of 1.4m. The historical underground development showed that there was good continuity of the veins along strike. Fifteen of the veins were considered to have economic potential and were included in the mine design.

Infrastructure

The mine site is accessed via an existing surfaced road from Wolfsberg (18km) and the current forest road (2km) will need to be surfaced. No camp facilities are required as personnel during construction and operations will house themselves in Wolfsberg and other nearby towns.

The power requirement at mine site is 13MW and this will be provided by the local utility, Kelag, via an underground cable from the Wolfsberg substation. The hydrometallurgical plant requires 11.5MW and this will be supplied from nearby power lines.

The hydrometallurgical plant will connect to the nearby natural gas transmission line for gas required for the flash calciner.

Road and rail infrastructure is in place for product distribution.

Marketing

For the DFS the Company is utilising data provided by Benchmark Minerals Intelligence, a leading analyst of the battery materials market and publisher of monthly lithium price assessments to assess the lithium carbonate and lithium hydroxide market and forecast of lithium hydroxide prices particularly pertaining to Europe. 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 several industry players regarding future off-take contracts. Good progress has already been made with potential off-take partners and an MoU was signed with Traxys (see the Company's ASX Announcement dated 22 December 2021).

Other business**Executive Chairman**

The Company makes the following disclosure in connection with a new arrangement entered into with Okewood Pty Ltd to provide the services of Chairman of EUR. This disclosure is made in accordance with ASX Listing Rule 3.16.4.

The Company confirms the key term of the new arrangement with the Company is a set fee of \$360,000 (plus GST) per annum.

Options

Further to the announcement dated 6 April 2022, the Company has agreed to issue, subject to shareholder receipt, 50,000,000 options which are exercisable at \$0.18 each on or before 31 March 2025, to Directors and Consultants of the Company who assisted in facilitating the placement. The options are being issued at a 64% premium to the current share price. The options will be issued to Directors (or their nominee) Tony Sage (15,000,000), Malcolm Day (10,000,000), Michael Carter (10,000,000), Mykhailo Zhernov (10,000,000) and consultants of the Company (5,000,000).

This announcement has been authorised for release to the ASX by the Board of the Company.

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