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29 October 2020

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR THE QUARTER ENDING 30 SEPTEMBER 2020

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 September 2020.

SUMMARY OF KEY UPDATES

- Completion of placement to raise proceeds of approximately $2.1m (before expenses);
- EUR secures E47/4144 in ballot under the WA Mining Act held on 18 September 2020. The ballot was contested by 13 other applicants in addition to EUR;
- COVID-19 pandemic and government enforced rules, related to international travel in particular, continues to impact operations and force EUR to observe closely any changes in government restrictions both in Austria and Australia;
- Company has recommenced operations in Austria after the lifting of some restrictions, which would otherwise prevent operational activities as reported for the previous periods;
- Receipt of the decree for drill holes with more than 300m of depth covering phase 2 of the drilling program in Zone 1 received, tender process has commenced; and
- Dorfner/Anzaplan lock cycle tests to recommence, the final report will be published once results are received and processed.

CORPORATE MATTERS

Board Restructure

During the quarter, the Company announced the appointment of Mr Kimon Gkomozias As Executive Director and the resignation of Mr Tim Turner as Non-Executive Director of the Company with effect from 2 September 2020.

Placement

During the quarter, the Company issued 46,363,643 shares at an issue price of $0.045 per share with a 1 for 4 free attaching unlisted option (exercisable at $0.05 on or before 31 July 2022) to raise proceeds of approximately $2.1m (before expenses) (**Placement**).

The Placement was managed by Empire Capital Partners who was paid a fee of 6% on amounts raised under the Placement. The Placement shares were issued using the Company's capacity

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under Listing Rule 7.1A, and without shareholder approval. The issue of the attaching options is subject to shareholder approval, which will be sought at the Company's AGM on 30 October 2020.

Winance Financing Facility

The Company previously announced that it had secured a A$10m finance facility with Winance Investment LLC (**Winance**) (refer ASX Announcement 31 July 2019).

On 5 March 2020, the Company announced that it had agreed to draw down A$2.0m (2,000 convertible notes) under the Winance facility (**Tranche 2**) of which funding of A$1.0m (before expenses) was received during the September 2020 quarter.

During the quarter, Winance converted 200 convertible notes from Tranche 2 with 500 notes being redeemed from the proceeds of the Placement.

At 30 September 2020, there were 1,000 convertible notes remaining from the Tranche 2 drawdown.

Share Purchase Plan

On 23 September 2020, the Company offered all existing eligible investors the opportunity to subscribe for new shares at $0.0475 per Share up to a maximum of 631,579 shares (maximum of $30,000) per investor under a Share Purchase Plan (**SPP**). The SPP will be capped at $2.0M. Funds raised under the SPP will be used primarily towards exploration on E47/4144.

Capital Movements

During the quarter, the Company issued the following securities:

- 20 July 2020 – 3,636,363 shares issued to Winance upon the conversion of 200 convertible notes and 3,030,303 shares issued to Winance for the conversion of debt in relation to the Winance shortfall amount payable (refer to the 2019 AGM notice of meeting for further details)
- 22 September 2020 – 44,363,643 shares issued pursuant to the Placement
- 23 September 2020 – 2,000,000 shares issued pursuant to the Placement and 1,800,000 shares issued to Empire Capital Partners to convert $81,000 of debt into equity
- 9 October 2020 – 1,000,000 shares issued to Empire Capital pursuant to a corporate advisor mandate and 106,383 shares issued to convert $5,000 of debt into equity

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 July 2020 to 30 September 2020.

Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totalled $95,620 relating to the Executive Director salaries and Non-Executive Director fees and office occupancy expenses. This amount is included at Item 6.1 of the Appendix 5B.

Refer to the Remuneration Report in the Annual Report for further details on director remuneration and related party transactions.

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EXPLORATION AND DEVELOPMENT ACTIVITIES

Wolfsberg Lithium Project

COVID-19

Q3/2020 continued to present a number of challenges for commodity markets due to the impact of the coronavirus pandemic. The situation is still highly uncertain with governments, companies and individuals required to follow recommendations to help in controlling the rate of infection at a global scale. Although circumstances have changed during the quarter with some easing of restrictions, travel restrictions are impacting the Company directly. The easing of some restrictions by the relevant government bodies has allowed the Company to recommence operational activities at its Wolfsberg Lithium project in Q3/2020.

Drilling

In Q3/2020, the Company was issued the decree to drill the deep holes with more than 300m of depth covering phase 2 of the drilling program in Zone 1. The Company has commenced the tender process for the drilling contractor and is in the process of engaging relevant consultants to supervise the progress of these exploration activities. As some of these contractors are not based in Austria, the Company anticipates some delays may occur due to differing regulations and restrictions during the COVID-19 pandemic period.

Definitive Feasibility Study (DFS)

With the receipt of the decree in Q3/2020 for the deep hole drilling program in Zone 1, the Company is in a position to recommence the Phase 2 resource drilling program in Zone 1 as an essential part of the DFS.

The Company reported in Q4/2019 and Q1/2020 that Dorfner/Anzaplan completed the metallurgical test work to assess and optimize process lines, flowsheets and layouts. The results and scope of work have been reviewed and the remaining lock cycle tests were pending during Q2/2020 to assess sufficiently the process to produce reliable results for the Lithium Hydroxide product. As advised in the Company's Q2/2020 report, Dorfner/Anzaplan were advised to recommence the lock cycle tests In Q3/2020. The Company has been advised by Dorfner/Anzaplan that the final results for these tests can be expected in Q1/2021. This metallurgic test work will also take place at the pilot plant for the Wolfsberg Lithium Project at Dorfner/Anzaplan's testing facility in Hirschau, Germany. At the completion and review of this work the detailed technical report will be published.

In Q3/2020, DRA Global were directed to recommence activities that includes supply of the independent assessment of the metallurgical work at the Dorfner/Anzaplan testing facility.

Hydrogeology

The Company continues with its hydrogeology monitoring program.

All hydrogeological data continues to be stored and secured into the Company's database.

The preparation work by SRK, and the geological consultant, GEO Unterweissacher, continues to ensure in-hole hydrogeological test work has been completed appropriately and can continue in the future.

Data from the above activities is fed into a water measuring database from which an annual report is produced.

Environmental

No environmental work has been carried out in Q3/2020.

Monitoring of water flows and quality from the mine is continuous.

Product Marketing

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

In Q2/2020, the Company's 100% owned subsidiary ECM Lithium AT GmbH (ECM) commenced participation in the European Union funded Horizon 2020 - GREENPEG programme.

It is expected that a fully European Union funded geophysical survey program to support the database for the DFS will commence in Q4/2020 as part of the GREENPEG programme.

The Company continued to work proactively in the already approved and funded Horizon 2020 LithRef programme.

Continued participation shows the Company's abilities and eligibility to contribute with EU-level support to the sustainable supply of battery grade lithium, sourced and produced in Europe.

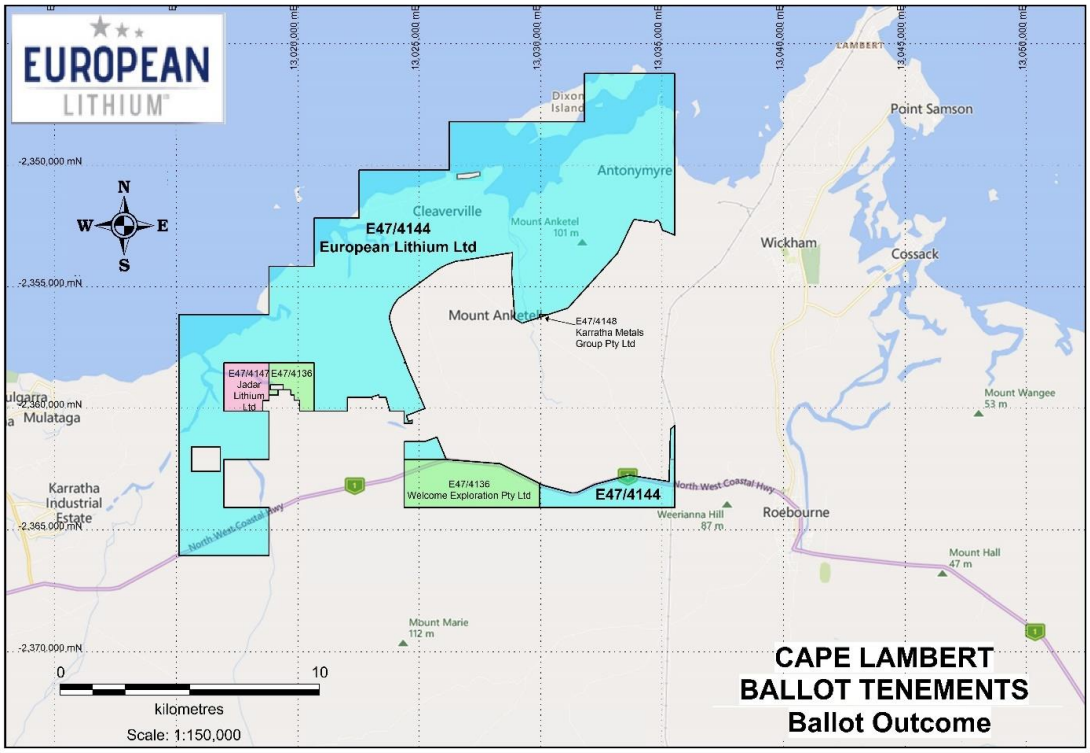
Australia

E47/4144

On 23 March 2019 tenement E47/1462-I, held by MCC Australia Sanjin Mining Pty Ltd, expired and was not renewed in the required time. At 8:30am on 25 March 2019 the Company applied for exploration licence E47/4144 under section 58 of the Western Australia Mining Act 1978 (**Mining Act**). At the same time the Department of Mines, Industry Regulation and Safety (**DMIRS**) received applications for 13 other exploration licences over the same or a similar area. Under section 105A(3) of the Mining Act these tenements (14 in total numbered from E47/4136 to 4149 consecutively) were placed into a ballot that was drawn on 18 September 2020.

EUR tenement E47/4144 was drawn first in matters 4, 5 and 7 relating to the ballot. The Company confirmed the new tenement blocks with DMIRS on 21 September 2020 and, when granted, the configuration of E47/4144 will be as per the map below which equates to approximately 130km2.

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Subject to Ministerial approval and upon grant, E47/4144 to be 100% legal owned by EUR and 50% beneficially held by EUR, with the remaining 50% held by Wombat Pty Limited, an unrelated private company that identified the application. The parties will in due course negotiate terms upon which activities will be carried out on the tenement.

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).

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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%

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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%

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

European Lithium Limited

ABN	Quarter ended ("current quarter")
45 141 450 624	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(486)	(486)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(814)	(814)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (promotion and marketing expenses)	(117)	(117)
	Other (overseas listing fees)	(144)	(144)
	Other (arbitration costs)	(260)	(260)
1.9	**Net cash from / (used in) operating activities**	(1,821)	(1,821)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,086	2,086
3.2	Proceeds from issue of convertible debt securities	1,000	1,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(123)	(123)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(636)	(636)
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**	**2,327**	**2,327**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	301	301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,821)	(1,821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,327	2,327

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(8)	(8)
4.6	**Cash and cash equivalents at end of period**	**799**	**799**

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	799	301
5.2	Call deposits	-	-
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)**	**799**	**301**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	96
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	10,000,000	4,000,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	10,000,000	4,000,000

7.5	**Unused financing facilities available at quarter end**	6,000,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Winance Facility

On 31 July 2019, the Company entered into a Convertible Note Agreement with Winance Investment LLC (**Winance**) of which A$2.0m (2,000 convertible notes) was drawn down on 20 September 2019 (**Tranche 1**). As at 30 June 2020, there were nil convertible notes remaining from the Tranche 1 drawdown.

The face value of each convertible note is AU$1,000 and are non-interest bearing. The notes are convertible to a variable number of ordinary shares at the option of the holder of the notes any time after issue. If not converted the notes mature and are repayable twenty-four (24) months after the issue date. The conversion price for each convertible note is the lower of an 8% 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 $0.055 (floor price).

Refer to ASX announcement dated 31 July 2019 and notice of meeting dated 28 October 2019 for material terms and conditions.

On 5 March 2020, the Company announced that it had agreed to draw down a further A$2.0m (2,000 convertible notes) under the Winance facility (**Tranche 2**). During the June 2020 quarter, the Company received Tranche 2 funding of A$1.0m (before expenses) and subsequently 1,000 convertible notes were released from escrow. During the quarter, the Company has received the final Tranche 2 funding of A$1.0m and released the remaining 1,000 convertible notes from escrow.

Further drawdowns of A$6m (in addition to the A$3m received and $1m received by the Company subsequent to 30 June 2020) are at the Company's election available in tranches of A$1m each upon full conversion of the notes from the previous drawdown, subject to a cooling off period calculated based on the value of the tranche and average trading volumes during the preceding 60-day period and prior approval by EUR's shareholders.

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8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,821)**
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,821)
8.4	Cash and cash equivalents at quarter end (item 4.6)	799
8.5	Unused finance facilities available at quarter end (item 7.5)	-*
8.6	Total available funding (item 8.4 + item 8.5)	799
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	0.44

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

* As outlined above in section 7, further drawdown on the Winance facility is subject to full conversion of the notes from the previous drawdown. As at 30 September 2020, there were 1,000 convertible notes remaining from the Tranche 2 drawdown.

** Following the receipt of Tranche 2 funding, the Company made certain creditor payments during the quarter. As such, net cash used in operating activities of ($1,821k) in the September 2020 quarter is not representative of the Company's current level of net operating cash flows.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. Expenditure in the current quarter reported under net cash used in operating activities is not representative of the Company's current level of net operating cash flows due to the payment of certain creditor payments during the quarter.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. As announced on 23 September 2020, the Company is undertaking a share placement plan to raise funds up to A$2m.

The Company also continues to seek alternative funding options.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern based on the following factors:

- Raising additional funds (as outlined above)
- Continued support from certain external creditors allowing for the deferred payment of certain liabilities
- Continued support from current debt holders of the Company

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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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.

Date: 29 October 2020.....

Authorised by: Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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