

10 March 2020

The Manager
Market Announcement Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

NOTICE UNDER SECTION 708A(12C)(E) (AS NOTIONALLY INSERTED BY ASIC CORPORATIONS (SALE OFFERS: SECURITIES ISSUED ON CONVERSION OF CONVERTIBLE NOTES) INSTRUMENT 2016/82) OF THE CORPORATIONS ACT 2001 (CTH)

1 Background

On 5 March 2020 European Lithium Limited (**Company**) announced a \$2 million draw down under a \$10 million funding facility with Winance Investment LLC (first announced on 31 July 2019).

Following this notice the Company 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.

Under the draw down the Company will issue 2,000 Convertible Notes (each with a face value of \$1,000). The draw down is the second under the Agreement; with the first also being \$2,000,000.

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).

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	634,890,959
Options exercisable at \$0.10 each on or before 30 June 2020	263,440,000
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	2,394,000

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

3 **Rights and liabilities attaching to Convertible Notes**

The material terms of the Convertible Notes are as follows:

Issuer	European Lithium Limited
Type and class of security	Direct, unsubordinated and unsecured debt obligations of the Issuer
Status and ranking	The Convertible Notes rank equally amongst themselves and at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer.
Tranches	Initial tranche of \$2 million and 8 subsequent tranches of \$1 million each, subject to a cooling off period calculated based on the value of the tranche and average trading volumes during the preceding 60 day period. No penalties in the event no further drawdowns are made.
Facility term	36 months from the date of the Agreement
Face Value	A\$1,000 per Convertible Note
Interest	Only in the event notes are redeemed, calculated at 10% per annum.
Commitment and success fee	8% of amounts subscribed for under the Agreement, to be paid upon draw down.
Termination fee	None
Conditions to drawdowns	Each subsequent tranche is subject to conditions typically for a facility of this nature, including no material adverse change, no event of default, compliance with Listing Rules (including prior shareholder approval to allow conversion at the note holder's election), no entry into variable equity financings, no change of control, or breach of warranty. In the event the closing VWAP for any five (5) day period falls below 135% of the Floor Price, the Investor, at its discretion, has the right to decline further drawdowns. Drawdowns may resume if the VWAP remains over 135% of the VWAP for 20 consecutive days.

Use of funds	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)
Note date	maturity 24 months from issue
Security	Unsecured.
Transferability	The notes are transferable, subject to the Corporations Act.
Conversion	At the Investor's discretion at any time during the term, subject to a minimum conversion amount of 20 notes per conversion Shares issued on conversion of the Convertible Notes will rank equally with the Company's existing shares and the Company will ensure that the shares can be offered for sale without
Conversion price	92% of the lowest VWAP during the 10 Trading Days prior to giving a conversion notice, subject to a floor price of \$0.055 per share (subject to adjustment in the event of a capital restructure) (Floor Price). In the event the conversion price is less than the Floor Price the Company will issue that number of shares equal to the conversion amount divided by the Floor Price, with the balance (equal to the difference between the conversion amount and 92% of value of shares issued) payable in cash.
Redemption	On at the holder's election in the event of a material adverse change or event of default, or if shares are not issued upon conversion.
Events of Default	Events typical for convertible notes, including the Company's shares being suspended from trading for more than 5 days during any 12 month period and a material adverse change or change of control.

4 **Rights and liabilities attaching to new Shares**

Shares issued on conversion of Convertible Notes will be fully paid ordinary shares (Shares) and will rank equally in all respects with all of the Company's then existing ordinary shares on issue.

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Company's constitution (**Constitution**), a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and

- in certain circumstances, regulated by the Act, the ASX Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of holders of Shares. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Company's board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Company's board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Company's board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Listing Rules, the rights attached to the Shares may be varied with the consent in writing of shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act

(h) Election of directors

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

5 Continuous disclosure obligations

The Company is a 'disclosing entity' for the purposes of section 111AC of the Act and, as such, is subject to regular reporting and disclosure obligations. Specifically and except for certain confidential information excluded from disclosure due to a specific exception set out in the ASX Listing Rules, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

The Company is also required to prepare and lodge with ASX (as agent for ASIC by reason of ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181) yearly and half yearly financial statements accompanied by a directors' statement and report and an audit report or review. Copies of documents lodged with ASX in relation to the Company are available ASX's website or the Company's website.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial statements of the Company for the financial year ended 30 June 2018, being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this notice; and
- (b) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (a) and before the issue of this notice.

Copies of all documents lodged with the ASX in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours. These documents are also available from the Company's website.

The Company has lodged the following announcements with ASX since the Company's 2019 audited financial statements, copies of which are available from ASX's website, www.asx.com.au.

Date	Description of Announcement
05/03/2020	Appendix 3Z – Stefan Muller
05/03/2020	Appendix 3X – Tim Turner
05/03/2020	Reinstatement to Official Quotation
05/03/2020	Proposed issue of Securities – EUR
05/03/2020	Proposed issue of Securities - EUR
05/03/2020	European Lithium draws AUD\$2M from existing facility
04/03/2020	Voluntary Suspension
02/03/2020	Total Voting Rights and Capital
02/03/2020	Appendix 2A

02/03/2020	Trading Halt
05/02/2020	EUR Lists Options on ASX - ASX Code EURO
04/02/2020	Total Voting Rights and Capital
31/01/2020	Top 20 Option Holders and Distribution Schedule
31/01/2020	Appendix 2A
31/01/2020	31 December 2019 Quarterly Report
29/01/2020	Appendix 2A
29/01/2020	Appendix 3B
06/01/2020	Total Voting Rights and Capital
31/12/2019	Appendix 3B
30/12/2019	Appendix 2A
30/12/2019	EUR 7.5 Million (A\$12M) @ 5% per annum Debt Funding Agreed
24/12/2019	Trading Halt
17/12/2019	Appendix 2A
16/12/2019	Appendix 2A
12/12/2019	Appendix 3Y - Malcolm Day
12/12/2019	Appendix 3Y - Tony Sage
11/12/2019	Appendix 3Y - Stefan Muller
11/12/2019	Appendix 3B
11/12/2019	Appendix 2A
09/12/2019	Appendix 2A
02/12/2019	Total Voting Rights and Capital
28/11/2019	Results of Annual General Meeting
26/11/2019	Appendix 3B
19/11/2019	Appendix 3B
13/11/2019	Appendix 3B
05/11/2019	Appendix 3B
01/11/2019	Total Voting Rights and Capital

31/10/2019	30 September 2019 Quarterly Report
31/10/2019	Appendix 3B
28/10/2019	Notice of Annual General Meeting
24/10/2019	Appendix 3B
11/10/2019	Appendix 3B
07/10/2019	Appendix 3B
01/10/2019	Total Voting Rights and Capital
30/09/2019	Appendix 3B
27/09/2019	Appendix 4G & Corporate Governance

6 Information excluded from continuous disclosure notices

As at the date of this notice the Company:

- (a) is not aware of any information that:
 - (i) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
- (b) has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (ii) section 674 of the Corporations Act.

Tony Sage
Non-Executive Chairman