

27 May 2020

Daniel Nicholson
Advisor, Listings Compliance (Perth)
ASX Limited

Dear Daniel,

Query letter dated 27 May 2020

I refer to your query letter dated 27 May 2020. Capitalised terms have the meaning given in your letter.

Below are ASX's queries and EUR's responses:

1. Does EUR consider the Talaxis Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is "no", please advise the basis for that view.

EUR is of the view that a reasonable person would not expect the Talaxis Agreement to, at the time EUR became aware of the Talaxis Agreement, have a material effect on the price or value of its securities.

Talaxis has been engaged by the Company on a non-exclusive and best endeavours basis to "assist EUR in managing and establishing commercial relationships and contract negotiations including establishing, liaising and maintaining relationships with strategic partners, such as debt and equity financiers, government / EU grant providers / financing programs, offtake partners, logistics partners, and EPCM partners and management assistance with contract negotiations on key transactions and continued support post transaction / relevant agreement".

As outlined in the Announcement, Talaxis will be remunerated in the form of a capital introduction fee on successful debt or equity raising as well as performance shares based on significant milestones relating to capital raising initiatives and market capitalisation hurdles that need to be achieved

At the time of releasing the Announcement, Talaxis has not successfully completed a debt or capital raising on behalf of EUR. For this reason, EUR did not consider the Talaxis Agreement to be information that a reasonable person would expect to have a material effect on the price or value of EUR's securities.

3. When did EUR first become aware of the Talaxis Agreement? In answering this question, please specifically address:

3.1 When did EUR, Talaxis and their respective representatives commence negotiating the terms of the Talaxis Agreement?

Talaxis was introduced, and negotiation managed, by corporate advisory firm Empire Capital Partners (**Empire**).

Empire has a long-term relationship and association with both the Noble group and Talaxis. By way of background, EUR was first in contact with Talaxis in October 2018. In addition, EUR's Non-Executive Chairman, Mr Sage, met with Talaxis in Singapore in 2019 during a business trip.

Mr Sage, approached Empire to arrange a funding partner for EUR. On 5 May 2020, EUR entered into a mandate with Empire in response to this request. Empire then approached Talaxis and introduced the idea of a strategic relationship between Talaxis and EUR on or about 10 May 2020.

Negotiations in the form of e-mails and phone/zoom calls have progressed rapidly on a daily basis since then.

3.2 Were any agreements entered into on similar terms with Talaxis? If so, specify the date(s) of those agreement(s).

A draft engagement letter between EUR and Talaxis dated 15 May 2020 was received and approved by the EUR Board on 19 May 2020. However that version was not signed by either party.

EUR was provided with a revised engagement letter dated 19 May 2020 which was approved by the EUR Board on 20 May 2020, subject to satisfaction of various matters. The engagement letter dated 19 May 2020 was subject to the receipt of various forms of documentation including onboarding survey and consents. These conditions were satisfied in the afternoon of 22 May 2020.

3.3 When did EUR and Talaxis enter into the final Talaxis Agreement specified in the Announcement?

The final form Talaxis Agreement was subject to EUR board approval. EUR Board approval was received on 25 May 2020. A counter-signed copy of the Talaxis Agreement was received back from Talaxis on 26 May 2020, whilst EUR was in trading halt.

4. If EUR first became aware of the Talaxis Agreement before 27 May 2020, did EUR make any announcement prior to the relevant date which disclosed the information?

4.1 If so, please provide details.

4.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EUR was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EUR took to ensure that the information was released promptly and without delay.

The engagement letter dated 19 May 2020 was subject to the receipt of various forms of documentation including onboarding survey and consents.

The outstanding information was received on 22 May 2020. Upon receipt and review of the information received, the Company was working towards finalising the announcement ready for release for pre-market Monday 25 May 2020.

As part of the Company's multiple listings in London, Austria and Frankfurt, a copy of the draft announcement was circulated to relevant parties in each jurisdiction who manage both translation (if required) and lodgement of the announcements and would be released upon finalisation of the supporting documents.

On 24 May 2020 (i.e. prior to any information being released to ASX), the Company received an e-mail from Talaxis advising that it was standing down their authorisation of the executed engagement letter dated 19 May 2020 pending additional due diligence in respect to the engagement.

On 25 May 2020, EUR entered into a trading halt pending the announcement regarding a strategic partnership.

The final form Talaxis engagement letter was received on 25 May 2020. A counter-signed copy of the Talaxis engagement letter was received back from Talaxis on 26 May 2020 and subsequently announced on 27 May 2020.

5. Please confirm that EUR is complying with the Listing Rules and, in particular, Listing Rule 3.1.

EUR confirms that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

6. Please confirm that EUR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of EUR with delegated authority from the board to respond to ASX on disclosure matters.

EUR confirms that the above responses have gone through the required Board approval process.

Regards,

A handwritten signature in black ink, appearing to read 'Tony Sage', written in a cursive style.

For and on behalf of the EUR Board,

Tony Sage

Non-Executive Chairman



27 May 2020

Reference: 18706

Ms Melissa Chapman
European Lithium Limited
Company Secretary

By email

Dear Ms Chapman

European Lithium Limited ('EUR'): Aware Query

ASX refers to the following:

- A. EUR's request for a trading halt on 25 May 2020 pending an announcement regarding a strategic partnership.
- B. EUR's announcement entitled *"European Lithium Secures Strategic Engagement Agreement with Global EV Specialist Group Talaxis"* lodged on the ASX Market Announcements Platform and released at 09:48 AM on 27 May 2020 (the 'Announcement'), disclosing, among other things EUR's entry into a strategic engagement agreement with Talaxis Limited ('Talaxis') ('Talaxis Agreement').
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

- F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks EUR to respond separately to each of the following questions and requests for information:

1. Does EUR consider the Talaxis Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did EUR first become aware of the Talaxis Agreement? In answering this question, please specifically address:
 - 3.1 When did EUR, Talaxis and their respective representatives commence negotiating the terms of the Talaxis Agreement?
 - 3.2 Were any agreements entered into on similar terms with Talaxis? If so, specify the date(s) of those agreement(s).
 - 3.3 When did EUR and Talaxis enter into the final Talaxis Agreement specified in the Announcement?
4. If EUR first became aware of the Talaxis Agreement before 27 May 2020, did EUR make any announcement prior to the relevant date which disclosed the information?
 - 4.1 If so, please provide details.
 - 4.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EUR was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EUR took to ensure that the information was released promptly and without delay.
5. Please confirm that EUR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that EUR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EUR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10:00 AM AWST Friday, 29 May 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EUR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EUR to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;

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- how long you want the trading halt to last;
 - the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EUR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that EUR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in EUR's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)