

20 October 2016

EUROPEAN LITHIUM COMMENCES RESOURCE EXTENSION DRILLING

Highlights

- **Surface drilling exploration programme includes: extension of JORC inferred resource down dip in Zone 1 and investigation of mineralisation in Zone 2**
- **Programme completion and increased resource anticipated end Q1 2017**
- **Upgraded resource model anticipated early Nov 2016 from the underground programme completed last month.**

European Lithium Limited (**ASX: EUR**) (the **Company**) wishes to announce the continuation of the aggressive exploration effort at its wholly owned advanced Wolfsberg Lithium project in Austria (**Wolfsberg**).

The Company has developed a surface exploration program with the following aims:

- Demonstrate the **extension of the JORC inferred resource** down dip in Zone 1 (Northern flank of the anticline);
- **To begin investigation of the mineralisation in Zone 2** (Southern flank of the anticline); and
- **Increase and upgrade the JORC code (2012) compliant resource** which is currently 3.7mt inferred at 1.5% Li₂O at a 0.75% Li₂O cut-off, once assay results are obtained and fully evaluated.

The exploration program includes:

1. Drilling of four deep diamond holes in Zone 1 to an elevation of 1,250 metres above sea level (masl). The holes are between 340 metres and 500 metres in depth with 1,760 metres of total drilling;
2. Drilling of nine holes in Zone 2 each between 150-250 metres in depth with 1,750 metres of total drilling; and
3. Trenching of 300 metres to a depth of 3-4 metres at the nose of the anticline to better understand the geology and transition from Zone 1 to Zone 2.

A drilling permit has been received from the Mining Authority to start work in Zone 2. As the drill holes in Zone 1 are over 300m, before a permit can be granted a hearing of interested parties is required under Austrian Mining Law. This was held on 19 October under the chair of the Mining Authority. All issues were addressed to the satisfaction of the Mining Authority and drilling can commence as soon as the written decree is received which is expected within 10 days. Under Austrian mining law the rights of the mining licence holder prevails over the rights of the owner

of the surface land.

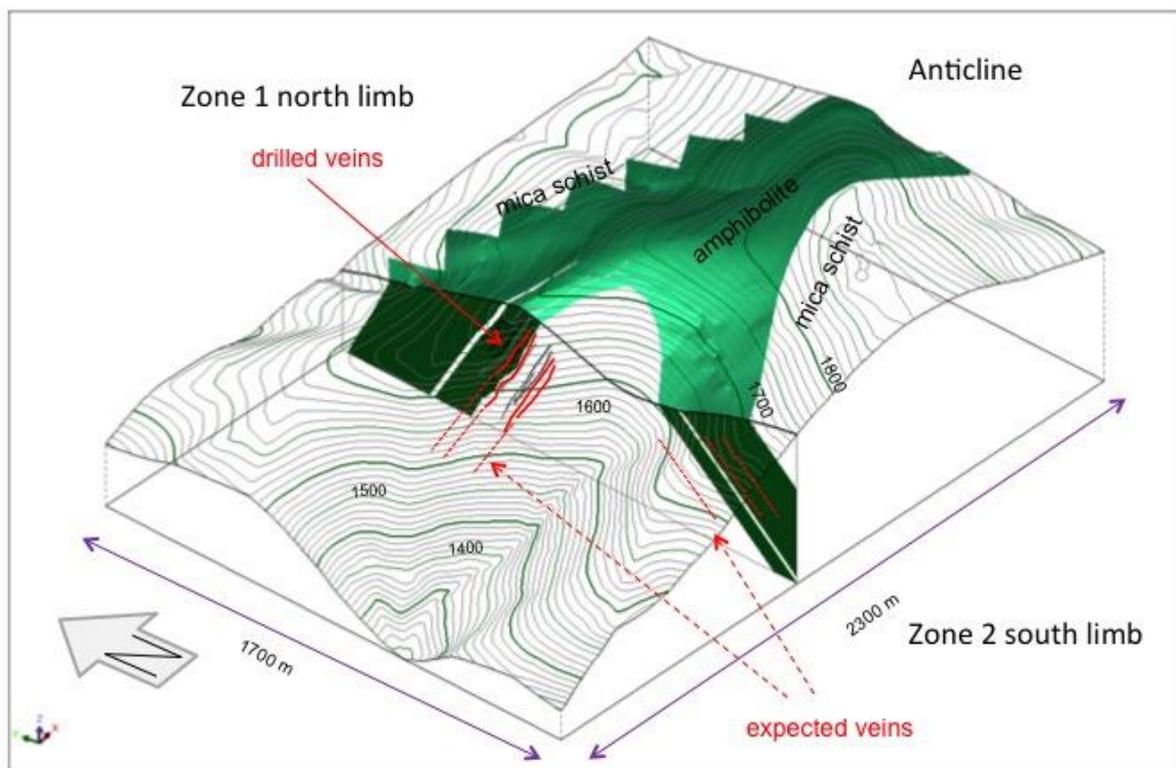
The drilling contractor and drilling rig for this work have already mobilised to site.

The surface drilling and trenching program is scheduled to be completed in 16 weeks and the drilling contractor has confirmed that they are prepared for drilling in winter conditions. Once drilling is completed, assay results obtained and evaluated, an upgraded JORC resource statement will be declared and released to shareholders.

As announced to the ASX on 20 September 2016 the Company completed a program of twin hole drilling and repeat channel sampling to verify the original resource data provided by Minerex (the discoverer of the Wolfsberg project). Drill holes have been logged and drill core and channel samples are being assayed at ALS (Ireland). Following data verification, an upgraded resource model will be developed and reported by early November 2016.

The resource model developed by Minerex was limited only by the extent of drilling and the resource is open to depth and along strike to the North West. The previous Chief Geologist of Minerex, Dr Richard Göd, is geological adviser to the Company. His interpretation is that the pegmatite veins extend down dip to an unknown depth. One of the Minerex boreholes extended to 450 metres down dip intersecting pegmatite veins at an elevation of 1250 masl. The other boreholes were shallower.

The pegmatite veins explored by Minerex are on the northern limb of an anticline ("Zone 1"). It was the view of Dr Göd that the pegmatites were intruded into the host rocks and that the anticline was formed by a later folding event. In this case the presence of lithium bearing veins would be expected to continue into the southern limb of the anticline ("Zone 2"). In 2012 surface mapping identified many lithium bearing pegmatite boulders exposed on surface on the southern limb and limited drilling intersected lithium bearing pegmatite veins and proved the geological interpretation. This is illustrated in the following figure.



Lithium deposit Wolfsberg – area of investigation

END

Visit the Company's website to find out more about the advanced Wolfsberg Lithium Project located in Austria.

Competent Person's Statement

The information in this announcement pertaining to the Wolfsberg Lithium Project, and to which this statement is attached, relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr D. Haines, who is a Consultant to the Company and is a Member of the Association of Professional Geoscientists of Ontario with over 30 years' experience in the mining and resource exploration industry. Mr Haines 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". Mr Haines 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 the historical exploration results under the 2012 edition of the Australasian Code for the Reporting of Results, Minerals Resources and Ore reserves (JORC code 2012).