

23 December 2016

EUROPEAN LITHIUM MEETS MILESTONE – SECOND TRANCHE CONSIDERATION SHARES

European Lithium Limited (ASX:EUR) (the **Company**) is pleased to announce that following the recent resource upgrade, an increase of 75% in JORC code (2012) compliant resource tonnes and 33% increase in contained lithium at its Wolfsberg Lithium Project in Austria (**Project**), the milestone for the Tranche 2 Consideration Shares has been met and 62,500,000 shares have been issued pro-rata to European Lithium Limited, BVI Company number 1629378 (**ELL**) shareholders. This is in accordance with the terms of the agreement to acquire 100% of the issued capital of European Lithium AT (Investments) Limited (**EL AT**) (**Acquisition**), a wholly owned subsidiary of the Company and ultimate 100% owner of ECM Lithium AT GmbH, holder of the Project.

Please note that the following trading restrictions apply to the 62,500,000 shares being issued:

- 43,101,591 shares are escrowed until 20 September 2017;
- 17,682,205 shares are escrowed until 20 September 2018; and
- 1,716,204 shares are not subject to any escrow period.

A summary of the Australian taxation implications of receiving the Tranche 2 Consideration Shares is posted on the Company's website at <http://europeanlithium.com/investors/shareholder-services/>

A further 7,812,500 shares have been issued to our Corporate Advisor (or nominees) in respect of fees payable upon issue of the Tranche 2 Consideration Shares as detailed above. These shares are restricted are escrowed until 20 September 2018.

An Appendix 3B is attached to this announcement.

The Company has prepared a Cleansing Prospectus in respect of the above mentioned shares, a copy of which is posted on the Company's website at <http://europeanlithium.com/investors/regulatory-announcements/>

Tony Sage
Non-Executive Chairman
European Lithium Limited

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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

EUROPEAN LITHIUM LIMITED

ABN

45 141 450 624

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | (a) Ordinary Shares – issued to shareholders pursuant to the acquisition of European Lithium AT (Investments) Limited (EL AT) pursuant to the Prospectus lodged 23 December 2016.
(b) Ordinary Shares – issued to EverBlu Capital Pty Ltd (or nominees) pursuant to the Prospectus lodged 23 December 2016. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 62,500,000 Ordinary Shares
(b) 7,812,500 Ordinary Shares |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

(a) Ordinary fully paid shares

- 43,101,591 shares are escrowed until 20 September 2017
- 17,682,205 shares are escrowed until 20 September 2018
- 1,716,204 shares are not subject to any escrow restrictions

(b) Ordinary fully paid shares

- All shares are restricted from trading till 20 September 2018.

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Ordinary Shares - yes</p>
<p>5 Issue price or consideration</p>	<p>(a) Nil cash consideration, issued pursuant to the acquisition of European Lithium AT (Investments) Ltd</p> <p>(b) Nil cash consideration, issued as part of fees to EverBlu Capital Pty Ltd.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) The purpose of the issue to Shareholders is to complete the acquisition of EL AT.</p> <p>(b) The Ordinary Shares issued to EverBlu Capital Pty Ltd (or nominees) is pursuant to the agreed fees for the Capital Raising completed in September 2016.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable</p>

+ See chapter 19 for defined terms.

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New issue announcement

6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil - All securities the subject of this Appendix 3B are being issued with security holder approval from a general meeting held on 25 July 2016.
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A - complete Annexure 1 and release to ASX Market Announcements	7.1 - 56,504,218 7.2 - Not applicable
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	23 December 2016

+ See chapter 19 for defined terms.

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	157,812,067 Fully paid ordinary shares

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	274,385,183 Fully paid ordinary shares, of which 172,406,363 shares are escrowed until 20 Sept 2017, and 101,978,820 shares are escrowed until 20 Sept 2018.
	200,000,000	Options exercisable at \$0.10 each on or before 30 June 2020.
	8,000,000	Options exercisable at \$0.125 each on or before 27 February 2020.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Directors do not anticipate declaring a dividend in the foreseeable future.
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Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable

+ See chapter 19 for defined terms.

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New issue announcement

14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	Not applicable	
39	+Class of +securities for which quotation is sought	Not applicable	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Not applicable	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number Not applicable	+Class Not applicable

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Amy Fink
Company Secretary
23 December 2016

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital																			
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated																			
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	29,417,900																		
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">2,118,563</td> <td style="width: 30%; text-align: right;">25 February 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">27,299,337</td> <td style="text-align: right;">21 March 2016</td> </tr> </table> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">14,208,950</td> <td style="width: 30%; text-align: right;">4 April 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">187,500,000</td> <td style="text-align: right;">9 September 2016</td> </tr> </table> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">23,437,500</td> <td style="width: 30%; text-align: right;">9 September 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">77,902,500</td> <td style="text-align: right;">9 September 2016</td> </tr> </table> 		2,118,563	25 February 2016		27,299,337	21 March 2016		14,208,950	4 April 2016		187,500,000	9 September 2016		23,437,500	9 September 2016		77,902,500	9 September 2016	
	2,118,563	25 February 2016																	
	27,299,337	21 March 2016																	
	14,208,950	4 April 2016																	
	187,500,000	9 September 2016																	
	23,437,500	9 September 2016																	
	77,902,500	9 September 2016																	
Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<table style="width: 100%; border: none;"> <tr> <td style="width: 40%;"></td> <td style="width: 30%; text-align: right;">62,500,000</td> <td style="width: 30%; text-align: right;">23 December 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">7,812,500</td> <td style="text-align: right;">23 December 2016</td> </tr> </table>		62,500,000	23 December 2016		7,812,500	23 December 2016												
	62,500,000	23 December 2016																	
	7,812,500	23 December 2016																	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	None																		
“A”	432,197,250																		

+ See chapter 19 for defined terms.

Appendix 3B
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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	64,829,588
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	8,325,370 4 April 2016
“C”	8,325,370
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	64,829,588
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	8,325,370
Total [“A” x 0.15] – “C”	56,504,218 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.