

20 December 2016

EUROPEAN LITHIUM UPDATES PROGRESS ON ITS WOLFSBERG LITHIUM PROJECT

Highlights

- **Resource extension drilling in progress**
- **Sensor based sorting shown to effectively remove waste dilution from mined material**
- **Mine design studies commenced**

European Lithium Limited (ASX: **EUR**, FRA: PF8) (the **Company**) is pleased to report progress on its 100% owned advanced Wolfsberg Lithium Project, Austria. The aggressive development of the Wolfsberg Lithium Project is continuing over the winter months, with the previously announced timetable to be achieved.

Tony Sage, Chairman commented "I am very pleased with the Company's progress at the Wolfsberg Lithium Project. We are on schedule and results will be received from January 2017".

1. RESOURCE DRILLING

Drilling will continue until 22 December 2016 and then be interrupted for the Christmas and New Year holidays and will restart on 9 January 2017. Drilling of the deep holes in Zone 1 (northern limb of anticline) to increase the recently declared measured and indicated resource of 6.3 million tonnes at 1.17% Li₂O and the drilling of the new Zone 2 (southern limb of anticline) will be undertaken in parallel and results will be reported as received.

All permits, including deep hole drilling permit and forest clearance permit, required from the authorities in Austria to allow drilling in a forest area were received by the Austrian subsidiary company ECM Lithium AT GmbH ("the Company"). The forest clearance permit was a technical requirement only as no trees are to be cut with all drilling undertaken from existing roads in a commercial and not a natural forest. The general terrain viewed from the drilling site is shown in Figure 1. Drilling is carried out 24 hours/day.

Steve Kesler, CEO, commented "Metallurgical studies into sensor based sorting to remove waste dilution from mining and into dense media separation are very encouraging. Mine design studies have begun and will quickly determine the maximum rate of mine production and hence lithium production potential for the Wolfsberg Lithium Project".



Figure 1 View of the commercial forest from the drilling site



Figure 2 The drilling at night of hole P-15 in Zone 2 by the contractor VA Erzberg.

2. Marketing Studies

A marketing consultant, MiDevCon, which has extensive experience in the marketing of spodumene concentrate and industrial minerals in Europe has been engaged to assess the market for DMS spodumene concentrate and flotation/magnetic spodumene concentrate for fast track production and early cash flow potential whilst the conversion plant is being developed. An initial report will be received before year end.

3. Mine Design Studies

SRK Consulting has been engaged to undertake the mine design studies for the PFS. The project team was selected to bring considerable experience of mechanised underground narrow vein mining to the Wolfsberg Project.

A seven week Phase 1 programme is underway that will address geological modelling for mine planning, geotechnical analysis, cut-off grade calculations, stope optimisation, production rate analysis and mine production scheduling and high level capital and operating costs. Following the results of this study a 12 week programme to undertake mine design and scheduling to PFS level will be carried out.

Dr Steve Kesler

Chief Executive Officer

European Lithium Limited

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 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 Dr Steve Kesler who is a Qualified Person and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer with over 40 years' experience in the mining and resource development industry. Dr Kesler 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". Dr Kesler 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).