

22 December 2016

SALE OF PAYNES FIND GOLD PROJECT FOR \$1,000,000

European Lithium Limited (ASX:EUR) (the **Company**) is pleased to announce that it has executed a Binding Terms Sheet (**Terms Sheet**) with Cervantes Gold Pty Ltd (**Purchaser**), a wholly owned subsidiary of Cervantes Corporation Limited (ASX:CVS) (**CVS**), to sell 100% of the right, title and interest in the tenements known as the Paynes Find Gold Project (**Tenements**), located in Western Australia (the **Transaction**).

Consideration for the Transaction consists of cash and share capital in CVS as follows:

- \$500,000 to be satisfied through the issue of 25,000,000 shares in CVS, at a deemed issue price of 2 cents each, on completion of the Transaction.

- \$500,000 in cash, paid in the following instalments:

- \$5,000 on signing of the Terms Sheet (non-refundable)
- \$20,000 on completion of the due diligence process by the Purchaser
- \$25,000 on signing of a formal agreement
- \$100,000 on completion of the Transaction
- \$150,000 on the later of CVS completing a \$1 million capital raising, or completion of the Transaction
- \$200,000 on the later of 60 days following the Purchaser completing the \$1 million capital raising, or completion of the Transaction.

Completion of the Transaction is dependent on the Purchaser completing due diligence, receipt of all necessary shareholder, regulatory and third party approvals by the Company, the Purchaser and CVS, and a formal agreement being entered into.

Tony Sage commented on the Binding Term Sheet and pending Transaction "I am extremely pleased that the Board has delivered on its strategic plan to sell the Paynes Find Gold Project. The funds generated will be applied to fund the aggressive development of the Company's Wolfsberg Lithium Project in Austria".

Tony Sage

Non-Executive Chairman

European Lithium Limited

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