

For personal use only



Share Purchase Plan Offer Booklet
European Lithium Limited (ASX code: EUR)
ACN: 141 450 624

For an offer of fully paid ordinary shares in European Lithium Limited at an issue price of \$0.0475 per share targeting to raise approximately \$2 million.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Application Form and both should be read in their entirety. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission.

These materials do not constitute an offer to sell, or a solicitation of an offer to buy, any Shares in the United States. The Shares to be offered and sold under the SPP have not been, and will not be, registered under the United States Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States, and therefore will only be offered and sold to Eligible Shareholders in Australia or New Zealand in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

1 TIMETABLE TO THE OFFER

Date (and time if relevant)	Event	Description
7.00 pm (Sydney time) 22 September 2020	Record Date	The date and time on which EUR determined the eligibility of Eligible Shareholders.
23 September 2020 (prior to the commencement of trading)	Announcing SPP	Announcement of the SPP.
9.00am (Sydney time) 8 October 2020	Opening Date	SPP opens for acceptances.
5.00pm (WST) 3 November 2020	Closing Date	SPP closes for acceptances. Applications must be received by 5.00pm (WST).
6 November 2020	Scale Back Date	The date on which any Scale Back is announced.
12 November 2020	Issue Date	Shares will be issued and allotted on this date.
13 November 2020	Trading Date	Trading of Shares allotted under the SPP is expected to commence on ASX.
13 November 2020	Despatch Date	Transaction confirmations will be despatched to Shareholders.

This timetable is indicative only and EUR, may at its discretion, vary any of the above dates by sending a revised timetable to the ASX.

All times are Sydney time, unless otherwise specified.

2 CHAIRMAN'S LETTER

8 October 2020

Dear Shareholders

SHARE PURCHASE PLAN OFFER

On behalf of the Board, we are pleased to offer you the opportunity to participate in the Share Purchase Plan (SPP) recently announced by European Lithium Limited (Company or EUR).

The SPP offer

The SPP provides Eligible Shareholders, being Shareholders as at 7.00pm (Sydney time) on 22 September 2020 (Record Date) with a registered address in Australia or New Zealand, with an opportunity to apply for up to \$30,000 in new Shares irrespective of the number of Shares they currently own. The offer price is \$0.0475 per Share, being a 19.2% discount to the volume weighted average market price for the Company's Shares calculated over the last 5 days on which sales in the Company's Shares were recorded before the SPP was announced on 23 September 2020.

The SPP targets to raise approximately \$2 million, and the Board has the discretion to scale back applications accordingly.

Company activities - Placement and Wolfsberg Lithium Project

As announced on 22 September 2020, the Company successfully completed a \$2.1 million placement. Funds raised from the placement will be applied to metallurgical test work of bulk samples from the Wolfsberg Lithium Project to qualify product specifications for offtake partners and end-use applications in support of the Company's definitive feasibility study, and to redeem convertible notes with a face value of \$500,000.

Company activities - E47/4144 and SPP

As announced on 23 September 2020, EUR secured E47/4144 in ballot under the WA Mining Act held on 18 September 2020. Subject to Ministerial approval and upon grant, E47/4144 will be 100% legally held by EUR (with 50% beneficially owned by EUR, with the remaining 50% held by EUR on behalf of Wombat Pty Limited).

Given recent success in conglomerate gold in the region, EUR intends to start immediate exploration to conduct field reconnaissance and mapping of geology and historical workings. This work will be followed by obtaining the necessary government approvals (pending grant) to construct a suitable field exploration program that may involve the development of costeans, drilling etc. Based on the somewhat random distribution of nugget gold in a conglomerate environment, the Company will look to undertake larger than normal samples, similar to programs undertaken by Novo to the South at the Comet and Purdy's Reward Projects.

In addition to an immediate sampling program (pending grant of the tenement), the Company intends to explore for the source of gold found in the conglomerate lithology by:

- For personal use only
- (a) collecting all previous information on the tenement;
 - (b) field mapping to identify any possible shear hosted intrusion related sources; and
 - (c) investigating the most suitable geophysics and geochemistry to use in targeting deeper source gold structures.

EUR believes that it is in an exceptionally good position in acquiring, by ballot, such a well centred tenement with the potential for both conglomerate and shear hosted gold mineralisation as is found in the Novo, Artemis and De Grey tenure to the south and east.

Use of funds

The Company intends to use the funds raised under the SPP towards the sampling and exploration program for E47/4144 as set out above, payment of costs associated with the SPP and for general working capital.

How to participate in the SPP

To apply for Shares under the SPP, please follow the instructions on the enclosed personalised Application Form. Eligible Beneficiaries who wish to participate in the SPP must contact their Custodian.

This document and its attachments set out the details and Terms and Conditions of the SPP. We encourage you to read the enclosed material, including in particular the summary of key risks in section 4, and seek your own financial and tax advice in relation to the SPP before you decide whether to participate.

The SPP opens at 9.00am (Sydney time) on 8 October 2020 and will close at 5.00pm (WST) on 3 November 2020. Late applications will not be accepted. However, EUR reserves the right to scale-back investors, withdraw the SPP, or vary the Closing Date without prior notice subject to the Corporations Act and the ASX Listing Rules.

On behalf of the Board, we invite you to consider participation in the SPP.

Yours sincerely

Tony Sage

Non-Executive Chairman

3 PROPOSED USE OF FUNDS

The Company intends to use the funds raised under the SPP towards E47/4144 by:

- (a) conducting field reconnaissance and mapping of geology and historical workings;
- (b) constructing a suitable field exploration program that may involve development of costeans, drilling etc; and
- (c) exploring for the source of gold found in the conglomerate lithology by:
 - (i) collecting all previous information on the tenement;
 - (ii) field mapping to identify any possible shear hosted intrusion related sources; and;
 - (iii) investigating the most suitable geophysics and geochemistry to use in targeting deeper source gold structures.

4 KEY RISKS

Shares are a speculative investment and the market price may change between the dates you apply for new Shares and the issue of new Shares to you. Accordingly, the value of new Shares applied for may rise or fall. This Offer Booklet is not a prospectus and does not require the types of disclosures required under the Corporations Act for a prospectus. You must rely on your own knowledge of the Company previous disclosures made by the Company to ASX, and, if necessary, should consult your professional advisor when deciding whether or not to participate in the offer.

There are several general and specific risks which may affect the future operating and financial performance and financial position of EUR along with the trading price of the Shares and dividends (if any) paid on them in the future.

These risks include and are not limited to the following:

- (a) Wolfsberg Lithium Project

The Company's main project is the Wolfsberg Lithium Project. The Company has completed the pre-feasibility study (PFS) and is well advanced into the DFS for the project. In terms of the DFS, Dorfner/Anzaplan has completed the metallurgical test work to assess and optimize the process lines, flowsheets and layouts, the results and scope of work have been reviewed and the remaining lock cycle tests to assess sufficiently the process to produce reliable results for the Lithium Hydroxide product are pending (and delayed due to COVID-19). The final DFS report will be published when this work is completed and reviewed, however, remains constrained by the Company's ability to return to full operations once government restrictions related to COVID-19 are withdrawn. There is a risk that that the final outcomes of the DFS may vary from the outcomes of the PFS, in whole or with

respect to elements of it. There is also no certainty that the DFS will result in the further advancement of the project.

(b) Sufficient funds to complete proposed exploration

Funds raised from the SPP will be used for exploration of E47/4144 and working capital (primarily corporate overhead costs). There is a significant risk that the Company may not, in the event the SPP raises less than full subscription, have sufficient funds to complete its proposed exploration program, in which it will need to reduce its proposed exploration program or farm-out/relinquish some of the project. This will have an adverse effect on the Company.

(c) Commodity risks

The Company's projects are prospective, inter alia, for lithium and gold. The market price of these commodities may fluctuate and is affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates. Fluctuations in commodity prices may impact on the commercial attractiveness or viability of the Company's projects.

The international prices of most commodities are denominated in United States dollars and the Company's cost base will be in a combination of Australian dollars, United States dollars and Euros. Consequently, changes in these exchange rates may impact on the expenditure of the Company and the Company's purchasing capacity. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

(d) Exploration and development risks generally

Whilst the Company has identified certain exploration targets, it has not announced a mineral resource. The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a viable profit from production. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices (which fluctuate widely), and government regulations relating to prices, taxes,

For personal use only

royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

(e) Grant of exploration tenement E47/4144

While the Company won the ballot for E47/4144 under the WA Mining Act, E47/4144 is yet to be granted to the Company. Whilst the risk that the tenement will not be granted is low, the tenement is located in a complex area with many infrastructure reserves. As a result, there is a material risk that the grant may be delayed. The Company is limited in the exploration activities that can be undertaken prior to grant, which may materially delay the Company's overall proposed exploration program.

Furthermore, subject to grant, while E47/4144 will be 100% legally held by EUR, EUR will only be entitled to 50% of the beneficial interest in the tenement with the remaining 50% held by EUR on behalf of Wombat Pty Limited, there is a risk that the interest of EUR and Wombat may not always align.

(f) Financial risks

As disclosed in the Company's 2020 annual report, the Company achieved a net loss of \$3,257,923, currently has 1,000 convertible notes (with a face value of \$1,000 each which is convertible at the election of the noteholder), and net operating cash outflows of \$894,930 for the year ended 30 June 2020. The Company's ability to continue as a going concern is dependent upon the ability of the Company to raise capital as and when necessary and/or the successful exploration and subsequent exploitation of the company's tenements. There are considerable financial risks in this.

(g) Overall market risk including supply and demand

The Company's operations may be affected by global mineral prices, mineral supply and demand, and economic and geopolitical events that may affect international trade and demand.

(h) Coronavirus (COVID-19) risk

The global economic outlook is facing uncertainty due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further, measures to limit the transmission of the virus implemented by governments in Austria, Australia and around the world (such as physical distancing, travel bans and quarantining) may adversely impact the Company's operations. In particular, the restrictions on accessing remote Aboriginal communities may materially impact the timeline for negotiations in relation to native title access agreements and heritage clearances required by the Company.

For personal use only

These risks are associated with an investment in Shares but are not an exhaustive list. In addition and as with an investment in any ASX listed company, the future prospects, operating and financial performance of the Company and the value of its Shares may be affected by a variety of factors, including changes in investor sentiment and overall performance or the Australian and overseas securities markets, and changes in general business, industry cycles and economic conditions.

As a Shareholder, you will continue to be exposed to such risks.

There may also be additional risks and uncertainties not currently known which may have an adverse effect on EUR's business and the value of the Shares.

Where possible, EUR will seek to minimise its exposure to, and mitigate the effects of, these risks. However, certain risks relate to matters that are outside the control of EUR, and there can be no assurance that any steps that EUR takes will successfully protect it from any particular risk.

These risks do not take into account the investment objectives, financial situation, tax position or other circumstances of any particular Shareholder.

Shareholders should have regard to their own investment objectives and financial circumstances and seek professional advice from their legal, financial or other independent adviser before determining whether or not to participate in the SPP.

5 QUESTIONS AND ANSWERS

What is the SPP? The SPP is an opportunity for Eligible Shareholders to purchase additional Shares of up to \$30,000 irrespective of the number of Shares they currently own.

You will not pay brokerage, commissions or other transaction costs.

All Shares issued to you under the SPP will rank equally with your existing fully paid Shares and will carry the same voting rights and entitlements to receive distributions.

Who may participate in the SPP? You may participate in the SPP if you are an Eligible Shareholder. You are an Eligible Shareholder if you are a registered holder of Shares on the Record Date with a registered address in:

- (a) Australia; or
- (b) New Zealand,

unless you hold Share for the account of another person, who resides outside Australia or New Zealand.

Certain Eligible Shareholders who are custodians holding Shares on behalf of certain beneficiaries are also able to participate in the SPP in accordance with the Terms and Conditions.

The Company is not required to determine, and will not determine, the identity or residence of any beneficial owners of Shares. Each custodian, trustee or nominee will need to determine for itself whether its beneficiaries are Eligible Beneficiaries.

Each custodian, trustee or nominee must not distribute any documents relating to the SPP to any person in the United States and must not submit an Application or make payment by BPAY® or otherwise apply for Shares for any person for whose account or benefit it acts that is a person in the United States.

Do I have to participate in the SPP?	No. Participation in the SPP is entirely voluntary. If you do not wish to participate in the SPP, no action is required on your part. Before you apply for Shares, EUR recommends you seek independent financial and tax advice from your stockbroker, accountant or other professional advisor, and you monitor the price of Shares (which is quoted in the financial pages of the major metropolitan newspapers and on the ASX website). This Offer Booklet does not purport to contain all of the information that you may need to make an investment decision.
--------------------------------------	--

Are there any risks in participating in the SPP?	There are risks associated with holding Shares and participating in the SPP, as set out in section 4 of this Booklet. In addition, there is a risk that the prevailing market price for Shares may change between the date of the offer and when Shares are issued to you under the SPP. The market price or value of Shares is subject to market volatility. It may be higher or lower, and the value of Shares you receive under the SPP may change depending upon the prevailing market price.
--	--

What is the Issue Price of the Shares under the SPP?	The Issue Price of Shares under the SPP is \$0.0475 per Share, being a 19.2% discount to the volume weighted average market price for the Company's Shares calculated over the last 5 days on which sales in the Company's Shares were recorded immediately prior to the announcement date on 23 September 2020. You should note that the market price of Shares may rise or fall between the date of this offer and the date when the Company
--	---

	<p>issues the Shares to you under the SPP. This means that the price you pay per Share under this offer may exceed, or be less than, the market price of the Shares at the time of issue of the Shares under this offer. You are encouraged to seek your own financial advice in relation to this offer and your participation under the SPP.</p>
<p>How many Shares can I apply for under the SPP?</p>	<p>If you are an Eligible Shareholder, you are entitled to apply for up to \$30,000 in new Shares, regardless of the number of Shares you currently hold. You may nominate one of the following values should you wish to apply for new Shares: \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000 (Nominated Subscription).</p> <p>If you receive more than one copy of this Offer Booklet, or if you hold Shares in more than one capacity (e.g. because you are both a sole and joint holder of Shares), the maximum amount you may apply to invest under the SPP in all capacities, and in aggregate, is \$30,000. By applying to purchase Shares under the SPP, you certify you have not exceeded this \$30,000 limit.</p> <p>If the Issue Price cannot be divided into your Nominated Subscription, to give a whole number of Shares, there will be a rounding down of the number of Shares. By applying to purchase Shares under the SPP, you acknowledge that any remaining balance of your payment arising from any rounding down will be donated to a registered charity of EUR's choosing. You will not receive a refund for this amount, which will always be less than the Issue Price of one Share.</p>
<p>Can I transfer my offer to a third party?</p>	<p>No. Your rights under this offer are personal to you and non-renounceable, so you may not transfer them.</p>
<p>What will happen if the SPP is oversubscribed?</p>	<p>The SPP targets to raise approximately \$2 million.</p> <p>EUR may, at its absolute discretion, scale back the number of Shares that will be allotted to individual Shareholders under this SPP. If this happens, you may be allocated Shares to a value which is less than the value of Shares that you applied for and the difference will be refunded to you (without interest).</p>
<p>How do I apply for Shares under the SPP?</p>	<p>If you wish to participate in the SPP, you can apply for Shares in the following ways:</p> <p>(a) apply for Shares by making a payment of \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000, using the</p>

BPAY® facility provided by your bank as per the instructions in the Application Form. If you make a payment by BPAY®, you will be deemed to have completed an Application Form accepting Shares to the value of \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000. You do not need to return the Application Form if paying by BPAY®; or

- (b) follow the instructions set out in the enclosed Application Form. Send your completed Application Form with your cheque, bank draft or money order drawn on an Australian branch of a financial institution in Australian currency, made payable to “European Lithium Limited” and crossed “Not Negotiable” to Computershare in the enclosed reply paid envelope.

You will not be able to withdraw or revoke your Application once you have made a payment by BPAY® or sent us the completed Application Form.

If paying by Bpay®, payment must be received by the Registry by Bpay® by 5.00pm (WST) on 3 November 2020. By paying by Bpay®, you will be deemed to have completed an Application Form for the number of Shares the subject of your Application.

If you make a payment by Bpay® and the Company receives an amount which is not equal to either \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000, the Company may round down the dollar amount of Shares that you are applying for to the next lowest parcel at its discretion. Your payment must be for a minimum of \$2,500.

Can I apply for Shares under the SPP if my Shares are held by a custodian, trustee or nominee?	If you are expressly noted on EUR’s share register as the named beneficiary of Shares held by a custodian, trustee or nominee, and you reside in Australia or New Zealand, you will be eligible to participate in the SPP. Otherwise, you should contact your custodian, trustee or nominee if you want to participate in the SPP.
--	--

How long is the SPP offer open for?	The SPP opens at 9.00am (Sydney time) on 8 October 2020 and closes at 5.00pm (WST) on 3 November 2020. If you want to participate, you should ensure that Computershare receives payment in cleared funds by no later
-------------------------------------	--

	than 5.00pm (WST) on 3 November 2020 (the Closing Date for the SPP).
Do I have a guaranteed allocation of Shares under the SPP?	No. The SPP is targeting approximately \$2 million, and EUR reserves the right (at its absolute discretion and subject to the Listing Rules) to scale back applications under the SPP. If this happens, you may be allocated fewer Shares than the parcel of Shares for which you applied, and you will be refunded the difference in the application amount (without interest payable on funds prior to your refund).
What is the market price of Shares?	The market price of Shares can be obtained from the ASX website by searching for “European Lithium Limited” in the prices search screen.
Taxation	You should consult your own taxation advisor about the tax status and implications of your investment in Shares.
Further questions?	If you have any questions in relation to the SPP, please call your stockbroker, accountant or other professional advisor. If you require information on how to complete the Application Form, please contact the company secretary on +61 8 6181 9792 or info@europeanlithium.com between 8.30am and 5.30pm (WST), Monday to Friday while the Offer remains open for acceptance.

6 TERMS AND CONDITIONS

6.1 Defined terms

Defined words and expressions used in this Offer Booklet are capitalised. See the Definitions section at the end of this Offer Booklet for their definition.

6.2 Offer timetable

This Offer Booklet is dated 8 October 2020.

The offer opens at 9.00am (Sydney time) on 8 October 2020 (**Opening Date**) and closes at 5.00pm (WST) on 3 November 2020 (**Closing Date**). Application Forms and cheques, bank drafts, money orders or BPAY® payments may not be processed and may not be valid if they have not been received by the Closing Date. You must allow adequate time for Application Forms and cheques, bank drafts or money orders forwarded by post to be received by the Registry.

Any reduction in allotments of Shares under the SPP (**Scale Back**) is proposed to be announced on the Scale Back Date.

The Shares will be issued on the Issue Date and a transaction confirmation is expected to be dispatched to you shortly thereafter.

6.3 Eligible Shareholders

You may participate in the SPP if you are an Eligible Shareholder.

If you are the only registered holder of a holding of Shares, but you receive more than one offer under the SPP (due to multiple registered holdings), you may only contribute a maximum of \$30,000 in applying for Shares.

If two or more persons are recorded in EUR's share register as jointly holding Shares, they are taken to be a single registered holder of Shares for the purposes of the SPP. If as joint holders you receive more than one offer under the SPP due to multiple identical holdings, you may still only contribute a maximum of \$30,000 in applying for Shares. An agreement, representation, acknowledgement or certification given by any joint holder of Shares is taken to be an agreement, representation, acknowledgement or certification given by all joint holders.

An Eligible Shareholder who is a custodian, trustee or nominee within the definition of "custodian" in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**Custodian**) may participate in the SPP on behalf of each Eligible Beneficiary on whose behalf the Custodian is holding Shares.

If you are a Custodian, you may contribute a maximum of \$30,000 in applying for Shares for each Eligible Beneficiary on whose behalf you or a downstream Custodian holds Shares (but joint holders are taken to be a single holder). This is subject to you providing EUR with a certificate in accordance with section 6.4(f)(v) below. You can obtain a certificate form by contacting the company secretary on +61 8 6181 9792 or info@europeanlithium.com. Applications received from Custodians in excess of \$30,000 that are not accompanied by a certificate may be rejected.

If you are not a Custodian, the rules for multiple single holdings apply and you may only contribute a maximum of \$30,000 in applying for Shares. You are not eligible to participate on behalf of a person who resides outside Australia or New Zealand.

If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

The offer under the SPP is made on the same Terms and Conditions to each Eligible Shareholder (whether you are a custodian or hold Shares on your own account).

Participation in the SPP is entirely optional. If you are an Eligible Shareholder, you can choose whether or not to participate. If you are a Custodian and subject to the terms of your appointment and applicable laws, you can choose whether to extend the offer to your Eligible Beneficiaries.

6.4 Applications for Shares

(a) Limitations on Applications

For personal use only

If you are an Eligible Shareholder who is not a Custodian, you may apply to purchase a Parcel of Shares valued at \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000 (**Nominated Subscription**).

This Parcel may be subject to a Scale Back and rounding.

Unless you are applying as a Custodian, the maximum amount of \$30,000 applies even if you receive more than one Application Form or if you hold Shares in more than one capacity (for example, if you are both a sole and joint holder of Shares - see section 6.3 above) and irrespective of the number of Shares you hold on the Record Date. EUR can reject any application for Shares if EUR believes you have not complied with this condition.

(b) **Completing the Application Form and paying for Shares**

If you wish to participate in the SPP, you must either:

- (i) make a payment by BPAY® if you have an Australian bank account enabled for this purpose. BPAY® customers must use the unique customer reference number shown on the instructions to the Application Form which is required to identify your holding. If paying by BPAY®, you do not need to return your Application Form.

Note: By using the BPAY® facility to apply for Shares, you represent to EUR that the total of the application price for the following does not exceed \$30,000:

- (A) the Shares you are applying for;
 - (B) any other Shares you are applying for under the SPP, or Shares or interests in the class issued under a similar arrangement in the 12 months before your application under the SPP;
 - (C) any other Shares or interests in the class which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - (D) any other Shares or interests in the class issued to a Custodian under an arrangement similar to the SPP in the 12 months before your application under the SPP as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the Shares or interests.
- (ii) complete the enclosed Application Form and return it with a cheque, bank draft or money order for \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000, in accordance with the instructions on the Application Form. Cheques, bank drafts and money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “European Lithium Limited” and crossed “Not Negotiable”. EUR will not accept payment by cash.

Payment in cleared funds must be received by 5.00pm (WST) on the Closing Date.

(c) EUR's discretions regarding Applications

EUR has a broad discretion to accept or reject your Application to purchase Shares under the SPP in whole or in part, including if:

- (i) your Application Form, cheque, bank draft, money order or BPAY® payment is late, incorrectly completed, incomplete or otherwise determined by EUR to be invalid;
- (ii) your cheque or bank draft or money order is late, dishonoured or has not been completed correctly;
- (iii) the cheque, bank draft or money order that you enclose with your Application Form is not made out for the exact amount as indicated on the Application Form;
- (iv) your BPAY® payment is not received or is incomplete or invalid;
- (v) unless you are applying as a Custodian, it appears that you are applying to buy more than \$30,000 (in aggregate) of Shares under the SPP;
- (vi) you are a Custodian, EUR is not satisfied with your certification for any reason, or if you have not provided certification;
- (vii) cleared funds are not received until after the Closing Date. While EUR has the discretion to accept late Application Forms, cheques, bank drafts, money orders or BPAY® payments, there is no assurance that it will do so. Late Application Forms and cheques, bank drafts or money orders, if not processed, will be returned to you at your registered address. Late BPAY® payments may be returned to you by cheque (or any other method as EUR determines) to your registered address;
- (viii) the amount of your cheque, bank draft, money order or BPAY® payment is not equal to the amount indicated on the Application Form, in which event EUR will:
 - (A) refund in full your application monies and not allot any Shares to you; or
 - (B) allot to you the number of Shares that would have been allotted had you applied for the highest Parcel that is less than the amount of your payment and refund to you the excess of your application monies by direct credit deposit to your nominated bank account or by cheque; or

For personal use only

- (C) EUR has reasons to believe that you are not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

EUR must reject applications if required to do so under ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547.

- (d) Amount to be raised and Scale Back

The Company is targeting to raise approximately \$2 million, and the Company may in its absolute discretion, scale back applications.

If there is a Scale Back, you may not receive all the Shares for which you have applied. EUR may, at its absolute discretion, scale back the number of Shares that will be allotted to individual Shareholders under this SPP. If a Scale Back produces a fractional number when applied to your Parcel, the number of Shares you will be allotted will be rounded down.

If there is a Scale Back, EUR will refund to you by direct credit deposit to your nominated bank account or by cheque, the difference between your application money and the total Issue Price for the Shares allotted to you (provided that you will not receive a refund for an amount which is less than the Issue Price of one Share).

- (e) Interest

No interest will be paid on any application money returned to you, or held pending the issue of Shares under the SPP.

- (f) Significance of applying for Shares

If you apply to participate in the SPP:

- (i) your Application, on these Terms and Conditions, will be irrevocable and unconditional (it cannot be withdrawn or cancelled);
- (ii) you represent that all details and statements in your Application are true and complete, and not misleading (including by omission);
- (iii) you represent that you are and each person for whom you are acting is an Eligible Shareholder, and agree to provide (and, if applicable, direct your Custodian to provide) any requested substantiation of your eligibility to participate in the SPP;
- (iv) if you are applying on your own behalf (and not as a Custodian), you acknowledge and agree that:
 - (A) you are not applying for Shares with an application price of more than \$30,000 under the SPP (including by instructing a Custodian to acquire Shares on your behalf under the SPP);

For personal use only

- (B) the total of the application price for the following does not exceed \$30,000: (A) the Shares you are applying for; (B) any other Shares you are applying for under the SPP, or Shares or interests in the class issued under a similar arrangement in the 12 months before your application under the SPP; (C) any other Shares or interests in the class which you have instructed a Custodian to acquire on your behalf under the SPP; and (D) any other Shares or interests in the class issued to a Custodian under an arrangement similar to the SPP in the 12 months before your application under the SPP as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the Shares or interests; and
- (C) EUR will take no responsibility for Applications in excess of \$30,000;
- (v) if you are a Custodian and are applying for Shares on behalf of an Eligible Beneficiary on whose behalf you hold Shares, you acknowledge and agree:
 - (A) that you are a Custodian (as that term is defined in paragraph 4 of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547);
 - (B) that you held Shares on behalf of the Eligible Beneficiary as at the Record Date who has instructed you to apply for Shares on their behalf under the SPP and that the Eligible Beneficiary was provided with a copy of this Offer Booklet before giving such instruction;
 - (C) that you are not applying for Shares on behalf of any Eligible Beneficiary with an application price of more than \$30,000 under the SPP; and
 - (D) that the application complies with all applicable laws and that the Company is not required to make any disclosure or filing in the Eligible Beneficiary's jurisdiction of residence;
 - (E) to certify to us in writing the matters required by paragraph 8(3) of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, and that the information given in that certification is true, correct and not misleading;
- (vi) you agree to these Terms and Conditions and you agree not to do anything which would be contrary to the spirit, intention or purpose of the SPP;

- (vii) you agree to be bound by the constitution of EUR (as it may be amended from time to time);
- (viii) you represent that you are in compliance with all relevant laws and regulations;
- (ix) you authorise EUR (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;
- (x) you agree that EUR may determine that your Application Form is valid and in accordance with these Terms and Conditions, even if it is incomplete, contains errors or is otherwise defective;
- (xi) you agree that your Application is only effective when received by the Registry and not when posted;
- (xii) you acknowledge that EUR may vary the timetable set out in this Offer Booklet at its discretion by lodging a revised timetable with the ASX;
- (xiii) you accept the risk associated with any return of application monies (for example, in the event of a rejected Application) or other refunds that may be dispatched to you by to your address shown on EUR's share register;
- (xiv) you agree to indemnify EUR for, and to pay to EUR within 5 business days of demand, any dishonour fees or other costs EUR may incur in presenting a cheque or bank draft for payment which is dishonoured;
- (xv) you acknowledge that none of EUR, its advisors or agents, or the Registry has provided you with investment advice, financial product advice or taxation advice, and that none of them has any obligation to provide this advice concerning your decision to apply for and purchase Shares;
- (xvi) you acknowledge that the Offer Booklet that incorporates these Terms and Conditions does not purport to contain all of the information that an investor may require to make an investment decision;
- (xvii) you acknowledge that there are risks associated with acquiring and holding Shares, including those described in the immediately preceding section;
- (xviii) you acknowledge that none of EUR, its officers or agents are liable for any exercise of any discretions by any person referred to in these Terms and Conditions;
- (xix) you acknowledge that any remaining balance of your payment, due to a rounding down of the number of Shares, will be donated to a registered charity of EUR's choosing (provided that the remaining balance is less than the Issue Price of one Share);

- (xx) if you make payment of application money by BPAY®, you acknowledge that you will be taken to have made all representations, warranties and undertakings set out in the Application Form as if you had validly signed and submitted an Application Form;
- (xxi) you declare that you are at least 18 years of age and have full legal capacity and power to perform all your rights and obligations in respect of the SPP;
- (xxii) you acknowledge and agree that you are not in the United States and are not acting for the account or benefit of a person in the United States;
- (xxiii) you acknowledge that the Shares have not been, and will not be, registered under the Securities Act of 1933, as amended (U.S. Securities Act), or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the Shares to be offered and sold under the SPP offer will only be offered and sold to Eligible Shareholders in Australia or New Zealand in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- (xxiv) you acknowledge and agree that if you are acting as a Custodian, each beneficial holder on whose behalf you are participating in the SPP is an Eligible Beneficiary; and
- (xxv) you agree not to send any materials relating to the SPP to any person outside Australia and New Zealand or if you are acting as a Custodian, not to send any materials relating to the SPP to any person other than an Eligible Beneficiary.

6.5 Parcel price and number of Shares

If you apply for Shares under the SPP, you will apply for a certain value, rather than a certain number, of Shares. You agree to pay the total application price of:

- (a) \$2,500;
- (b) \$5,000;
- (c) \$10,000;
- (d) \$15,000;
- (e) \$20,000;
- (f) \$25,000; or
- (g) \$30,000.

EUR shall determine the number of Shares to be issued to each Eligible Shareholder who applies for a Parcel, by dividing the value of that Parcel by the Issue Price. If the Issue Price cannot be divided into your Nominated Subscription to give a whole number of Shares, there will be a rounding down of the number of Shares. In accordance with section 6.4(f)(xix) above, any remaining balance of your payment will be donated to a registered charity of EUR's choosing. You will not receive a refund for this amount, which will always be less than the Issue Price of one Share.

The SPP is targeting to raise approximately \$2 million, and the Company may in its absolute discretion, scale back applications accordingly.

6.6 Issue of Shares

On the Issue Date, EUR will issue the number of Shares to each Eligible Shareholder on the basis set out in section 6.5.

Shares issued under the SPP will, at the time of issue, rank equally with, and have the same voting rights, distribution rights and other entitlements as existing Shares.

EUR will apply for Shares issued under the SPP to be quoted on ASX.

6.7 Variation and termination

EUR reserves the right at any time to:

- (a) amend or vary these Terms and Conditions;
- (b) waive compliance with any provision of these Terms and Conditions;
- (c) withdraw the SPP or suspend or terminate the SPP;
- (d) vary the timetable for the SPP, including the Closing Date; and
- (e) not accept an Application, not issue Shares, or issue Shares to a value less than that applied for under the SPP by an Eligible Shareholder (including a Custodian applying on behalf of one or more Eligible Beneficiaries).

Any such amendment, variation, waiver, suspension, withdrawal, non-acceptance or termination will be binding on all Eligible Shareholders even where EUR did not notify you of that event.

In the event the SPP is withdrawn or terminated, all application monies will be refunded. No interest will be paid on any money returned to you.

6.8 Underwriting

The SPP is not underwritten.

6.9 Settling disputes

EUR may settle in any manner it sees fit, any difficulties, anomalies or disputes which may arise in connection with the operation of the SPP whether generally or in relation to any participant or any Application of Shares. The decision of EUR is

conclusive and binding on all participants and other persons to whom the determination relates. These rights may be exercised by EUR, its Board of Directors or any of their delegates.

6.10 Privacy

Chapter 2C of the Corporations Act requires information about Shareholders (including their name, address and details of the securities they hold) to be included in the public register of the entity in which they hold securities. This information must continue to be included in the public register even if they cease to be a Shareholder.

EUR and the Registry may collect personal information to process the application and implement the SPP, and to administer holdings of Shares.

The personal information contained in EUR's share register is also used to facilitate payments and corporate communications (including financial results, annual reports and other information to be communicated to Shareholders) and to ensure compliance with legal and regulatory requirements, including taxation laws and the Corporations Act.

The personal information EUR collects in relation to Shareholders may include the name, address, other contact details, bank account details and details of their holdings of Shares.

Shareholders who are individuals and the other individuals in respect of whom personal information is collected, as outlined above, have certain rights to access, correct or update the personal information held about them, subject to some exceptions allowed by law. Such individuals should contact the company secretary on +61 8 6181 9792 or info@europeanlithium.com between 8.30am and 5.30pm (WST), Monday to Friday while the offer remains open.

Personal information regarding Shareholders may be disclosed to joint investors, the Registry, securities brokers, third party service providers (including print and mail service providers, technology providers, and professional advisors), related entities of EUR and each of their agents and contractors, and ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom EUR will disclose personal information may be located overseas.

The main consequence of not providing the personal information outlined in this section 6.10 would be that EUR may be hindered in, or prevented from, processing applications, and from conducting and implementing the SPP.

6.11 Shortfall

The SPP is not underwritten.

EUR reserves its right to place any shortfall under the SPP at a price not less than the Issue Price in accordance with its share issue capacity under the Listing Rules.

6.12 Governing law

These Terms and Conditions are governed by the laws in force in Western Australia and are to be interpreted in accordance with their spirit, intention and purpose.

6.13 Inconsistency

These Terms and Conditions prevail to the extent of any inconsistency with the Application Form.

7 GLOSSARY

Where the following terms are used in this Offer Booklet, they have the following meanings:

Application	A correctly completed and submitted Application Form and attached application monies or a payment via BPAY®.
Application Form	The Application Form relating to the SPP that you received with this Offer Booklet, including the instructions. This may include a deemed Application Form in the same terms, where a valid BPAY® payment is made.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the market operated by it, as the context requires.
Beneficiary	A person on whose behalf a Custodian is holding Shares as at the Record Date.
Board	The board of directors of the Company.
Closing Date	5.00pm (WST) on 3 November 2020.
Custodian	has the meaning given in section 6.3.
Control	Has the meaning given in section 50AA of the Corporations Act.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Despatch Date	The date on which the transaction confirmation statements are despatched to participating Eligible Shareholders.

Dollars or \$	Australian dollars.
Eligible Beneficiary	A Beneficiary with a registered address in either Australia or New Zealand or a Beneficiary that the Custodian has determined that the offer under the SPP can be extended to without producing a prospectus/further disclosure under the applicable security laws of the Beneficiary's jurisdiction, provided that such Beneficiary is not in the United States.
Eligible Shareholder	A person who, at the Record Date, was recorded in EUR's share register as being a registered holder of Shares with a registered address in: <ul style="list-style-type: none"> • Australia; or • New Zealand, and who is not, or is not acting for the account or benefit of, a person in the United States.
Issue Date	The date on which Shares are issued under the SPP which is expected to occur on 12 November 2020.
Issue Price	\$0.0475 per Share.
Listing Rules	The listing rules of the ASX.
EUR or Company	European Lithium Limited ACN 141 450 624.
Nominated Subscription	The total dollar amount subscribed for, being the Parcel multiplied by the Issue Price.
Offer Booklet	This offer booklet in respect of the SPP.
Opening Date	9.00am (Sydney time) on 8 October 2020.
Parcel	A parcel of Shares in respect of an amount of \$2,500, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000, at the Issue Price.
Record Date	7.00pm (Sydney time) on 22 September 2020.
Registry	Computershare.
Scale Back Date	6 November 2020

For personal use only

Share or Shares	A fully paid ordinary share in EUR.
Shareholder(s)	Holder(s) of Shares.
SPP	This Share Purchase Plan.
Terms and Conditions	The terms and conditions of the SPP set out in section 6 of this Offer Booklet, and these Definitions and the Application Form.
U.S. Securities Act	The Securities Act of 1933, as amended.
VWAP	Volume weighted average price.
WST	Australian Western Standard Time.