

EUROPEAN LITHIUM LTD.

LITHIUM FOR EUROPE FROM EUROPE

European Lithium Ltd., a public Australian-European company, owns and develops one of the most promising European lithium projects in Wolfsberg, Austria. This advanced-stage exploration mine emerged in the wake of mineral resource activities undertaken by the state in the 1980s. As of 2020, the company intends to produce between 80,000 and 100,000 tonnes of battery-grade lithium from this mine, making it the first productive lithium mine of its kind in Europe. Most of the world's lithium is currently mined in Australia and South America, and nearly all of it is processed into battery-grade material in China. 25% of the global lithium demand comes from Europe, where 10 additional battery plants are currently under construction or in the pipeline. Political and industrial decision-makers are therefore supportive of local lithium production.

Mr Müller, congratulations on your new task. How did it all happen?

STEFAN MÜLLER: Thank you. While European Lithium is an Australian company, the project itself is located in Europe and an increasing number of shareholders are also based in Europe. It is therefore only logical that there is a strong focus on the equity market. As a rule, foreign resource companies tend to "promote" their projects through campaigns that are meanwhile critically eyed; hence they only reach a specific group of mostly trading-focused retail investors. We at European Lithium, however, pursue a comprehensive investor relations approach. The company presents itself to investors as if it was a local company. Information is communicated in a professional and diligently researched manner, first-hand, in German language - and not through so-called "promoters". The implementation of this investor relations strategy is my responsibility.

Is the effort worth it? Is it measurable?

STEFAN MÜLLER: The Vienna Stock Exchange listing and the recent IPO conducted with mostly European investors have confirmed that there is a strong domestic interest in this first battery-grade lithium mine. Trading volumes in Europe have been steadily increasing for months, and regular trading activity is meanwhile higher than in Australia. What is more, Australia already has a large number of own producing lithium mines and Australian investors naturally focus on these local companies. Consequently, European Lithium intends to increasingly focus its equity market activities on Europe.

Regarding the project itself, what are the next steps?

STEFAN MÜLLER: We recently commissioned a preliminary feasibility study (PFS) on mine development leading up to lithium production. The purpose of this study, which is conducted by an independent specialist, is to demonstrate the economic feasibility of a mining operation. The PFS is also subject to certain legal requirements, so many institutional investors will be waiting for the results that will lay the foundation for starting a potential investment process.

When do you expect to receive these results and what do you think they will look like?

STEFAN MÜLLER: We expect the study to be completed in February. We already commissioned a similar study for internal purposes early this year and announced the results in April. Highlights include an annual production between 80,000 and 100,000 tonnes of battery-grade lithium and a

current project assessment of roughly 75 million euros. We expect that the newly commissioned official study will not materially deviate from these results. The company is currently valued at 20 million euros on the stock market.

Provided the results are positive, does this imply that mine construction activities may be initiated in spring 2018?

STEFAN MÜLLER: Basically yes. But before such a project can be implemented, a detailed planning phase must be conducted and the right financing option for mine construction must be chosen. Our current plans are to start our lithium production in the first half of 2020.

Are there any concrete ideas in terms of financing?

STEFAN MÜLLER: Yes, of course. There is a classical bank debt financing option, and we can also imagine working with a strategic partner from the lithium-processing sector. We are currently engaged in all sorts of negotiations and a number of potential candidates have already signalled their interest in a lithium take-off. It is also quite common in the resource sector that mining projects that have reached an advanced stage are taken over by a large mine operator who takes them to production level.

Which is your preferred scenario?

STEFAN MÜLLER: Since we are a public company listed on the stock exchange, our shareholders will be the ones to decide, and our intention therefore is to maximise shareholder value. There is a lot of buzz at the moment about lithium and all things associated with it, most of all e-mobility. Entire industries are at a turnabout, multinationals need to change their way of thinking, everything is in motion... With our project here in Europe, we are in a very comfortable situation and have the opportunity to act from a superior position.

This interview was conducted by Wilhelm Simon

STEFAN MÜLLER, CEO of the Frankfurt-based investment banking company DGWA GmbH, was recently appointed non-executive director of European Lithium to oversee the coordination of the company's European equity market activities.