

11 May 2021

European Lithium enters into Collaboration Agreement with Jadar Resources Ltd and acquires a 20% interest in its Austrian Lithium Projects

Highlights

- European Lithium enters into Collaboration Agreement with Jadar on its Austrian tenements
- European Lithium acquires a 20% interest in Jadar's Weinebene and Eastern Alps Lithium Projects (Jadar 80% interest), located adjacent to our Wolfsberg Project in Austria.
- The proximity of the Weinebene and Eastern Alps Projects to European Lithium's Wolfsberg Project (JORC compliant mineral resources of 11Mt @ 1% Li₂O¹) creates optionality and potential synergistic development and production scenarios for both parties.
- Both parties have agreed to a pre-emptive right, if either party should choose to sell their interest in the projects.
- Drilling still continuing at Wolfsberg

European Lithium Limited (ASX:EUR, FRA:PF8, VSE:ELI) (**EUR** or the **Company**) is pleased to announce to shareholders that the Company has entered into a Collaboration Agreement with Jadar Resources Limited (ASX: JDR) (**Jadar**). The Company has also acquired a 20% interest in Jadar's Austrian Lithium assets from their JV partner.

Jadar holds an 80% interest in Subsidiary Jadar Lithium GmbH (**Jadar Lithium**), the holder of the Weinebene and Eastern Alps Projects. Jadar has waived its first right of refusal over the remaining 20% interest in Jadar Lithium, allowing Exchange Minerals Limited (**EML**) to sell their 20% interest to EUR for a consideration of \$125,000 cash and 6,666,666 fully paid ordinary shares in the capital of the Company with 1 attaching option exercisable at \$0.075 each on or before 31 July 2022.

Completion of the transaction is subject to Jadar waiving all pre-emptive rights over EML's interest in Jadar Lithium and consenting to the transfer, and confirmation of no breach of warranties by EML.

The Collaboration Agreement includes the establishment of a Technical Advisory Committee for the purpose of jointly collaborating in connection with the Weinebene and Eastern Alps Projects and sharing information to identify the best options to advance those assets and operations. This includes making recommendations for exploration programs, budgets and development scenarios in relation to the assets and operations.

¹ EUR ASX Announcement 3 Jul 2017 - European Lithium Increases Resources at Wolfsberg Adding 4.7 Million Tonnes At 0.78% Li₂O In Zone 1

The Weinebene and Eastern Alps Lithium Projects lie only 20km to the east EUR's Wolfsberg Project (JORC compliant mineral resources of 11Mt @ 1% Li₂O¹) and as such provide both parties with optionality in terms of future development and production scenarios.

Jadar Resources' Executive Director Adrian Paul commented:

"This partnership and Collaboration Agreement formed with European Lithium will allow Jadar to progress our Austrian Lithium assets with the assistance of a key strategic partner with significant JORC compliant resources neighboring our exploration assets. We are thrilled to have the opportunity to work with European Lithium and develop detailed exploration programs which will see these Projects progress further."

European Lithium's Chairman Tony Sage commented:

"This is a fantastic result and gives European Lithium access to a greater portfolio of highly prospective Austrian lithium projects which have the potential to increase the useful life of the proposed infrastructure for our Wolfsberg Lithium Project. The proximity of Jadar's lithium Projects to Wolfsberg presents a number of potential synergistic benefits for both companies and we look forward to beginning work to further the exploration activities at the Projects."

Weinebene Lithium Project

The Weinebene project is in some areas overlapping and also adjacent to EUR's Wolfsberg deposit, where the Company postulates that the veins which comprise the JORC compliant resource at the Wolfsberg deposit, strike into the Jadar's Weinebene project area.

In November the Company announced that a maiden stratigraphic diamond drill hole program had been completed at Weinebene Lithium Project. The drilling program allowed the Company to renew the Austrian tenement future 5 years term². "... Initial boulder sampling results returned high-grade Li₂O values with the highest value returning 3.39% Li₂O and the average value over the 11 samples from the Weinebene project being 1.61% Li₂O. As the samples were not collected from outcrops, but rather boulders, the Company can not be 100% certain that the boulders represent the strike extensions of the veins. The geological evolution of the area did not include any glaciation and associated transportation of large boulders. This encourages the interpretation that the sampled boulders are located near the pegmatite veins. ..." ³.

It shall be mentioned that two out of the 11 grab sample locations showing the aforementioned 3.39% of Li₂O are located on overlapping exploration licenses between ECM and Jadar, where ECM owns the rank 1 exploration rights. This shows the advantage for EUR to achieve a common exploration effort to potentially extend EUR's resource base.

² JDR ASX Announcement 25 Nov 2020 - First Exploratory Drill Hole Underway at Weinebene Project

³ JDR ASX Announcement 19 Feb 2019 - Initial Soil Sampling Work Done on Weinebene Project Area



Figure 1 – Weinebene Lithium Project Location

Eastern Alps Lithium Project

The Eastern Alps Lithium Project licences are located in Southern Austria approximately 3 hours south-west of Vienna. These Austrian prospects contain indications of high-grade lithium targets with significant residual brownfields plus greenfields exploration potential across the entire 64.1 km² project area.

The Company has also identified several prospect areas within its Eastern Alps projects that require follow up evaluation and drill testing.

Details of the Collaboration Agreement

Jadar, EUR and Jadar Lithium have entered into a Collaboration Agreement on the following terms and conditions:

- **Technical Advisory Committee:** Jadar and EUR will form a technical committee which will consist of 3 members in total, including up to 2 representatives appointed by EUR (**Technical Advisory Committee**) for the purpose of jointly collaborating in connection with assets and operations and sharing information to identify the best options to advance those assets and operations, pursuant to which EUR may provide (at nil cost):
 - (i) technical advice regarding exploration programs, and metallurgical and processing issues;
 - (ii) business and technical support regarding development and mining studies; and
 - (iii) financial support in accessing new capital to fund the growth of Jadar Lithium's business.
- **Pre-emptive Rights:** the agreement allows for each party to exercise a pre-emptive right to acquire the other party's interest in Jadar Lithium. Tag along and drag along rights are also in place.
- **Termination:** Either party may terminate the agreement without liability at any time by notice in writing by providing 90 days' written notice.

This announcement has been authorised for release to the ASX by the Board of the Company.

Tony Sage
Non-Executive Chairman
European Lithium Limited

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