

European Lithium Limited

Australia / Mining
 Frankfurt, Sydney
 Bloomberg: PF8 GR
 ISIN: AU000000EUR7

Update

RATING **BUY**
PRICE TARGET **€ 0.14**
 Return Potential 548.1%
 Risk Rating High

GREAT PROGRESS AT BOTH WOLFSBERG AND TANBREEZ IN 2024

Early this year European Lithium (EUR) formed the NASDAQ-listed Critical Metals Corp (CRML) - EUR's stake 73% - into which it inserted its Austrian Wolfsberg Lithium Project (WLP). CRML was formed to access financing from the U.S. capital market for both the WLP and other lithium and critical minerals projects. EUR/CRML have made great strides in advancing both the WLP and financing other projects in 2024. In June EUR/CRML received USD15m from BMW in connection with the agreed lithium hydroxide offtake from the WLP, and in July entered into a shareholder agreement with Obeikan to build and operate a lithium hydroxide plant in Saudi Arabia. Recent notice from the Carinthian state government in Austria that an Environmental Impact Assessment is not required, paves the way for fast track approval of the WLP. Meanwhile CRML has used its own shares to acquire 42% in the Tanbreez Project in Greenland (EUR has 7.5%) and has started drilling with a view to raising its stake above 90%. Tanbreez is fully permitted and hosts the world's largest rare earth resource (JORC 2012-compliant) which includes 60% of the world's non-Chinese heavy rare earths as well as large resources of niobium, tantalum and zirconium. Lastly, EUR used CRML shares to acquire a lithium project in Ireland adjacent to a similar project currently being explored by Ganfeng, the largest Chinese lithium producer. The current spodumene price (87% below its 2022 high) has prompted Australian producers, who account for ca. 50% of worldwide lithium output, to cut originally planned 2025 production by 15%. Current pricing is too low to incentivize new supply in Australia and is impacting longer term supply. Against this backdrop, the consultancy Benchmark Mineral Intelligence recently brought forward its forecast timing for the emergence of a lithium supply deficit from 2029 to late 2027. This coincides with the expected start of production at the WLP. We expect CRML/EUR to use CRML shares to finance the WLP. The decline in the CRML share price prompts us to model greater dilution of EUR's CRML stake than in our most recent March update. We have lowered our price target from €0.17 to €0.14 but maintain our Buy recommendation

FINANCIAL HISTORY & PROJECTIONS

	2022/23A	2023/24A	2024/25E	2025/26E	2026/27E	2027/28E
Revenue (A\$ m)	0.7	0.5	0.2	0.2	171.7	374.0
Y-o-y growth	318.7%	-39.2%	-48.8%	n.a.	74118.7%	117.8%
EBIT (A\$ m)	-13.4	-131.9	-6.3	-6.5	79.4	192.2
EBIT margin	n.a.	n.a.	n.a.	n.a.	46.2%	51.4%
Net income (A\$ m)	-13.5	-188.1	-26.3	-91.5	-5.6	107.2
EPS (diluted) (A\$)	-0.82	-15.20	-1.82	-6.33	-0.39	7.41
DPS (A\$)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (A\$m)	-14.1	-14.8	-601.1	-699.4	-192.7	167.3
Net gearing	-19.9%	832.3%	36.8%	117.2%	155.5%	102.2%
Liquid assets (A\$ m)	13.1	5.8	31.8	210.3	17.7	185.0

RISKS

If the ongoing penetration of the automotive market by electric vehicles slows or comes to a halt, the lithium price is likely to fall.

COMPANY PROFILE

European Lithium is a mining exploration and development company, which through its 73%-owned NASDAQ-listed subsidiary, Critical Metals, is advancing, among other projects, the Wolfsberg lithium project in Austria and the Tanbreez rare earth project in Greenland. The company targets the commencement of production of lithium chemicals for battery factories in 2026 or 2027.

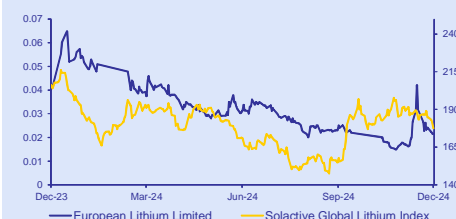
MARKET DATA

As of 19 Dec 2024

Closing Price	€ 0.02
Shares outstanding	1394.20m
Market Capitalisation	€ 30.11m
52-week Range	€ 0.01 / 0.06
Avg. Volume (12 Months)	484,533

Multiples	2023/24A	2024/25E	2025/26E
P/E	n.a.	n.a.	n.a.
EV/Sales	42.9	83.8	83.8
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets	A\$ 5.78m
Current Assets	A\$ 14.05m
Intangible Assets	A\$ 53.24m
Total Assets	A\$ 109.84m
Current Liabilities	A\$ 90.90m
Shareholders' Equity	A\$ -3.61m

SHAREHOLDERS

European Lithium Ltd.	5.1%
Dempsey Resources Pty Ltd	4.3%
Millstone and Comp GL	3.6%
Battle Mountain Pty Ltd	1.6%
Free float and other	85.4%



THE WOLFSBERG LITHIUM PROJECT

The Definitive Feasibility Study (DFS) of the WLP, published by EUR in March 2023, showed a P80 project cost of USD866m (i.e. 80% probability that the USD866m will not be exceeded). This number (see figure 1 below) included USD321m for a lithium hydroxide plant. The lithium hydroxide plant will convert the lithium oxide-containing spodumene concentrate produced at the WLP mine and concentrator into the lithium hydroxide used by EV manufacturers. The planned location of the lithium hydroxide plant was just to the south of Wolfsberg. The WLP mine and concentrator site is located 20km east of Wolfsberg.

Figure 1: CAPEX estimates for WLP from March 2023 Definitive Feasibility Study

Work Breakdown Structure	Capex (excluding contingency)	Contingency P80	Capex (including P80 contingency)
Mine	154.6	20.0%	185.5
Concentrator Plant	257.9	14.4%	295.1
Hydrometallurgical plant	265.4	21.0%	321.1
Laboratory	2.6	20.0%	3.2
Backfill plant	14.2	20.0%	17.1
Owners' costs	38.6	14.4%	44.1
Total project cost	736.1	133.4	866.2

Source: European Lithium Limited

EUR planning to locate lithium hydroxide plant in Saudi Arabia EUR's original plan to locate all WLP operations in Austria changed in June 2023 when the company announced it had signed a binding term sheet with the Saudi Arabian Obeikan Group. The shareholders' agreement reached by the two parties in June 2024 envisages joint development and operation of a lithium hydroxide plant in Saudi Arabia through a 50:50 joint venture.

Saudi Arabian location would lower lithium hydroxide plant OPEX and CAPEX The rationale for locating the lithium hydroxide plant in Saudi Arabia rather than in Austria is to generate large operating cost savings and lower CAPEX for the WLP. Building and operating the lithium hydroxide plant in Saudi Arabia will reduce energy costs by over 80% and also provide access to a lower corporate tax rate (20% in Saudi Arabia vs 25% in Austria).

Updated DFS expected to be completed in Q1/25 EUR has commissioned DRA Global to update the DFS to incorporate the expected opex and capex savings from the JV. The updated DFS is expected to be completed in Q1/25.

Pending clarification of cost and structure issues we base valuation of EUR on the March 2023 DFS Ahead of publication of the updated DFS, clarification of the future configuration of the lithium mine/lithium hydroxide plant structure, and also for the sake of simplicity, we have chosen to base our valuation on the March 2023 DFS, in which the lithium hydroxide plant is located in Austria.

Up to USD125m in funding available from GEM In June last year, EUR announced that CRML had signed an agreement for a share subscription facility with the Luxemburg-based private investment group, Global Emerging Markets (GEM). Following closure of the business combination, CRML is now entitled to draw down up to USD125m of gross proceeds from GEM in exchange for shares of CRML stock. The facility is available for a period of 36 months from closing of the business combination.



Upon the valid exercise of a draw down, GEM is required to pay, in cash, a per-share amount equal to 90% of the average closing bid price of the shares of CRML stock recorded by Nasdaq during the 30 consecutive trading days commencing on the first trading day that is designated on the draw down notice.

BMW made USD15m advance payment to EUR in June In December 2022 EUR signed a long-term offtake agreement with BMW. The offtake agreement is conditional upon the successful start of commercial production at the WLP and full product qualification and certification. BMW agreed to make an advance payment of USD15m to EUR to be repaid through equal set-offs against battery grade lithium hydroxide delivered to BMW. The proceeds of the upfront payment are intended to be used for the development of the WLP including supporting the commencement of the construction phase and to further progress towards the project's successful implementation. BMW transferred the USD15m to EUR in June 2024.

Figure 2 below shows our estimate of the sources of finance for the USD967m which we estimate will be required to implement lithium hydroxide production at the WLP plus finance working capital. Following the formation of CRML, funds totalling ca. USD140m from BMW and GEM are already in place. We assume that a further ca. USD827m will be required to finance the balance of WLP CAPEX plus working capital. We expect that this will be sourced from an approximate 60.40 combination of new debt and equity.

Figure 2: First Berlin estimate of sources of WLP financing

	USDm	AUDm	% total
BMW	15.0	23.6	1.6%
GEM	125.0	196.5	12.9%
New equity	286.3	450.0	29.6%
New debt	540.8	850.0	55.9%
Total	967.1	1,520.1	100.0%

Source: First Berlin Equity Research estimates; Critical Metals Corp.

Our valuation of EUR is based primarily on the resource and reserve estimates for the WLP as shown in figures 3 and 4 below and published in the March 2023 DFS.

Figure 3: WLP resource estimate

Classification	Tonnage (000 t)	Grade (% Li ₂ O)
Measured	4,313	1.13
Indicated	5,430	0.95
Total (m+l)	9,743	1.03
Inferred	3,138	0.90
Total (M + I + Inf.)	12,881	1.00

Source: European Lithium

Figure 4: WLP reserve estimate

Classification	Tonnage (000 t)	Grade (% Li ₂ O)	Content (t Li ₂ O ₂)
Sub-total proved	3,713	0.70	26,103
Sub-total probable	7,770	0.60	46,834
Total proved and probable	11,483	0.64	72,937

Source: European Lithium

EUR's Ukrainian asset is potentially among the largest lithium deposits in Europe Zone 2 of the WLP (the resource and reserve estimates shown above are based solely on zone 1 of the WLP), and lithium exploration tenements in Austria and Ukraine are potential future sources of feedstock for conversion into lithium hydroxide. EUR/CRML have received



drilling approval for Zone 2. Currently, any resources found in Zone 2 are separate from EUR's offtake agreement with BMW, and CRML is in active discussions with several potential off-take partners. EUR acquired the rights to the Dobra and Shevchenkivske lithium exploration projects in Ukraine in late 2021. Dobra is SSW of Kiev on land still controlled by the Ukrainian Government, but Shevchenkivske is currently occupied by the Russian army. However Dobra's potential resource is thought to be 80m to 105m tonnes @ 1.1% to 1.4% Li₂O compared with 11m to 14m tonnes @ 1.2% to 1.3% Li₂O at Shevchenkivske.

THE TANBREEZ RARE EARTH PROJECT

Tanbreez is the world's largest rare earths project Tanbreez, located in southern Greenland, is the largest rare earths project in the world in terms of in situ tonnage (see figure 6). However, rare earth oxides account for only ca. 30% of the in situ tonnage value of USD2.1 trillion (see figure 7), with tantalum, niobium and zirconium oxides accounting for the balance (Tanbreez is an acronym for tantalum, niobium, rare earth elements, and zirconium).

Figure 5: Tanbreez: aerial view of ore body



Source: Tanbreez Mining Greenland A/S

Figure 6: World's top 10 rare earths projects

Property Name	Location	Majority Owner	Geology	Development Status	Activity Status	Total Resource (mt)
1. Tanbreez	Greenland	Rimbal	Alkaline Intrusion-Related	Permitted	Active	28.2
2. St. Honoré	Canada	Magris Resources	Carbonatite	Advanced Exploration	Active	18.4
3. Kvanefjeld	Greenland	Energy Transition Minerals	Alkaline Intrusion-Related	Permitting	Active	10.2
4. Mirima Hill	Kenya	Pacific Wildcat Resources	Carbonatite	Advanced Exploration	Stalled	6.1
5. Halleck Creek	United States	American Rare Earths	Alkaline Intrusion-Related	Advanced Exploration	Active	4.7
6. Ashram	Canada	Commerce Resources	Carbonatite	Preliminary Economic Assessment	Active	4.7
7. Ngualla	Tanzania	Peak Rare Earths	Carbonatite	Permitting	Active	4.6
8. Strange Lake	Canada	Torrifat	Alkaline Intrusion-Related	Advanced Exploration	Active	4.4
9. Montviel	Canada	Geomega Resources	Carbonatite	Advanced Exploration	Active	3.9
10. Nechelacho	Canada	Avalon Advanced Materials	Alkaline Intrusion-Related	Feasibility	Active	1.8

Source: Mining Intelligence

The Tanbreez Project was founded by the Australian geologist, Greg Barnes. Mr Barnes' company, Rimbal Pty Ltd (Rimbal), acquired an exploration license for Tanbreez in 2001. Rimbal held 100% in Tanbreez until it sold a 7.5% stake to EUR in Q2/2023 for AUD3.375m (ca. USD2.3m), a transaction which valued 100% of the project at AUD45m (USD30.2m).



In summer 2023 after the EUR transaction, the Greenland authorities issued the Tanbreez Project a full mining permit. In June 2024 CRML paid Rimbal USD5m in cash for a 5.55% stake (equivalent to USD\$90.9m for 100%). In July 2024 CRML raised its stake in Tanbreez by 36.45% to 42.0%, by issuing 8.4m of its own shares to Rimbal. This transaction valued 100% of the project at USD230m. At the same time CRML announced that it had acquired an option to acquire an additional 50.5% in Tanbreez, thereby raising its holding to 92.5%, subject to the expenditure of USD10m on exploration within two years. The consideration for this additional stake was set at USD116m in CRML shares, which also values 100% of the project at USD230m.

The Tanbreez deposit is located in the Ilimaussaq intrusive complex in southern Greenland. The commodities are hosted in the zirconosilicate mineral eudialyte, occurring concentrated in ca. 4.7bn tonnes of kakortokite at surface. The kakortokite outcrops over an area of 8km x 5km and is approximately 400m thick. The JORC Code (2012)-compliant resource estimate of the average grades within the kakortokite, last updated in 2019, is 2.0% ZrO₂, 0.20% Nb₂O₅, 0.03% Ta₂O₅ and 0.6% total REO (rare earths oxides). Heavy rare earth elements (including yttrium) make up ca. 27%.

Eudialyte can be readily separated from less valuable feldspar and arfvedsonite The kakortokite is coarse-grained and can be readily separated into its three main constituent minerals of eudialyte (940m tonnes), which contains the most valuable commodities, feldspar (1.9bn tonnes) and arfvedsonite (1.9bn tonnes) through crushing followed by magnetic separation.

The separation process yields a eudialyte concentrate containing 9-10% ZrO₂, 1% Nb₂O₅, 0.15% Ta₂O₅ and 2.5-2.7% total REO worth ca. USD2,100/tonne at current market prices. On an REO equivalent basis (calculated by dividing the non-REO compounds by their current prices, and then dividing the result by the current weighted average price of the REOs) the REO concentrate grade would be ca. 8.6%.

Figure 7: Resources within the Tanbreez eudialyte

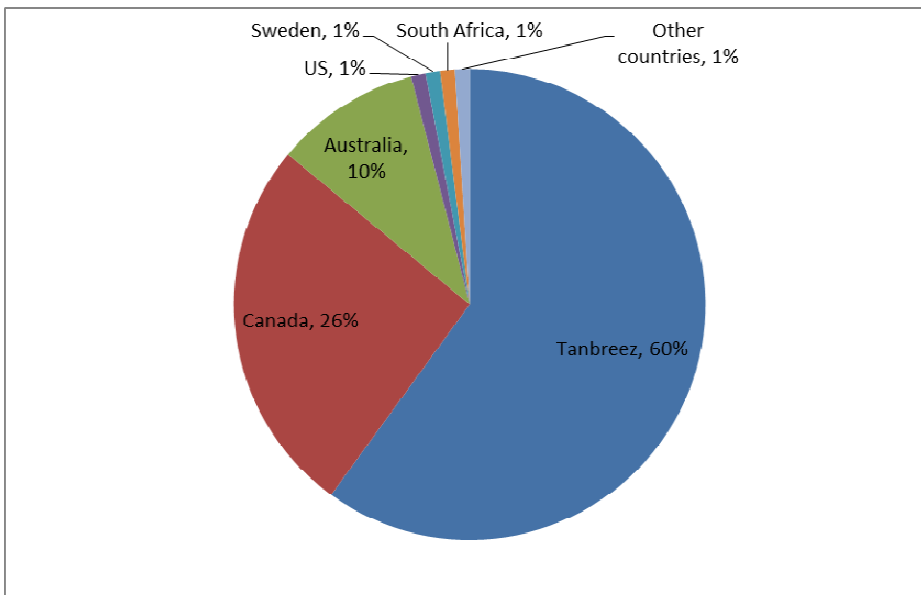
Name of compound	Chemical formula	Grade	in situ tonnage (000s)	USD price per tonne	in situ value (USD 000s)
Niobium pentoxide	Nb ₂ O ₅	1.0%	9,400	58,600	550,840,000
Tantalum pentoxide	Ta ₂ O ₅	0.15%	1,410	217,850	307,168,500
Zirconium dioxide	ZrO ₂	9%-10%	89,300	6,010	536,693,000
Rare earth oxides	-	2.5%-2.7%	24,440	24,839	607,058,053
					2,001,759,553

Source: Tanbreez Mining Greenland A/S; First Berlin Equity Research estimates

Rare earths are fundamental building blocks of the modern economy The rare earths group in the periodic table includes 17 elements, the 15 lanthanide elements, plus the two transition metals scandium and yttrium.

Rare earths are quite common in the earth's crust. The name rare earths arose because they are dispersed, and so economically mineable deposits are rare. Lanthanum, cerium, praseodymium, neodymium, promethium, samarium and europium are classified as light rare earths, while gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium, yttrium and scandium are considered heavy rare earths. Heavy rare earths are less common than light rare earths and so are generally more expensive. Heavy rare earths (including yttrium) make up ca. 27% of the rare earth oxide deposit at Tanbreez. By comparison, at the two largest non-Chinese rare earths producers, Lynas and MP Minerals, heavy rare earths currently account for ca. 5% and 2% of production respectively. As figure 8 below indicates, the Tanbreez deposit is so large that its heavy rare earths account for 60% of total non-Chinese resources of these elements.

Figure 8: Non-Chinese total heavy rare earths by location



Source: Tanbreez Mining Greenland A/S

The aggregate global market for rare earth oxides totalled approximately 209,000 metric tons in 2023 and is expected to grow at a compound annual growth rate (CAGR) of approximately 6.1% through 2035, according to research by Adamas Intelligence Inc. (Adamas). Further, Adamas estimates that the NdPr segment of the REO market, which makes up a significant majority of the market value, is expected to grow at an 8.5% CAGR through 2035 (excluding the impact of closed loop recycling), well in excess of the overall REO market. This expected growth will be driven by secular growth in demand for NdPr magnets.

As figure 9 below shows, praseodymium and neodymium oxides account for ca. 17% of the resource at Tanbreez. At Lynas and MP Minerals, these compounds currently account for ca. 37% and 16% of production respectively.

**Figure 9: Composition of Tanbreez rare earth oxide resource**

Name of compound	Chemical formula	% in situ tonnage	in situ tonnage (000s)	USD price per tonne	in situ value (USD 000s)
Lanthanum oxide	La ₂ O ₃	18.0%	4,409	488	2,151,580
Cerium oxide	CeO ₂	35.3%	8,620	1,120	9,654,387
Praseodymium oxide	Pr ₆ O ₁₁	3.8%	931	58,500	54,473,094
Neodymium oxide	Nd ₂ O ₃	13.0%	3,185	56,950	181,359,097
Promethium oxide	Pm ₂ O ₃	0.0%	0	n.a.	n.a.
Samarium oxide	Sm ₂ O ₃	2.4%	589	1,845	1,086,712
Europium oxide	Eu ₂ O ₃	0.3%	73	24,120	1,768,478
Gadolinium oxide	Gd ₂ O ₃	2.4%	587	21,373	12,536,547
Terbium oxide	Tb ₄ O ₇	0.4%	98	776,560	75,916,506
Dysprosium oxide	Dy ₂ O ₃	2.8%	687	221,280	151,967,138
Holmium oxide	Ho ₂ O ₃	0.6%	147	61,500	9,018,360
Erbium oxide	Er ₂ O ₃	1.9%	464	39,510	18,346,864
Thulium oxide	Tm ₂ O ₃	0.3%	73	100,000	7,332,000
Ytterbium oxide	Yb ₂ O ₃	1.8%	440	12,780	5,622,178
Lutetium oxide	Lu ₂ O ₃	0.3%	73	721,800	52,922,376
Yttrium oxide	Y ₂ O ₃	16.6%	4,064	5,635	22,902,736
Scandium	Sc ₂ O ₃	0.0%	0	n.a.	n.a.
		100.0%	24,440	24,839	607,058,053

Source: Tanbreez Mining Greenland A/S

Upstream and downstream operations independently valued in 2021 at USD3.6bn and USD2-3bn respectively Tanbreez submitted a definitive feasibility study to the Greenland authorities in 2012. An independent valuation prepared by the geologist Malcolm Castle, dated 30 July 2021, assessed the planned mine and plant in Greenland (processing up to and including separation of the kakortokite into eudialyte, feldspar and arfvedsonite) at USD3.6bn and the downstream plant, to be located in the US, at USD2-3bn.

Figure 10: Work completed to date at Tanbreez

Tanbreez direct expenditure	A\$50m
Estimated pre-2001 expenditure, not including academic work	A\$15m
Number of academic papers	ca. 2,000
Total no. of drill holes	414
Total no. of assays	ca. 500,000
Total no. of assays by Tanbreez	336,548
Total weight of bulk tests	709 tons
Separate bench size bulk mechanical tests - over 1kg	1,469
Of which mechanical bench tests over 100kg	169
Chemical separation tests (metallurgical)	2,229

Source: Tanbreez Mining Greenland A/S

Once production starts, the plan is to ramp up annual processing of kakortokite from 1.5m tonnes to 3.5m tonnes over a seven year period. These numbers imply initial annual production of eudialyte rising from 0.3m tonnes to 0.6m tonnes (the project is currently licensed for 0.5m tonnes per year).



Processing eased by solubility, non-toxicity of ore In Greek, Eudialyte means easy to dissolve, which implies that the downstream process will require only weak acid. According to Mr Barnes, the rare earths component of the downstream plant will cost only ca. USD40m. In addition, Tanbreez is unique amongst rare earth projects in that none of the minerals, ore, concentrate or waste is in any way toxic. All have been shown, after extensive testing, to be inert. Thus, the pollutants usually associated with rare earths such as uranium, thorium and their daughter elements, radon and actinium, are not present.

Autumn 2024 drilling identified drill sites for the 2025 exploration programme In early September CRML announced the start of a 14 hole 2,200m diamond drilling programme at Tanbreez. The drilling programme identified the four high-grade zones outlined below, which are likely to be at the centre of the 2025 exploration programme. Importantly, at area G, CRML discovered a high concentration of gallium, with values reaching up to 147 ppm Ga₂O₃.

Unit Zero – This unit is up to 5 metres thick and is located approximately 50 metres behind the proposed plant location. This unit represents a potential target for future exploration.

Base of the Kakortokite – At this zone there is a metasomatic replacement by eudialyte of the underlying unit. The unit possesses a high-grade of rare earth element material, which is located approximately 40 metres below the surface.

EALS – This horizon is entirely separate from the Kakortokite and occurs within the overlying naujaite. In some areas, the unit is high-grade and can be traced for approximately 3 kilometres, with a thickness of up to 80 meters. This year, CRML conducted surface diamond drilling and extensive sampling across the unit. The EALS horizon contains a large number of pegmatites and returned significant assay results, including grades exceeding 5% ZrO₂ and more than 2% REO. Notably, the percentage of heavy rare earths within the rare earth fraction ranged up to 40.8%.

Area G – This area, identified this year, spans over 1 km² and contains extensive late-stage pegmatites and pegmatite scree. The area also holds high-grade ore in a zone that will adjoin the proposed road to the tailings area. A high concentration of gallium was discovered in this zone, with values reaching up to 147 ppm Ga₂O₃. Key applications for gallium include semiconductors and solar panels. China, which currently produces ca. 1,000 tonnes a year, currently accounts for 98% of global output of primary gallium.

CRML has secured electric power source for Tanbreez CRML also announced this autumn that through extensive discussions with the Greenland government electricity company, it had secured a reliable and sustainable power source to support the production of rare earth materials. CRML now envisages mining the run of the mill ore at 1.7-1.9% ZrO₂, producing a concentrate at 10% ZrO₂, 2.5% REO (30% heavy REO), 1.0% Nb₂O₅, and 0.15% Ta₂O₅ and HfO₂.



THE LEINSTER LITHIUM PROJECT

In late November 2024 EUR announced the completion of the acquisition of the Leinster Lithium Project (LLP) in Ireland. The LLP is situated south of Dublin in the Leinster Granite Massif. Consideration of USD10m has been settled through the transfer of 1,371,742 CRML shares held by EUR. The Consideration Shares will be locked up until 28 February 2025.

Ganfeng is exploring in the vicinity of the EUR prospects The Leinster Lithium Project is subdivided into a North Leinster and a South Leinster Block. The North Leinster Block consists of 15 prospecting licenses covering an area of 477 km² and the South Leinster Block 8 licenses covering a further 284 km². Each block contains several developing prospect areas where significant lithium bearing spodumene pegmatites have been located in surface sampling and more recently in diamond drilling on PL 1597. The property lies along part of a 135km long regional structural trend of known lithium-bearing pegmatite bedrock occurrences, situated along the south-eastern margin of the Leinster Granite Massif and centred on the Aclare and Moylisha occurrences which were discovered during the 1960s and 1970s and are currently being explored by Ganfeng Lithium Ltd, the largest Chinese producer of lithium compounds.

A large area of the licensed area has yet to be prospected. However, a recent structural and remote sensing study has helped focus efforts on several major structural corridors across the blocks. The primary developing prospects are:

North Leinster Block:

- Aghavannagh Prospect
- Sorrel Prospect
- Tonygarrow / Glencullen Prospect
- Scurlocks Prospect
- Knocknaboley Prospect

South Leinster Block:

- Knockneen Prospect
- Carriglead Prospect
- Killanure Prospect
- Craan Prospect
- Kilttealy Prospect

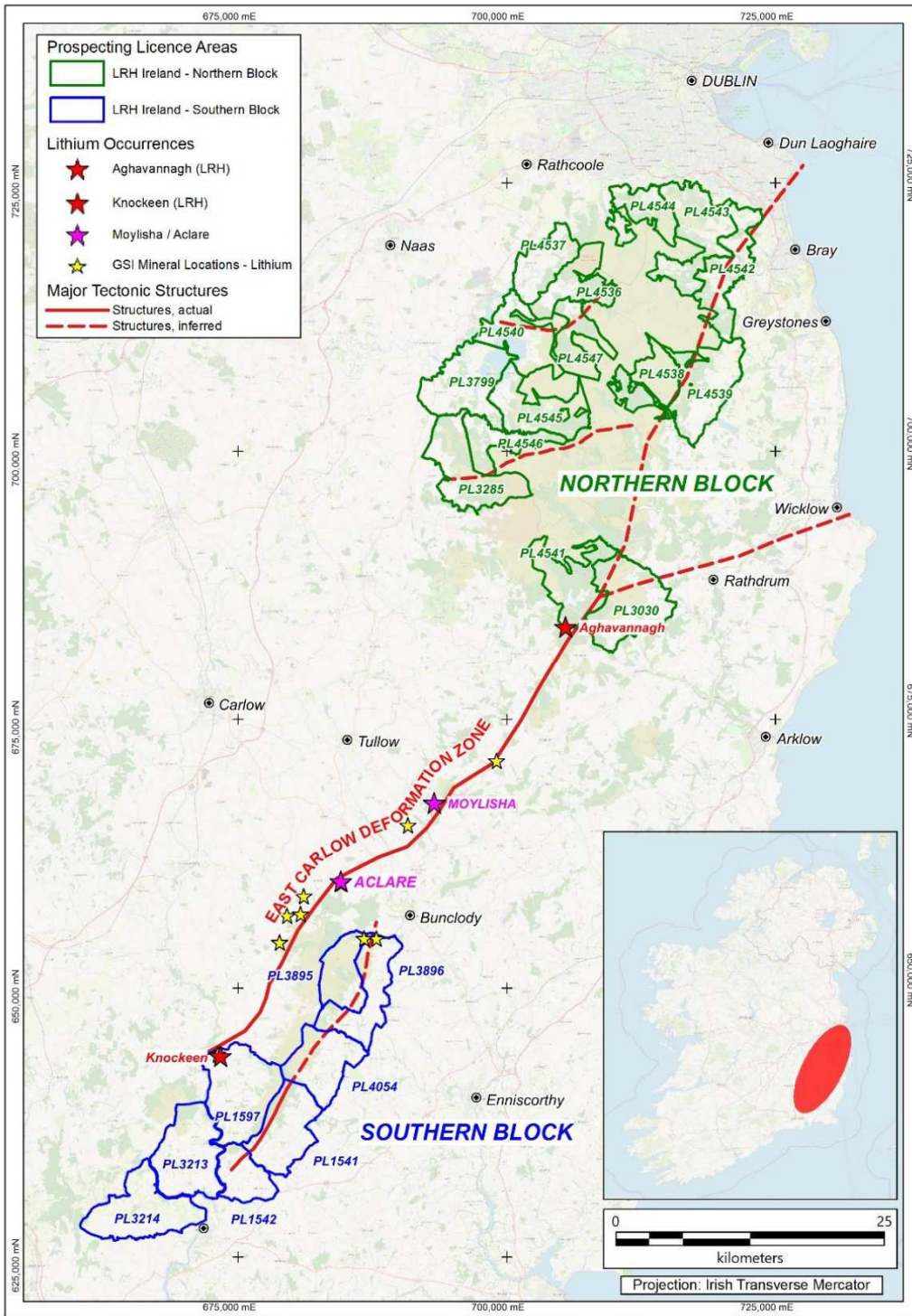
Prospecting

At Knockneen and Carriglead on PL 1597 exploration work has been particularly successful in identifying several glacially dispersed boulder trains. The results at these two localities are summarised as follows:

- Total: Target prospecting at Knockneen & Carriglead completed. 66 total surface samples analyzed, assay results show that 47 returned grades above 1% Li₂O - with grades as high as 3.75% and 3.63% Li₂O (source: ALS Laboratories - Loughrea, Ireland);
- Knockneen: out of a total of 56 samples, 41 samples graded above 1% Li₂O, of which 20 graded above 2% Li₂O and two graded above 3% Li₂O (Sample AES 63003 (3.63% Li₂O) and Sample AES 63033 (3.75% Li₂O));
- Carriglead: out of a total of 10 samples, six samples graded above 1% Li₂O, of which one sample analyzed above 2% Li₂O (Sample AES63504 (2.09% Li₂O)).



Figure 11: Leinster Lithium Project location and its prospects



Source: European Lithium



Diamond Drilling

Drilling has been carried out at two localities. At Aghavannagh on PL 4541 a granite/schist contact zone was tested close to a spodumene float occurrence. The second and most comprehensive programme was carried out at the Knockeen Prospect on PL 1597 on the southern block, testing an extensive and high grade spodumene boulder float train.

At the Knockeen Prospect the drilling program defined a swarm of pegmatite dikes across the Knockeen zone with all holes (23-1597-01 to 09) intersecting lithium-bearing spodumene pegmatites, seven of which reported multiple intersections. The drill holes were focused in three areas: north-east (holes 1-4), central (holes 5-6) and south-west (holes 7-9). The drilled extension of the pegmatite dyke swarm is 500m on strike and extends about 200m vertically. The target area is still open in all directions and also at depth and these aspects will be the focus for the next stage of exploration activities.

Initial interpretation of the pegmatite dike intercepts show that the pegmatites are all broadly parallel with a strike of NE-SW with some minor degrees of inflection across the drilled strike length. The pegmatites are all dipping to the north west with slightly variable dips of between 35-50 degrees. The spodumene pegmatites range in width between 0.10m up to 0.63m (true width) with the best individual sample interval grading up to 2.57% Li₂O in Pegmatite 15 (Sample AES65298) in Hole 23-1597-06.

Proceeds of AUD2m placement partly earmarked for work on Leinster Project On 6 December EUR announced that it had received AUD2m through a placement at AUD0.0425 per share (a 17% discount to the 5-day VWAP of AUD0.0512). Funds raised from the placement will be used for sampling and drilling at the LLP and for general working capital purposes.

LITHIUM EXPLORATION TENEMENTS IN AUSTRIA

Award of new mining licenses nearly doubles footprint of WLP underground mining operations Last August EUR announced the grant of 6 new mining licenses at the WLP. In addition, the area of 3 existing mining licenses has been extended. The grant of these new licenses and extensions nearly doubles the footprint for underground mining operations at the WLP.

EUR aiming to achieve JORC-compliant resources at Styrian projects acquired from Richmond Minerals In August last year EUR announced the acquisition of the Bretstein-Lachtal, Klementkogel and Wildbachgraben lithium projects in Austria from the Toronto-listed company, Richmond Minerals. The projects are located in the Styria mining district of Austria, approximately 70km north of the WLP (see figure 12). The consideration was AUD0.25m in cash, 2 million shares and 2 million options. Underexplored areas covered by exploration licences total 114.6 km². Sampling of spodumene pegmatites during due diligence showed Li₂O values up to 3.98%. Planning for an initial work program at these projects continued in Q4/2023. EUR's goal for the projects is to achieve JORC-compliant resources, based on confirmed historic and recently generated exploration results.

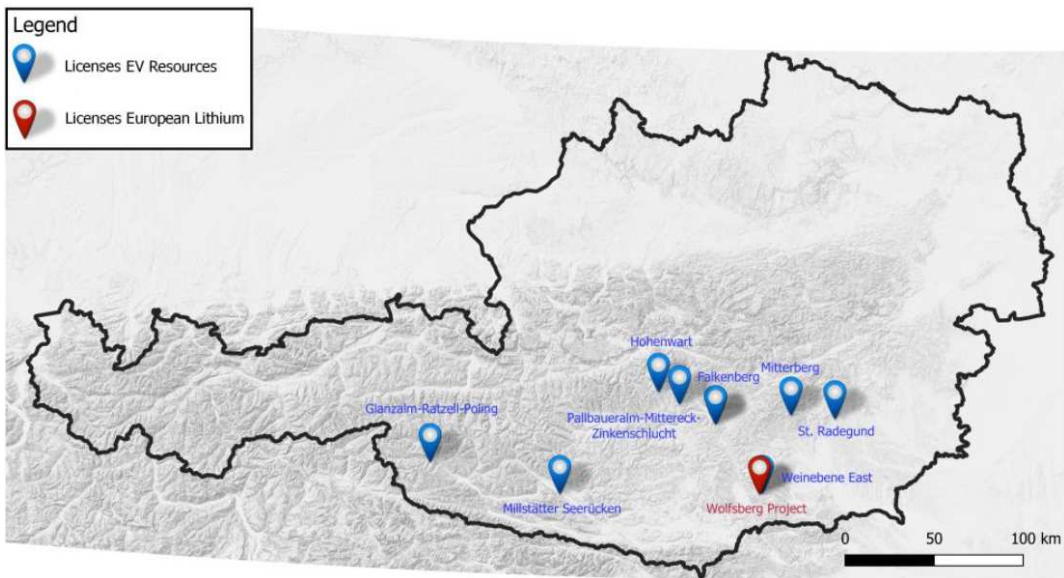
Figure 12: Location of Styrian lithium projects



Source: *European Lithium*

In May 2021 EUR entered into a Collaboration Agreement with EV Resources Limited and reached an agreement to acquire a 20% interest in the Weinebene Lithium Project and the Eastern Alps Lithium Project, both of which are located in southern Austria. The Weinebene Project area directly encloses the Wolfsberg Project. The Eastern Alps Project comprises the project areas of Glanzalm-Ratzell-Poling, Millstätter Seerücken, Hohenwart, Falkenberg, Pallbauernalm-Mittereck-Zinkenschlucht, Mitterberg and St. Radegund (see figure 12). The Weinebene Project and Eastern Alps Project provide European Lithium with optionality in terms of future development and production scenarios. EUR continues to work to identify options to advance the assets.

Figure 13: Location of Weinebene and Eastern Alps Lithium projects



Source: European Lithium

LITHIUM EXPLORATION TENEMENTS IN UKRAINE

EUR acquired the rights to the Dobra and Shevchenkivske lithium exploration projects in Ukraine in late 2021 from Millstone and Company Global DW LLC. Dobra is SSW of Kiev on land still controlled by the Ukrainian Government, but Shevchenkivske is currently occupied by the Russian army.

Dobra project has exploration target of 80m to 105m tonnes @ 1.1% to 1.4% Li₂O

However, EUR has pointed out that the potential quantity and grade of this target is conceptual in nature and there has been insufficient exploration to estimate a mineral resource. Furthermore, it is uncertain if further exploration will result in the estimation of a mineral resource. Reports of historical work show a significant amount of drilling was conducted at the Dobra project resulting in a historical estimate. Unfortunately, the majority of the data is not available to EUR for verification and so, based on the historical estimate, EUR have chosen to report an exploration target only.

Shevchenkivske project has exploration target of 11m to 14m tonnes @ 1.2% to 1.3% Li₂O

A huge amount of data had been collected on the Shevchenkivske project, but much of it is unavailable to EUR for verification and so similar caveats apply as with the Dobra project.

The original terms of the purchase agreement specified the issue to Millstone of AUD20m in shares and AUD50m in performance shares, with the initial payment conditional on the granting of extraction and production licenses for the projects. Millstone also agreed to subscribe for AUD20m in shares, with AUD2.5m invested immediately, AUD2.5m subject to shareholder approval and the balance following completion of the acquisition.

EUR is registered holder of all shares in European Lithium Ukraine EUR received the first AUD5m of the Millstone subscription, but due to the Russian invasion, no further payments have been made by either party. On 2 January this year, EUR published amendments to the terms of the transaction. These stipulated that completion would occur immediately, which means that EUR is now the registered holder of all of the issued shares in European Lithium Ukraine.

The consideration for Dobra is now conditional upon, among other things, grant of a license and exploration commencing at the project. The consideration for Shevchenkivske is conditional, among other things, on shareholder approval and grant of a licence for the project. Meanwhile the third tranche (AUD5m) of the Millstone subscription agreement is conditional upon grant of the Dobra licence.

Figure 14: Location of Shevchenkivske and Dobra lithium projects in Ukraine



Source: European Lithium



VALUATION

Benchmark Mineral Intelligence has brought forward its forecast timing for the emergence of a lithium supply deficit from 2029 to late 2027 The current spodumene price (87% below its 2022 high) has prompted Australian producers, who account for ca. 50% of worldwide lithium output, to cut originally planned 2025 production by 15%. Current pricing is too low to incentivize new supply in Australia and is impacting longer term supply. Against this backdrop, the consultancy Benchmark Mineral Intelligence recently brought forward its forecast timing for the emergence of a lithium supply deficit from 2029 to late 2027. We model an average lithium hydroxide price of US\$40,000 for calendar 2026 and inflate both the commodity price and costs at 3% annually during the life of mine forecast to financial year 2042/43.

Our valuation is based on the March 2023 DFS As indicated earlier, ahead of publication of the updated DFS reflecting location of the lithium hydroxide plant in Saudi Arabia, clarification of the future configuration of the lithium mine/lithium hydroxide plant ownership structure, and also for the sake of simplicity, we have chosen to base our valuation on EUR's March 2023 DFS, in which the lithium hydroxide plant is located in Austria.

The total cost of the WLP with the lithium hydroxide converter located in Austria is USD866m. We model that a further USD101m will be required to cover working capital requirements ahead of first positive free cashflow generation from the WLP which we expect for 2028.

We assume equity issuance to finance the WLP will lower EUR's CRML stake from 73% to 40% As we show in figure 2, we expect EUR to derive 2% of the required funding from the BMW upfront payment, 13% from the GEM agreement, 30% from new equity and 55% from new debt. EUR currently has a 73% stake in CRML. We assume that equity issuance by CRML in connection with the GEM agreement and the other share capital increases, will lower EUR's stake in CRML and hence the WLP to 40%.

We base our valuation of Tanbreez on CRML's cash payment to Rimbal In June 2024 CRML paid Rimbal USD5m in cash for a 5.55% stake (equivalent to USD\$90.9m for 100%). EUR has a direct stake of 7.5% in Tanbreez plus a proforma 40% in CRML's 42%. Together this amounts to AUD34.9m.

We maintain our Buy recommendation with a price target of €0.14 (AUD0.23) Discounting the cashflows shown in figure 15 below by 10%, incorporating the impact of new share issuance and including our valuation of Tanbreez, produces an overall valuation for the EUR share of €0.14 (AUD0.23). The price targets in our most recent previous study of 4 March 2024 were €0.17 and AUD0.28 respectively. The main reason for the reduction in our price target is the decline in the value of the CRML share from USD10.00 to USD6.16. EUR/CRML will be using the CRML share to raise capital to finance the WLP. In our valuation model the lower CRML share price leads to increased dilution of EUR's stake in the WLP.



Figure 15: Valuation Model*

USD 000s	23/24E	24/25E	25/26E	26/27E	27/28E	28/29 - 32/33E	33/34 - 37/38E	38/39 - 42/43E
Lithium hydroxide produced (tonnes per annum)	0	0	0	2,652	5,607	9,121	8,903	6,254
Lithium hydroxide price (USD/tonne)	-	-	-	41,200	42,436	46,411	53,804	62,373
Revenue	288	147	147	109,259	237,948	423,837	478,752	383,077
Operating expenses								
of which:								
Mining costs	0	0	0	12,233	21,479	38,108	43,032	34,357
Concentrator plant costs	0	0	0	10,355	18,180	32,255	36,422	29,081
Hydrometallurgical plant costs	0	0	0	17,324	30,417	53,966	60,938	48,654
Backfill plant costs	0	0	0	2,307	4,051	7,187	8,115	6,479
Product transport costs	0	0	0	7,697	13,515	23,978	27,076	21,618
Owners' costs	83,984	4,147	4,246	795	1,396	2,476	2,796	2,232
By-product credits	0	0	0	5,408	10,982	19,485	22,002	17,567
Total operating cost	83,984	4,147	4,246	45,304	78,054	138,486	156,377	124,855
EBITDA	-83,696	-4,000	-4,098	63,955	159,894	285,351	322,375	258,221
Depreciation	233	8	8	13,428	37,642	63,219	67,000	52,567
EBIT	-83,929	-4,008	-4,107	50,527	122,252	222,132	255,375	205,655
25% tax	0	0	0	-12,632	-30,563	-55,533	-63,844	-51,414
Operating cashflow after tax	-83,696	-4,000	-4,098	51,323	129,331	229,818	258,532	206,808
Total capital cost	0	-350,000	-383,000	-133,000	0	-9,900	-9,900	0
of which:								
Initial capital cost	0	-350,000	-383,000	-133,000	0	0	0	0
Sustaining capital cost	0	0	0	0	0	-9,900	-9,900	0
Net cashflow	-83,696	-354,000	-387,098	-81,677	129,331	219,918	248,632	206,808
NPV net cashflows (discount rate: 10%)	-83,696	-342,366	-340,389	-65,453	94,220	145,649	129,754	67,015
Sum NPVs (US \$ 000s)	502,442							
Sum NPVs (A\$ 000s)	789,739							
End June 2024 net cash position (A\$ 000s)	30,312							
PV option and warrant exercise proceeds (A\$ 000s)	55,365							
PV of 40.3% stake in Wolfsberg Lithium Project (A\$ 000s)	318,436							
Tanbreez	34,916							
Total equity valuation (A\$ 000s)	439,029							
Current no. shares outstanding (000s)	1,445,181							
PV no. shares issued against option exercise (000s)	400,052							
Performance shares (000s)	45,000							
Proforma share count (000s)	1,890,234							
Value per share (A\$)	0.23							
Value per share (€)	0.14							

*Values from 2028/29 onwards are average annual values.

Source: European Lithium, First Berlin Equity Research estimates

Figure 16: Sensitivity of per share valuation to discount rate

Fair value per share in €	Discount rate				
	6%	8%	10%	12%	14%
	0.250	0.189	0.140	0.102	0.072

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in A\$ 000's	2022/23A	2023/24A	2024/25E	2025/26E	2026/27E	2027/28E
Revenue and other incomes	743	452	231	231	171,733	374,007
Operating costs	-13,758	-132,005	-6,519	-6,673	-71,209	-122,686
of which:						
Mining costs	-138	0	0	0	-18,033	-33,761
Concentrator plant costs	-288	0	0	0	-15,478	-28,575
Hydrometallurgical plant costs	-61	0	0	0	-26,433	-46,410
Backfill plant costs	0	0	0	0	-3,626	-6,367
Product transport costs	0	0	0	0	-11,302	-19,843
Owners' costs	-13,758	-132,005	-6,519	-6,673	-4,836	-4,993
Quartz/feldspar credits	0	0	0	0	8,500	17,262
EBITDA	-13,015	-131,553	-6,288	-6,442	100,524	251,321
Depreciation, amortisation and impairment	-342	-366	-13	-13	-21,105	-59,166
Operating income (EBIT)	-13,357	-131,920	-6,301	-6,455	79,419	192,155
Associates	-4	-15	-15	0	0	0
Net financial result	-102	-56,132	-20,000	-85,000	-85,000	-85,000
Pre-tax income (EBT)	-13,463	-188,066	-26,316	-91,455	-5,581	107,155
Income taxes	0	0	0	0	0	0
Net income / loss	-13,463	-188,066	-26,316	-91,455	-5,581	107,155
Diluted EPS (in A\$c)	-0.82	-15.20	-1.82	-6.33	-0.39	7.41

Ratios

EBITDA margin on revenues	n.m.	n.m.	n.m.	n.m.	58.5%	67.2%
EBIT margin on revenues	n.m.	n.m.	n.m.	n.m.	46.2%	51.4%
Net margin on revenues	n.m.	n.m.	n.m.	n.m.	-3.2%	28.7%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Expenses as % of revenues

Y-Y Growth

Revenues	318.7%	-39.2%	0%	0%	n.m.	118%
Operating income	n.m.	n.m.	-95.2%	2.5%	n.m.	142.0%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.



BALANCE SHEET

All figures in A\$ 000's	2022/23A	2023/24A	2024/25E	2025/26E	2026/27E	2027/28E
Assets						
Current assets, total	13,484	14,052	35,988	214,546	23,594	192,949
Cash and cash equivalents	13,145	5,779	31,771	210,329	17,662	184,995
Trade and other receivables	339	1,485	2	2	1,717	3,740
Short term loan receivable	0	1,714	1,714	1,714	1,714	1,714
Indemnification asset	0	2,501	2,501	2,501	2,501	2,501
Short term loan receivable	0	2,274	0	0	0	0
Convertible note	0	299	0	0	0	0
Non-current assets, total	58,235	95,788	648,890	1,253,877	1,441,821	1,382,655
Property, plant & equipment	27	8	550,125	1,152,112	1,340,056	1,280,890
Deferred exploration and evaluation expenditure	52,694	53,239	56,239	59,239	59,239	59,239
Investment in associates	666	806	791	791	791	791
Restricted cash and other financial assets	82	22,565	22,565	22,565	22,565	22,565
Investment in joint venture	0	17,681	17,681	17,681	17,681	17,681
Financial assets at fair value through profit and loss	4,765	1,390	1,390	1,390	1,390	1,390
Right of use asset	0	98	98	98	98	98
Total assets	71,718	109,841	684,878	1,468,423	1,465,415	1,575,604
Shareholders' equity & debt						
Current liabilities, total	5,414	90,903	70,781	70,781	73,354	76,388
Trade and other payables	5,414	20,125	3	3	2,576	5,610
Lease liabilities	0	43	43	43	43	43
Provisions	0	36	36	36	36	36
Borrowings	0	1,887	1,887	1,887	1,887	1,887
Warrants liability	0	68,812	68,812	68,812	68,812	68,812
Long term liabilities, total	0	22,549	222,549	872,549	872,549	872,549
Offtake prepayment	0	22,484	22,484	22,484	22,484	22,484
Lease liabilities	0	65	65	65	65	65
Borrowings	0	0	200,000	850,000	850,000	850,000
Shareholders' equity	66,304	-3,611	391,548	525,093	519,512	626,667
Total consolidated equity and debt	71,718	109,841	684,878	1,468,423	1,465,415	1,575,604
Ratios						
Current ratio (x)	2.49	0.15	0.51	3.03	0.32	2.53
Quick ratio (x)	2.49	0.15	0.51	3.03	0.32	2.53
Net debt	-13,227	-30,058	143,950	615,391	808,059	640,726
Net gearing	-19.9%	832.3%	36.8%	117.2%	155.5%	102.2%
Book value per share (in A\$c)	4.59	-0.26	27.47	36.33	35.95	43.36



CASH FLOW STATEMENT

All figures in A\$ 000's	2022/23A	2023/24A	2024/25E	2025/26E	2026/27E	2027/28E
Cash flow from operating activities						
Revenue from mining	0	0	0	0	171,733	374,007
Payments to suppliers and employees	-3,233	-3,412	-5,761	-5,481	-5,605	-5,732
Mining and processing cost	0	0	0	0	-66,373	-117,693
Change in working capital	186	13,564	-18,639	0	858	1,011
Net interest	476	-1,638	-20,000	-85,000	-85,000	-85,000
Tax paid	0	-987	0	0	0	0
Merger expenses		-16,659	0	0	0	0
Grants received		115	0	0	0	0
Other	0	-11,753	-3,526	-3,961	768	739
Net cash provided by/(used in) operating activities	-2,571	-20,770	-47,926	-94,442	16,382	167,333
Cash flow from investing activities						
Payment to acquire interest in entity	-15	0	0	0	0	0
Payment for the acquisition of tenements	-260	0	0	0	0	0
Cash acquired on Sizzle acquisition	0	15,118	0	0	0	0
Acquisition of Tanbreez	0	-7,495	0	0	0	0
Payments for exploration and evaluation	-4,588	-1,606	-3,000	-3,000	0	0
Investment in listed shares	-210	0	0	0	0	0
Investment in unlisted shares	-3,375	0	0	0	0	0
Merger expenses	-3,027	0	0	0	0	0
Costs associated with the acquisition of tenements	-5	0	0	0	0	0
Payment for property, plant and equipment	-18	0	-550,130	-601,999	-209,049	0
Net cash provided by/(used in) investing activities	-11,498	6,017	-553,130	-604,999	-209,049	0
Free cash flow	-14,069	-14,753	-601,056	-699,441	-192,667	167,333
Cash flow from financing activities						
Proceeds from capital raisings	0	2,424	225,000	225,000	0	0
Payment for share issue costs	-44	0	0	0	0	0
Proceeds from the exercise of options	4,091	9,308	0	0	0	0
Equity/debt transaction costs	0	-76	0	0	0	0
Short term debt	-1,250	-2,290	0	0	0	0
Long term debt	0	0	200,000	650,000	0	0
Repayment of borrowing	0	91	0	0	0	0
Share buyback	-8,602	1,302	0	0	0	0
Other	0	-2,936	0	0	0	0
Net cash provided by financing activities	-5,805	7,823	425,000	875,000	0	0
Net increase in cash and cash equivalents	-19,874	-6,930	-176,056	175,559	-192,667	167,333
Cash and cash equivalents at the beginning of the year	33,001	13,145	5,779	-170,277	5,282	-187,386
Effects of exchange rate fluctuations on cash held	18	-436	0	0	0	0
Cash and cash equivalents at the end of the year	13,145	5,779	-170,277	5,282	-187,386	-20,053
EBITDA/share (in A\$c)	-0.87	-9.41	-0.44	-0.45	6.96	17.39
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	921.4%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.m.	n.m.	n.m.	n.m.	n.m.	150.0%

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ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	7 March 2018	€0.15	Add	€0.19
2...3	↓	↓	↓	↓
4	23 May 2018	€0.13	Buy	€0.19
5	17 September 2018	€0.10	Buy	€0.22
6	18 March 2022	€0.07	Buy	€0.17
7	12 April 2022	€0.08	Buy	€0.17
8	4 March 2024	€0.05	Buy	€0.17
9	Today	€0.02	Buy	€0.14

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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