

ASX ANNOUNCEMENT

2 June 2023



EUROPEAN LITHIUM SIGNS BINDING TERM SHEET WITH OBEIKAN FOR HYDROXIDE PLANT IN SAUDI ARABIA

HIGHLIGHTS

- EUR and Obeikan Group have signed a binding term sheet to jointly develop and operate a lithium hydroxide processing plant in Saudi Arabia through an incorporated 50:50 Joint Venture (JV)
- EUR and Obeikan Group to proceed with incorporation of JV company (JVco) and entry into shareholders agreement (SHA)
- Processing plant capital investment will be fully funded through JV
- Processing plant expected to deliver significant Opex and Capex savings
- EUR will grant JVco exclusive right to purchase spodumene mined from the Wolfsberg Lithium Project
- Development conditions include EUR and Obeikan entering into the SHA, agreeing contributions to the JVco and relevant approvals being obtained by the parties
- Binding lithium offtake agreement with BMW to be assigned to JVco
- DRA Global (DRA) will be appointed to update DFS to incorporate expected Opex and Capex savings from the JV
- NASDAQ listing of Critical Metals Corp. progressing to completion with final SEC approvals expected to be obtained by the end of June 2023

European Lithium Limited (ASX: **EUR**, FRA:PF8, OTC: EULIF) (**European Lithium** or the **Company**) is pleased to announce, further to its update dated 28 April 2023, it has signed a binding term sheet for the joint development and operation of a lithium hydroxide processing plant (**Plant**) in Saudi Arabia (**JV Term Sheet**) with Obeikan Group (**Obeikan**) to convert lithium concentrate into lithium hydroxide.

Tony Sage, Chairman of EUR said the new facility, once operational, was expected to significantly reduce energy costs and deliver savings in Opex, in addition to lower Capex, for operations at the Company's Wolfsberg Lithium Project (**Wolfsberg**).

"We are pleased to reach this strategic step in partnering with Obeikan that paves the way for significant Opex savings including greatly reduced energy and financing costs, and a much lower taxation rate. We look forward to progressing our plans to harness the latest technology in developing a facility of the highest quality and efficiency, in doing so, strengthen the economics of Wolfsberg and our future projects."

Abdallah Obeikan, CEO of the Obeikan Investment Group said: *"We are pleased to have reached this agreement with European Lithium. We are convinced that our partnership will be beneficial for all stakeholders. This partnership will combine EUR expertise with the industrial knowledge of Obeikan and the strength of Saudi Arabia."*

Summary Joint Venture Terms

The 50:50 JV will be geared towards developing, constructing and commissioning a lithium hydroxide processing plant, and operating the plant for the conversion of lithium spodumene concentrate from Wolfsberg in stages.

Under the JV Term Sheet, the proposed JV will seek to have an exclusive right to purchase spodumene mined from the current resource at Wolfsberg (Zone 1), and the facility is expected to be developed to meet the minimum initial capacity and product specifications based on the Company's binding Long Term Supply Agreement with BMW (refer ASX announcement dated 21 December 2022).

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Under the terms of the JV Term Sheet, and subject to the successful commissioning of the Plant, EUR will sell the lithium spodumene concentrate to the JV company at a reduced rate with a floor price of US\$3,000/t and a ceiling price of US\$7,000/t over the life of the current resource of the Wolfsberg mine.

Other key material terms of the JV Term Sheet

Additional key terms include:

- European Lithium and Obeikan will establish a new joint venture company(s) in Saudi Arabia (**JVCo**) and enter into shareholders agreement to reflect 50:50 JV ownership.
- In the event the business combination agreement with Sizzle Acquisition Corp completes, the Company agrees to procure the assignment of its rights and obligations under the JV Term Sheet to Critical Metals Corp (**CRML**) or one of its wholly owned subsidiaries, subject to approval by the CRML Board.
- Completion of the transaction is subject to verification from the Saudi Industrial Development Fund (SIDF) and an external valuation regarding the treatment of the in-kind contribution to be made to the JV by the Company.
- The parties are required to contribute to the equity funding of JVCo in accordance with their respective shareholding in JVCo. Based on the outcome of a valuation of in-kind contribution, European Lithium might not be required to contribute any cash to the JV.
- The establishment of a Development Committee for the purposes of jointly collaborating on all key decisions in relation to the development of the Plant.

Updated DFS

The JV is expected to result in significant Opex and Capex savings for EUR. To this end, the Company will engage DRA to update the existing DFS (refer ASX announcement dated 8 March 2023) to reflect these potential savings and produce a new project NPV.

NASDAQ Listing Update

The Board expects final SEC approval this month. The listing will take place shortly thereafter following approval from Sizzle shareholders. Upon the closing of the transaction, EUR will be issued US\$750 million worth of ordinary shares in CRML.

Loan Facility Conversion

European Lithium previously entered into loan agreements with Cyclone Metals Limited (ASX: CLE) and advanced funds to CLE totalling \$2,250,000 (**CLE Loans**). The Company advises that the parties have agreed that the principal amount of \$2,250,000 plus accrued interest will be converted into equity based on a share conversion price of AUD\$0.002 with the issue of securities expected to occur on, or around 2 June 2023. All other terms and conditions of the CLE Loans remain unchanged.

This announcement is intended to lift the trading halt requested on 31 May 2023. This announcement has been approved for release on ASX by the Board of Directors.

Yours faithfully
European Lithium Limited

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