

7 April 2017

## PURCHASER COMPLETES DD ON PAYNES FIND GOLD PROJECT

Further to the ASX announcement dated 22 December 2016, European Lithium Limited (**ASX:EUR**) (the **Company**) provides this update on the sale of its 100% owned Paynes Find Gold Project to Cervantes Gold Pty Ltd (**Purchaser**), a wholly owned subsidiary of Cervantes Corporation Limited (**ASX:CVS**) (**CVS**) (the **Transaction**).

In accordance with the terms of the Transaction, the Company has received the second cash instalment of \$20,000 from CVS which represents completion of the due diligence process.

The Company will receive the balance of funds upon receipt of all necessary shareholders, regulatory and third party approvals and upon entering into a formal agreement.

Consideration for the Transaction consists of cash and share capital in CVS as follows:

- \$500,000 to be satisfied through the issue of 25,000,000 shares in CVS, at a deemed issue price of 2 cents each, on completion of the Transaction.
- \$500,000 in cash, paid in the following instalments:
  - \$5,000 on signing of the Terms Sheet (non-refundable)
  - \$20,000 on completion of the due diligence process by the Purchaser
  - \$25,000 on signing of a formal agreement
  - \$100,000 on completion of the Transaction
  - \$150,000 on the later of CVS completing a \$1 million capital raising, or completion of the Transaction
  - \$200,000 on the later of 60 days following the Purchaser completing the \$1 million capital raising, or completion of the Transaction.

Tony Sage  
Non-Executive Chairman  
European Lithium Limited

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