

ASX: INF ANNOUNCEMENT

1 May 2019

## Infinity Lithium signs MOU for domestic reagents supply with Ercros

### HIGHLIGHTS

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- **Infinity enters into an MOU for the supply of major input reagents to be used for production of lithium chemicals at San Jose**
  - **Collaboration with Ercros, Spain's leading basic chemicals producer, allows access to essential production inputs sourced from within Spain**
  - **Sourcing chemicals domestically supports Infinity's strategy to minimise its carbon footprint by limiting transport and CO<sub>2</sub> emissions**
  - **Infinity prioritises collaboration with domestic companies in Spain, supporting the industry and generating growth and employment within the region and nation**
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Infinity Lithium Corporation Limited (ASX:INF) ('Infinity', or 'the Company') is pleased to advise the execution of a Memorandum Of Understanding ('MOU') with Spanish industrial group Ercros SA ('Ercros') for the supply of reagents that will be used in the production of lithium chemicals proposed at the San Jose Lithium Project ('San Jose, or 'the Project').

San Jose is a strategically significant European asset retaining an ongoing advantageous sustainability and carbon emission profile. In maintaining a continued focus on the lithium ion battery supply chain carbon footprint, it remains a priority for Infinity to partner with a domestic supplier of sodium hydroxide ('NaOH', or 'caustic soda') or potassium hydroxide ('KOH') to meet its processing requirements and execute a product offtake. Infinity is currently undertaking technical works as part of the progression towards completion of Pre-feasibility Study ('PFS') to produce lithium hydroxide on site. The project studies and cost benefit analysis will highlight the quantum of caustic soda or KOH required to be used in the conversion process in the production of battery grade lithium chemicals.

There is an increasing onus within the European Union ('EU') on the availability of lithium raw materials and lithium chemicals within Europe to support the EU's burgeoning electric vehicle market (ASX announcement 1 February 2019). Furthermore, OEMs are sharpening their focus on all parts of the value chain including the carbon footprint of suppliers. San Jose represents not only a logical and well positioned source of battery grade lithium chemicals within the EU, but also has the capability to further minimise its carbon footprint through the source of key reagents within the EU and more specifically Spain.

Ercros have a network of caustic soda tanks in the Iberia region and Infinity, in order to control its carbon footprint through its entire production process, will prioritise the purchase of domestically produced reagents. Therefore, the Company would prioritise the purchase of caustic soda that has been produced in Spain at Ercros' plants. There is an increasing focus on the importance of sustainability and carbon emissions throughout the supply chain in Europe (refer to ASX announcement 12 March 2019 "Sustainability & Carbon Footprint: Infinity's Strategically Positioned Project Focuses on European Values").

Infinity's CEO and Managing Director, Ryan Parkin commented *"This collaboration with industry leaders Ercros will further support our efforts to minimise our carbon footprint. Automakers have already announced they need to be able to maintain visibility of their entire supply chain, including mining and lithium chemical activities, and ensure their suppliers reduce carbon emissions and the impact on the environment. Through being strategically located in Spain with mining and processing lithium chemical activities on site, Infinity is in a unique position to limit transport and CO<sub>2</sub> emissions. However, and similarly to automakers, we also need to be able to look at our own supply chain and make sure we limit our carbon footprint, hence our decision to source our reagents domestically.*

He added *"Infinity is striving to collaborate with Spanish companies and support the local economy. Developing the lithium-ion battery supply chain and Electric Mobility in Spain is crucial for a country who is currently the second largest automaker in Europe. More recently Volkswagen's CEO noted that it does not make sense to manufacture electric vehicles in Spain without battery production facilities in country, and Infinity is ideally placed to participate in activities within Spain and the broader EU landscape. Volkswagen also recently announced that it has set itself the goal of promoting lithium production in Europe in the medium term. The lithium-ion battery supply chain starts with lithium where Spain has the world class San Jose deposit, providing a unique opportunity to maintain a competitive position and reduce dependence on other regions."*

Ercros' Commercial Director, Carles Arias added *"Ercros is pleased to participate in Europe's move towards Electric Mobility and lower CO<sub>2</sub> emissions by supporting Infinity's operations and supply key reagents for the production of lithium chemicals that can be used directly in batteries."*

### About Ercros

Ercros is an industrial group with a one hundred-year tradition with a diversified enterprise categorised into three business areas: Chlorine Derivatives Division ('CDD'), Intermediate Chemicals Division ('ICD') and Pharmaceuticals Division ('PD'). It is a leading company in the main markets in which it operates and exports almost half of its sales to more than 93 countries, mainly in the EU.

The company carries out its production under a voluntary commitment that it has made in relation to the safety of its facilities and the health of its people, respect for the environment, the quality of its products, and dialogue and transparency in relation to society.

Ercros is the sales leader in the caustic soda market in Spain, and produces more than 50% of the caustic soda manufactured in this country. The products of the ICD and PD represent an important share of the world market. With paraformaldehyde, Ercros ranks first globally in terms of sales volumes. It is also a leader in the market for fusidic acid and fosfomycins. In Europe, it leads the sales of trichloroisocyanuric acid ('TCCA') and in Spain, in addition to leading the sales of caustic soda, also leads the sales of sodium hypochlorite, sodium chlorate, formaldehyde, pentaerythritol and moulding compounds, and is the second agent in the PVC market and of glues and resins.

Reagents constitute approximately 25% of the Operating Cost of lithium hydroxide production as outlined in the Scoping Study (ASX release 29 October 2018). It is expected that San Jose will consume approximately 160,000t of sodium hydroxide over the life of mine making it a major reagent component.



ACN 147 413 956

### About Infinity Lithium

Infinity Lithium is an Australian listed minerals company who is seeking to develop its 75% owned San Jose Lithium Project and produce battery grade lithium hydroxide. Supply response is needed to satisfy Europe's burgeoning energy storage needs through feeding the large-scale battery plants currently under construction.

The San Jose deposit is a highly advanced, previously mined brownfields development opportunity representing one of Europe's largest lithium deposits. Infinity Lithium will mine the hard rock Mica resource and develop processing facilities to provide what would currently be the sole European mine-to-end-product lithium hydroxide operation.

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**Disclaimer**

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

The Production Target referred to in this announcement is based on 91% Indicated Resources and 9% Inferred Resources for the life of mine life covered under the Study. In accordance with the twenty four (24) year mine plan incorporated into the Study, the first three (3) years of production (covering payback period) will come 96% from Indicated Resources.

The Study is based on the material assumptions outlined in the ASX announcement 29 November 2018. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved. To achieve the potential mine development outcomes indicated in the Study, additional funding will be required. Investors should note that there is no certainty that the Company will be able to raise funding when needed however the Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a “reasonable basis” to expect it will be able to fund the development of the San Jose lithium deposit.

Infinity is not aware of any new information or data that materially affects the information included in this ASX release, and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

**Competent Persons Statement**

Production Target and Scoping Study: The information in this report that relates to Exploration Results is based on the information compiled or reviewed by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Infinity. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.