



ACN 147 413 956

ASX: INF ANNOUNCEMENT

9 July 2019

## Divestment of Banio and Mamana Potash Projects

### HIGHLIGHTS

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- **Infinity has signed a binding Letter of Intent for the sale of Equatorial Potash and its Gabonese potash assets.**
  - **The transaction is facilitated through an Option and Sale Agreement which includes a milestone-based structure for cash or share consideration of up to US\$3 million.**
  - **The agreement removes any ongoing holding costs for Infinity that are attributable to the Gabonese potash assets during the Option period.**
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Infinity Lithium Corporation Limited's (ASX:INF, 'Infinity', or 'the Company') is pleased to advise that it has signed a binding Letter of Intent ('LOI') for the sale of the Company's wholly owned subsidiary Equatorial Potash Pty Ltd ('EPPL') and its Gabonese potash assets. The LOI grants an exclusive Option to purchase a 100% interest in EPPL for consideration of up to US\$3 million in cash or shares. The holding costs that are attributable to the Banio and Mamana Potash Projects ('the Projects') in Gabon will be met in consideration by the holder of the exclusive Option over the term of the Option period.

EPPL holds a 100% interest in Mayumba Potasse S.A.R.L which holds 100% of the Banio and Mamana Potash Projects in Gabon ('the Projects'). Terms of sale are outlined in Appendix 1.

Infinity Lithium Managing Director Ryan Parkin commented "the Gabonese potash assets are high quality, proven potash deposits with great potential. Infinity has previously announced its intention to divest the Gabon assets and is now focussed solely on the lithium industry and has recently advanced to 75% ownership of the massive San José lithium deposit in Spain. This warrants our absolute focus and attention. Having a deal structure which can deliver real value through removing holding costs for Gabon and providing leverage to equity upside is a good outcome."

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## About Equatorial Potash

Infinity acquired the potash assets in Gabon prior to becoming involved in the San José Lithium Project in Spain. A positive drilling programme led by Infinity personnel in 2017 was successful in establishing a camp, setting up in-country infrastructure, obtaining a mining convention over the Banio Project, and delivering a maiden JORC resource.

Infinity owns 100% of the Banio Project and the application for the Mamana Potash Project, which is a drill-proven, high-grade, shallow potash deposit. Both of the Projects have access to infrastructure, being located on the coast of Gabon and on major transport river ways (barge) with direct access to export ports (Figure 1).



**FIGURE 1: POTASH PROJECT LOCATION PLAN**

Gabon is Africa's fifth largest petroleum and gas producer with production from several onshore and offshore oil and gas fields. Of interest is the proximity of Infinity's permit to large natural gas fields. The Banio permit lies above a significant natural gas field complex (Maurel & Prom, Figure 2) and adjacent to the large M'Bayo Nord Marine gas field (PERENCO), which is located directly offshore and includes energy infrastructure that can readily supply natural gas. If exploration proves successful and a decision is made to develop the Project, it may benefit from the proximity to these energy sources, and may therefore be in a position to negotiate cost-effective power.

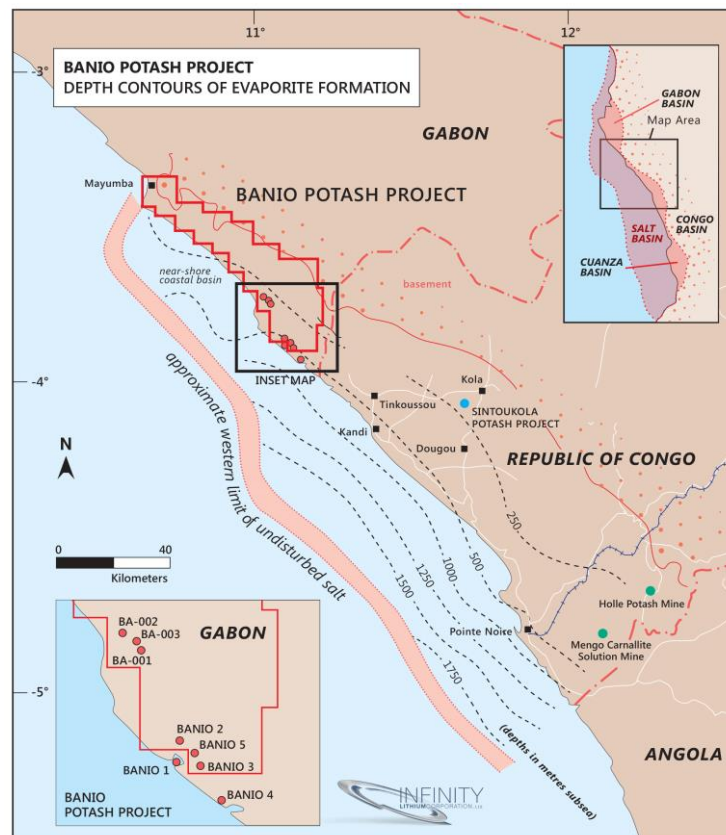


FIGURE 2: BANIO PROJECT LOCATION

Brazil is a major consumer of potash and South America is the largest consumer of sea-borne potash (MOP) in the world. The West African coast and potash deposits therefore enjoy a significant shipping advantage over other major potash producing regions (Figure 3).



FIGURE 3: LOCATION OF GABON IN RELATION TO MAJOR POTASH PRODUCERS AND SEABORNE CONSUMERS

Potash prices have recovered strongly in the past 12 months from ~US\$200/t CIF Brazil to now well in excess of US\$300/t.

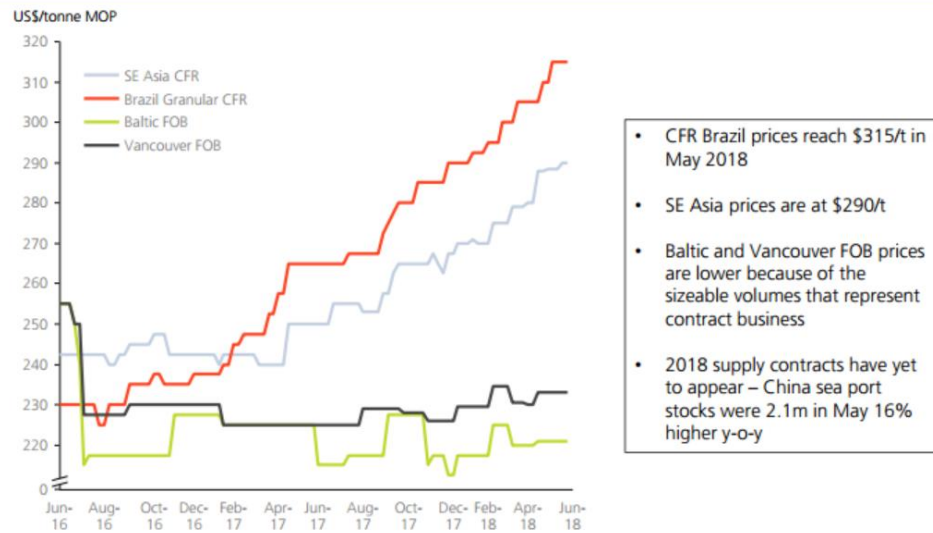


FIGURE 4: WEEKLY MOP 24 MONTHS TO MID 2018. SOURCE INTEGER RESEARCH

Infinity was formerly known as Plymouth Minerals Limited when it acquired and drilled the project.



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#### **Appendix 1 - Option and Sale Agreement**

The binding LOI contains the principal commercial terms of a proposed transaction. A detailed and more comprehensive agreement will be entered into between the Parties within 30 days after the date of exercising the Option.

The Option and Sale Agreement is structured with a nominee entity and provides for consideration of US\$3 million to which can be paid under three scenarios. The Option is exclusive and has been granted for a period of up to 12 months, during which time the purchasing entity must cover all general holding and operating costs in Gabon.

To exercise the option, the purchaser will either pay US\$3 million in cash, or US\$2 million in shares in a public or private (if jointly agreed) entity with a further US\$1 million to be paid in shares upon the delivery of a JORC compliant Scoping Study within 3 years.