



ACN 147 413 956

ASX: INF ANNOUNCEMENT

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Company Update: Performance Bonus and Opportunity to Increase European Capital Involvement

HIGHLIGHTS

- **Infinity to implement a performance-based incentive scheme for Executive Directors which is designed to align a proportion of the Executives' remuneration with value creation and shareholder returns**
 - **Evaluation of Spanish Stock Exchange listing underway – dual listing goal**
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Infinity Lithium Corporation Limited ('Infinity', or 'the Company') wishes to advise that subsequent to the delivery of an outstanding, independently managed Pre-feasibility Study ('PFS', refer to ASX release 7th August 2019) for the integrated San José Lithium Project ('San José, or 'the Project') in Spain. The Board has awarded Executive Directors who spearheaded the study the Discretionary Bonus as per their employment contracts. The PFS delivered a stronger NPV and IRR than the Scoping Study (refer to ASX release 29th November 2018) whilst providing environmental and social improvements. The Bonus is outlined in ASX release February 19th 2019 and the bonus is awarded in shares.

There is a refreshment of the next stage of milestone and performance bonuses (Appendix 1) as a result of the Executive Directors achieving the significant milestone. The revised performance-based incentive scheme to provide for a proportion of Executive Directors' remuneration has been designed in alignment with value creation and shareholder returns. Additionally, to incentivise Directors, the Board has agreed to issue 10,000,000 Share Appreciation Rights under a proposed Share Appreciation Rights Scheme (SARS). The Company will include this as part of the revised package for approval at the upcoming Annual General Meeting ('AGM').

Furthermore, following from the successful dual-listing of London-based resource companies operating in Spain, and with a desire to more fully align the project with European capital and shareholders, Infinity has begun its own evaluation of dual-listing on the largest and most international of Spain's four regional stock exchanges, the Madrid Stock Exchange, otherwise known as the Bolsa de Madrid ('BME'). The BME has a combined market capitalisation in excess of €750 billion (or more than A\$1.2 trillion), and in 2018 Spain's gross domestic product growth rate of 2.6% outperformed Germany (1.5%), France (1.7%), and the United Kingdom (1.4%). The Project's Joint Venture ('JV') partner, Valoriza Minería, is a wholly owned subsidiary of a BME listed and IBEX35 company with a market capitalisation in excess of €1 billion.



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To update Executive Director performance packages, it has been determined that, subject to shareholder and any necessary regulatory approval, Mr Parkin and Mr Ledoux-Pedailles upon reaching a series of milestones will be issued fully paid ordinary shares as outlined in Appendix 1 for delivering the following;

- a) in the event of successfully securing a material offtake contract for lithium chemicals, and
- b) obtaining a material strategic investment from related battery and/or automotive industry participants that advance the San José Lithium Project,
- c) reinstate the discretionary bonus which will apply to material improvements of shareholder value such as increasing project economic benefits in future studies, permitting advancement, M&A activity.

Kevin Tomlinson, Chairman of the Board of Infinity, stated in relation to the decision to award the Discretionary Bonus for the delivery of the PFS "I am delighted with the progression of the San José Lithium Project within a rapidly evolving European strategic market, and the delivery of an exceptional Pre-feasibility Study with an accompanying increase in Project ownership to 75%. The Executives have placed the Company in an outstanding position to progress technical and market driven deliverables as the Project continues to become increasingly aligned to European Commission objectives, thereby alleviating the significant lithium chemical supply exposure to Chinese converters and surety of the burgeoning EU electric vehicle market."

The Company will put the updated incentive packages to shareholders at the Annual General Meeting to be held in 2019. The original incentive package was announced to the market in Q1 2019 (ASX release 19th February 2019).

For further inquiries please contact;

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Non-Executive Chairman
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Appendix 1 Incentives

The company considers these incentives to be effective immediately in relation to remuneration subject to approval at the next General Meeting of the Company (expected to be the Annual General Meeting).

Ryan Parkin milestone incentives:

- Performance – A Bonus in cash or shares (at the election of the Company) to the value of the higher of either A\$100,000 in value in cash or ordinary shares at 15 day VWAP prior to date of ASX announcement or 1,500,000 ordinary shares for achieving the milestone of entering into an offtake deal/ Binding MOU/ LOI achieved on or before 31 December 2020 (ordinary shares will be issued subject to Company capacity to issue the shares and shareholder and regulatory approval if required, should this not be received the payment will be made in cash to the value of shares at the time). Cash and share component to be decided at discretion of the Company.
- Performance – A Bonus in cash or shares (at the election of the Company) to the value of the higher of either A\$100,000 in value in cash or ordinary shares at 15 day VWAP prior to date of ASX announcement or 1,500,000 ordinary shares for achieving the milestone of attracting and raising funds through the engagement of a Tier 1 industry or strategic investor before 31 December 2020 (ordinary shares will be issued subject to Company capacity to issue the shares and shareholder and regulatory approval if required, should this not be received the payment will be made in cash to the value of shares at the time). Cash and share component to be decided at discretion of the Company.
- Board will consider a further discretionary performance bonus up to a value not to exceed that which would be awarded for the completion of an offtake or strategic investment bonus at the Board's discretion.
- 5,000,000 Share Appreciation Rights under the proposed Share Appreciation Rights Scheme ('SARS') (subject to shareholder approval).

Vincent Ledoux Pedailles milestone incentives:

- Performance – A Bonus in cash or shares (at the election of the Company) to the value of the higher of either A\$100,000 in value in cash or ordinary shares at 15 day VWAP for achieving the milestone of entering into an offtake deal/ MOU/ LOI achieved on or before 31 December 2020. Cash and share component to be decided at discretion of the Company.
- Performance – A Bonus in cash or shares (at the election of the Company) to the value of the higher of either A\$100,000 in value in cash or ordinary shares at 15 day VWAP for achieving the milestone of attracting and raising funds through the engagement of a Tier 1 industry or strategic investor before 31 December 2020. Cash and share component to be decided at discretion of the Company.
- Board will consider a further discretionary performance bonus up to a value not to exceed that which would be awarded for the completion of an offtake or strategic investment bonus at the Board's discretion.
- 5,000,000 Share Appreciation Rights under the proposed Share Appreciation Rights Scheme ('SARS') (subject to shareholder approval).

Appendix 2 Share Appreciation Rights Scheme (SARS)

SARS are designed to incentivise employees to increase share price and to retain key staff. The SARS programme involves the issuing of the Performance Rights, pursuant to shareholder approval, which vest after a period of employment. The increase in share price from the date of issue to the completion dictates the potential benefit to the holder. If there is no increase in share price there will be no benefit.

- Share Appreciation Rights allow exposure to an increase in share price. Performance Rights are issued at the current market price and the holder is exposed, and benefits from the value increase component. For example, if the Performance Rights are issued at \$0.07 and the share price increased to \$0.10 the holder would be exposed to a potential benefit of the equity increase of \$0.03 ($\$0.10 - \$0.07 = \text{benefit}$). The SARS vest after a defined period of employment.
- The SARS programme is only open to employees and the holder must remain an employee for the duration of the scheme to be eligible. They are therefore designed to retain key staff.