

# QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2020

## HIGHLIGHTS

### *San José Lithium Project*

- Infinity's San José Lithium Project became the first lithium project to secure European funding from EIT InnoEnergy as part of a multi-level investment agreement
- The EIT InnoEnergy transaction includes:
  - staged funding of up to €800,000 to fund phase one of a pilot plant for the San José Lithium Project;
  - support for fundraising activities for phase two pilot plant (investment of up to €2.4 million);
  - an assistance agreement to support fundraising activities for up to €300 million in debt and equity investment to fund the Project;
  - support and facilitation of negotiations with European off-takers through the European Battery Alliance network;
  - support in obtaining the necessary environmental approvals and societal acceptance for the Project, and in enabling Infinity's strategic role in the European Lithium-Ion Battery value chain; and
  - collaboration between Infinity, EIT InnoEnergy and Dorfner Anzaplan through a European based IP licensing agreement for application to the EU's significant lithium-mica resources
- EIT InnoEnergy is the public private partnership supported by the EU Commission, and mandated to lead the industrial stream of the European Battery Alliance
- Infinity presented San José Lithium Project to European Commission and European Investment Bank during the quarter

### *Corporate*

- Placement to sophisticated investors raises A\$0.93 million
- Appointment of experienced finance and European commodities executive Mr Remy Welschinger as Non-Executive Director
- Available cash as at 30 June 2020 of A\$0.6 million

ASX Release  
31 July 2020  
ASX: INF  
FRA: 3PM

### Project highlights

**2<sup>nd</sup> Largest JORC hard rock lithium deposit** in the EU

**Strategically located** in Spain, Europe to be the 2<sup>nd</sup> largest market for battery grade lithium after China

**1st lithium project to secure EIT InnoEnergy Funding**

Uniquely **fully integrated project** with mine and adjacent conversion plant

**Low carbon footprint** and sustainable operation

### Corporate Directory

Ryan Parkin  
Managing Director & CEO  
Adrian Byass  
Non-Executive Chairman  
Vincent Ledoux Pedailles  
Executive Director  
Remy Welschinger  
Non- Executive Director

### Contact

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## San José Lithium Hydroxide Project

### EU Backed Group Finalises First Strategic Investment in Infinity Lithium

On 18 June 2020, Infinity Lithium Corporation Limited (**'Infinity', or 'the Company'**) announced that it had executed binding agreements for a multi-staged funding and added services assistance package with European Union (**'EU'**) based innovation initiative KIC InnoEnergy SE (**'EIT InnoEnergy'**). This package was achieved through a recently launched platform that was created by the European Battery Alliance (**'EBA'**), as advised previously in the ASX release dated 25 March 2020.

#### *€800k Phase One Investment*

The first phase of feasibility study test work at the San José Lithium Project (**'San José, or 'the Project'**) will be funded by EIT InnoEnergy with an amount of up to **€800,000** (approximately A\$1.35m) committed to Infinity through the issue of unlisted warrants priced at the higher of the 30-day VWAP or A\$0.05 per share.

The funding will be undertaken in 3 tranches as follows:

- €400,000 in zero exercise price warrants calculated at A\$0.05 per share payable after the execution of Project Agreement and subject to shareholder approval. On 27 July 2020 the Company received shareholder approval to issue 13,182,938 warrants to EIT InnoEnergy;
- €200,000 in zero exercise price warrants calculated at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of test work milestone; and
- Up to €200,000 in zero exercise price warrants calculated at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of phase one.

#### *€2.4m Phase Two Investment Lead*

EIT InnoEnergy will leverage the extensive EBA network to facilitate the funding for phase two, construction of the pilot plant, of up to **€2.4 million**. It is envisaged that funds will be prioritised from EU investors or from EU available funding mechanisms that are applicable to support the development of the EU's ambitions to develop a lithium-ion battery supply chain.

#### *Project Funding Investment Lead*

The assistance agreement executed between Infinity and EIT InnoEnergy provides for the project financing support to facilitate up to **€300 million** in debt and equity to fund the development of the Project. EIT InnoEnergy has the track record to leverage the extensive EBA and network to engage with strategic investment partners and to de-risk debt funding from the European Investment Bank (**'EIB'**) and other major European financial institutions.

#### *Offtake & Strategic Support*

EIT InnoEnergy will leverage the extensive EBA network to support one or more binding off-take agreements. Lithium has been identified by the European Commission as a vital supply that needs to be produced domestically. EIT InnoEnergy will provide strategic support with a focus on government and societal engagements. The collaboration and allocation of EIT InnoEnergy resources will be a support for Infinity in obtaining necessary licenses and environmental acceptance for the Project, and in enabling Infinity's strategic role in the European lithium-ion Battery value chain.

#### *Intellectual Property Collaboration*

Collaboration between Infinity, EIT InnoEnergy and Dorfner Anzaplan through a European based IP licensing agreement for application to the EU's significant lithium-mica resources. A summary of the key terms of the binding agreements signed are provided in Appendix 1 to the ASX announcement made on 18 June 2020.

## **Infinity Presents San José Lithium Project to European Commission and European Investment Bank**

Infinity announced the successful collaboration with major European lithium-ion battery value chain executives, and subsequent presentation to the Vice President of the European Commission, Maroš Šefčovič, and Vice President of the EIB, Andrew McDowell. For further details refer to ASX announcement 21 May 2020.

## **Corporate**

### **Placement Raises \$A0.93 million**

Infinity announced a placement to sophisticated investors and the receipt of commitments to raise approximately \$935,000 to advance the San José Lithium Project. The issue price of the Placement Shares was \$0.035 per share, with participants in the placement issued one (1) attaching unlisted option for every two (2) shares subscribed in the placement at an exercise price of A\$0.07 with an 18-month term.

The funds raised under the Placement are being used to continue activities on the San José Lithium Project and for general working capital. For further details refer to ASX announcement 20 April 2020.

### **Appointment of Company Secretary**

Infinity announced the appointment of Mr Jonathan Whyte as Company Secretary, replacing Mr Robert Orr. For further details refer to ASX announcement 28 April 2020.

### **Further Events Subsequent to June 2020 Quarter End**

#### *Board Change*

Experienced finance and European commodities executive Mr Remy Welschinger was appointed to the Board as Non-Executive Director. The Company also announced the resignation of Mr Felipe Benjumea Llorente, effective 31 July 2020. For further details refer to ASX announcement 22 July 2020.

#### *Shareholder Meeting*

The Company held a General Meeting of Shareholders and all resolutions were passed on a show of hands. For further details refer to ASX announcement 27 July 2020.

### **Cash at Bank**

As at 30 June 2020 Infinity had available cash of A\$0.6m.

The quarterly activities report was authorised by the Board. For further inquiries please contact:

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## Competent Persons Statement

### Lithium

The Mineral Resource for the San José Lithium deposit was calculated in May 2018 (Cube Consulting Perth, WA) using Ordinary Kriging interpolation methods and reported above a 0.1% Li cut-off grade. Full details of block modelling and estimation are contained in the ASX announcement dated 5 December 2017 and updated 22 May 2018.

The Resource which supports the Scoping Study was announced to the ASX on the 23 May 2018. 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.

The resource information in this report that relates to the December 2017 and updates in May 2018, updated Mineral Resources is based on the information compiled by Mr Patrick Adams, FAusIMM CP (Geology) and Mr Adrian Byass B.Sc Hons (Geol), B.Econ, FSEG, MAIG. Mr Adams and Mr Byass have sufficient relevant professional experience with open pit and underground mining, exploration and development of mineral deposits similar to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person(s) as defined in the 2012 Edition of JORC Code. Mr Adams has not visited the project area and has relied on the documented (Byass, 2016-2018, Peters, May 2017) drilling, logging and sampling techniques used by Infinity in collection of data used in the preparation of this report. Mr Adams is a Principal Geologist and a Director of Cube Consulting Pty Ltd and consents to be named in this release and the report as it is presented. Mr Byass is employed by Infinity as a geologist and has visited the site during pre- and post- drilling activities and consents to be named in this release and the report as it is presented.

Production Target, Ore Reserve and PFS Study announced to the ASX on 22 August 2019: 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.

### 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.

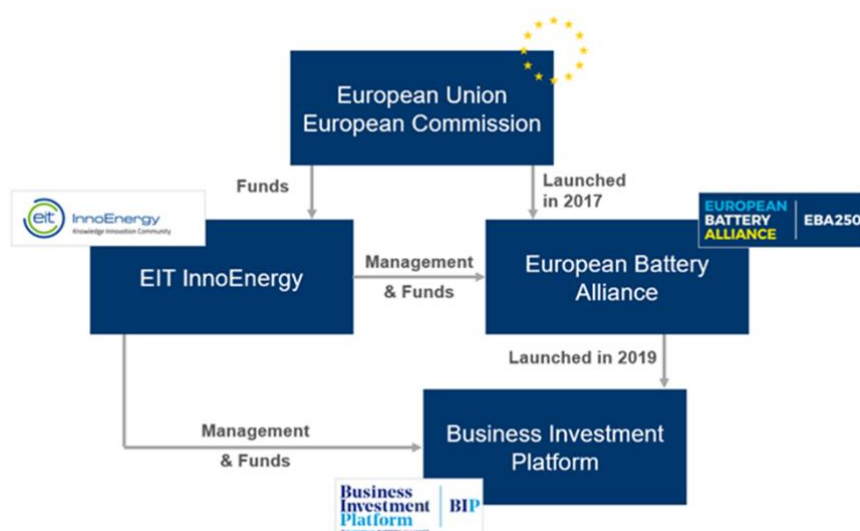
## The Participants

**The European Battery Alliance (EBA)** was created in 2017 and includes the European Commission, the European Investment Bank and key industry stakeholders such as automakers, battery and cathode producers. The EBA's goal is to create a competitive and fully integrated battery manufacturing chain in Europe.

**EIT InnoEnergy** was mandated then by the Commission to lead the industrial stream of the European Battery Alliance. EIT InnoEnergy is a public private partnership, supported by the European Commission, investing into sustainable energy projects. They have invested so far more than €700M in selected innovations, and facilitated the raise of more than €1.7Bn of funds.

At the end of 2019, EIT InnoEnergy launched the **Business Investment Platform** with a stated goal to accelerate transactions between financial institutions and industrial projects included in the lithium-ion battery value chain. The objective of this platform is to shorten the time to investment, reduce business risk for the investee, and reduce investment risk for the investor.

**Infinity** was one of only 2 investees selected by the BIP at the end of last year and has now concluded an investment and collaboration deal with EIT InnoEnergy through the BIP.



## About the San José Lithium Project

Infinity is an Australian listed minerals company who is seeking to develop its 75% owned San José 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 José deposit is a highly advanced, previously mined brownfields development opportunity representing one of Europe's largest lithium deposits. Infinity Lithium will potentially 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.

San José is a highly advanced lithium project which is hosted in lithium-mica that hosts a JORC resource of lithium carbonate equivalent ('LCE'). A feasibility study completed in 1991 defined an open pit mining operation and a process flow sheet which produced lithium carbonate through acid-leach or sulphate calcine processing. This drilling, mining and processing study work highlights the advanced status and inherent advantages enjoyed by San José in relation to many other hard rock deposits. The Resource estimate for San José is shown below in Table 1;

Classification	Tonnes (Mt)	Li (%)	Li <sub>2</sub> O (%)	Sn ppm
Indicated	59.0	0.29	0.63	217
Inferred	52.2	0.27	0.59	193
<b>TOTAL</b>	<b>111.3</b>	<b>0.28</b>	<b>0.61</b>	<b>206</b>

**TABLE 1: SAN JOSÉ MINERAL RESOURCE, REPORTED ABOVE 0.1% LI CUT-OFF**

*Estimated using Ordinary Kriging methodology. Note: Small discrepancies may occur due to rounding*

Snowden Mining (2017) and Cube Consulting estimated the total Mineral Resource for the San José lithium deposit using Ordinary Kriging interpolation methods and reported above a 0.1% Li cut-off grade. Full details of block modelling and estimation are contained in the ASX announcement dated 5 December 2017 and updated 23 May 2018.

Lithium (Li) mineralisation is commonly expressed as either lithium oxide (Li<sub>2</sub>O) or lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) or Lithium Carbonate Equivalent (LCE). Lithium Conversion:

1.0% Li = 2.153% Li<sub>2</sub>O,

1.0%Li = 5.32% Li<sub>2</sub>CO<sub>3</sub>

The Resource was announced to the ASX on 5 December 2017 and updated 23 May 2018. 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.

Table 2 summarises the San José Maiden Ore Reserve estimate.

Classification	Tonnes (Mt)	Li (%)	Li <sub>2</sub> O (%)	Sn ppm
Proven	-	-	-	-
Probable	37.2	0.29	0.63	217
<b>TOTAL</b>	<b>37.2</b>	<b>0.29</b>	<b>0.63</b>	<b>217</b>

**TABLE 2: SAN JOSÉ JORC ORE RESERVE STATEMENT**

100% of the material in the PFS mining schedule is included in the Probable Ore Reserves category. The Ore Reserves were calculated assuming the mining and processing methods determined for the PFS.

The Reserve was announced to the ASX on 22 August 2019. 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 reserve estimates in this release continue to apply and have not materially changed.

### **Tenement Schedule in accordance with Listing Rule 5.3.3**

#### **Lithium Project Spain**

Infinity has a 75% beneficial interest in the San José Lithium Project (Applications) from Valoriza Minería and Castilla Mining S.L. All tenure is held under the current Joint Venture.

The San José tenements:

- Valdeflórez: 10C 10343-00 Application
- Ampliación a Valdeflórez: 10C 10359-00 Application

Other applications;

- Extremadura S.E. 10C10386-00 Castilla Mining S.L. Exploration Permit Application
- San José 10C10368-00 Valoriza Minería S.L.U Investigation Permit Application