ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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Corporate Directory

Non-Executive Chairman	Adrian Byass
Managing Director	Ryan Parkin
Non-Executive Director	Remy Welschinger
Company Secretary	Jonathan Whyte
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Stock Exchange	Australian Securities Exchange (ASX) Code: INF Frankfurt Stock Exchange (FRA) Code: 3PM
Website	www.infinitylithium.com

Chairman's Letter

Dear Fellow Shareholder

The extraordinary events of the year ended 30 June 2020 have affected us all in different ways. The impacts of geopolitical uncertainty and volatile markets have resulted in governments reassessing their position in the globalised supply chains that have formed the basis of the global economy. It is against this backdrop that the foundations of European economic recovery have been centred on the EU Green Deal, a net zero carbon footprint by 2050, and an economy reliant on renewable energies and sustainability to counter climate change.

The divestment of non-core assets now sees Infinity entirely aligned to the strategic advancements in the EU, with the San José Lithium Project remaining exceptionally well positioned to fulfill a critical role in the EU's lithium-ion battery supply chain. The Pre-Feasibility Study for the production of essential battery grade lithium chemicals delivered not only outstanding project economics, but also a sustainable project aligned to the rapidly evolving environmental and social requirements in Europe.

The Company continues to grow within the vast European ecosystem that is facilitating the development of a lithium-ion battery value chain through the European Battery Alliance. Infinity became the first lithium company to receive direct financial endorsement through this alliance and EIT InnoEnergy, with that has facilitated the advancement of technical works, and signals the start of a partnership that will see services provided from within their vast network in alignment with other European interests.

The success of the European Battery Alliance has seen the launch of the European Raw Materials Alliance and recognition of lithium as a Critical Raw Material for the first time subsequent to the financial year end. The momentum that has been built in Europe has placed San José at the forefront to benefit from the inevitable lithium hydroxide supply imbalance that is being driven by an insatiable appetite for electric vehicles.

The strengthening lithium sector is benefiting from the impending mass adoption of electric vehicles and grid storage applications aligned to renewable energies, recognising the essential requirements to control downstream activities and the production of lithium chemicals that currently leave Europe exposed to offshore influences. Infinity are moving into the next stages of technical studies and evolving the corporate team, whilst placing further onus on localised activities in country to complement our in-country resources.

Our team has been busy during the financial year and delivered an outstanding Pre-Feasibility Study, evolution of the Board, strengthened capital position and critically, a first in the form of European support through EIT InnoEnergy.

I am delighted with the progress that has been made in challenging times, and believe the project is primed to benefit from the changes in global mindset. I thank our shareholders for their unwavering support and look forward to bringing this world class project to fruition.

Yours faithfully

Adrian Byass
Non-Executive Chairman
30 September 2020

Directors' Report

Your Directors present their report on Infinity Lithium Corporation Limited (the "Company" or "Infinity") and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2020.

Directors

The names of Directors in office at any time during or since the end of the year are:

• Mr Adrian Byass	Non-Executive Chairman (Appointed Chairman 27 November 2019)
• Mr Ryan Parkin	Managing Director
• Mr Remy Welschinger	Non-Executive Director (Appointed 22 July 2020)
• Mr Vincent Ledoux-Pedailles	Executive Director (Resigned 26 August 2020)
• Mr Felipe Benjumea Llorente	Non-Executive Director (Appointed 15 October 2019, Resigned 31 July 2020)
• Mr Kevin Tomlinson	Non-Executive Chairman (Resigned 27 November 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Consolidated Entity during the financial year was primarily the exploration and evaluation of the Consolidated Entity's lithium assets. During the year, the Consolidated Entity divested its Gabonese Potash assets in line with its strategy to streamline its activities and focus on the San José Lithium Project. Refer to the below summarised Review of Operations for further information.

Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax amounted to $1,890,149 (2019: $2,727,681).

Review of Operations

<u>Business Activities</u>

Infinity is pleased to report on the activities undertaken during the year.

San José Lithium Project:

Important technical work was completed at the company's flagship San José Lithium Project ('San José' or the 'Project') earlier in the financial year, culminating in the delivery in August 2019 of a Pre-Feasibility Study for the production of battery grade lithium hydroxide at an integrated mining and processing facility at San José, and also the maiden JORC reserve.

The Company then engaged heavily with European stakeholders throughout the remainder of the year, which resulted in some significant milestones being achieved by Infinity in the financial year ended 30 June 2020.

The Company advanced activities in the European Union ('EU') which included hosting and presenting to the major participants in the European and Spanish lithium-ion battery chain over the course of the year. Infinity hosted Spanish national institutional representatives and EU delegates, including the European Battery Alliance ('EBA') and European Investment Bank ('EIB'), in a series of meetings in Madrid.

Directors' Report (continued)

Continued dialogue with the EBA and EIB saw the advancement of strategic collaboration opportunities and Infinity was invited to present San José at the EBA Stakeholders Meeting, serving as an example of a project that could be supported by the EBA's new Battery Investment Platform ('BIP' or the 'Platform'). The EIB forecasted that the Platform would facilitate approximately €20 billion from its inception through to 2023 for mining, refining and recycling projects aligned to the EBA's 'EBA250' target, representing €250 billion lithium-ion battery market developments in the EU by 2025. Infinity also received recognition from the European Commission who declared support for EU lithium projects and specifically for battery raw materials projects that focus on the process of lithium extraction and conversion to support the EU's automotive industry transition to electric mobility.

During the first half of the 30 June 2020 year, the Company continued to target multiple funding opportunities available within the EU through the EBA and also through EU steering group KIC InnoEnergy SE ('EIT InnoEnergy'). Infinity was selected as one of only four potential investees to present an investment case to the BIP Committee in December 2019, following the successful presentation to key European delegates at the EBA Stakeholder Meeting and BIP launch in September 2019.

In March 2020, Infinity announced that it had executed a non-binding Memorandum of Understanding ('MOU') with EIT InnoEnergy which contemplated multi-stage equity investment and a collaboration agreement relating to the Project. In June 2020 binding agreements were executed to this end through a Project Agreement and Value-Added Services Agreement. Under the Project Agreement Infinity became the first lithium company to receive direct financial endorsement from EIT InnoEnergy through the BIP.

Direct Financial Investment: €800,000 Phase One Investment
The first phase of feasibility study test work at San José will be funded by EIT InnoEnergy with an amount of up to €800,000 (approximately A$1.35 million) 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 comprises of 3 tranches as follows:

- Tranche 1: €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, which were duly issued on 28 July 2020;
- Tranche 2: €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
- Tranche 3: 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.

The warrants were issued upon payments made by EIT InnoEnergy for tranche 1 and remain payable for each of the subsequent tranches. This is structured to meet EIT InnoEnergy requirements. Funds are allocated directly to test work activities that have commenced at laboratories in the EU.

€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.

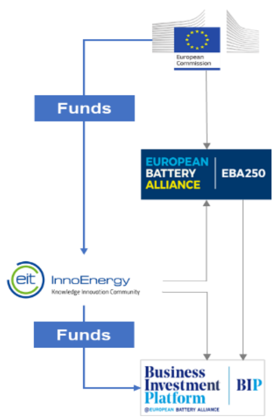
Project Funding Investment Lead
The agreements executed between Infinity and EIT InnoEnergy provides for the project financing support to facilitate up to €300 million in debt and equity to fund the development of the Project. EIT InnoEnergy has the track record to leverage the extensive EBA network to engage with strategic investment partners and to facilitate debt funding from the EIB and other major European financial institutions.

Offtake and 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. Currently almost 80% of lithium hydroxide is produced in China. Europe is on track to become the second largest consumer of this product, whilst still being 100% reliant on imports. Subsequent to the year ended 30 June 2020, lithium was included as a Critical Raw Material (‘CRM’) in the EU.

Intellectual Property Collaboration
The innovative process flow sheet to process mica ore can be potentially replicated within the EU, which has multiple lithium-mica deposits. The collaboration between Infinity, EIT InnoEnergy and Dorfner Anzaplan GmbH can leverage the development of the lithium chemical conversion process 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.

The Participants
The 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.



The industrial development programme of the European Battery Alliance is driven by EIT InnoEnergy. EIT InnoEnergy was mandated by the European 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. To date they have invested more than €700 million in selected innovations, and facilitated the raise of more than €1.7 billion of funds.

In September 2019, the EBA in collaboration with EIT InnoEnergy launched the BIP 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.

Other Projects:

On 25 February 2020, Infinity announced that it entered into a binding sale agreement to sell the Gabonese potash assets (Mayumba Potasse) to Meridian Drilling Inc. for a nominal amount of $1. The Sale Agreement removed costs associated with the discontinued operations and holding costs of the potash assets. This divestment was in line with the Company’s strategy of streamlining its activities to focus on San José and the sale was completed on 12 March 2020.

Directors' Report (continued)

Competent Person's Statement

The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Infinity Lithium Corporation Limited. 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 Australasian 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.

Corporate Activities

On 15 October 2019, Mr Felipe Benjumea Llorente was appointed to the Board as a Non-Executive Director.

On 27 November 2019, Mr Kevin Tomlinson resigned as Chairman. Mr Adrian Byass assumed the role of Non-Executive Chairman at that time.

On 20 April 2020, the Company announced the placement of 26,714,286 shares and 13,357,143 attaching options to raise $0.935 million before costs. 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.

On 28 April 2020, Mr Jonathan Whyte was appointed as Company Secretary/CFO, replacing Mr Robert Orr, who resigned the same day.

Discussion and Analysis of Operations and the Financial Position

The Consolidated Entity's cash position as at 30 June 2020 was $627,953 (2019: $1,266,770). The net assets of the Consolidated Entity have increased from $1,412,612 in 2019 to $2,436,329 in 2020. The Consolidated Entity's net working capital, being current assets less current liabilities, has decreased from a surplus of $69,119 in 2019 to a deficit of $533,826 in 2020. The Consolidated Entity required further funding during the 2021 financial year in order to meet its day to day obligations as and when they fall due and progress its exploration and development projects. To this end the Company completed a placement to raise $2.2 million (before costs) in September 2020 and at the time of this report is undertaking an Entitlement Offer to raise up to a further $2.4 million (before costs). Accordingly the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Consolidated Entity other than those disclosed in the Review of Operations.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Directors' Report (continued)

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific Notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Events After Reporting Date

On 22 July 2020, the Company announced the appointment of experienced finance and European commodities executive Mr Remy Welschinger to the Board as a Non-Executive Director. The Company also announces the resignation of Mr Felipe Benjumea Llorente, effective 31 July 2020.

On 27 July 2020, the Company received shareholder approval to issue 13,182,938 warrants to EIT InnoEnergy, which represent Tranche 1 of the direct financial investment under the EIT InnoEnergy project agreement, and Mr Parkin and Mr Ledoux-Pedailles' Performance Bonus Shares. The warrants and shares were duly issued on 28 July 2020.

On 27 August 2020, the Company announced the resignation of Non-Executive Director Mr Vincent Ledoux-Pedailles, effective 26 August 2020.

On 8 September 2020, the Company announced that it had received firm commitments to place 31,428,571 shares (and 15,714,285 unlisted options) to raise $2.2 million ('Placement'). The Placement was significantly oversubscribed and supported through European and Australian institutional and sophisticated investors. The issue price of the Placement Shares was $0.07 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 $0.12 with a 24-month term, and subject to shareholder approval.

On 16 September 2020 the Company announced the launch of a non-renounceable pro rata offer ('Entitlement Offer') of one (1) new fully paid ordinary share for every eight (8) shares held on the record date, being 21 September 2020, at an issue price of $0.07 per new Share, together with one (1) free attaching option exercisable at $0.12 each for every two (2) new Shares subscribed for, to raise up to approximately $2.4 million (before costs). The funds raised from the Placement and Entitlement Offer will be used towards completion of the feasibility study on the Project as well as working and other capital requirements. The Prospectus for the Entitlement Offer was dispatched on 24 September 2020.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely Developments and Expected Results of the Operations

The Consolidated Entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

Directors' Report (continued)

Environmental Regulations

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Information on Directors

The names and details of the Directors of Infinity Lithium in office as at the date of this report and anytime during the financial year are:

Mr Adrian Byass
Non-Executive Chairman | Appointed 27 November 2019 (Previously Non-Executive Director Appointed 17 June 2011)

Mr Byass has over 20 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass is a Non-Executive Director of Fertoz Limited (since September 2019) and Non-Executive Chairman of Kingwest Resources Limited (since September 2019) and Galena Mining Limited (since September 2017). Mr Byass has the following interest in shares, options and rights in the Company as at the date of this report – 8,653,318 ordinary shares, 715,000 options exercisable at $0.07 on or before 24 October 2021 and nil Share Appreciation or Performance Rights.

Mr Ryan Parkin
Managing Director | Appointed 4 August 2018

Mr Parkin is a Chartered Accountant with over 15 years' experience, with a background in auditing and assurance services, risk management, mergers and acquisitions, financing and corporate development, in both the public and private corporate sectors. Having become a Member of Chartered Accountants Australia and New Zealand whilst at Ernst & Young in 2004, a move to corporate development and finance roles included 4 years with an ASX 200 company. Ryan has extensive experience in working closely with public and private company boards with participation in transactions across a range of industry sectors including infrastructure, technology, resources, agribusiness and property. Mr Parkin has the following interest in shares, options and rights in the Company as at the date of this report – 2,494,611 ordinary shares, 1,000,000 options exercisable at $0.15 on or before 11 June 2021, 1,000,000 options exercisable at $0.088 on or before 16 September 2022, 5,000,000 Share Appreciation Rights and 3,140,312 Performance Rights.

Mr Remy Welschinger
Non-Executive Director | Appointed 22 July 2020

Mr Welschinger has over 13 years' experience with major London based institutions, including the position of Head of Commodities Sales in Europe for Deutsche Bank and Executive Director in the Fixed Income and Commodities division of Morgan Stanley. Mr Welschinger is the Founder and Managing Director of Limehouse Capital, an investment holding company specialising in natural resources projects and also currently serves as the Finance Director and Board member on AIM-listed Arc Minerals Limited as well as Director of Scandinavian platinum group metals company Element-46 Limited. Mr Welschinger has the following interest in shares, options and rights in the Company as at the date of this report – 18,425 ordinary shares, nil options and nil Share Appreciation or Performance Rights.

Directors' Report (continued)

Mr Vincent Ledoux-Pedailles
Executive Director | Resigned 26 August 2020

Mr Ledoux-Pedailles has been involved in the lithium industry since 2011, initially with Talison Lithium Limited in Australia. He has held roles monitoring various metals and industrial minerals markets at international metals and minerals research and consulting company Roskill. Mr Ledoux-Pedailles is a regular speaker at various industry events across the world presenting at chemical, mining and energy related conferences.

Mr Felipe Benjumea Llorente
Non-Executive Director | Appointed 15 October 2019, Resigned 31 July 2020

Mr Llorente has extensive corporate experience through more than 30 years on the Board of listed Spanish Company Abengoa, and he has been instrumental in the development of major projects with a presence in more than 60 countries.

Mr Kevin Tomlinson
Non-Executive Chairman | Resigned 27 November 2019

Mr Tomlinson possesses over 30 years' experience in Mining and Finance within the Toronto, Australian and London stock markets. Mr Tomlinson brings extensive project finance, development and mining experience with previous roles including that of Managing Director at Westwind Partners/Stifel Nicolaus (investment banking) and the Boards of Centamin Plc, Orbis Gold and Medusa Mining (mining companies). He is also currently the Non-Executive Chairman of ASX-listed companies Cardinal Resources Limited and Bellevue Gold Limited.

Company Secretary

The following persons held the position of Company Secretary at year end:

Jonathan Whyte
Appointed 28 April 2020

Mr Whyte is a Chartered Accountant with extensive corporate, company secretarial and financial accounting experience, predominantly for listed resource sector companies. Mr Whyte is currently Company Secretary of AIM-listed Empyrean Energy Plc as well as ASX-listed companies Ironbark Zinc Ltd and Peninsula Energy Ltd. Mr Whyte has the following interest in shares, options and rights in the Company as at the date of this report – 295,714 ordinary shares, nil options and nil Share Appreciation or Performance Rights.

Directors' Report (continued)

Meetings of Directors

At this time the Board does not consider it appropriate to establish any Committees. The Board considers that due to the relative small size of the Company that the interests of the Company are best served by the full Board completing the functions normally delegated to Committees. This will be reviewed as the Company grows in size.

During the financial year, 4 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
Directors	**Number Eligible to Attend**	**Number Attended**
Adrian Byass	4	4
Ryan Parkin	4	4
Vincent Ledoux-Pedailles	4	4
Felipe Benjumea Llorente	3	3
Kevin Tomlinson	1	1

Options and Rights

As at the date of this report, the unissued ordinary shares of Infinity Lithium under option are as follows:

Details	Grant Date	Number	Exercise Price ($)	Date of Expiry
Unlisted Options	05/12/2017	2,000,000	$0.32	05/12/2020
Unlisted Options	08/06/2018	1,000,000	$0.15	11/06/2021
Unlisted Options	19/12/2018	500,000	$0.12	14/12/2021
Unlisted Options	24/04/2020	12,142,143	$0.07	24/10/2021
Unlisted Options	28/07/2020	715,000	$0.07	24/10/2021
Unlisted Options	17/09/2019	1,000,000	$0.088	16/09/2022
Total Unlisted Options		**17,357,143**		

As at the date of this report, the warrants and rights of Infinity Lithium on issue are as follows:

Details	Grant Date	Number	Exercise Price ($)	Date of Expiry
Zero Exercise Price Warrants	28/07/2020	13,182,938	Nil	28/07/2025
Performance Rights	27/11/2019	3,140,312	Nil	31/12/2020
Share Appreciation Rights	27/11/2019	5,000,000	$0.072	13/09/2024

Option-holders do not have any rights to participate in any issue of shares or other interest in the Company or any other entity.

For details of options and rights issued to Directors and Executives as remuneration, refer to the Remuneration Report.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company issued 500,000 ordinary shares as a result of the exercise of options exercisable at $0.07 each to raise $35,000. There were no amounts unpaid on these shares issued.

Directors' Report (continued)

Indemnifying Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following Directors and key personnel against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $16,280 to insure Directors and Officers of the Company.

Corporate Governance Statement

The Company's 2020 Corporate Governance Statement has been released as a separate document and is located on the Company's website at: *https://www.infinitylithium.com/company-overview*

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and the objectivity of the auditor; and
- The nature of the services provided to not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board (including Independence Standards).*

The following fees for non-audit services were paid to PKF Perth, the former external auditors of the Consolidated Entity:

Service	2020	2019
	$	$
Taxation Services	1,500	3,900
Total	**1,500**	**3,900**

No non-audit services were paid or were payable to Pitcher Partners BA&A Pty Ltd during the period.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001 for* the year ended 30 June 2020 has been received and can be found on page 20 of the Financial Report.

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

Remuneration Report – Audited

This report details the nature and amount of remuneration for each key management person of Infinity, and for the executives receiving the highest remuneration.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Consolidated Entity is as follows:

- The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The Board of Infinity believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Entity, as well as create goal congruence between Directors, Executives and Shareholders.
- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and Senior Executives are paid market rates associated with individuals in similar positions, within the same industry.

Options, Performance Rights and Share Appreciation Rights have previously been issued to Directors to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company.

Further options and performance incentives may be issued, with key performance indicators such as profits, share price appreciation and growth used as measurements for assessing Board performance and in determining the award of further performance incentives.

Mr Ryan Parkin and Mr Adrian Byass receive a superannuation guarantee contribution required by the government, which is currently 9.5%. All key management personnel do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options, Performance Rights and Share Appreciation Rights are valued using the Black-Scholes methodology.

Directors' Report (continued)

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors was approved by shareholders at the 2019 Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Non-Executive Director fees are set based on fees paid to other Non-Executive Directors of comparable companies. The aggregate remuneration for Non-Executive Directors has been set by the Board and approved by Shareholders at an amount not to exceed $400,000 per annum.

Relationship Between Remuneration and Company Performance

The Directors assess performance of the Group with regard to the achievement of both operational and financial targets with a current focus on subscriber numbers, sales revenues and share price. Directors and Executives are issued options and, in some cases, Share Appreciation Rights or Performance Rights, to encourage the alignment of personal and shareholder interests.

Options, Performance Rights and Share Appreciation Rights issued to Directors and Executives may be subject to market-based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Board believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee share and option arrangements.

On the resignation of Directors and Executives, any vested options, Performance Shares and Performance Rights issued as remuneration are retained by the relevant party.

Performance Shares and Rights vest on the achievement of operational and financial milestones, providing those Directors and Executives holding Performance Shares and Performance Rights an incentive to meet the operational and financial milestones prior to the expiry date of the Performance Shares and Performance Rights.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

The following table shows the Group's net loss for the last five financial years, as well as the Company's share prices at the end of the respective financial years.

	2020 $	2019 $	2018 $	2017 $	2016 $
Net loss	1,890,149	2,727,681	9,040,990	7,951,532	2,056,293
Share price at year-end	0.079	0.076	0.078	0.209	0.136

The Board resolved to award Mr Parkin and Mr Ledoux-Pedailles' discretionary bonus shares in lieu of cash as a performance-based reward for facilitating the Company's entry into the memorandum of understanding with European Union Platform Innovation Initiative, KIC InnoEnergy S.E. The bonus shares were approved by shareholders at the General Meeting held on 27 July 2020 and issued to Mr Parkin and Mr Ledoux-Pedailles subsequent to year end.

The 2019 Performance Bonus Shares were issued at a deemed price of $0.05 per share. The 2020 Performance Bonus Shares were issued at a deemed price of $0.0405 per share, being the price equal to the 15-day VWAP at the close of business on 27 May 2020, being the date the Board agreed to grant them.

Employment Details of Directors and Members of Key Management Personnel

The employment terms and conditions of Key Management Personnel are formalised in contracts of employment.

Mr Adrian Byass

Executive Director – transitioned to Chairman on 27 November 2019

- Terms of agreements – no fixed term;
- Base Executive Director salary of $180,000, exclusive of superannuation; and
- Notice period – 3 months

Chairman (Non-Executive) – appointed 27 November 2019

- Terms of agreements – no fixed term;
- Base chairman fee of $50,000 per annum, exclusive of superannuation;
- No termination benefit is specified in the agreement.

Mr Ryan Parkin

Managing Director

- Terms of agreement – no fixed term;
- Base salary of $190,000 per annum, exclusive of superannuation;
- Notice period – 3 months; and
- No termination benefit is specified in the agreement.

Mr Vincent Ledoux-Pedailles

Director (Executive) – Resigned 26 August 2020

- Terms of agreement – no fixed term;
- Director's fee of $10,000 per annum;
- Consulting fee of £6,000 per month;
- Notice period – 1 month; and
- No termination benefit is specified in the agreement.

Mr Felipe Benjumea Llorente

Director (Non-Executive) – Appointed 15 October 2019, resigned 26 August 2020

- Terms of agreement – no fixed term;
- Director's fee of €3,000 per month;
- No termination benefit is specified in the agreement.

Mr Kevin Tomlinson

Director (Non-Executive) – Resigned 27 November 2019

- Terms of agreement – no fixed term;
- Director's fee of $10,583 per month;
- No termination benefit is specified in the agreement.

Directors' Report (continued)

Mr Jonathan Whyte

Company Secretary/CFO – Appointed 28 April 2020

- Consultancy services agreement – no fixed term;
- Consultancy fee of $4,500 per month, exclusive of GST;
- Notice period – 1 month; and
- No termination benefit is specified in the agreement.

Table of Benefits and Payments for the Year Ended 30 June 2020

The following table provides employment details of persons who were, during the financial year, Directors and members of Key Management Personnel of the Consolidated Entity. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of ordinary shares, options or rights for the year ended 30 June 2020.

		Short-Term			Post-Employment			
Key Management Personnel	**Year**	**Salary $**	**Other Fees $**	**Cash-Based Incentives $**	**Super-annuation $**	**Share-Based Payments[6] $**	**Total $**	**Proportion of Remuneration Related to Performance %**
Adrian Byass[1]	2020	93,333	-	-	8,867	-	102,200	-
	2019	188,392	-	-	17,897	-	206,289	-
Ryan Parkin[2]	2020	190,000	-	15,000	18,050	322,831	545,881	61.89%
	2019	186,667	-	-	17,733	-	204,400	-
Vincent Pedailles[3]	2020	10,000	136,415	-	-	305,349	451,764	67.59%
	2019	4,167	60,974	-	-	26,670	91,811	29.05%
Felipe Llorente	2020	44,897	-	-	-	-	44,897	-
	2019	-	-	-	-	-	-	-
Kevin Tomlinson	2020	50,000	-	-	-	-	50,000	-
	2019	120,000	-	-	-	-	120,000	-
Jonathan Whyte[4,5]	2020	9,000	-	-	-	-	9,000	-
	2019	-	-	-	-	-	-	-
Robert Orr[5]	2020	87,680	-	-	3,412	-	91,093	-
	2019	86,592	-	-	-	-	86,592	-
Humphrey Hale[7]	2020	-	-	-	-	-	-	-
	2019	59,970			5,697	-	65,667	
Eric Lilford[7]	2020	-	-	-	-	-	-	-
	2019	13,500			-	-	13,500	-
Total	**2020**	**484,910**	**136,415**	**15,000**	**30,329**	**628,180**	**1,294,834**	**-**
	2019	**659,288**	**60,974**	**-**	**41,327**	**26,670**	**788,259**	**-**

Notes:

1) Mr Byass transitioned from his role as an Executive Director and assumed the role of Non-Executive Chairman effective 27 November 2019, replacing Mr Tomlinson who resigned as Non-Executive Chairman effective 27 November 2019.
2) Mr Parkin received a cash bonus of $15,000 upon satisfaction of the 2019 Performance Bonus stipulated within Mr Parkin's executive agreement.
3) Services provided by Brooklys, of which Mr Ledoux-Pedailles is a Director. Mr Ledoux-Pedailles' remuneration includes director fees of $10,000 and consulting fees of $136,415.
4) Services provided by Keyport Investments Pty Ltd, of which Mr Whyte is a Director.
5) Mr Whyte was appointed as Company Secretary/CFO effective 28 April 2020, replacing Mr Orr who resigned as Company Secretary/CFO effective 28 April 2020.

6) Amounts for Mr Parkin and Mr Ledoux-Pedailles' Performance Bonus Shares for the financial years ended 30 June 2019 and 30 June 2020 have been accrued as at 30 June 2020. These were approved by shareholders at the General Meeting held on 27 July 2020 and issued subsequent to year end. Refer to pages 17-19 for further details on the options and rights issued to Mr Parkin and Mr Ledoux-Pedailles during the year.
7) Mr Hale and Mr Lilford resigned on 4 August 2018.

Number of Shares Held by Key Management Personnel for the Year Ended 30 June 2020

The number of shares in the Company held during the financial year by each Director and other member of Key Management Personnel of the Consolidated Entity including their personally related parties is set out below:

Key Management Personnel	Held at 1 July 2019	On-Market Trades	Shares issued for cash subscription[3]	Held at 30 June 2020
Adrian Byass[1]	6,582,389	-	571,429	7,153,818
Ryan Parkin	223,182	-	571,429	794,611
Vincent Ledoux Pedailles	282,000	-	-	282,000
Felipe Benjumea Llorente	-	-	-	-
Kevin Tomlinson[1]	276,667	-	-	N/A
Jonathan Whyte[2]	-	-	-	-
Robert Orr[2]	250,000	-	-	N/A
Total	**7,614,238**	**-**	**1,142,858**	**8,230,429**

Notes:
1) Mr Byass transitioned from his role as an Executive Director and assumed the role of Non-Executive Chairman effective 27 November 2019, replacing Mr Tomlinson who resigned as Non-Executive Chairman effective 27 November 2019.
2) Mr Whyte was appointed as Company Secretary effective 28 April 2020, replacing Mr Orr who resigned as Company Secretary effective 28 April 2020.
3) Relates to Mr Byass and Mr Parkin's participation in the Company's June 2019 Placement. The shares were subsequently issued on 17 September 2019, once shareholder approval was obtained at a General Meeting of the Company held on 9 September 2019.

Number of Options Held by Key Management Personnel for the Year Ended 30 June 2020

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including the personally related parties, is set out below:

Key Management Personnel	Held at 1 July 2019	Granted as remuneration	Exercised/ Expired	Net Change Other[4]	Held at 30 June 2020	Total Vested
Adrian Byass[1]	1,500,000	-	(1,500,000)	-	-	-
Ryan Parkin[2]	1,000,000	1,000,000	-	-	2,000,000	2,000,000
Vincent Ledoux-Pedailles	500,000	-	-	-	500,000	500,000
Felipe Benjumea Llorente	-	-	-	-	-	-
Kevin Tomlinson	2,000,000	-	-	(2,000,000)	-	-
Jonathan Whyte[3]	-	-	-	-	-	-
Robert Orr[3]	750,000	-	-	(750,000)	-	-
Total	**5,750,000**	**1,000,000**	**(1,500,000)**	**(2,750,000)**	**2,500,000**	**2,500,000**

Notes:
1) Options held by Mr Byass which lapsed unexercised during the year.

Directors' Report (continued)

2) On 17 September 2019, the Company issued 1,000,000 unlisted options to Managing Director, Mr Parkin, with an exercise price of $0.088, expiring 16 September 2022. The options were valued using a Black Scholes option pricing model. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Measurement of Fair Value	
Fair value at grant date	$0.051
Grant date share price	$0.07
Exercise price	$0.088
Expected volatility	78.7%
Useful life	3 years
Risk-free interest rate	0.85%
Expense vested during the year	$32,482

3) Mr Whyte was appointed as Company Secretary effective 28 April 2020, replacing Mr Orr who resigned as Company Secretary effective 28 April 2020.
4) On resignation Mr Tomlinson's and Mr Orr's options expired unexercised.

Number of Rights Held by Key Management Personnel for the Year Ended 30 June 2020

(a) Performance Rights

On 11 December 2019, the Consolidate Entity issued two tranches of Performance Rights (tranche A and tranche B), subsequent to shareholder approval being obtained at a General Meeting of the Company held on 27 November 2019. Both tranches consisted of 3,140,312 rights with an expiry date of 31 December 2020. The Performance Rights were issued to directors, Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles, with each receiving 1,570,156 tranche A and tranche B Performance Rights.

The Performance Rights have the following vesting condition milestones attached to them:

- *Tranche A* rights vest based on the Group executing a non-binding offtake agreement with a third party for the purchase of a minimum 5,000 tonnes of lithium chemicals including lithium hydroxide or lithium carbonate produced from the San José Lithium Project; and
- *Tranche B* rights vest upon the Group completing a capital raising for a minimum of $1,000,000 from a recognised lithium industry participant or investor.

The Performance Rights were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the Performance Rights.

Valuation and Assumptions of Performance Rights:	Tranche A	Tranche B
Grant date	27 November 2019	27 November 2019
Number	3,140,312	3,140,312
Share price	$0.066	$0.066
Exercise price	$0.00	$0.00
Expiry date	31 December 2020	31 December 2020
Volatility	70.51%	70.51%
Dividend yield	-	-
Risk-free interest rate	0.77%	0.77%
Value per right	$0.066	$0.066
Total fair value	$207,261	$207,261
Expense vested during the year	$123,221	$123,221

Directors' Report (continued)

(b) Share Appreciation Rights ('SARS')

On 11 December 2019, the Company issued 10,000,000 Share Appreciation Rights ('SARS') to Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles (5,000,000 each respectively), subsequent to shareholder approval being obtained at a General Meeting of the Company held on 27 November 2019. The SARS have an expiry date of 13 September 2024 and an exercise price of $0.072. Each SAR entitles the holder to one Company share.

The SARS are to vest as follows:

- Tranche 1 - 50% (5,000,000 total) will vest on 13 September 2020
- Tranche 2 - 25% (2,500,000 total) will vest on 13 September 2021
- Tranche 3 - 25% (2,500,000 total) will vest on 13 September 2022

The SARS were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the SARS.

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	27 November 2019	27 November 2019	27 November 2019
Number	5,000,000	2,500,000	2,500,000
Share price	$0.066	$0.066	$0.066
Exercise price	$0.072	$0.072	$0.072
Vesting date	13 September 2020	13 September 2021	13 September 2022
Expiry date	13 September 2024	13 September 2024	13 September 2024
Volatility	70.51%	70.51%	70.51%
Dividend yield	-	-	-
Risk-free interest rate	0.73%	0.73%	0.73%
Value per right	$0.36	$0.36	$0.36
Total fair value	$180,961	$90,481	$90,481
Expense vested during the year	$134,322	$29,792	$19,142

Mr Ledoux-Pedailles' Performance Rights and Share Appreciation Rights lapsed upon his resignation subsequent to year end.

Key Management Personnel Loans

No loans were provided to, made, guaranteed or secured directly or indirectly to any key management personnel or their related entities during the financial year (2019: $NIL).

End of Audited Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Ryan Parkin
Managing Director
30 September 2020

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF INFINITY LITHIUM CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Infinity Lithium Corporation Limited and the entities it controlled during the year.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 30 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 $	Restated* 2019 $
Continuing Operations			
Other revenue	*4*	154,569	413,530
Corporate and compliance expenses		(492,250)	(723,695)
Consulting expenses		(50,655)	(220,055)
Employee and director benefits expenses		(542,131)	(482,583)
Share-based payments to key management personnel	*22*	(628,180)	(26,670)
Expected credit loss	*11*	(95,430)	-
Impairment of exploration assets		-	(1,035,692)
Impairment of equity accounted investment		-	(652,516)
Loss before income tax from continuing operations	*5*	**(1,654,077)**	**(2,727,681)**
Income tax expense	*6*	-	-
Loss for the year from continuing operations		**(1,654,077)**	**(2,727,681)**
Loss for the year from discontinued operations	*3*	(236,072)	-
Loss for the year		**(1,890,149)**	**(2,727,681)**
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss in subsequent periods			
Exchange differences arising on translation of foreign operations		89,603	1,270
Total comprehensive loss for the year		**(1,800,546)**	**(2,726,411)**
(Loss)/Profit for the year attributable to:			
Equity holders of the Parent		(2,199,108)	(2,720,545)
Non-controlling interests		308,959	(7,136)
		(1,890,149)	**(2,727,681)**
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Parent		(2,104,034)	(2,719,275)
Non-controlling interests		303,488	(7,136)
		(1,800,546)	**(2,726,411)**
Loss per share attributable to the ordinary shareholders of the Parent for the year:			
Basic and diluted (cents per share)	*9*	(1.01)	(1.43)
Basic and diluted (cents per share) from continuing operations	*9*	(0.76)	(1.43)
Basic and diluted (cents per share) from discontinued operations	*9*	(0.25)	-

*Refer to Note 2 for further information on changes to comparatives.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $	Restated* 2019 $
Current Assets			
Cash and cash equivalents	*10*	627,953	1,266,770
Trade and other receivables	*11*	180,370	196,705
Total Current Assets		**808,323**	**1,463,475**
Non-Current Assets			
Other assets	*13*	41,120	47,107
Equity accounted investments	*14*	2,929,035	1,620,483
Total Non-Current Assets		**2,970,155**	**1,667,590**
Total Assets		**3,778,478**	**3,131,065**
Current Liabilities			
Trade and other payables	*15*	332,799	439,088
Deferred consideration payable	*16*	982,500	891,265
Provisions	*17*	26,850	64,003
Total Current Liabilities		**1,342,149**	**1,394,356**
Non-Current Liabilities			
Deferred consideration payable	*16*	-	324,097
Total Non-Current Liabilities		**-**	**324,097**
Total Liabilities		**1,342,149**	**1,718,453**
Net Assets		**2,436,329**	**1,412,612**
Equity			
Issued capital	*18*	26,562,671	24,250,588
Reserves	*19*	907,600	1,418,483
Accumulated losses		(25,033,942)	(23,952,971)
Equity attributable to equity holders of the Parent		2,436,329	1,716,100
Non-controlling interest	*24*	-	(303,488)
Total Equity		**2,436,329**	**1,412,612**

*Refer to Note 2 for further information on changes to comparatives.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	Notes	Attributable to equity holders of the Parent Issued Capital $	Share Based Payment Reserve $	Foreign Translation Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total $
Balance as at 30 June 2018		**24,234,719**	**1,532,225**	**172,967**	**(21,530,155)**	**(296,352)**	**4,113,404**
Loss for the year		-	-	-	(2,720,545)	(7,136)	(2,727,681)
Other comprehensive income							
Exchange differences arising on translation of foreign operations		-	-	1,270	-	-	1,270
Total comprehensive income for the year		-	-	1,270	(2,720,545)	(7,136)	(2,726,411)
Transactions with owners, recorded directly in equity							
Costs of raising capital	*18*	(1,051)	-	-	-	-	(1,051)
Share-based payments	*22*	16,920	9,750	-	-	-	26,670
Lapse of options on expiry	*19*	-	(297,729)	-	297,729	-	-
Total transactions with owners		15,869	(287,979)	-	297,729	-	25,619
Balance as at 30 June 2019		**24,250,588**	**1,244,246**	**174,237**	**(23,952,971)**	**(303,488)**	**1,412,612**
Loss for the year		-	-	-	(2,199,108)	308,959	(1,890,149)
Other comprehensive income							
Exchange differences arising on translation of foreign operations		-	-	95,074	-	(5,471)	89,603
Total comprehensive income for the year		-	-	95,074	(2,199,108)	303,488	(1,800,546)
Transactions with owners, recorded directly in equity							
Issue of share capital	*18*	2,384,950	-	-	-	-	2,384,950
Share-based payments	*22*	129,008	462,180	-	-	-	591,188
Costs of raising capital	*18*	(151,875)	-	-	-	-	(151,875)
Lapse of options and Performance Milestone Shares on expiry	*18,19*	(50,000)	(1,068,137)	-	1,118,137	-	-
Total transactions with owners		**2,312,083**	**(605,957)**	**-**	**1,118,137**	**-**	**2,824,263**
Balance as at 30 June 2020		**26,562,671**	**638,289**	**269,311**	**(25,033,942)**	**-**	**2,436,329**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2020

	Notes	2020 $	2019 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,629,385)	(892,752)
Interest received		906	43,013
Other receipts		-	370,011
Net cash flows used in operating activities	*21*	**(1,628,479)**	**(479,728)**
Cash Flows from Investing Activities			
Payments for equity accounted investments		(1,307,634)	(1,754,609)
Refund of security deposit		5,988	-
Proceeds from disposal of tenements		58,233	-
Payments for acquisition of interest in subsidiary		-	(403,812)
Net cash flows used in investing activities		**(1,243,413)**	**(2,158,421)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		2,384,950	-
Payments for share issue costs		(151,875)	(1,051)
Net cash flows provided by financing activities		**2,233,075**	**(1,051)**
Net decrease in cash and cash equivalents		(638,817)	(2,639,200)
Effect of exchange rates on cash		-	868
Cash and cash equivalents at beginning of financial year		1,266,770	3,905,102
Cash and cash equivalents at the end of the financial year	*21*	**627,953**	**1,266,770**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Statement of Significant Accounting Policies

The financial report of Infinity for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of Directors on 30 September 2020. The Directors have the power to amend and reissue the financial statements.

This financial report includes the consolidated financial statements and notes of Infinity and controlled entities ('Consolidated Entity' or 'Group').

Infinity is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as appropriate for profit oriented entities. The consolidated financial report of the Group comply with International Financial Reporting Standards ('IFRS') and Interpretations as issued by the International Accounting Standards Board ('IASB').

Basis of Measurement

The financial report has been prepared on an accruals basis and going concern basis, and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of $1,890,149 for the year ended 30 June 2020 (2019: $2,727,681). As at 30 June 2020 the Group had net current liabilities of $533,826 (2019: net current assets of $69,119) and continues to incur expenditure on its equity accounted investment comprising of the San José Project, drawing on its cash balances. As at 30 June 2020, the Group had $627,953 (2019: $1,266,770) in cash and cash equivalents.

The Group's equity accounted investment predominantly consisted of exploration and evaluation assets. The ultimate recoupments of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. Should the Consolidated Entity be unable to raise additional funds, there is a material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern. As at 30 June 2020, there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is dependent on the Consolidated Entity successfully raising additional share capital and ultimately developing its mineral properties.

The Directors believe it is appropriate to prepare these financial statements on a going concern basis because:

- The Directors have appropriate plans to raise additional funds as and when required, as demonstrated by the successful placement in September 2020 and the Entitlement Offer currently being conducted. In light of the Consolidated Entity's current exploration projects, the Directors believe that the additional capital can be raised, if necessary, in the market; and

- The Directors have an appropriate plan to contain certain operating and exploration expenditure if required funding is not available.

These financial statements have been prepared on the basis that the Consolidated Entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

New, Revised or Amending Accounting Standards and Interpretations Adopted
The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Consolidated Entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These Standards are not expected to significantly impact the Consolidated Entity's financial statements.

AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

AASB 2018-7 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Group in the financial year commencing 1 July 2020.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information required by paragraph 30 of AASB 108 (regarding disclosing the effect of new standards not yet issued) to IFRS Standards that have not yet been issued by the Australian Accounting Standards Board.

AASB 2019-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Group in the financial year commencing 1 July 2020.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

AASB 2020-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture as a consequence of the recent issuance by IASB of the following IFRS: Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

Principles of Consolidation
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Infinity as at 30 June 2020 and the results of all controlled entities for the year then ended. Infinity and its controlled entities together are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. All controlled entities have a June financial year with exception being the Company's Spanish subsidiaries Extremadura Mining S.L., Castilla Mining S.L. and Morille Mining S.L., which have a 31 March year end for local statutory purposes, however the results of these subsidiaries that are consolidated are for the year ended 30 June 2020.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the dollar.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Certain amounts and balances for the 30 June 2019 financial year end have been restated within this financial report. Refer to Note 2 for further information.

Key Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are disclosed in the relevant notes.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 2. Restatement of Prior Period

On 30 December 2016, the Consolidated Entity, through its subsidiary Extremadura Mining ('EM'), entered into the "Agreement Valoriza Minera – Extremadura Mining" with Valoriza Minera ('VM') (hereafter referred to as the 'Joint Venture Agreement' or JVA'). The agreement enabled the Consolidated Entity to acquire up to a 75% interest in a Spanish Special Purpose Vehicle, Tecnolgia Extremena Del Litio S.L. ('TEL'), through the following:

- Minimum expenditure of €1.5 million in TEL within 12 months (by 31 December 2017) to earn a 50% equity interest ('Stage 1'); and
- Upon exercising of a call option to acquire an additional 25%, spend an additional €2.5 million and obtain the Viability Study ('VS') ('Stage 2').

On 13 March 2019, the Consolidated Entity (through EM) sought to amend the terms of the JVA and signed the "Novacion Al Contrato De Participacion en lan Investigacion Minera Y Ocuerdo De Valuntad Asociativa Entre Valoriza Mineria, S.L.U., Y Extremadura Mining, S.L.U ('Novation'), with the following impact:

i) The removal of the prior obligation by Infinity to spend €2.5 million in TEL;

ii) The requirement to pay VM €1 million, with €250,000 upfront, a further €150,000 within three months (paid September 2019) and the remaining €600,000 payable in six equal payments made each month (conditional on the tenement application reverting back to granted status); and

iii) Consequently, as a result of i) and ii) above, the immediate transfer of a further 25% of the shares in TEL to give Infinity a 75% equity interest.

The Consolidated Entity while preparing the financial statements of the Group for the half year ended 31 December 2019 identified that, due to a misinterpretation of a translated clause in the Novation, the Consolidated Entity now believes it does not control TEL.

Instead it is the Company's view that it jointly controls TEL with VM as at 30 June 2019 and 30 June 2020 until such time that the Consolidated Entity make the outstanding deferred consideration payment of €600,000. This is primarily as a result of an 80% (and therefore unanimous) majority required for all company and management body decisions until such time that the €600,000 is paid. This includes decisions over the relevant activities that affect the returns of the joint arrangement.

The Consolidated Entity retains the right to forego the outstanding deferred consideration payment of €600,000 and revert to a 50% equity interest at any stage which would result in continued joint control of the project. Furthermore, the Consolidated entity retains the right to revert to a 50% project ownership and earn-in to the additional 25% equity interest through the delivery of a feasibility study to the value of not less than €2.5 million. Therefore, joint control exists until such time as the Consolidated Entity elects to make payment of €600,000 or delivers a feasibility study to the value of not less than €2.5 million.

In addition, the Consolidated Entity acknowledges that its interest in TEL comprises a joint venture under AASB 11 *Joint Arrangements* and as such recognises its interest by way of equity accounting.

The above matters, resulted in a restatement of the following line items for the year ended 30 June 2019:

- Equity accounted investments was increased by $1,620,483; and
- Capitalised exploration expenditure was reduced by $1,620,483.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

There is no impact on consolidated statement of profit or loss and other comprehensive income as at 1 July 2019 nor on the comparative consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020.

All expenditure incurred in TEL represents allowable exploration and evaluation expenditure, or allowed expenditure in accordance with the JVA. As noted below, the equity accounted investment has been impaired at a Group level as at 30 June 2018, 31 December 2018 and 30 June 2019.

The above adjustment had the following impact on the 30 June 2019 consolidated statement of financial position:

Consolidated Statement of Financial Position Extract
As at 30 June 2019

Financial Report Line Item/ Balance Affected	Actual $	Adjustment $	Restated Actual $
Non-Current Assets			
Exploration and evaluation expenditure	1,620,483	(1,620,483)	-
Equity accounted investments	-	1,620,483	1,620,483
Total Non-Current Assets	**1,667,590**	**-**	**1,667,590**
Total Assets	**3,131,065**	**-**	**3,131,065**
Total Liabilities	**1,718,453**	**-**	**1,718,453**
Net Assets	**1,412,612**	**-**	**1,412,612**

As the equity accounted investment has been impaired at a Group level as at 30 June 2018, 31 December 2018 and 30 June 2019, there is no impact on the opening balances as at 1 July 2018, or statement of comprehensive income for the year ended 30 June 2020.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 3. Discontinued Operations

On 25 February 2020, the Consolidated Entity announced that it entered into a binding sale agreement to sell 100% of the issued capital of the Company's wholly owned subsidiary, Equatorial Potash Pty Ltd. The holder of its Gabonese potash assets (Mayumba Potasse) to Meridian Drilling Inc. for a nominal amount of $1, in order to streamline the Consolidated Entity's activities and focus on the Spanish San José Lithium Project. The sale was completed on 12 March 2020.

The Consolidated Entity's Morille Tungsten Project is currently in the process of being relinquished, given the decision to focus resources on the San José Lithium Project.

	2020 $
a) Results of discontinued operations	
Expenses	
Expenses incurred in relation to the disposal of Mayumba	(82,937)
Expenses incurred to date of disposal for Mayumba	(209,180)
Gain associated with Morille liabilities written back	56,045
Loss from operating activities	**(236,072)**
Income tax	**-**
(Loss)/Profit for the year attributable to:	
Equity holders of the Parent	(545,031)
Non-controlling interests	308,959
Loss from discontinued operations	**(236,072)**
b) Cash flows from (used in) discontinued operations	
Net cash used in operating activities - Mayumba	(188,834)
Net cash used in operating activities - Morille	-
Net cash flows for the year	**(188,834)**

c) Effect of disposal on the financial position of the Group	2020 $
Cash and cash equivalents - Mayumba	4,587
Cash and cash equivalents - Morille	-
Trade and other receivables - Mayumba	27,549
Trade and other receivables - Morille	-
Trade and other payables - Mayumba	-
Trade and other payables - Morille	-
Net assets	**32,136**
Consideration received, satisfied in cash	**-**
Cash and cash equivalents disposed of	4,587
Net cash outflows	**4,587**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 4. Other Revenue

	2020 $	2019 $
Operating Activities		
Interest received	906	43,519
Other income[1]	153,663	-
Research and development grant	-	370,011
Total Other Revenue	**154,569**	**413,530**

Notes:

1) On 1 July 2019, the Company executed a binding letter of intent ('LOI') in order to sell its Gabonese Potash Project. The LOI granted the purchaser exclusive Option to purchase 100% the Company's wholly owned subsidiary, Equatorial Potash Pty Ltd, for consideration up to US$3 million in cash or shares.

   Under the terms of the LOI, the purchaser was to meet the holding costs attributable to the Gabonese Potash Project throughout an Option period. The LOI was terminated on 25 February 2020 with a decision by the Purchaser made to not proceed with the transaction.

   The Consolidated Entity has recognised an expected credit loss of $95,430 within its Statement of Profit or Loss for the year ended 30 June 2020 for costs incurred which were not reimbursed by the purchaser during the Option term.

Accounting Policy

Revenue and other revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive a dividend has been established.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Note 5. Loss Before Income Tax

	2020 $	2019 $
Loss before income tax includes the following specific expenses:		
Employee and Director benefits expense:		
Employee benefits expense	202,024	132,035
Director fees	170,230	248,247
Other employee and director benefits (consulting fees paid)	136,415	60,974
Superannuation expenses	33,462	41,327
	542,131	**482,583**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 6. Income Tax Benefit/(Expense)

	2020 $	2019 $
a) Reconciliation of income tax to prima facie tax payable		
Accounting loss before tax	(1,890,149)	(2,727,681)
Income tax (benefit)/expense @ 27.5% (2019: 27.5%)	(519,791)	(750,112)
Add tax effect of:		
• Non-deductible expenses	287,418	421,536
• Current year tax losses not recognised	217,906	329,286
• Impact of reduction in future corporate tax rate	121,239	-
Less:		
• Movement in unrecognised temporary differences	(106,772)	(710)
Income tax attributable to the Company	-	-
b) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 25% (2019: 27.5%)		
Deferred tax assets have not been recognised in respect of the following:		
• Deductible temporary differences	35,070	22,137
• Carried forward losses	1,706,617	1,314,631
	1,741,687	**1,336,768**
c) Reconciliation of deferred taxes		
The following deferred tax balances have not been recognised:		
Deferred Tax Assets @ 25% (2019: 27.5%)		
Accrued interest	-	247
Prepayments	4,781	2,893
	4,781	**3,140**

As at 30 June 2020, the Consolidated Entity had carry forward revenue and capital losses of $6,826,468. These losses remain available indefinitely for offset against future taxable profits of the Consolidated Entity provided certain test criteria for their deductibility are met.

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2020 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.

These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

Accounting Policy

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

Key Estimates, Judgments and Assumptions

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position and the deductibility of expenditure incurred within relevant tax jurisdictions. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 7. Key Management Personnel Compensation

Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Adrian Byass	Non-Executive Chairman (Appointed Chairman 27 November 2019)
Ryan Parkin	Managing Director
Remy Welschinger	Non-Executive Director (Appointed 22 July 2020)
Vincent Ledoux-Pedailles	Executive Director (Resigned 26 August 2020)
Felipe Benjumea Llorente	Non-Executive Director (Appointed 15 October 2019, Resigned 31 July 2020)
Kevin Tomlinson	Non-Executive Chairman (Resigned 27 November 2019)
Jonathan Whyte	Company Secretary (Appointed 28 April 2020)
Robert Orr	Company Secretary (Resigned 28 April 2020)

The totals of remuneration paid to key management personnel of the Company and the consolidated group during the year are as follows:

	2020 $	2019 $
Key Management Personnel Compensation		
Short term employment benefits	621,325	720,262
Post-employment benefits	30,329	41,327
Cash based incentives	15,000	-
Share based payments	628,180	26,670
Total Key Management Personnel Compensation	**1,294,834**	**788,259**

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

- No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year; and
- There were no loans to key management personnel at the end of the year.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 8. Auditor's Remuneration

Amounts paid or due and payable to:	2020 $	2019 $
Pitcher Partners BA&A Pty Ltd		
- Audit or review of financial statements	44,579	-
	44,579	**-**
Other auditors – PKF Perth		
- Audit or review of financial statements (prior period)	4,725	44,717
- Preparation of tax return	1,500	3,900
	6,225	**48,617**

Note 9. Loss Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS) attributable to the ordinary shareholders of the Parent:

	2020 $	2019 $
a) Reconciliation of earnings to loss		
Loss for the year		
Loss used to calculate basic and diluted EPS	(2,199,108)	(2,720,545)
Loss for the year from continuing operations		
Loss used to calculate basic and diluted EPS	(1,654,077)	(2,720,545)
Loss for the year from discontinued operations		
Loss used to calculate basic and diluted EPS	(545,031)	-

	2020 No.	2019 No.
b) Weighted average number of shares outstanding during the year		
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	216,905,140	190,038,626

Accounting Policy

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 10. Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	627,953	1,266,770
Total Cash and Cash Equivalents	**627,953**	**1,266,770**

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 11. Trade and Other Receivables

	2020 $	2019 $
Current		
GST/VAT receivable	149,039	151,586
Prepayments	19,123	10,520
Other receivables	12,208	34,599
Total Trade and Other Receivables	**180,370**	**196,705**

Accounting Policy

Other receivables are recognised at amortised cost, less any provision for impairment.

The Consolidated Entity applies a simplified approach in calculating expected credit losses. Therefore, the Consolidated Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. In determining the provision required, the Consolidated Entity utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

There are no balances within trade and other receivables that contain assets that are past due as at 30 June 2020. It is expected these balances will be received when due. As disclosed within Note 4, the Consolidated Entity recognised an expected credit loss of $95,430 in relation to the costs incurred which were not reimbursed by the purchaser during the Option term for the sale of its Gabonese Potash Project.

Refer to Note 25 Financial Risk Management for further details regarding the Consolidated Entity's policies for impairment of financial assets and expected credit losses.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 12. Controlled Entities

a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%) 2020	2019
Parent Entity			
Infinity Lithium Corporation Limited	Australia	100%	100%
Subsidiaries of Infinity Lithium:			
Tonsley Mining Pty Ltd[1]	Australia	100%	100%
Castilla Mining S.L.	Spain	100%	100%
Morille Mining S.L.	Spain	80%	80%
Extremadura Mining S.L.	Spain	100%	100%
Equatorial Potash Pty Ltd[1]	Australia	-	100%
Mayumba Potasse SARL[1]	Gabon, West Africa	-	100%

Notes:

1) On 25 February 2020, the Group announced that it had entered into a binding sale agreement to sell the Gabonese potash assets to Meridian Drilling Inc. for a nominal amount of $1, in order to streamline the Group's activities and focus on the Spanish San José Lithium Project.

b) Other Entities – Jointly Controlled

	Country of Incorporation	Percentage Owned (%) 2020	2019
Other jointly controlled entities:			
Tecnolgia Extremena Del Lito S.L	Spain	75%	75%

c) Non-Controlling Interests

<u>Morille Mining S.L.</u>

Aurum Mining P.L.C has a 20% non-controlling interest in the Company's subsidiary Morille Mining S.L.

Summarised financial information of Morille Mining S.L that is material to the Consolidated Entity is set out below. This information is based on amounts before intercompany eliminations.

	2020 $	2019 $
<u>Summarised Statement of Financial Position</u>		
Assets		
Current assets	-	7,840
Non-current assets	-	-
Total Assets	**-**	**7,840**
Liabilities		
Current liabilities	-	47,654
Non-current liabilities	-	1,477,626
Total Liabilities	**-**	**1,525,280**
Net Liabilities	**-**	**(1,517,440)**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

	2020 $	2019 $
Summarised Statement of Comprehensive Income		
Profit/(loss) attributable to equity holders of the Parent	1,235,836	(4,615)
Profit/(loss) attributable to non-controlling interests	308,959	(1,154)
Profit/(loss) for the year	**1,544,795**	**(5,769)**
Other comprehensive income/(loss) attributable to:		
Equity holders of the Parent	(25,544)	(33,160)
Non-controlling interests	(7,136)	(8,290)
Total other comprehensive income/(loss)	**(35,680)**	**(41,450)**
Summarised Statement of Cash Flows		
Net cash from/(used in) operating activities	-	(31,131)
Net cash from investing activities	-	-
Net cash from/(used in) financing activities	-	15,881
Effect of foreign exchange rates on cash	-	424
Net increase/(decrease) in cash and cash equivalents	**-**	**(14,826)**
Other Financial Information		
Accumulated non-controlling interests at the end of reporting period	-	(303,488)

During the year, the Company forgave a loan of $1,482,088 owing from Morille Mining S.L. which comprises the majority of the profit for the year outlined above.

Key Estimates, Judgments and Assumptions

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day to day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day to day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Note 13. Other Assets

	2020 $	2019 $
Non-Current		
Security deposits	41,120	47,107
Total Non-Current Other Assets	**41,120**	**47,107**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 14. Equity Accounted Investments

	2020 $	Restated* 2019 $
At cost		
Equity contributions in TEL	3,161,678	2,876,328
Premium Paid for Equity Accounted Investment	4,748,315	3,631,410
	7,910,093	6,507,738
Less: Provision for impairment	(4,981,058)	(4,887,255)
Total Equity Accounted Investments	**2,929,035**	**1,620,483**

Interest in joint ventures are accounted for using the equity method of accounting recognised at fair value less cost to sell.

a) Reconciliation of the Consolidated Entity's carrying amount for Equity Accounted Investments:

	2020 $	2019 $
Opening balance	1,620,483	-
Additions	1,402,320	2,272,999
Impairment	-	(652,516)
Foreign exchange impact	(93,768)	-
Closing balance	**2,929,035**	**1,620,483**

The Company had an interest in a joint venture held through a 50% interest in Tecnolgia Extremena Del Litio, S.L ('TEL') which is a special purpose vehicle established for the purpose of holding the San José tenement in Spain, approximately 200 km from the Company's Morille Project. On 13 March 2019 the Consolidated Entity acquired, by way of a Novation to the terms of the JVA, a further 25% interest in TEL, increasing the Consolidated Entity's aggregate interest to 75%.

At 30 June 2019 TEL was treated as a subsidiary of the Consolidated Entity. While preparing the financial statements of the Consolidated Entity for the half year ended 31 December 2019, it was noted that a translated clause in the Novation to the JVA was misinterpreted. The Consolidated Entity now believes it does not control TEL. Refer to Note 2 Restatement of Prior Period for further information.

Summarised financial information of TEL that is material to the Consolidated Entity is set out below. This information is based on amounts before intercompany eliminations and Consolidated Entity level impairment recognised.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Tecnolgia Extremena Del Litio, S.L	2020 $	2019 $
<u>**Summarised Statement of Financial Position**</u>		
Assets		
Current assets	24,911	-
Non-current assets	3,161,678	2,876,328
Total Assets	**3,186,589**	**2,876,328**
Liabilities		
Current liabilities	-	-
Non-current liabilities – payable to Extremadura Mining S.L.	832,392	550,440
Total Liabilities	**832,392**	**550,440**
Net Assets	**2,354,197**	**2,325,888**
<u>**Summarised Statement of Comprehensive Income**</u>		
Loss attributable to equity holders of the Parent	-	-
Loss attributable to non-controlling interests	-	-
Loss for the Year	-	-
Other comprehensive income/(loss) attributable to:		
Equity holders of the Parent	-	-
Non-controlling interests	-	-
Total other comprehensive income/(loss)	-	-
<u>**Summarised Statement of Cash Flows**</u>		
Net cash from/(used in) operating activities	24,911	-
Net cash from investing activities	-	-
Net cash from/(used in) financing activities	-	-
Effect of foreign exchange rates on cash	-	-
Net increase/(decrease) in cash and cash equivalents	**24,911**	-
<u>**Other Financial Information**</u>		
Accumulated non-controlling interests at the end of reporting period	-	-

Accounting Policy

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Key Estimates, Judgments and Assumptions

AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement.

Joint control exists for all joint arrangements where the Consolidated Entity has purchased its rights, or met its earn-in requirements, with each being classified as joint operations under AASB 11 Joint Arrangements on the basis that the binding arrangements signed between the participants establish a contractually agreed sharing of control with decisions about the relevant activities require the unanimous consent of the parties sharing control. It is the Company's view that it jointly controls TEL with Valoriza Mineria, S.L.U ('VM') as at 30 June 2019 and 30 June 2020 until such time that the Consolidated Entity make the outstanding deferred consideration payment of €600,000. This is primarily as a result of an 80% (and therefore unanimous) majority required for all company and management body decisions until such time that the €600,000 is paid. This includes decisions over the relevant activities that affect the returns of the joint arrangement.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 15. Trade and Other Payables

	2020 $	2019 $
Current		
Trade payables	90,877	278,884
Accrued expenses	199,084	104,228
Sundry payables	42,838	55,976
Total Trade and Other Payables	**332,799**	**439,088**

Accounting Policy

Trade and other payables represent the liability outstanding at the end of the reporting period for good and services received by the consolidated group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

Note 16. Deferred Consideration

	2020 $	2019 $
Current	982,500	891,265
Non-current[1]	-	324,097
Total Deferred Consideration	**982,500**	**1,215,362**

1) The fair value of the Group's non-current deferred consideration is measured using management's weighted probability of performance milestone. Refer to Note 25 Financial Risk Management for further details.

On 13 March 2019, the Consolidated Entity, through its 100% owned subsidiary, Extremadura Mining, S.L.U, sought to amend the terms of the Joint Venture Agreement and signed the "Novacion Al Contrato De Participacion en lan Investigacion Minera Y Ocuerdo De Valuntad Asociativa Entre Valoriza Mineria, S.L.U., Y Extremadura Mining, S.L.U ('Novation'), with the following impact:

i. The removal of the prior obligation by the Consolidated Entity to spend €2.5 million in TEL;
ii. The requirement to pay VM €1 million, with €250,000 upfront, a further €150,000 within three months (paid September 2019) and the remaining €600,000 payable in six equal payments made each month (conditional on the tenement application reverting back to granted status); and
iii. Consequently, as a result of i) and ii) above, the immediate transfer of a further 25% of the shares in TEL to give INF a 75% equity interest.

The first instalment of €150,000 was paid on 6 September 2019, with €600,000 remaining due and payable as at 30 June 2020. Subsequent to year end, on 28 July 2020, the Consolidated Entity and VM executed an agreement to extend the payment term of the deferred consideration outstanding. It was agreed that the Consolidated Entity would pay €100,000 on or before 29 July 2021, with a further 5 equal successive and monthly instalments of €100,000 to then be made.

The Consolidated Entity's accounting policy for deferred consideration is set out in Note 25 Financial Risk Management.

Note 17. Provisions

	2020 $	2019 $
Current		
Employee Entitlements:		
Annual leave	26,850	64,003
Total Current Provisions	**26,850**	**64,003**

Accounting Policy

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 18. Issued Capital

	2020 $	2019 $
A reconciliation of the movement in capital and reserves for the consolidated group can be found in the Statement of Changes in Equity.		
238,767,292 fully paid ordinary shares (2019: 190,171,104)	28,762,031	26,248,073
Nil milestone performance shares – class B (2019: 10,000,000)	-	50,000
Less: capital raising costs	(2,199,360)	(2,047,485)
	26,562,671	**24,250,588**

	2020 No.	2019 No.
a) Fully Paid Ordinary Shares – Number of Shares		
At the beginning of the reporting year	190,171,104	189,889,104
Shares issued during the year:		
• Placements[1, 3]	45,570,000	-
• Shares issued to Directors[2]	1,142,858	282,000
• Shares issued under service agreement[4]	1,883,330	-
Total at the end of the reporting year	**238,767,292**	**190,171,104**

	2020 $	2019 $
b) Fully Paid Ordinary Shares – Value of Shares		
At the beginning of the reporting year	24,250,588	24,234,719
Shares issued during the year:		
• Placements[1, 3]	2,304,950	-
• Shares issued to Directors[2]	80,000	16,920
• Shares issued under service agreement[4]	129,008	-
Less:		
• Lapsed milestone performance shares (c)	(50,000)	-
• Capital raising costs	(151,875)	(1,051)
Total at the end of the reporting year	**26,562,671**	**24,250,588**

Notes:

1. On 3 July 2019, the Group placed 20,285,714 fully paid ordinary shares with an issue price of $0.07 per share with sophisticated investors raising $1,420,000.
2. An additional 1,142,858 shares, raising a further $80,000, was issued to Key Management Personnel on 17 September 2019 following the required shareholder approval at the Annual General Meeting held on 9 September 2019.
3. On 20 April 2020, the Group placed 25,284,286 fully paid ordinary shares with an issue price of $0.035 per share with sophisticated investors raising $884,950 before costs.
4. On 27 December 2019, the Group issued 1,883,330 fully paid ordinary shares to Wave International Pty Ltd in consideration of services on the pre-feasibility study of San José Project. The shares had an issue price of $0.0685 with a total consideration value of $129,008. As the payment related to the San José project, this amount has been recognised within the Group's equity accounted investment carrying amount at 30 June 2020.

Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

c) Milestone Performance Shares

The milestone performance shares were issued to the Vendors of Equatorial Pty Ltd as consideration for the acquisition of their company.

On 19 March 2020, the Company announced that the performance hurdle in relation to the milestone performance shares had not been achieved within 4 years from the date of the Agreement and accordingly the 10,000,000 Milestone B Performance Shares lapsed.

d) Options

The total number of options on issue at 30 June 2020 was 17,142,143. The weighted average exercise price of options on issue at year end was $0.106 per option and the weighted average remaining contractual life of options on issue at year end was 1.25 years.

The unissued ordinary shares of Infinity Lithium under option at 30 June 2020 are as follows:

Date of Expiry	Exercise Price ($)	Number under Option
5 December 2020	$0.32	2,000,000
11 June 2021	$0.15	1,000,000
24 October 2021	$0.07	12,642,143
14 December 2021	$0.12	500,000
16 September 2022	$0.088	1,000,000
Total		**17,142,143**

A reconciliation of the total options on issue as at 30 June 2020 is as follows:

	2020 No.	2019 No.
At the beginning of the reporting year	24,375,000	40,007,961
Issued during the year[1]	13,642,143	500,000
Expired during the year	(20,875,000)	(16,132,961)
Exercised during the year	-	-
Total at the end of the reporting year	**17,142,143**	**24,375,000**

Notes:

1) On 24 April 2020 the Company issued 12,642,143 attaching unlisted options as part of the April 2020 Placement. The options are exercisable at $0.07 on or before 24 October 2021.

   On 17 September 2019, the Company issued 1,000,000 unlisted options to Managing Director, Mr Parkin, with an exercise price of $0.088, expiring 16 September 2022. Refer to Note 22 Share Based Payments for further details.

e) Performance Rights

The unissued ordinary shares of Infinity Lithium under Performance Rights at 30 June 2020 are as follows:

A reconciliation of the total Performance Rights on issue as at 30 June 2020 is as follows:

	2020 No.	2019 No.
At the beginning of the reporting year	-	-
Issued during the year[1]	6,280,624	-
Expired during the year	-	-
Exercised during the year	-	-
Total at the end of the reporting year	**6,280,624**	**-**

Notes:

1) On 27 November 2019, approval was received at the General Meeting of shareholders to issue 1,570,156 Tranche A and 1,570,156 Tranche B Performance Rights each to Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles (a total of 6,280,624). Each Performance Right entitles the holder to one Company share and vest upon achievement of certain milestones. Refer to Note 22 Share-Based Payments for further details.

f) Share Appreciation Rights ('SARS')

The unissued ordinary shares of Infinity Lithium under SARS at 30 June 2020 are as follows:

A reconciliation of the total SARS on issue as at 30 June 2020 is as follows:

	2020 No.	2019 No.
At the beginning of the reporting year	-	-
Issued during the year[1]	10,000,000	-
Expired during the year	-	-
Exercised during the year	-	-
Total at the end of the reporting year	**10,000,000**	**-**

Notes:

1) On 27 November 2019, approval was received at the General Meeting of shareholders to issue 10,000,000 Share Appreciation Rights to Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles (5,000,000 each respectively). The SARS have an expiry date of 13 September 2024 and an exercise price of $0.072. Each SAR entitles the holder to one Company share. Refer to Note 22 Share-Based Payments for further details.

g) Capital Management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Company. At reporting date the Company has no external borrowings.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Key Estimates, Judgments and Assumptions
The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

Note 19. Reserves

a) Share-Based Payments Reserve
The share-based payments reserve records items recognised as expenses on valuation of employee share and consultants' options.

A reconciliation of the movement in the share-based payments reserve as at 30 June 2020 is as follows:

	2020 $	2019 $
At the beginning of the reporting year	1,244,246	1,532,225
Share-based payments (Note 22)	462,180	9,750
Lapse of options	(1,068,137)	(297,729)
Total at the end of the reporting year	**638,289**	**1,244,246**

b) Foreign Currency Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign operations.

	2020 $	2019 $
At the beginning of the reporting year	174,237	172,967
Exchange differences arising on translation of foreign operations	95,074	1,270
Total at the end of the reporting year	**269,311**	**174,237**

Accounting Policy - Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the Board makes a decision that such amounts are no longer recoverable.

Note 20. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and Managing Director (chief operating decision makers) to make decisions about resources to be allocated to the segments and assess their performance. Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Spain. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate. The Consolidated Entity has two reportable segments based on the geographical areas of the mineral resource and exploration activities, Gabon and Spain. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board of Directors and Managing Director, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated group.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority asset economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of that segment. Borrowings and tax liabilities are generally considered to relate to the consolidated group as a whole and are not allocated. Segment liabilities include trade and other payables.

(d) Unallocated items

Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

30 June 2020	Spain $	Gabon $	Unallocated $	Total $
Revenue				
Other revenue	-	153,663	-	153,663
Interest revenue	-	-	906	906
Total Gross Revenue	**-**	**153,663**	**906**	**154,569**
Expenses				
Corporate and compliance expenses	-	-	(492,250)	(492,250)
Consulting expenses	-	-	(50,655)	(50,655)
Employee and director benefits expense	-	-	(542,131)	(542,131)
Share-based payments to key management personnel	-	-	(628,180)	(628,180)
Expected credit loss	-	(95,430)	-	(95,430)
Income tax expense	-	-	-	-
Loss for the year from continuing operations	**-**	**58,233**	**(1,712,310)**	**(1,654,077)**
Loss for the year from discontinued operations	56,045	(292,117)	-	(236,072)
Loss for the Year	**56,045**	**(233,884)**	**(1,712,310)**	**(1,890,149)**
Segment Assets				
Cash and cash equivalents	35,726	-	592,227	627,953
Trade and other receivables	134,171	-	46,198	180,369
Equity accounted investments	2,929,035	-	-	2,929,035
Other assets	11,120	-	30,000	41,120
Total Assets	**3,110,052**	**-**	**668,425**	**3,778,477**
Segment Liabilities				
Trade and other payables	32,521	-	300,278	332,799
Provisions	-	-	26,850	26,850
Deferred consideration payable	982,500	-	-	982,500
Total Liabilities	**1,015,021**	**-**	**327,128**	**1,342,149**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

30 June 2019	Spain $	Gabon $	Unallocated $	Total $
Revenue				
Unallocated Revenue				
Other revenue	370,011	-	-	370,011
Interest revenue	-	-	43,519	43,519
Total Gross Revenue	**370,011**	**-**	**43,519**	**413,530**
Expenses				
Corporate and compliance expenses	-	-	(723,695)	(723,695)
Consulting expenses	-	-	(220,055)	(220,055)
Employee and director benefits expense	-	-	(482,583)	(482,583)
Share-based payments to key management personnel	-	-	(26,670)	(26,670)
Impairment of exploration assets	(1,035,692)	-	-	(1,035,692)
Impairment of equity accounted investment	-	(652,516)	-	(652,516)
Income tax expense	-	-	-	-
Loss for the Year	**(665,681)**	**(652,516)**	**(1,409,484)**	**(2,727,681)**
Segment Assets				
Cash and cash equivalents	15,696	2,655	1,248,419	1,266,770
Trade and other receivables	111,639	-	85,066	196,705
Equity accounted investments	1,620,483	-	-	1,620,483
Other assets	2,107	-	45,000	47,107
Total Assets	**1,749,925**	**2,655**	**1,378,485**	**3,131,065**
Segment Liabilities				
Trade and other payables	29,889	21,422	387,777	439,088
Provisions	-	-	64,003	64,003
Deferred consideration payable	1,215,362	-	-	1,215,362
Total Liabilities	**1,245,251**	**21,422**	**451,780**	**1,718,453**

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

Note 21. Cash Flow Information

Reconciliation of cash flow from operations with loss after income tax:

	2020 $	2019 $
Net loss for the year	(1,890,149)	(2,727,681)
Non-cash flows in loss		
Share-based expenses	628,180	26,670
Expected credit loss	95,430	-
Gain recognised by non-controlling interest on discontinued operations	(308,959)	-
Impairment expense	-	1,872,577
Unrealised foreign exchange movements	-	(7,886)
Depreciation	-	118
Realised loss on disposal of assets	-	469
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease in trade and other receivables	16,335	284,343
(Decrease)/increase in trade payables relating to operating activities	(132,163)	66,537
(Decrease)/increase in provisions	(37,153)	5,125
Net cash outflows from operating activities	**(1,628,479)**	**(479,728)**

Non-cash financing and investing activities

During the year the Consolidated Entity issued equity securities as payment for services to the value of $129,008 (2019: Nil). These issue costs are not reflected in the Statement of Cashflows.

Note 22. Share-Based Payments

	2020 $	2019 $
(a) Reserves (Note 19)		
Options issued to Key Management Personnel[1]	32,482	9,750
Rights issued to Key Management Personnel[2,3]	429,698	-
Total Share-Based Payments – Reserves	**462,180**	**9,750**
(b) Issued Capital (Note 18)		
Shares issued under service agreement[5]	129,008	-
Shares issued to Directors	-	16,920
Total Share-Based Payments – Equity – (a) + (b)	**591,188**	**26,670**
(c) Statement of Profit or Loss		
Accrual of Performance Bonus – Ordinary Shares[4]	166,000	-
Total Share-Based Payments – (a) + (c)	**628,180**	**26,670**

Notes:

1. On 17 September 2019, the Company issued 1,000,000 unlisted options to Managing Director, Mr Ryan Parkin, with an exercise price of $0.088, expiring 16 September 2022. The options were valued using a Black Scholes option pricing model.

Measurement of Fair Value	
Fair value at grant date	$0.051
Grant date share price	$0.07
Exercise price	$0.088
Expected volatility	78.7%
Option life	3 years
Risk-free interest rate	0.85%
Expense vested during the year	$32,482

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

2. On 11 December 2019, the Group issued two tranches of Performance Rights (tranche A and tranche B). Both tranches consisted of 3,140,312 rights with an expiry date of 31 December 2020. The Performance Rights were issued to Directors, Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles, with each receiving 1,570,156 tranche A and tranche B Performance Rights. (Mr Ledoux-Pedailles' Performance Rights lapsed upon his resignation subsequent to year end.)

The Performance Rights will have the following milestones attached to them:

- *Tranche A* rights vest based on the Group executing a non-binding offtake agreement with a third party for the purchase of a minimum 5,000 tonnes of lithium chemicals including lithium hydroxide or lithium carbonate produced from the San José Lithium Project; and
- *Tranche B* rights vest upon the Group completing a capital raising for a minimum of $1,000,000 from a recognised lithium industry participant or investor.

The Performance Rights were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the Performance Rights.

Valuation and Assumptions of Performance Rights:	Tranche A	Tranche B
Grant date	27 November 2019	27 November 2019
Number	3,140,312	3,140,312
Share price	$0.066	$0.066
Exercise price	$0.00	$0.00
Expiry date	31 December 2020	31 December 2020
Volatility	70.51%	70.51%
Dividend yield	-	-
Risk-free interest rate	0.77%	0.77%
Value per right	$0.066	$0.066
Total fair value	$207,261	$207,261
Expense vested during the year	$123,221	$123,221

3. On 11 December 2019 the Company issued 10,000,000 Share Appreciation Rights ('SARS') to Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles (5,000,000 each respectively). The SARS have an expiry date of 13 September 2024 and an exercise price of $0.072. Each SAR entitles the holder to one Company share. (Mr Ledoux-Pedailles' SARS lapsed upon his resignation subsequent to year end.)

   The SARS are to vest as follows:
   - Tranche 1 - 50% (5,000,000 total) will vest on 13 September 2020
   - Tranche 2 - 25% (2,500,000 total) will vest on 13 September 2021
   - Tranche 3 - 25% (2,500,000 total) will vest on 13 September 2022

   The SARS were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the SARS.

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	27 November 2019	27 November 2019	27 November 2019
Number	5,000,000	2,500,000	2,500,000
Share price	$0.066	$0.066	$0.066
Exercise price	$0.072	$0.072	$0.072
Vesting date	13 September 2020	13 September 2021	13 September 2022
Expiry date	13 September 2024	13 September 2024	13 September 2024
Volatility	70.51%	70.51%	70.51%
Dividend yield	-	-	-
Risk-free interest rate	0.73%	0.73%	0.73%
Value per right	$0.36	$0.36	$0.36
Total fair value	$180,961	$90,481	$90,481
Expense vested during the year	$134,322	$29,792	$19,142

4. Amounts for Mr Parkin and Mr Ledoux-Pedailles' Performance Bonus Shares for the financial years ended 30 June 2019 and 30 June 2020 have been accrued as at 30 June 2020. These were approved by shareholders at the General Meeting held on 27 July 2020 and issued subsequent to year end. The 2019 Performance Bonus Shares were issued at a deemed price of $0.05 per share. The 2020 Performance Bonus Shares were issued at a deemed price of $0.0405 per share, being the price equal to the 15-day VWAP at the close of business on 27 May 2020, being the date the Board agreed to grant them. This amount is currently included within accrued expenses as at 30 June 2020.

Volatility is calculated with reference to the Consolidated Entity's historical volatility and share price movements prior to the measurement date.

5. On 27 December 2019, the Company issued 1,883,330 ordinary fully paid shares to Wave International Pty Ltd in lieu of the equivalent cash consideration for services provided on the pre-feasibility study of the San José Project, to the value of $129,008.

Accounting Policy

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payment transactions are recognised in equity if the goods or services were received in an equity-settled share-based payment transaction, or as a liability if the goods and services were acquired in a cash settled share-based payment transaction. The fair value of options is determined using a Black-Scholes or Hoadley pricing model.

The number of share options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 23. Parent Entity Disclosures

	2020 $	2019 $
Current assets	638,425	1,333,486
Non-current assets	30,000	45,000
Total assets	**668,425**	**1,378,486**
Current liabilities	327,128	387,777
Total liabilities	**327,128**	**387,777**
Net assets	**341,297**	**990,709**
Issued capital	26,562,671	24,250,588
Reserves	638,290	1,244,246
Accumulated losses	(26,859,664)	(24,504,125)
Total equity	**341,297**	**990,709**
Loss of parent entity	(1,324,736)	(3,148,315)
Total comprehensive loss of the parent entity	**(1,324,736)**	**(3,148,315)**

Commitments
The commitments of the Parent Entity are consistent with that of the Consolidated Entity (refer to Note 24).

Note 24. Non-Controlling Interests

	2020 $	2019 $
Balance at the beginning of the period	(303,488)	(296,352)
Share of loss for the year	308,959	(7,136)
Share of other comprehensive income	(5,471)	-
Balance at the end of period	**-**	**(303,488)**

The Consolidated Entity has one non-controlling minority interest:

- Aurum Mining P.L.C has a 20% non-controlling interest in the Company's subsidiary Morille Mining S.L.

Note 25. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

Financial Risk Management Policies

a) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

b) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

i. Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The currencies in which these transactions primarily are denominated are AUD and EURO.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	€	€	€	€
Consolidated				
EUR	1,884,056	1,132,515	619,860	776,114

The effect of a 10% strengthening of EUR against the AUD at the reporting date on the EUR-denominated assets and liabilities carried within the AUD functional currency entity would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of A$209,503 (2019: A$58,361).

ii. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Financial Asset & Financial Liability Maturity Analysis							
	Within 1 Year		1-5 Years		Over 5 Years		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	627,953	1,266,770	-	-	-	-	627,953	1,266,770
Trade and other receivables	149,039	151,586	-	-	-	-	149,039	151,586
Other financial assets	-	-	41,120	47,107	-	-	41,120	47,107
Total Financial Assets	**776,992**	**1,418,356**	**41,120**	**47,107**	**-**	**-**	**818,112**	**1,465,463**
Financial Liabilities								
Trade and other payables	133,715	334,860	-	-	-	-	133,715	334,860
Deferred consideration	982,500	891,265	-	324,097	-	-	982,500	1,215,362
Total Financial Liabilities	**1,116,215**	**1,226,125**	**-**	**324,097**	**-**	**-**	**1,116,215**	**1,550,222**

iii. Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or Consolidated Entity of receivables under financial instruments entered into by the Consolidated Entity.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The Consolidated Entity's current investment policy is aimed at maximising the return on surplus cash, with the aim of outperforming the benchmark within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the consolidated group is exposed to through investment activities.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	2020	2019
	$	$
Cash and cash equivalents		
A-Rated	627,953	1,266,770

iv. Price risk

- Commodity price risk
  The Consolidated Entity is not directly exposed to commodity price risk. However, there is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the project.

- Equity price risk
  Equity price risk arises from equity securities held. Material investments are managed on an individual basis and all buy and sell decisions are approved by the board.

v. Interest rate risk exposure analysis
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Consolidated Entity does not use derivatives to mitigate these exposures.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$
Financial Assets						
Cash at bank & on hand	-	-	-	-	627,953	1,266,770
Receivables	-	-	-	-	149,039	151,586
Other assets	1.00%	1.00%	30,000	30,000	11,120	17,107
Total financial assets			**30,000**	**30,000**	**788,112**	**1,435,463**
Financial Liabilities						
Trade and other payables	-	-	-	-	133,715	278,884
Deferred consideration	-	-			982,500	1,215,362
Total financial liabilities			**-**	**-**	**1,116,215**	**1,494,246**

Fair Value
Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2020

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

a) Cash and short-term investments – the carrying amount approximates fair value because of their short term to maturity;
b) Trade receivables and trade creditors – the carrying amount approximates fair value; and
c) Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities
Financial liabilities of the group consist of namely of Trade and other payables and are classified and subsequently measured at fair value.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 26. Capital Commitments

In order to maintain current rights of tenure to exploration tenements the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments and overseas government bodies.

The Consolidated Entity ceased exploration activities for the Morille, Banio and Mamana projects in the prior year order to focus on the San José project (accounted for as part of equity holding in TEL). As such, the Consolidated Entity does not have any further material financial commitments in relation to these projects.

Capital expenditure commitments related to the San José project have been outlined within Note 14 Equity Accounted Investments.

Operating leases
AASB 16 substantially carries forward the lessor accounting requirement in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosure to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The application of the above new standard has had no material impact on the transactions and balance recognised in the financial statements for the year ended 30 June 2020. The Consolidated Group has elected to use the practical expedient for the short-term lease arrangement of the sub-lease of the premises at 448 Roberts Road, Subiaco, Western Australia.

Note 27. Events After Reporting Date

On 22 July 2020, the Company announced the appointment of experienced finance and European commodities executive Mr Remy Welschinger to the Board as a Non-Executive Director. The Company also announced the resignation of Mr Felipe Benjumea Llorente, effective 31 July 2020.

On 27 July 2020, the Company received shareholder approval to issue 13,182,938 warrants to EIT InnoEnergy, which represent Tranche 1 of the direct financial investment under the EIT InnoEnergy project agreement, and Mr Parkin and Mr Ledoux-Pedailles' Performance Bonus Shares. The warrants and shares were duly issued on 28 July 2020.

On 27 August 2020, the Company announced the resignation of Non-Executive Director Mr Vincent Ledoux-Pedailles, effective 26 August 2020.

On 8 September 2020, the Company announced that it had received firm commitments to place 31,428,571 shares (and 15,714,285 unlisted options) to raise $2.2 million ('Placement'). The Placement was significantly oversubscribed and supported through European and Australian institutional and sophisticated investors. The issue price of the Placement Shares was $0.07 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 $0.12 with a 24-month term, and subject to shareholder approval.

On 16 September 2020 the Company announced the launch of announce a non-renounceable pro rata offer ('Entitlement Offer') of one (1) new fully paid ordinary share for every eight (8) shares held on the record date, being 21 September 2020, at an issue price of $0.07 per new Share, together with one (1) free attaching option exercisable at $0.12 each for every two (2) new Shares subscribed for, to raise up to approximately $2.4 million (before costs). The funds raised from the Placement and Entitlement Offer will be used towards completion of the feasibility study on the Project as well as working and other capital requirements. The Prospectus for the Entitlement Offer was dispatched on 24 September 2020.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Note 28. Contingent Assets and Liabilities

The Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

Directors' Declaration

For the Year Ended 30 June 2020

The Directors of the Company declare that:

The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the *Corporations Act 2001* and:

a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Consolidated Entity and Company; and

c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statement.

The Managing Director and Chief Financial Officer have each declared that:

a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

b) the financial statements and notes for the financial year comply with the Australian Accounting Standards and Interpretations; and

c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ryan Parkin
Managing Director
30 September 2020

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Infinity Lithium Corporation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report which indicates that the Group incurred a net loss of $1,890,149 during the year ended 30 June 2020 (2019: loss of $2,727,681), net current liabilities of $533,826 (2019: net current assets of $69,119) and had cash and cash equivalents of $627,953 (2019: $1,266,770). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pitcher Partners BA&A Pty Ltd

An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of Equity Accounted Investment Refer to Note 14 to the financial report.	
As at 30 June 2020, the carrying value of the Group's Equity Accounted Investment (Tecnolgia Extremena Del Litio S.L. or 'TEL'), representing the Group's investment in the San José Lithium Project in Spain, was $2,929,035. Previously the Group had assessed that impairment indicators existed within TEL and carried the Equity Accounted Investment at its recoverable amount, based on fair value less costs to sell. At the end of each reporting period, the Group is required to assess whether: • there is any indication that an impairment loss recognised in period periods may no longer exist or may have decreased; and • there is any indication that the Equity Accounted Investment may be further impaired. If any such indicators exist, then the Group is required to estimate the recoverable amount of its Equity Accounted Investment. The determination as to whether there exist any indicators requiring the Group to re-assess the Equity Accounted Investment's recoverable amount involves a number of judgments including, but not limited to, whether: • there has been any adverse changes in the relevant activities, market conditions or technical viability for the San José Lithium Project; • the Group has sufficient funds to meet operational and contractual requirements associated with its investment in the San José Lithium Project; and • there is sufficient information for a decision to be made that the net investment is not commercially feasible. During the year, the Group determined that there had been no indicators that would give rise to either additional impairment or a reversal or impairment.	Our procedures included, amongst others: Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 136 including: • Assessing whether there have been any changes to the Group's contractual ownership rights in TEL, as at reporting date; • Obtaining an understanding of the Group's pre-feasibility study finalised in August 2019; and • Critically evaluating and challenging the methodology and assumptions of management in determining the fair value of its investment in TEL. Testing, on a sample basis, capitalised costs incurred during the year in relation to the Group's Equity Accounted Investment. Assessing the adequacy of the disclosures included in the financial report, including those required by AASB 12 *Disclosure of Interests in Other Entities*.

Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with the net investment, we consider this is a key audit matter.	
Share-based payments Refer to Note 22 to the financial report.	
Share-based payments represent $757,188 of the Group's expenditure, split between $628,180 in Statement of Profit and Loss and $129,008 recognised in the cost of the Group's Equity Accounted Investment. This amount comprises the issue of: • 1,000,000 unlisted options; 10,000,000 Share Appreciation rights; 6,280,624 Performance Rights; and 3,700,000 Bonus Shares issued to key management personnel; and • 1,883,330 fully paid shares to Wave International Pty Ltd in consideration of services on the pre-feasibility study on the San José Lithium Project. Under Australian Accounting Standards, equity settled awards for employees are measured at fair value on the measurement (grant) date. For transactions with parties other than employees, the measurement date is the date the Group obtains the goods or the counterparty renders the service. Under both, the Group takes into consideration the probability of the vesting conditions (if any) attached. An amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions. In calculating the fair value there are a number of judgements management must make, including but not limited to: • estimating the likelihood that the equity instruments will vest; • estimating expected future share price volatility; • expected dividend yield; and • risk-free rate of interest. Due to the significance to the Group's financial report and the level of judgment involved in determining the valuation of the share-based payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share-based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation. Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate. Assessing the Group's accounting policy as set out within Note 22 for compliance with the requirements of AASB 2 *Share-based Payment*. Assessing the adequacy of the disclosures included in the financial report.

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED

Joint control

Refer to Note 2 and 14 to the financial report.

During the year ended 30 June 2019, through the Novation of the Group's agreement with Valoriza Mineria, S.L.U, the Group increased its interest in Tecnolgia Extremena Del Litio S.L. ('TEL') (an incorporated entity holding the San José Lithium Project), from 50% to 75%. Previously, management had assessed that it had control over the relevant activities of TEL. As described in Note 2 to the financial report, the Group while preparing the financial statements of the Group for the half year ended 31 December 2019 identified that, due to a misinterpretation of a translated clause in the Novation, the Group concluded it did not control TEL at 30 June 2019. The Group instead concluding it held joint control with its joint venture partner Valoriza Minera ('VM') in TEL. Management is obliged to re-assess as to whether there has been any change in control (i.e. joint control to control) for its interest in TEL each year. The determination as to whether joint control or control exists, involves a number of judgments including but not limited to: • what are the relevant activities to be assessed; and • whether rights implicit in arrangement agreements represented substantive or protective rights and the impact those rights have on determining control over the relevant activities. Due to the potential accounting impact had there existed a change in control and the judgement involved in determining control, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of the incorporated Joint Venture Agreement and the Novation agreement (both as defined in Note 2 to the financial report), including, but not limited, to: • the operating committee composition; • voting rights held by both parties; • the authority imposed on the operating committee in making day to day decisions about operational, financial and strategic matters; and • substantive and protective rights held by both parties. Reviewing operating committee minutes, in conjunction with the above and critically examining whether the Group has; • power over the incorporated joint venture; • exposure, or rights, to variable returns from its investment in the incorporated joint venture; and • the ability to use its power over the incorporated joint venture to affect the Group's amount of returns. Assessing the Group's accounting policy set out within Note 14 to the financial report for compliance with the requirements of AASB 11 *Joint Arrangements*. Assessing the adequacy of the disclosures included in the financial report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED**

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Infinity Lithium Corporation Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 30 September 2020

ASX Additional Information

a) Distribution of Shareholders as at 29 September 2020

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 – 1,000	33	5,788
1,001 – 5,000	55	209,651
5,001 – 10,000	240	2,006,919
10,001 – 100,000	484	19,547,916
100,001 – and over	356	254,055,589
Total	**1,168**	**275,825,863**

b) Top 20 Shareholders as at 29 September 2020

Rank	Name	Number of Ordinary Shares Held	%
1	WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C>	10,000,000	3.63
2	ADRIAN BYASS	8,653,318	3.14
	• *VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>*	*75,000*	*0.03*
	• *TEUTONIC INVESTMENTS PTY LTD*	*500,000*	*0.18*
	• *VALIANT EQUITY MANAGEMENT PTY LTD <BYASS FAMILY A/C>*	*2,000,000*	*0.73*
	• *VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>*	*2,423,889*	*0.88*
	• *MR ADRIAN BYASS + MRS MEGAN RUTH BYASS <OAKWOOD SUPER FUND A/C>*	*3,654,429*	*1.32*
3	TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	7,142,858	2.59
4	MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	6,450,000	2.34
5	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	6,285,714	2.28
6	DENKEY PTY LTD	6,000,000	2.18
7	EVALON INVESTMENTS PTY LTD	4,606,000	1.67
8	GANDRIA CAPITAL PTY LTD <THE TEDBLAHNKI FAMILY A/C>	4,450,000	1.61
9	MS STACEY THOMAS	4,100,000	1.49
10	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	4,000,000	1.45
11	WIGWAM SUPER PTY LTD <TEE PEE SUPER FUND A/C>	4,000,000	1.45
12	AURORA VENTURES PTY LTD	4,000,000	1.45
13	MR CRAIG MICHAEL LAKE + MRS JUDITH MAY LAKE	4,000,000	1.45
14	MRS ALISON CLAIRE GALLAGHER	4,000,000	1.45
15	NICHOLAS MCMAHON	3,991,800	1.45
	• *MR NICHOLAS MCMAHON + MR TAE WOOD <THE MCMAHON SUPER FUND A/C>*	*985,000*	*0.36*
	• *MR NICHOLAS MCMAHON <MCMAHON FAMILY A/C>*	*1,070,000*	*0.39*
	• *MR NICHOLAS MCMAHON <MCMAHON FAMILY A/C>*	*1,936,800*	*0.7*
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,426,627	1.24
	• *HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2*	*200,662*	*0.07*
	• *HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	*3,225,965*	*1.17*
17	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,397,355	1.23
18	MR MALIK MOHAMMED EASAH	3,357,143	1.22

19	DR ERIC VERNON LILFORD	3,225,000	1.17
20	AURORA VENTURES PTY LIMITED	3,018,056	1.09
	Total Top 20	**98,103,871**	**35.57**
	Balance of Register	177,721,992	64.43
	Total Ordinary Shares on Issue	**275,825,863**	**100.0**

c) Ordinary Share Capital as at 29 September 2020

- The number of shareholders holding less than a marketable parcel of shares is 155, totalling 599,380 shares; and
- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d) Options and Rights as at 29 September 2020

As at 29 September 2020, the unissued ordinary shares of Infinity Lithium under option are as follows:

Details	Grant Date	Number	Exercise Price ($)	Date of Expiry
Unlisted Options	05/12/2017	2,000,000	$0.32	05/12/2020
Unlisted Options	08/06/2018	1,000,000	$0.15	11/06/2021
Unlisted Options	19/12/2018	500,000	$0.12	14/12/2021
Unlisted Options	24/04/2020	12,142,143	$0.07	24/10/2021
Unlisted Options	28/07/2020	715,000	$0.07	24/10/2021
Unlisted Options	17/09/2019	1,000,000	$0.088	16/09/2022
Total Unlisted Options		**17,357,143**		

As at 29 September 2020, the warrants and rights of Infinity Lithium on issue are as follows:

Details	Grant Date	Number	Exercise Price ($)	Date of Expiry
Zero Exercise Price Warrants	28/07/2020	13,182,938	Nil	28/07/2025
Performance Rights	27/11/2019	3,140,312	Nil	31/12/2020
Share Appreciation Rights	27/11/2019	5,000,000	$0.072	13/09/2024

Option-holders do not have any rights to participate in any issue of shares or other interest in the Company or any other entity.

Schedule of Interests in Mining Tenements

Lithium Project Spain

Infinity has a 75% beneficial interest in the San José Lithium Tin Project (Applications) from Valoriza Mineria 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 Mineria S.L.U Investigation Permit Application

Mineral Resources and Reserves (MROR) Statement

Infinity announced to the ASX on 23 May 2018 information pertaining to the exploration and mineral resource estimates of the San José Project in accordance with ASX Listing Rule 5.8 and compliance with the 2012 JORC Code.

The resource estimate for San José is shown below in Table 1 below:

Classification	Tonnes (Mt)	Li (%)	Li_2O (%)	Sn ppm
Indicated	59.0	0.29	0.63	217
Inferred	52.2	0.27	0.59	193
TOTAL	**111.2**	**0.28**	**0.61**	**206**

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_2O) or lithium carbonate (Li_2CO_3) or Lithium Carbonate Equivalent (LCE).

Lithium Conversion: 1.0% Li = 2.153% Li_2O, 1.0%Li = 5.32% Li_2CO_3

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_2O (%)	Sn ppm
Proven	-	-	-	-
Probable	37.2	0.29	0.63	217.0
TOTAL	**37.2**	**0.29**	**0.63**	**217.0**

Competent Persons Statement

The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Infinity Lithium Corporation Limited. 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 Australasian 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.

Summary of Governance and Controls

The mineral resource for the San José Project is reported in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". This resource was published by Infinity in an announcement to the Australian Securities Exchange dated 23 May 2018. In accordance with requirements determined by the Australian Securities Exchange and the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", a checklist for Assessment and Reporting Criteria is presented in that announcement.

A review of factors was conducted which may affect the MROR. These examined included:

- Sovereign risk
- Commodity prices
- Processing or metallurgical understanding
- Environmental or mineability setting
- Standing of consultants/contractors/technology used in estimation process.

Infinity is not aware of any new information or data that materially affects the information included in this report, 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.