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# QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 SEPTEMBER 2020

ASX Release
29 October 2020
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## HIGHLIGHTS

### *San José Lithium Project*

- **Infinity's continued to progress phase one test work in the EU at Dorfner Anzaplan's German facilities.**
- **Spain Lithium-ion Battery Value Chain:**
  - **Ministry for the Ecological Transition released the draft of the Energy Storage Strategy that highlighted their commitment to the sustainable exploitation of lithium in Spain for the battery industry;**
  - **The strategy promoted the national self-sufficiency of raw materials.**
- **EU Lithium-ion Battery Value Chain:**
  - **Lithium added to the EU's List of Critical Raw Materials List;**
  - **European Commission launched the European Raw Materials Alliance.**

### *Corporate*

- **Placement to sophisticated investors raised A$2.2 million before costs.**
- **Non-renounceable entitlement offer raised $A2.4 million before costs.**
- **Highly credentialled technical expert Jon Starink appointed to the Board and executive management.**
- **Available cash as at 30 September 2020 of A$2.55 million (A$4.82 million following receipt of Entitlement Offer funds).**

## Project highlights

**2nd Largest JORC hard rock lithium deposit** in the EU

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

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

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

**Low carbon footprint** and sustainable operation

## Corporate Directory

**Ryan Parkin**
Managing Director & CEO

**Adrian Byass**
Non-Executive Chairman

**Remy Welschinger**
Non-Executive Director

**Jon Starink**
Executive Director

## Contact

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The Board of Infinity Lithium Corporation Limited (**'Infinity',** or **'the Company'**) is pleased to present the Company's Activities report and Appendix 5B for the three months ending 30 September 2020.

## San José Lithium Hydroxide Project

### Key Update: Progression of Test Work

The coronavirus pandemic situation developed rapidly in 2020, with governments and companies globally having remained vigilant in taking measures to contain the spread of the virus. The European Union ('**EU**') was impacted by travel restrictions throughout Q2 2020 however governments reopened their borders over the summer period after months of closure throughout spring.

Infinity continued to progress test work in Germany under phase one of the Project Agreement as executed with KIC InnoEnergy SE ('**EIT InnoEnergy'**) in June 2020. The test work program is managed by leading consultancy and engineering company Dorfner Anzaplan in line with project deliverables under the agreement.

Infinity visited the Dorfner Anzaplan facilities in July 2020 and reviewed the progression of the flotation process and optimisation potential.

The phase one test work program will seek to optimise and build on the outcomes from Pre-Feasibility Study ('**PFS'**) and undertake locked cycle test work that will be required for the class 3 Feasibility Study. It is envisaged that phase one test work will produce samples of battery grade lithium hydroxide. The samples have the potential to be made available to offtake partners for verification and confirmation purposes.

The implementation of subsequent travel restrictions in the EU in October 2020 have been determined in a process that has varied by country. The localisation of test work in Germany has ensured the continuation of test work under phase one and is not expected to be affected by the existing travel restrictions between a number of countries in the EU.

### Lithium-ion Battery Value Chain Strategy

#### *Spain*

The Spanish Government, through the Ministry for the Ecological Transition, released the draft of the Energy Storage Strategy (14 October 2020) that highlighted for the first time the Government's commitment to the sustainable exploitation of lithium and rare earth deposits in Spain for the battery industry. The Government publicly recognised and acknowledged the critical importance of critical raw materials for national manufacturers and suppliers that can generate high added value products in the development of an in-country lithium-ion battery supply chain. The Energy Storage Strategy notes one of the measures proposed is the promotion of national self-sufficiency of raw materials or basic components, which is in line with the broader EU strategy under the EBA.

The Minister for the Ecological Transition, Teresa Ribera's, stated *"In this context, Spain has the challenge of researching, developing and favouring the battery industry and that of the mineral raw materials essential for their manufacture, promoting, in particular, its own resources".*

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### *European Union*

The European Commission presented an Action Plan on Critical Raw Materials (announced 3 September 2020) which addressed the current and future challenges and proposed actions to reduce the EU's dependency on non-EU countries. Lithium was added to the List of Critical Raw Materials for the first time. Maroš Šefčovič, Vice-President for Interinstitutional Relations and Foresight noted:

*"A secure and sustainable supply of raw materials is a prerequisite for a resilient economy. For e-car batteries and energy storage alone, Europe will for instance need up to 18 times more lithium by 2030 and up to 60 times more by 2050.".*

The European Raw Materials Alliance ('**ERMA**') was launched by the European Commission on 29 September 2020 using a platform that has been modelled on the success of the European Battery Alliance ('**EBA**'). The establishment of the ERMA focus on the critical raw material requirements in the development a fully integrated and strategic LIB value chain in the EU.

## Corporate

### Placement Raised $A2.2 million

Infinity completed a placement to sophisticated investors during the quarter, raising approximately $2.2 million (before costs) to advance the San José Lithium Project ('**Placement**'). 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 A$0.12 with a 24-month term.

For further details refer to ASX announcement on 8 September 2020.

### Non-Renounceable Entitlement Offer Raised $A2.4 million

In conjunction with the Placement, Infinity conducted a non-renounceable pro rata offer ('**Entitlement Offer'**) of 1 new fully paid ordinary share ('**Share**') for every 8 Shares held on 21 September 2020 (Record Date), at an issue price of $0.07 per new Share, together with 1 free attaching option exercisable at $0.12 each for every 2 new Shares subscribed for, to raise up to approximately $2.4 million (before costs).

The funds raised under the Placement and Entitlement offer are being used to continue activities on the San José Lithium Project and for general working capital. For further details refer to ASX announcements on 8 and 16 September 2020.

Subsequent to quarter end, Infinity advised that pursuant to the Entitlement Offer, the Company received applications from eligible shareholders for 22,665,649 New Shares, raising approximately $1.59 million and representing a 65.7% take up. The resulting shortfall from the Entitlement Offer was 11,812,763 shares.

The Shortfall Offer was significantly oversubscribed and the Board exercised its discretion under the Entitlement Offer to scale back these additional applications, generally in proportion to the relevant applicant's shareholding at the record date. In total, including the placing of the shortfall, $2.4 million (before costs) was raised under the Entitlement Offer.

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## Resignation of Director

Infinity announced the resignation of Non-Executive Director Mr Vincent Ledoux-Pedailles. For further details refer to ASX announcement on 27 August 2020.

## Further Events Subsequent to September 2020 Quarter End

*Appointment of Executive Director and Chief Technical Officer*

Infinity announced the appointment of Mr Jon Starink as an Executive Director and member of the Board of the Company. Mr Starink is an experienced leader and accomplished technical expert with significant international lithium project experience. For further details refer to ASX announcement 8 October 2020.

*Annual Report for the year ended 30 June 2020*

The Annual Report for the year ended 30 September 2020 was made available to shareholders. For further details refer to ASX announcement 1 October 2020.

## Cash at Bank

As at 30 September 2020 Infinity had available cash of A$2.55 million. (A$4.82 million following receipt of Entitlement Offer funds in October).

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

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## Competent Persons Statement

Lithium

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

The Resource which supports the Scoping Study was announced to the ASX on the 23 May 2018. Infinity is not aware of any new information or data that materially affects the information included in this ASX release and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

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

Production Target, Ore Reserve and PFS Study announced to the ASX on 22 August 2019: The information in this report that relates to Exploration Results is based on the information compiled or reviewed by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Infinity. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## Disclaimer

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic

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evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy.

Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of or non-occurrence of any events.

## The Participants

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

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

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

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



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## About the San José Lithium Project

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

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

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

| Classification | Tonnes (Mt) | Li (%) | $Li_2O$ (%) | Sn ppm |
|---|---|---|---|---|
| Indicated | 59.0 | 0.29 | 0.63 | 217 |
| Inferred | 52.2 | 0.27 | 0.59 | 193 |
| **TOTAL** | **111.3** | **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 |
| **TOTAL** | **37.2** | **0.29** | **0.63** | **217** |

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

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

The Reserve was announced to the ASX on 22 August 2019. Infinity is not aware of any new information or data that materially affects the information included in this ASX release and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the reserve estimates in this release continue to apply and have not materially changed.

## Tenement Schedule in accordance with Listing Rule 5.3.3

### Lithium Project Spain

Infinity has a 75% beneficial interest in the San José Lithium Project (Applications) from Valoriza 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

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