



ACN 147 413 956

ASX: INF ANNOUNCEMENT

25 January 2019

Quarterly Activities Report for period ending 31 December 2018

HIGHLIGHTS

- Exceptional results from the scoping study to produce battery grade lithium hydroxide delivered.
 - Infinity's European developments continue with the appointment of lithium industry expert to lead European corporate strategy, and subsequent appointment to the Board of Infinity in January 2019.
 - Benefits of a vertically integrated project highlighted through a C1 cost at the lower end of the cost curve in the production of battery grade lithium hydroxide.
 - Discussions continue to advance with strategic financiers, including global offtake companies.
 - Listing of the Company successfully completed on the Frankfurt Stock Exchange and Stuttgart Stock Exchange under the symbol '3PM' to broaden Infinity's investor appeal and increasing exposure to European investors.
 - Large, shallow and high-grade maiden JORC potash resource calculated at Banio, Infinity remains focused on San Jose Lithium Project.
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Summary

Infinity Lithium Corporation Limited (“Infinity” or “the Company”) is pleased to announce a summary of activities for the three months to end December 2018.

The quarter included the delivery of Infinity’s San Jose Lithium Project (‘the Project’) lithium hydroxide Scoping Study (‘the Scoping Study’) which highlighted technical and economic outcomes of the Project in the production of lithium battery chemicals. This has allowed the Company to continue to advance discussions with potential strategic partners as work progresses towards the delivery of either a prefeasibility study (‘PFS’) in 2019 for lithium hydroxide or a feasibility study for lithium carbonate.

The appointment of a European based lithium industry expert to the Company’s corporate management team, and the subsequent appointment to the Board, compliments Infinity’s focus to broaden investor engagement in European markets, highlighted through the successful listings on the Frankfurt and Stuttgart Stock Exchanges.

Infinity announced the maiden JORC resource of the Banio Potash Project in Q4 2019. Extensive historical drilling and seismic data was utilised to create a JORC Exploration Target in 2016, and the maiden JORC resource is based on testing a portion of that area. The resource was calculated after obtaining new data which allowed historical drilling to be used under JORC guidelines. The project remains on care and maintenance.

Scoping Study – Cautionary Statement

The Study referred to in this announcement is a preliminary technical and economic investigation of the potential viability of the San Jose Lithium-Tin Project. It is based on low accuracy technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Study will be realised. The Production Target referred to in this announcement is based on 91% Indicated Resources and 9% Inferred Resources for the life of mine life covered under the Study. In accordance with the twenty four (24) year mine plan incorporated into the Study, the first three (3) years of production (covering payback period) will come 96% from Indicated Resources. For full details of the Study refer to ASX announcement 29 November 2018.

Lithium Hydroxide Scoping Study

Infinity was pleased to advise it has completed the Scoping Study with regards to the development of the San Jose Lithium Project (‘the Project’) including the production of battery grade lithium hydroxide. The Company had previously completed the lithium carbonate scoping study (ASX announcement 18 October 2017) which demonstrated the potential for a robust lithium chemicals development project strategically located in the Extremadura region of Spain. The delivery of the lithium carbonate scoping study and submission of the Mining Licence Application (‘MLA’) resulted in the earn-in to 50% project interest in the Project special purpose vehicle under the terms of the Project joint venture (‘JV’) agreement. The decision by the Company to examine lithium hydroxide production is consistent with the evolving battery market and the JV is now formally considering a shift from carbonate to hydroxide production. Lithium hydroxide is a higher value battery chemical product due to it offering more energy capacity, longer life cycle and safety when compared to lithium carbonate cathodes, whilst it is also projected to have greater growth projections in direct response to evolving battery technologies required for electric vehicles.

The Scoping Study that has been completed in the production of lithium hydroxide is underpinned by extensive technical work and delivery of the prior lithium carbonate findings. The Scoping Study confirms that the Project’s economic, financial and technical aspects are all robust, and highlights Infinity’s potential to become a

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significant, long-life, high margin lithium hydroxide producer located strategically in Western Europe. A summary of key project economic assumptions and outcomes is summarised in Table 1 and key benefits of a European based vertically integrated lithium chemicals project detailed as below

Scoping Study Project Economics (100% Project Basis)

NPV ₁₀ Pre-tax	US\$717m ⁽¹⁾ US\$1,017m ⁽²⁾	NPV ₈ Post-tax	US\$631m ⁽¹⁾ US\$905m ⁽²⁾
IRR Pre-tax	51% ⁽¹⁾	IRR Post-tax	37% ⁽¹⁾
Average OPEX	US\$5,343/t	CAPEX (Start-Up)	US\$288m ⁽³⁾
Gross Operating Cash Flow (1 st 10 years production)	US\$122m pa	Payback Period	2.3 years
Project Life	24 years	Resource (2 nd largest in EU)	1.6Mt LCE
Annual Production of lithium hydroxide	14-15kt pa	Annual ROM	1.25Mt pa

 Fully integrated hard rock based project, from mining to producing battery grade lithium hydroxide, using a proven and low cost process, and generating high margins in a low risk environment.

Assumed Sales Price: (1) Average LOM LiOH US\$ 14,896/t
(2) Average LOM LiOH US\$ 17,733/t

Assumed CAPEX: (3) All CAPEX includes 10% contingencies
NPI CAPEX included at Start-up US\$11m (Inception to year 2)
Ongoing CAPEX US\$17m (year 3 to 7)

TABLE 1 : LITHIUM HYDROXIDE SCOPING STUDY SUMMARY



1. Lithium-ion battery evolution supporting lithium hydroxide growth

- The rapidly evolving market and demand for battery grade lithium chemicals has seen a significant shift in the requirement for battery grade lithium hydroxide.
- Electric vehicles continue to maintain the position of the major driver in lithium chemical demand, and the dominant position of nickel-rich lithium hydroxide-based cathodes used in the production of lithium-ion batteries ('LIB') has seen a shift in the Project's focus from a lithium carbonate towards a lithium hydroxide chemical output.



2. Solid results from the Scoping Study confirming the path to lithium hydroxide

- The Scoping Study that has been completed in the production of lithium hydroxide is underpinned by extensive technical work and delivery of the prior lithium carbonate findings.
- The Scoping Study confirms that the Project's economic, financial and technical aspects are all robust, and highlights Infinity's potential to become a significant, long- life, high margin lithium hydroxide producer located strategically in Western Europe.

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3. San Jose’s project features low OPEX

- With an OPEX at \$5,343 per tonne of lithium hydroxide, Infinity’s San Jose Project clearly sits at the lower end of the cost curve due to its fully integrated model.
- Beneficial location with world class infrastructure in place in addition to operating in an environment of a proactive mining region with no royalties payable.



4. Revenues supported by strong pricing led by tremendous growth

- Lithium hydroxide contracts prices are expected to remain strong in the future and at a pricing premium when compared to lithium carbonate, and mostly fixed on a long-term basis.
- Lithium hydroxide demand is projected to grow faster than carbonate, and supply will continue to be impacted by slow ramp ups and delays in addition to difficulties in providing the product to a high specifications and consistent purity.



5. Strong financials highlighting a unique opportunity

- NPV₁₀ of US\$717m pre-tax, using realistic long-term average basket pricing assumption of US\$14,896 per tonne of lithium hydroxide.
- IRR at 51% pre-tax.
- Payback: 2.3 years from start of production.



6. Europe chasing behind China in the E-mobility race

- There is a wave of investment in Europe to support the development of electric cars including the construction of lithium-ion battery giga-factories as well as a number of cathode plants.
- The European Union (‘EU’) notes their intention to de-risk the lithium-ion battery supply through investment and developing domestic production. Europe is expected to become the second largest EV manufacturer and battery producer after China, leading to ongoing robust demand for battery raw materials.



7. San Jose to provide property to the Extremadura region

- VAT derived from the San Jose Project retained within Extremadura.
- More than 200 jobs created through mining and processing activities with a projected 1,000 supplementary jobs created in the region.

Successful Listing on the Frankfurt and Stuttgart Stock Exchange and Appointment of Vice President of European Corporate Strategy and Business Development

Infinity successfully completing the German dual listings over the European summer period and is active on both the Frankfurt Stock Exchange (FRA:3PM) and Stuttgart Stock Exchange (STU:3PM).

The Company announced the appointment of Vincent Ledoux-Pedailles as Vice President of European Corporate Strategy and Business Development. This is part of the broader locational shift as development continues to be more European and industry focused.

The appointment of key Infinity personnel reinforces the Company’s desire to broaden its European investor base in conjunction with the ability to address time zone implications for European investors.

Maiden JORC Resource for the Banio Potash Project

Infinity announced the maiden potash Mineral Resource at the Banio Potash project; located in southern Gabon. Extensive historical drilling and seismic data was utilised to create a JORC Exploration Target (ASX release dated 24 November 2016) and the maiden resource was calculated by testing a portion of the area of the exploration Target. This work delivered a very large and shallow potash resource. The next steps for the advancement of the potash project will involve Scoping Study and technical works to quantify potential value.

Prices for potash have continued to climb – with multi-year highs now recorded for MOP destined for Brazilian delivery (Figure 1). Banio is extremely well located being on the coast with shipping accessible year-round and a very short distance to market in Brazil compared to current production sources worldwide.

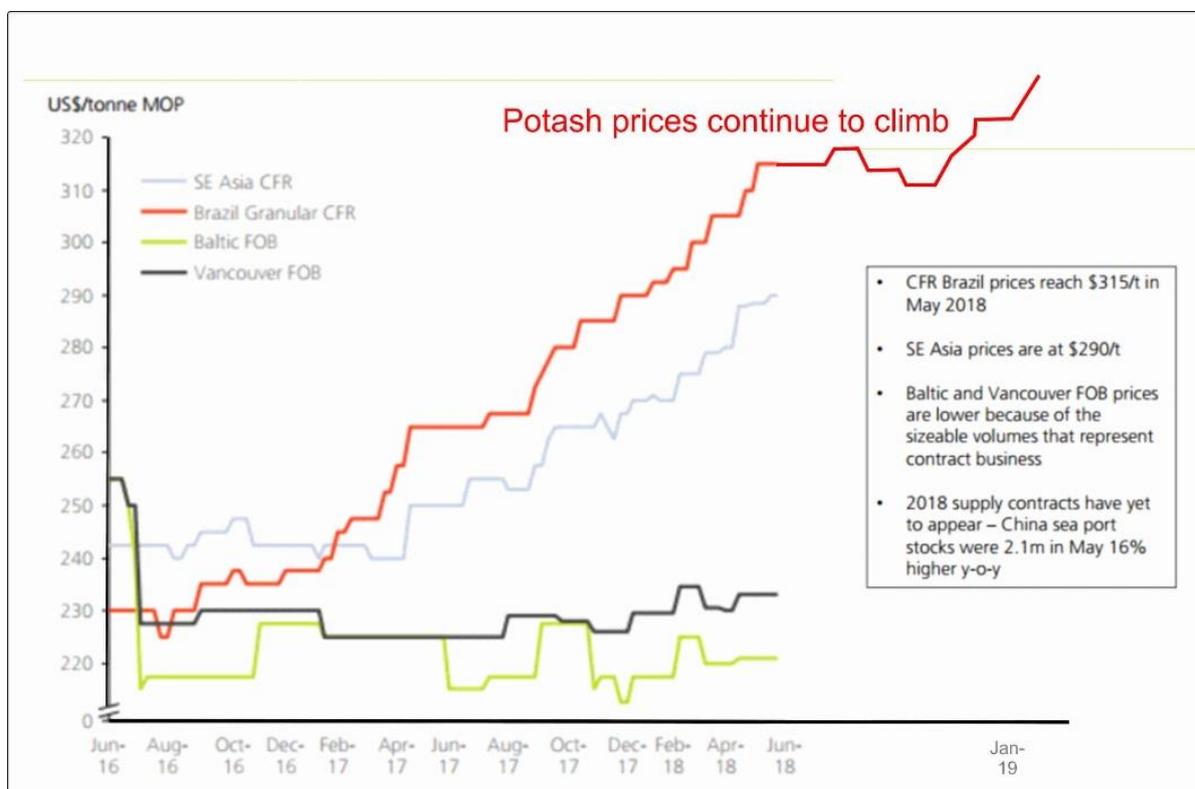
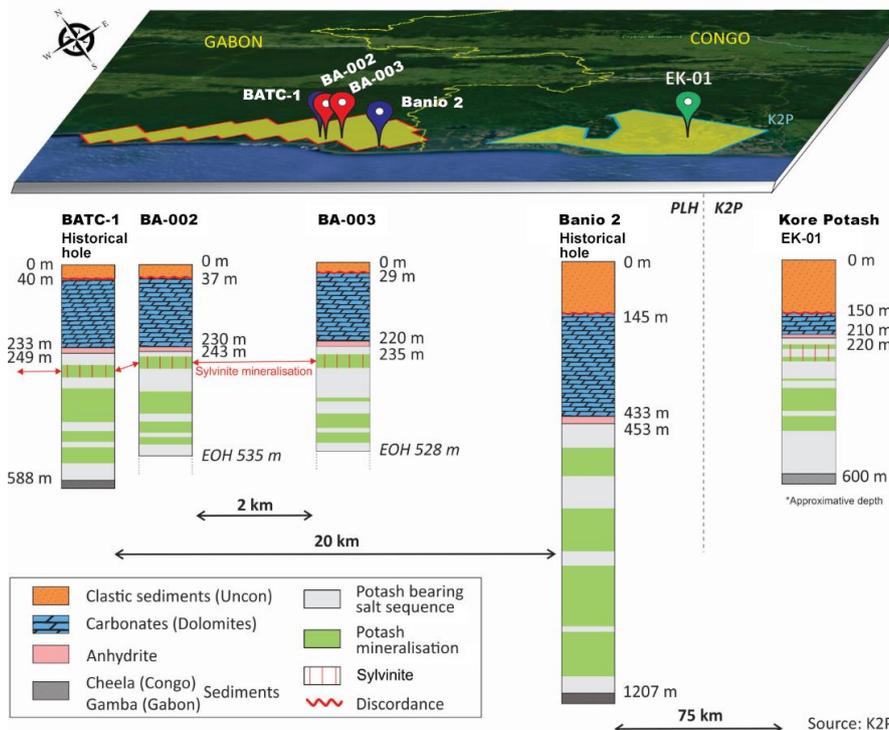


FIGURE 1: POTASH PRICES

The deposit at Banio is located along strike from Kore Potash’s projects in the republic of Congo (Figure 2). These projects are very similar in depth, mineralogy and geological setting. Kore has completed a PFS and is nearing finalisation of a DFS on its potash project and has a market capitalisation in excess of A\$110m (\$0.13 per share as at 17 January 2019).

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The Inferred Mineral Resource estimate reported according to JORC 2012 guidelines:

- Totals 1.67 billion tonnes at an overall grade of 16.1% KCl, including 168 Mt at 17.4% KCl and 169.7 Mt at 18.5% KCl.
- Multiple seams ranging from 4.8 m to 12.8 m in thickness and grades ranging from 12.5% KCl to 25.3% KCl.

Note:

1. The Mineral Resource is stated as at 5 November 2018.
2. The cut-off grade of 12% KCl and minimum reported thickness of 4.80 m is based on reasonable prospects for eventual economic extraction by in-situ leach extraction.
3. The Mineral Resource thickness is estimated from average drilling widths per seam.
4. The lateral extent of the Mineral Resource is constrained by a 1,600 m radius from BA-002 and BA-003, and is supported by seismic survey data.
5. Density is estimated from the grade vs. density relationship at Kola Potash Deposit.
6. All tabulated data have been rounded and as a result minor computational errors may occur.
7. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
8. $KCL = K2O \times 1.58$

The Mineral Resource is open laterally and varies in depth from 230 meters to 520 meters below surface. It includes a high-grade sylvinite which include seams of 30.7 Mt at 25.3% KCl. Conservative minimum thickness of 4.8m for seam widths used based on current assumption of cheaper, in-situ leach (ISL) extraction. Narrower seams and higher-grade could be reported if assumption for extraction was based on room and pillar underground mining techniques

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Corporate Update: Non-Core Asset Divestment

The price of potash has enjoyed a strong resurgence over the past year and as per Infinity's September Quarterly report (ASX announcement 30 October 2018), the Company believes it is the right time to seek strategic partnerships or transactions on the potash assets in Gabon.

There have been significant changes in the markets and commodity prices for Infinity's non-core assets which have been on care and maintenance. The strategically significant potash assets in Gabon, and in particular the Banio potash project, have strong advantages in the supply of end product to the seaborne Brazil market. The recovery in commodity prices have led to further technical work and allowed commencement of a concerted process of divestment.

Further Events Subsequent to December 2018 Quarter End

The rapid evolution in cathode technologies and the lithium chemicals market has resulted in increasing focus on opportunities for lithium hydroxide and in particular the availability of product from non-Chinese based converters. The proximity of San Jose to growing European markets provides significant strategic value to European cathode producers and lithium-ion battery cell manufacturers, as Europe addresses surety of supply to support what is projected to be the 2nd largest electric vehicle market.

Infinity appointed Mr Vincent Ledoux-Pedailles to the Board of Infinity. The appointment continues to reflect the corporate requirements and core focus of Infinity with regards to advancing the San Jose Lithium Project.

Joint Venture Agreement

Tecnologia Extremena Del Litio ('TEL') remains the special purpose vehicle that retains 100% ownership of San Jose. Infinity currently hold 50% ownership interest in TEL with 50% held by Valoriza Minería, the wholly owned subsidiary of major Spanish construction and engineering group Sacyr SA.

TEL has an MLA lodged with the Extremadura Regional Government for the creation of a vertically integrated lithium mining and processing operation at San Jose. As per the announcement on 11 July 2018, the JV remains committed to the current environmental process and the ongoing Feasibility Study.

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FIGURE 3: SAN JOSE PROJECT OWNERSHIP

Shares and Options

On 2 December 2018, 3,400,000 share options exercisable at \$0.35 each lapsed un-exercised.

On 17 December 2018 the Company issued 282,000 Ordinary Shares and 500,000 Options exercisable at \$0.12 each on or before 14 December 2021 issued in accordance with a contract to provide service.

Cash Balance

The cash balance as at 31 December 2018 was \$2.54 million.

For further inquiries please contact;

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Competent Persons Statement

Lithium

Snowden Mining (2017) and Cube Consulting (2018) estimated the total Mineral Resource for the San Jose 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 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 and Scoping Study: 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.

Potash

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled or reviewed by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Infinity Minerals 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.

The Resource was announced to the ASX on the 5 November 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.

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Disclaimer

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

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About Infinity's' Lithium Project

Infinity has partnered with the large Spanish listed engineering and construction group's wholly owned subsidiary Valoriza Minería in an earn-in JV over a large, lithium-tin project (San Jose) in central Spain. Infinity can earn up to 75% of San Jose by completing a Feasibility Study within 4 years (approximately A\$6 million in spend in staged increments of 50% and 75%).

San Jose 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 Jose in relation to many other hardrock deposits. The Resource estimate for San Jose is shown below in Table 1;

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

Classification	Tonnes (Mt)	Li (%)	Li ₂ O (%)	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

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 Jose 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 (Li₂O) or lithium carbonate (Li₂CO₃) or Lithium Carbonate Equivalent (LCE). Lithium Conversion:

1.0% Li = 2.153% Li₂O,

1.0%Li = 5.32% Li₂CO₃

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.

San Jose Lithium Project – Lithium Hydroxide (100% basis, no by-product credits included)

NPV ₁₀ Pre-Tax	US\$717m
IRR Pre-Tax	51%
Average LOM LiOH Price	US\$14,896/t LiOH
CAPEX (Upfront) – includes 10% contingencies	US\$288m
Average Gross Operating Cash Flow (production years 1-10)	US\$122m pa
Average C1 Cost	US\$5,343/t

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Scoping Study – Cautionary Statement

The Study referred to in this announcement is a preliminary technical and economic investigation of the potential viability of the San Jose Lithium-Tin Project. It is based on low accuracy technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Study will be realised.

Infinity is in Joint Venture with Valoriza Minería SA, a subsidiary of SACYR SA. Infinity have independently engaged the services of Wave International Pty Ltd ('Wave') to assess the technical and economic viability with regards to producing battery grade lithium hydroxide under the San Jose Project. Whilst the Scoping Study has yielded robust outcomes and provided independent perspective on the opportunity to produce battery grade lithium hydroxide, there is no guarantee that the JV will choose to adopt the outcomes of the study.

The Production Target referred to in this announcement is based on 91% Indicated Resources and 9% Inferred Resources for the life of mine life covered under the Study. In accordance with the twenty four (24) year mine plan incorporated into the Study, the first three (3) years of production (covering payback period) will come 96% from Indicated Resources.

The Study is based on the material assumptions outlined in the ASX announcement 29 November 2018. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved. To achieve the potential mine development outcomes indicated in the Study, additional funding will be required. Investors should note that there is no certainty that the Company will be able to raise funding when needed however the Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the San Jose lithium deposit.

To achieve the outcomes indicated in the Study, initial funding in the order of US\$288.3m (which includes a 10% contingency) will likely be required, and US\$343.9m (including a 10% contingency) over the life of the Project. Investors should note that there is no certainty that Infinity will be able to raise funding when needed. There is a pathway for Infinity to acquire a further 25% interest, going to a total of 75% interest in the San Jose project, with Valoriza Minería contributing a pro-rata 25% interest in the cost of development. It is also possible that Infinity can pursue a range of funding strategies to provide funding options. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Infinity's existing shares. It is also possible that Infinity could pursue other value realisation strategies such as sale, partial sale, or joint venture of the Project. If it does, this could materially reduce Infinity's proportionate ownership of the Project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of this Scoping Study.

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Tenement Schedule in accordance with Listing Rule 5.3.3

Tungsten Projects, Spain

Morille Project Permits (100% owned by Morille Mining S.L.) of which Infinity has an 80% beneficial interest.

- P.I. Tin 9, nº 6.250-21
- P.I. Estaño de Salamanca Fracción Segunda 2, nº 6.250-30
- P.I. Morille, nº 6.634-20
- P.I. Rozados, nº 6.634-30
- P.I. Areasrozados, nº 6.634-40

Lithium Project Spain

Infinity has a 50% beneficial interest in the San Jose Lithium Tin Project (Application) from Valoriza Minería.

The San Jose tenements:

- Valdeflópez: 10343-00 Granted
- Ampliación a Valdeflópez: 10359-00 Application

Potash Projects, Gabon

Infinity, through its 100% owned subsidiary Mayumba Potasse SARL, owns a 100% interest in two tenements (granted and application).

Tenements:

- Banio - Exploration License No 161 (granted)
- Mamana – Application Number DGPEM No 651 (application)

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