



ACN 147 413 956

ASX: INF ANNOUNCEMENT

26 April 2019

## Quarterly Activities Report for period ending 31 March 2019

### HIGHLIGHTS

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- **Infinity increased ownership from 50% to 75% of the San Jose Lithium Project, moving to the next phase to attract strategic investment**
  - **Infinity strengthened the composition of the Board with the appointment of London based industry expert Vincent Ledoux-Pedailles**
  - **Commencement of PFS for lithium hydroxide**
  - **Infinity implemented a performance-based incentive scheme for Executive Directors, an initiative designed to align a proportion of the Executives' remuneration with value creation and shareholder returns**
  - **Subsequent to the quarter end Infinity joined forces with Spanish eMobility group AEDIVE in a continued drive towards European and Spanish initiatives**
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### Summary

Infinity Lithium Corporation Limited ('Infinity' or 'the Company') is pleased to announce a summary of activities for the three-month period to the end March 2019 ('March Quarter').

During the March Quarter Infinity increased its project ownership in the San Jose Lithium Project ('San Jose, or 'the Project') to 75%. This was completed through a renegotiation of the Joint Venture ('JV') agreement. Infinity believes this is a major step in progressing the Company's position in relation to discussions with potential strategic partners.

The Company continues to progress the Pre-Feasibility Study work program, with an update provided to the market after the successful confirmation of Stage 1 test work. The Company is engaging with stakeholders including local, regional and national governments to complement industry and project technical advancements.

Further supporting this evolution within the project level, the appointment of a European based lithium industry expert to Infinity's Board further strengthened the Company's position as the Company continues to focus on strategic opportunities within Europe. As part of this appointment, Infinity subsequently implemented a performance-based incentive scheme for Executive Directors, therefore aligning a proportion of the Executives' remuneration with value creation and shareholder returns.

As part of ongoing interaction within the battery metals space, Infinity attended key battery conferences in Europe including the 9<sup>th</sup> Advanced Automotive Battery Conference in Strasbourg and the European Battery Association ('EBA') EBA250 conference in Brussels. Representatives from major European institutions and governments sought to address a range of issues facing the European electric vehicle ('EV') and lithium-ion

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battery ('LIB') market, noting in particular the continued threat posed to the European automotive industry from Chinese battery chemical producers, battery cell and assembly manufacturers. Sustainability and carbon emission profiles remain a priority and increasingly relevant for EV OEMs throughout their entire supply chain.

Continued dialogue with European industry OEMs, LIB supply chain participants, and relevant government officials (including the European Union 'EU' and European Commission 'EC') has begun a process of liaison and application within wider EU support schemes aimed at enhancing the EU's self-sufficiency in vital raw materials and lithium chemicals.

### **Infinity Increases San Jose Lithium Project Ownership to 75%**

Infinity successfully completed a renegotiation of the San Jose Lithium Project Joint Venture agreement with local partner Valoriza Minería S.A. ('Valoriza Minería') resulting in the immediate acquisition of a further 25% in the JV entity Tecnología Extremena Del Lito S.L. ('TEL'). The original JV agreement, which was announced on 14 June 2016, and as part of this, Infinity earned an initial 50% interest through the delivery of an economic proposal supported by testwork for the production of lithium carbonate and lodgement of a Mining Licence Application combined with a minimum expenditure of €1.5 million (approximately A\$2.4 million) provided for Infinity to earn-in to a 75% interest through the delivery of a feasibility study on lithium carbonate production with an agreed minimum expenditure budget of €2.5 million (approximately A\$3.9 million, total approximately A\$6.3 million). In addition, Valoriza Minería would have preferred contractor rights for all works within the feasibility study and had completed some work including land access, public relations and environmental base line studies. All details of the revised JV agreement are contained in ASX announcement 18 March 2019.

The new JV arrangement is beneficial as it accelerates the project through providing clarity of ownership earlier and with less expense for Infinity. This increases the Project's potential to enter into development and attract strategic investment sooner, ultimately for the benefit of both JV partners given Valoriza Minería maintains preferred contractor rights for construction of an integrated lithium hydroxide processing facility.

### **Commencement of Pre-Feasibility Study for Lithium Hydroxide**

Following on from the successful Scoping Study for lithium hydroxide ('LiOH') announced on 29 November 2018, the Company engaged Wave International to manage a Pre-Feasibility Study ('PFS') for the production of battery grade lithium in an integrated processing facility at San Jose by Infinity on behalf of the JV Company (TEL).

Infinity believes that now that the JV Agreement has been successfully renegotiated and that the Project is currently on a pathway for lithium hydroxide, that a PFS was the optimal next stage. This considered the requirement to balance expenditure and urgency to delivery battery grade product for potential customers and to allow a modification to the Mining Licence Application ('MLA') which has already lodged based on production on site of lithium carbonate. The vast majority of mining, beneficiation, leach and fist stage processing is identical between lithium carbonate and hydroxide but minor variations in final production require updates to documents submitted.

Progress on the PFS is positive, with updates on successful confirmation of Stage 1 test work released to the ASX subsequent to the end of the Quarter (ASX announcement 17 April 2019). After the initial work programme(s) between 2016 and 2018 conducted by TEL were completed, in excess of 3,400m of drilling and sampling in trench and other locations was added to the existing database. Previous owners, Tolsa S.A. completed 8,300m of drilling and a feasibility Study to produce lithium chemicals in 1991. San Jose now has a total of 11,774m of drilling on the deposit which Infinity believes is adequate, however additional work may be required in the future to complete a DFS including a requirement for further drilling works. To do further work site access has to be

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re-established and this process has begun with recent correspondence outlining the process requirements being received by TEL after Infinity's recent acquisition of a further 25% project ownership interest and total of 75%. The Caceres Council has notified TEL of rehabilitation items which require response from TEL after 2016-2018 works and TEL is committed to complete all rehabilitation requirements. This is outlined in the comprehensive proposal lodged with the relevant regional authorities prior to the commencement of works that included work and rehabilitation plans. Infinity is confident that it will complete this as per the detailed plan submitted and approved prior to commencement.

The Company looks forward to updating the market with advancements in all aspects of the project and stakeholder discussions at local, regional and government level.

#### **Appointment of Director**

Infinity further strengthened the Company's Board composition with the appointment of industry expert Vincent Ledoux-Pedailles, reflecting the corporate requirements and core focus with regards to San Jose.

Mr Ledoux-Pedailles is a regular speaker at various industry events across the world presenting at chemical, mining, and energy related conferences. He previously led the lithium and battery materials research team at London based global data and information service group IHS Markit ('IHS'). Mr Ledoux-Pedailles brings extensive industry experience and perspective in highly specialised lithium chemicals.

#### **Growing European Support Raw Materials and Lithium Chemical Processing Opportunities Evident As Infinity Attends Key European Conferences**

Infinity attended conferences in Europe including the 9th Advanced Automotive Battery Conference European in Strasbourg and the Battery Association ('EBA') EBA250 conference in Brussels, where major industry stakeholders focused on raw materials and chemical processing capabilities. The ability for Europe to mitigate supply-side risk of key lithium-ion battery materials, including lithium chemicals, remained a high priority for the European Commission ('EC'), European Investment Bank (EIB'), and major European automobile OEMs.

Both Maroš Šefčovič (Vice-President, EC) and speaker Andrew A. McDowell (Vice-President, EIB) specifically addressed the continued threat posed to the European automotive industry from Chinese battery chemical producers, battery cell and assembly manufacturers and has seen significant allocations of funding to assist high quality European projects.

The EIB continued calls to support European raw materials and refining projects to strengthen the strategic position of the European Union lithium-ion battery and electric vehicle sectors. The EIB acknowledged the importance of Europe's strategic position in the LIB supply chain, promoting the sector and the EIB's commitment to provide capital to facilitate growth EV market and European value chain participants.

Mr McDowell noted that the EIB had identified the significant gap in the market for battery chemicals and reinforced the EIB's specific focus on "raw materials and refining facilities". The ability to ethically source raw materials and consideration of CO2 emissions remains a priority for the European market.

#### **Sustainability and Carbon Emission Profile**

In direct response to discussions with key European market participants, Infinity provided an update on sustainability and carbon footprint requirements in Europe, and the strategic importance of the San Jose Lithium

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Project. Limiting CO2 emissions remains a priority for Europe and is increasingly a consideration for electric vehicle ('EV') OEMs throughout their entire supply chain as EV manufacturers address the increasingly important carbon footprint of their end products gains increasingly importance.

#### **Revised Milestones Based Executive Remuneration**

Infinity implemented a performance-based incentive scheme for Executive Directors, therefore aligning a proportion of the Executives' remuneration with value creation and shareholder returns. It was determined that, subject to shareholder and any necessary regulatory approval, the Executive Directors, Ryan Parkin and Vincent Ledoux Pedailles be issued with ordinary shares in the event of successfully securing a material offtake contract for lithium chemicals, and also obtaining significant strategic investment from related battery and/or automotive industry participants that advance the San Jose project. A Share Option package was also included in Ryan Parkin's package.

The Company will put these incentive packages to shareholders at the next general meeting to be held at some point in 2019.

#### **Corporate Update: Non-Core Asset Divestment**

Infinity successfully entered into an agreement on 30 January 2019 for the divestment of its 80% interest in the Morille Tungsten Project ('Morille'). Tungsten prices staged a minor recovery in early 2018 but have since retracted and Infinity do not believe that there is opportunity to develop the project in the short to medium term. The investment agreement in which Infinity held an 80% interest through its subsidiary company Castilla Mining S.A ('Castilla') required a moderate and continual expenditure commitment to keep the project in good standing. Furthermore, an advanced royalty payment had begun on the asset which was part of the agreement negotiated by Aurum Gold PLC, which Infinity inherited and assumed when it acquired the asset.

The consideration for the sale of Infinity's 80% interest in Morille is for a 1% Net Smelter Royalty ('NSR') and savings of commitments and expenses incurred but written off that are approximately €54,000 (approximately A\$85,000) over the next 12 months.

Infinity is continuing to conduct a sales process for the Gabonese potash assets.

#### **Further Events Subsequent to December 2018 Quarter End**

Infinity Lithium joined Spanish Electric Mobility ('eMobility') group AEDIVE to support the development of eMobility in Spain. Created in April 2010, AEDIVE is the Spanish business association for the development and promotion of electric vehicles whose goal is to support and accelerate the development of the eMobility market.

One of the key goals of the cluster is to represent and promote its Associate Members and advocate for economic, political and social support of eMobility. The association includes around 150 members including companies such as BMW, Jaguar Land Rover, Nissan, Mercedes, and Total.

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### **Joint Venture Agreement**

Tecnologia Extremena Del Lito ('TEL') remains the special purpose vehicle that retains 100% ownership of San Jose. Infinity currently hold 75% ownership interest in TEL with 25% 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. TEL understands that there is likely to be a requirement to modify portions of the MLA specifically related to process changes from lithium carbonate to lithium hydroxide product and any possible open pit changes which result from advantageous improvements in geotechnical information.

### **Shares and Options**

No shares or options were issued during the quarter.

### **Cash Balance**

The cash balance as at 31 March 2019 was \$1.59 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 Lithium is an Australian listed minerals company who is seeking to develop its 75% owned San Jose 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 Jose 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 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 <sub>2</sub> O (%) | Sn ppm     |
|----------------|--------------|-------------|-----------------------|------------|
| Indicated      | 59.0         | 0.29        | 0.63                  | 217        |
| Inferred       | 52.2         | 0.27        | 0.59                  | 193        |
| <b>TOTAL</b>   | <b>111.3</b> | <b>0.28</b> | <b>0.61</b>           | <b>206</b> |

*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 (Li<sub>2</sub>O) or lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) or Lithium Carbonate Equivalent (LCE). Lithium Conversion:

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

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

The Resource was announced to the ASX on 5 December 2017 and updated 23 May 2018. Infinity is not aware of any new information or data that materially affects the information included in this ASX release, and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

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

|   |                   |
|---|-------------------|
| NPV <sub>10</sub> 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. Infinity currently holds a 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 75% 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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