



ACN 147 413 956

ASX: INF ANNOUNCEMENT

25 March 2020

European Innovation Initiative to fund Infinity as part of transformational plan to advance San José Lithium Project

HIGHLIGHTS

- Infinity becomes the first lithium project to secure European funding and ongoing support under the Business Investment Platform (BIP)
 - Infinity has entered into a non-binding Memorandum of Understanding (MoU) for a multi-staged investment and assistance package with European Union (EU) Innovation Initiative EIT InnoEnergy through a recently launched platform that was created by the European Battery Alliance (EBA)
 - The agreement has been validated by the EU group committee and is now working towards the final steps of documentation, verification and completion
 - The initial part of the package is an investment (placement) in Infinity of a staged €800,000 (approximately A\$1.5m) at a 66% premium to last traded share price, to fund Phase I of Infinity's innovative lithium conversion process
 - EIT InnoEnergy will lead fundraising activities for Phase II of the pilot plant project (early estimate of €1.6M to €2.4M or A\$3.0m to A\$4.5m)
 - EIT InnoEnergy can assist Infinity in securing full project financing including both equity and debt, as previously demonstrated through successful assistance in project funding within the European lithium-ion battery supply chain
 - EIT InnoEnergy will support and facilitate negotiations with European off-takers through the EBA network
 - The EU group will mobilise their ecosystem, including allocation of personnel, to support the development of the Project as rapidly as possible
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Infinity Lithium Corporation Limited ('Infinity' or 'the Company') is pleased to announce that further to its nomination as one of the first potential investees selected by the Business Investment Platform (ASX announcement 26 November 2019), an initiative organized by the European Battery Alliance ('EBA'), Infinity has executed a Memorandum of Understanding ('MoU') with European Union Platform Steering group: InnoEnergy for equity investment and a collaboration agreement relating to the San José Lithium Project ('San José or 'the Project').

Infinity delivered the San José Lithium Project lithium hydroxide pre-feasibility study and declared the maiden JORC ore reserve in Q3 2019 (ASX announcement 22 August 2019), highlighting the exceptional project

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economics of a 30 year lithium hydroxide production industrial utilising the EU's second largest hard rock lithium JORC resource.

MoU: Investment and Collaboration on the San José Lithium Project

The MoU that has been executed between Infinity and InnoEnergy is designed to allow the documentation and completion of binding contracts over a multi-staged and faceted investment, support and assistance package. It is expected that the required verification, documentation and completion of the formal agreement, which will be subject to any necessary regulatory approvals (if any) and may take several weeks.

The MoU outlines a plan which targets several segments of Infinity's proposed project development including an equity investment aligned to technical tests and potential progression towards the construction of a pilot plant, assistance in securing full project financing including offtake, support in accelerate the project timeline, improvement in societal awareness, and ultimately assistance in securing Project Funding (both equity and debt),

- EIT InnoEnergy will initially invest €800,000 (approx. A\$1.5M) in Infinity at A\$0.05 per share. The funds will be allocated to the development of Phase one of an innovative two phase pilot plant designed to produce battery lithium grade hydroxide and deliver it to selected European off takers for testing and validation. The investment will be organised in staged payments with the first tranche investment of €400,000 (approximately A\$750,000) at A\$0.05 per share, representing a premium of 66% on the last traded share price. The first tranche will be payable upon execution of the binding agreement and is expected to be formalised in April 2020 with subsequent investments in tranches of €200,000 each envisaged to take place in Q3 2020 and Q1 2021 at the higher of the 30-day VWAP or A\$0.05 per share.
- EIT InnoEnergy will lead fundraising activities for Phase II of the pilot plant project (early estimate of €1.6M to €2.4M (approx. A\$3.0M to A\$4.5M)). It is envisaged that the EU group will potentially source funds 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.
- EIT InnoEnergy will provide guidance and expertise in the protection of the Intellectual Property created under the test work program and will participate in the design of the licensing scheme that will target the application of the technology created by the test work whilst allowing unhindered use at San Jose by Infinity. This potentially has significant implications for other European assets.
- EIT InnoEnergy has the capability and has represented the potential to assist Infinity in securing full project financing including both equity and debt. Through the EBA network, Infinity and InnoEnergy will have access to numerous public and private financial institutions as well as industrial players.
- Through the EBA network, EIT InnoEnergy has the capability and has represented the potential to support negotiations with European off-takers to lead to the execution of one or several binding off-take agreements.
- EIT InnoEnergy will support Infinity to accelerate time to market, will nominate an advisor, and mobilise their ecosystem to support the development of the entire project.
- EIT InnoEnergy will seek to bring senior European and Spanish representatives to the leadership of Infinity.

EIT InnoEnergy's CEO, Diego Pavia noted, *"EIT InnoEnergy strives to push Infinity Lithium's project in Spain to completion and further in order to support the development of a sustainable and regional lithium-ion battery supply chain in Europe. Our support will bring the project towards the final phase of its development and allow European customers, including battery and automakers, to source lithium chemicals in the EU"*.

Infinity's Managing Director, Mr Ryan Parkin noted, *"We aim to turn this MoU into a binding agreement quickly. The financial and collaborative agreement and endorsement of the major EU Platform Steering group (EIT InnoEnergy) will bring together project partners throughout the EU lithium-ion battery supply chain to fund and*

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develop EU's largest battery grade lithium hydroxide plant. Our project is a critical component in the European Commission Vice President Maroš Šefčovič's foresight to address the key strategic issue for the EU's battery value chain, namely to develop access to raw materials and refining capacity, whilst promoting a high sustainability criteria for batteries placed on the EU market. Over the last 14 months Infinity has been focused on progressing the San Jose Lithium Project with key European stakeholders, as the EU seeks to address the availability of key raw materials and battery grade chemicals required to develop a fully integrated lithium-ion battery supply chain."

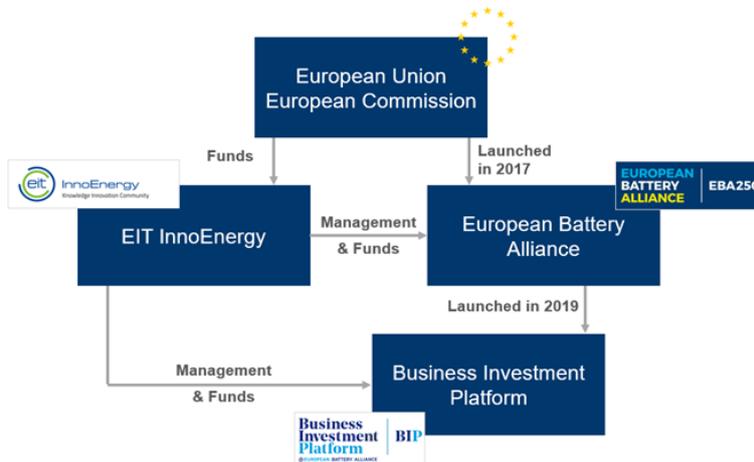
The participants

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 and prevent a technological dependence on Asia.

The EBA is managed by the European innovation engine called **EIT InnoEnergy**. EIT InnoEnergy invests European funds into sustainable energy projects. They have invested so far more than €220M in selected projects such as Northvolt and raised more than €1.7Bn of funds.

At the end of 2019, the EBA 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 InnoEnergy through the BIP and EBA platform.



Authorised for release by the Managing Director and the Chairman. For further inquiries please contact;

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