

ASX: INF ANNOUNCEMENT

28 April 2020

Quarterly Activities Report period ending 31 March 2020

HIGHLIGHTS

- MoU agreement has been entered into with European Union (EU) Innovation Initiative EIT InnoEnergy ('EIT InnoEnergy') through the recently launched Business Investment Platform ('BIP')
 - MoU has been validated by the EU group committee and work continued towards the final steps of documentation, verification and completion
 - Infinity would become the first lithium project to secure European funding and ongoing support under the recently launched BIP upon execution of the final agreement
 - The proposed funding would be via a multi-staged investment and assistance package with European Battery Alliance ('EBA') aligned EIT InnoEnergy
 - Initial (Phase I) funding through an investment (placement) in Infinity of €800,000 (approximately A\$1.5m) at a substantial premium to prevailing Infinity share price.
 - EIT InnoEnergy would lead Phase II fundraising activities for the pilot plant project (estimate of €1.6M to €2.4M or A\$3.0m to A\$4.5m)
 - EIT InnoEnergy has the capability and can assist in full project financing including both equity and debt, and 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
 - Infinity solely focused on the San José Lithium Project after the Company finalised the execution of the sale of Equatorial Potash Pty Ltd
 - Subsequent to the end of the quarter: Completed a placement to sophisticated investors with the receipt of commitments to raise approximately A\$0.93 million
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Summary

Infinity Lithium Corporation Limited ('Infinity' or 'the Company') was pleased to announce on 25 March 2020 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 non-binding 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').

MoU: Investment and Collaboration on the San José Lithium Project

The MoU 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 and shareholder approvals (if required) and may take several weeks.

The MoU outlines a plan which supports several key aspects of Infinity's proposed project development. These include an equity investment aligned to project-specific technical work including, for example, progression to pilot plant construction, and then later 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).

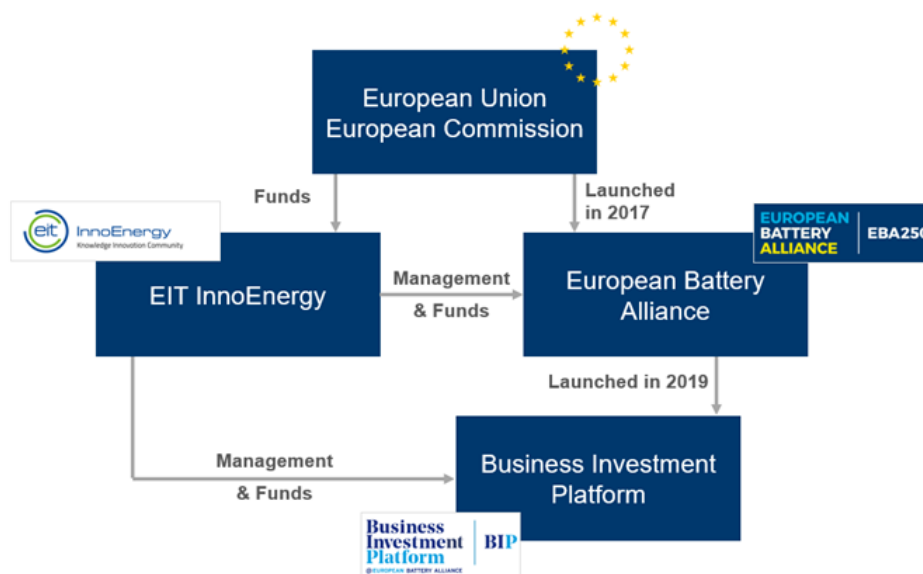
- EIT InnoEnergy will initially invest €800,000 (approx. A\$1.5M) in Infinity at A\$0.05 per share. The funds will be allocated to the development of Phase I of an innovative two-phase pilot plant designed to produce battery lithium grade hydroxide and deliver it to potential European off takers for 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 approximately 66% on the last traded share price prior to announcement. The first tranche will be payable upon execution of the binding agreement and was 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. The timing of all payment tranches remains subject to finalisation of the binding agreement.
- EIT InnoEnergy has offered to 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 lithium 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.

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.



Divestment of Gabon Potash Asset

The Company executed a binding sale agreement ('Sale Agreement') to sell the Gabonese potash assets through the divestment of Equatorial Potash Pty Ltd ('EPPL'). The Sale Agreement removed costs associated with the discontinued operations and holding costs of the potash assets. The Company entered into a binding sale agreement subject to due diligence as referred to in the ASX announcement 25 February 2020. The due diligence was completed and the settlement of the transaction occurred on 18 March 2020.

The potash asset divestment will allow the Company to streamline its activities and focus on the Spanish based San José Lithium Project. Infinity believes that the divestment of the potash asset can provide greater clarity for potential strategic investment aligned to the development of the European lithium-ion battery supply chain.

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Further Events Subsequent to March 2020 Quarter End

On 20 April 2020 Infinity announced a placement to sophisticated investors with the receipt of commitments to raise approximately A\$0.93 million to advance the Project. The maximum number of new securities to be issued under the offer was 26,714,286 ('Placement Shares') and 13,357,143 unlisted options ('Placement Options') to raise A\$935,000 before costs. The issue price Placement Shares was A\$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.

Milestone Performance Shares and Options

The Company advised that effective from 18 March 2020 the performance hurdle in relation to Milestone Performance Shares was not achieved, within 4 years from the date of the Agreement, accordingly the 10,000,000 Milestone B Performance Shares lapsed.

The Company advised that 8,000,000 unlisted options exercisable at \$0.234 on or before 19 March 2020 had expired unexercised.

Infinity is now progressing with a sole focus on the San José Lithium Project. The Company is well supported, debt free and looking forward to further advancement in 2020.

The 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.

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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.

About Infinity's Lithium Project

Infinity Lithium 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 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

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 (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.

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Table 2 summarises the San José Maiden Ore Reserve estimate.

Classification	Tonnes (Mt)	Li (%)	Li ₂ O (%)	Sn ppm
Proven	-	-	-	-
Probable	37.2	0.29	0.63	217
TOTAL	37.2	0.29	0.63	217

TABLE 1: 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 Tin Project (Applications) from Valoriza Minería and Castilla Mining S.L. All tenure is held under the current Joint Venture.

The San José tenements:

- Valdeflópez: 10C 10343-00 Application
- Ampliación a Valdeflópez: 10C 10359-00 Application

Other applications;

- Extremadura S.E. 10C10386-00 Castilla Mining S.L. Exploration Permit Application
- San José 10C10368-00 Valoriza Minería S.L.U Investigation Permit Application