

EU Backed Group Finalises First Strategic Investment in Infinity Lithium

HIGHLIGHTS

- Infinity's San José Lithium Project is the first lithium project to secure European funding from EIT InnoEnergy as part of a multi-level investment agreement
- EIT InnoEnergy is the public private partnership supported by the EU Commission, and mandated to lead the industrial stream of the European Battery Alliance
- EIT InnoEnergy funding includes a staged amount of up to **€800,000** to fund phase one of a pilot plant for the San José Lithium Project
- EIT InnoEnergy will support fundraising activities for phase two pilot plant (investment of up to **€2.4 million**)
- Funding is accompanied by an assistance agreement to support fundraising activities for up to **€300 million** in debt and equity investment to fund the Project
- EIT InnoEnergy will support and facilitate negotiations with European off-takers through the European Battery Alliance network
- EIT InnoEnergy will support Infinity in obtaining the necessary environmental approvals and societal acceptance for the Project, and in enabling Infinity's strategic role in the European Lithium-Ion Battery value chain
- Collaboration between Infinity, EIT InnoEnergy and Dorfner Anzaplan through a European based IP licensing agreement for application to the EU's significant lithium-mica resources

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18 June 2020
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FRA: 3PM

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

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Infinity Lithium Corporation Limited ('Infinity' or 'the Company') is pleased announce that it has executed binding agreements for a multi-staged funding and added services assistance package with European Union ('EU') based innovation initiative KIC InnoEnergy SE ('EIT InnoEnergy'). This package was achieved through a recently launched platform that was created by the European Battery Alliance ('EBA'), as advised previously in the ASX release dated 25 March 2020.

Infinity's Managing Director, Mr Ryan Parkin noted, *"The Board of Infinity is delighted to announce the completion of these multi-level agreements, highlighted by the financial endorsement of the San José Project through the funding by EIT InnoEnergy. Our project is the first lithium project in Europe to receive InnoEnergy funding. This multi-level collaboration will see San José benefit through exposure to EIT InnoEnergy and the EBA's vast European network as the EU focuses on the essential requirement to secure lithium chemicals and develop an integrated lithium-ion battery value chain. With an impressive track record of success in driving innovative and strategically important lithium-ion battery value chain projects to fruition, EIT InnoEnergy represents an ideal project partner for Infinity."*

€800k Phase One Investment

The San José Lithium Project first phase of feasibility study test work will be funded by EIT InnoEnergy with an amount of up to **€800,000** (approximately A\$1.35m) in Infinity through the issue of unlisted warrants priced at the higher of the 30-day VWAP or A\$0.05 per share. The funding will be undertaken in 3 tranches:

- **€400k** in warrants priced at A\$0.05 per share payable after the execution of Project Agreement and subject to shareholder approval;
- **€200k** in warrants priced at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of test work milestone; and
- **Up to €200k** in warrants priced at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of phase one.

The warrants will be issued upon payments made by EIT InnoEnergy for each of the three tranches. This is structured to meet EIT InnoEnergy requirements.

€2.4m Phase Two Investment Lead

EIT InnoEnergy will leverage the extensive EBA network to facilitate the funding for phase two, construction of the pilot plant, of up to **€2.4 million**. It is envisaged that funds will be prioritised 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.

Project Funding Investment Lead

The assistance agreement executed between Infinity and EIT InnoEnergy provides for the project financing support to facilitate up to **€300 million** in debt and equity to fund the development of the Project. EIT InnoEnergy has the track record to leverage the extensive EBA and network to engage with strategic investment partners and to de-risk debt funding from the European Investment Bank (EIB) and other major European financial institutions.



Offtake

EIT InnoEnergy will leverage the extensive European Battery Alliance (EBA) network to support one or more binding off-take agreements. Lithium has been identified by the European Commission as a vital supply that needs to be produced domestically. Currently almost 80% of lithium hydroxide is produced in China. Europe is on track to become the second largest consumer of this product, whilst still being 100% reliant on imports.



Strategic Support

EIT InnoEnergy will provide strategic support with a focus on government and societal engagements. The collaboration and allocation of EIT InnoEnergy resources will be a support for Infinity in obtaining necessary licenses and environmental acceptance for the Project, and in enabling Infinity's strategic role in the European Lithium-Ion Battery value chain.



Intellectual Property Collaboration

Collaboration between Infinity, EIT InnoEnergy and Dorfner Anzaplan through a European based IP licensing agreement for application to the EU's significant lithium-mica resources.

A summary of the key terms of the binding agreements signed are provided in Appendix 1 to this announcement.

Thore Sekkenes, European Battery Alliance Program Director, Industry: *"Our goal is to make this project a success and lead Infinity Lithium to support the European battery and automotive industry, by supplying lithium which can be produced locally, ethically and sustainably. We will provide support in obtaining necessary environmental approvals and societal acceptance, and secure Infinity Lithium's strategic place in the European lithium ion battery value chain. Our extensive network in this nascent industry will be used to advance and facilitate binding offtake agreements between Infinity Lithium and battery makers or automakers in the near future, and we have appointed a Spanish advisor within InnoEnergy who is already working together with Infinity Lithium."*

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

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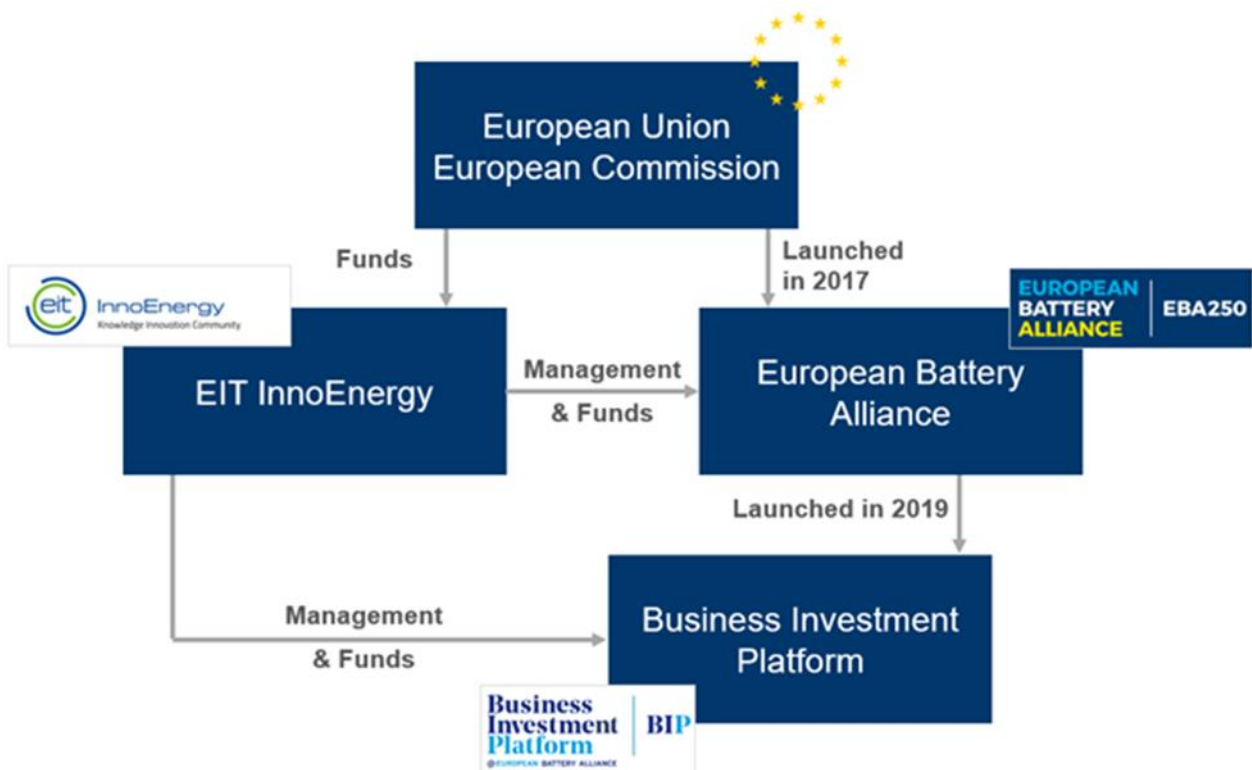
The participants

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.



Appendix 1: Key Commercial Terms of Binding Agreements

The Company has entered into the following binding agreements in respect of the collaboration with InnoEnergy

- 1) A project agreement ('Project Agreement') which governs the funding to be provided by InnoEnergy for the initial phase of the project (being, up to a maximum of €800,000) and the use of those funds by the Company and its project partner, Dorfner Analysenzentrum and Anlagenplanungsgesellschaft mbH (Dorfner Anzaplan', or 'DA') who has been appointed by the Company to undertake the phase 1 pilot plant program which comprises of the bench scale test work program for the production of battery grade lithium hydroxide, and subsequent development of the phase two pilot plant. The amounts payable under the Project Agreement for phase one test works are to be paid by InnoEnergy directly to Dorfner Anzaplan in the three tranches, namely
 - a. 50% at the commencement of test work activities,
 - b. 25% payable at the time of completion of a milestone based level of activities (as defined in the Project Agreement), and
 - c. the balance of 25% payable upon completion of the phase one project. InnoEnergy will be issued Options in consideration for the payments made by InnoEnergy to Dorfner Anzaplan.
- 2) a warrant deed ('Warrant Deed') which governs the fee payable by the Company in respect of the funds advanced under the Project Agreement by InnoEnergy (being, the issue of three tranches of zero exercise price Options).
- 3) a Business Investment Platform ('BIP') added value services agreement, which governs the provision of the following services by InnoEnergy to the Company:
 - a. fundraising services for phase two of the pilot plant program under which InnoEnergy will assist the Company to raise approximately €2.4m;
 - b. fundraising services for the development and arrangement of project financing for the San José Lithium Project under which InnoEnergy will assist the Company to raise approximately €300m;
 - c. guidance and expertise in the protection of intellectual property ('IP') created by the Company under the test work program and the design of a licensing scheme that will target application of the IP created by the test work whilst allowing unhindered use by the Company at the San José Lithium Project;
 - d. negotiation support with European off-takers, with a view to the Company entering into one or several binding offtake agreements; and
 - e. advisory services in respect of the provide strategic support with a focus on government and societal engagement.