



ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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Corporate Directory

Non-Executive Chairman	Adrian Byass
CEO and Managing Director	Ryan Parkin
Executive Directors	Jon Starink Remy Welschinger Ramón Jiménez Serrano
Company Secretary	Jonathan Whyte
Principal & Registered Office	Units 32/33, Level 3, 22 Railway Road Subiaco WA 6008 Telephone: +61 8 6146 5325 Email: admin@infinitylithium.com
Auditors	Pitcher Partners BA&A Pty Ltd Level 11, 12-14 The Esplanade Perth WA 6000
Share Registry	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Telephone: +61 8 9389 8033 Facsimile: +61 8 6370 4203
Stock Exchange	Australian Securities Exchange (ASX) Code: INF Frankfurt Stock Exchange (FRA) Code: 3PM
Website	www.infinitylithium.com

Chairman's Letter

Dear Fellow Shareholder

I am pleased to say that we ended the reporting period to June 30, 2022, with the momentum at our lithium project that we have been striving for. Against a backdrop of supply-chain disruption, conflict and an increase in consciousness and action in relation to sustainability, the Company has made significant advancements.

This change has been driven by the people within your Company and through consultation and engagement with our stakeholders in Spain. This has been possible through the hard work of our now majority Europe based Board and dedicated and specialised in-country team. Within the local community and Extremadura region, your Company is involved with support for local community organisations, integral in business groups and as cornerstones in technical training initiatives in concert with Cáceres institutions. This is a commitment which we will continue and wish to expand upon as San José becomes a key part of the local and regional economy.

Much is written about the electrification of transport and the demand for battery raw materials. Your Company is in the forefront of delivering lithium into this rapidly growing market. With what I believe is one of the premiere projects in Europe and a world-class team ready to deliver, we are primed for what I am confidently predicting will be a great coming year.

Yours faithfully



Adrian Byass
Non-Executive Chairman
28 September 2022

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Directors' Report

Your Directors present their report on Infinity Lithium Corporation Limited (**'the Company'**) and its controlled entities (together the **'Consolidated Entity'**) for the financial year ended 30 June 2022.

Directors

The names of Directors in office at any time during or since the end of the year are:

- | | |
|----------------------------|---|
| • Mr Adrian Byass | Non-Executive Chairman |
| • Mr Ryan Parkin | CEO and Managing Director |
| • Mr Remy Welschinger | Executive Director |
| • Mr Jon Starink | Executive Director |
| • Mr Ramón Jiménez Serrano | Executive Director (appointed 6 September 2022) |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Consolidated Entity during the financial year was the exploration and evaluation of the Consolidated Entity's lithium assets and progression of the integrated lithium chemicals conversion plant. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax amounted to \$6,322,000 (2021: profit of \$2,458,000). The prior year result included a reversal of impairment of the Consolidated Entity's interest in the San José Lithium Project of \$4,888,000, reverting its carrying value back to cost.

Review of Operations

San José Lithium Project

The Consolidated Entity appointed highly experienced Spanish executive Mr Ramón Jiménez Serrano as CEO of the Company's wholly owned Spanish subsidiary Extremadura New Energies in March 2022. Mr Jiménez is a highly experienced and credentialled CEO and under his leadership Extremadura New Energies progressed engagements with major project stakeholders including government, local and regional business associations, and community groups to align the benefits of the integrated underground mineral extraction and lithium chemicals conversion project to the local community. Subsequent to year end, Mr Jiménez was appointed to the Board of Directors as Executive Director.

The Consolidated Entity delivered a Scoping Study for the redesigned project in October 2021 in direct response to stakeholder engagements following the unexpected cancellation of Investigation Permit Valdeflórez ('PIV') research permit application in FY21. The Scoping Study forecasted average steady-state production of 19.5ktpa LCE of battery grade lithium hydroxide over 26 years. These outcomes are aligned to positive environmental impacts and societal benefits with increased levels of employment from prior technical studies.

The Company strongly disputed the validity of the decision to cancel the PIV application and the project joint venture company Tecnología Extremeña Del Lito S.L. lodged an appeal in the Administrative Contentious Court of Cáceres to seek remedies to resolve the status of the permit. The matter remained before the court through FY22 and subsequent to year end, the Company announced multiple administrative avenues to facilitate the lodgement of the Project Exploitation Concession application. The Company's senior executive spent considerable time in-country in FY22 and made legal and company appointments in Spain.

Directors' Report (continued)

Representatives from the City Council of Cáceres and the Regional Government of Extremadura publicly called for the technical presentation of the Project in June 2022, and subsequent to financial year end, the Regional Government of Extremadura approved a decree-law to establish a requirement for lithium mineral resource projects to incorporate downstream lithium mineral processing in Extremadura. Furthermore, the Company clarified that the Project will be formally presented whether through an Indirect or Direct Exploitation Concession application based on underground-only lithium mineral extraction and processing of the lithium to produce battery grade lithium chemicals on site. San José is a fully integrated lithium mineral extraction and processing project designed in compliance with the decree-law articles.

The Company continued to advance the technical verification of the lithium chemical conversion process and announced the production of increased quantities of battery grade lithium chemicals from the completion of metallurgical test work from the San José Lithium Project in February 2022. The test work was completed under the terms of the Project Agreement with EIT InnoEnergy, to facilitate the development of the sustainable sulphate roast process. The Project Agreement and ensuing test work program have provided successful results and confirmation of the production of battery grade lithium carbonate and hydroxide in the advancement of the Project's Feasibility Study.

In December 2021, the Company announced a collaboration with Thyssenkrupp Industrial Solutions AG Bueins Unit Mining to assess the potential to use green hydrogen to power the lithium chemical conversion process. The MoU highlights the intention of both parties to apply technological advancements for green hydrogen energy applications for pyrometallurgical equipment relevant to lithium chemical conversion processes. The Company also announced a collaboration with a major private-public alliance in the south-west Iberian Peninsula and specifically the Alentejo and Extremadura ('ALEX') regions in Spain and Portugal in June 2022. Extremadura New Energies is undertaking an assessment for the supply of green hydrogen from localised sources and potentially from the Iberian green hydrogen pipeline that is planned to run through the locality of Cáceres.

In June 2022 the Company and LG Energy Solutions announced the extension of the MoU for offtake of battery grade lithium chemicals at San José, with the mutual intention to progress the future definitive offtake agreement for the long-term supply of battery grade lithium hydroxide to LG Energy Solutions.

The Company incorporated a new wholly owned subsidiary in November 2021, Infinity GreenTech Pty Ltd to focus on the commercialisation of alternative novel and sustainable low carbon footprint lithium hard rock processing technologies. The Company progressed multiple streams of test work in parallel to the ongoing feasibility level test work at San José through the Company's access to industry leading experts.

The Scoping Study referred to in this report has been undertaken to assess the viability of an underground-only mining operation and integrated lithium chemical production facility at the San José Lithium Project. It is a preliminary technical and economic study of the potential viability of the San José Lithium Project. It is based on low-level (accuracy) technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before Infinity will be in a position to estimate any 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. Refer original announcement dated 14 October 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

Discussion and Analysis of Operations and the Financial Position

The Consolidated Entity's cash position as at 30 June 2022 was \$16,288,000 (2021: \$19,135,000). The net assets of the Consolidated Entity have decreased slightly from \$27,221,000 in 2021 to \$25,282,000 in 2022. The Consolidated Entity's net working capital, being current assets less current liabilities, has decreased from a surplus of \$18,027,000 in 2021 to a surplus of \$15,243,000 in 2022 as it continues to incur expenditure on its equity accounted investment comprising of the

Directors' Report (continued)

San José Project, drawing on its cash balances. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Consolidated Entity other than those disclosed in the Review of Operations.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus ('COVID-19') pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific Notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus pandemic.

Events After Reporting Date

In August 2022, 1,921,341 zero exercise price warrants were issued to EIT InnoEnergy upon successful completion of the final test work milestone as contemplated under the terms of the relevant Agreement. The warrants are exercisable at \$0.00 on or before 28 July 2025.

In August 2022, 3,500,000 Performance Rights were issued under the Incentive Performance and Share Appreciation Rights Plan. The rights expire on 29 August 2025 and vest subject to milestones outlined in the ASX announcement on 31 August 2022.

In September 2022 the Company announced the appointment of Ramón Jiménez Serrano to the Board of Directors. Ramón was appointed as CEO of the Company's wholly owned Spanish subsidiary Extremadura New Energies in March 2022.

In September 2022 the Company announced that the Regional Government of Extremadura has approved a decree-law to establish a requirement for lithium mineral resource projects to incorporate downstream lithium mineral processing in Extremadura. San José is a fully integrated lithium mineral extraction and processing project designed in compliance with the decree-law articles. The decree has reinforced lithium as a product of regional interest and integrated lithium operations as regional interest business projects ('PREMIA'), in effect prioritising permitting, recognition as public utility projects, and access to employment grants. All of San José permits and permit applications are captured under the decree.

Since the end of the financial year, the Company issued 1,000,000 ordinary shares as a result of the exercise of options exercisable at \$0.088 each to raise \$88,000. There were no amounts unpaid on these shares issued.

Directors' Report (continued)

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely Developments and Expected Results of the Operations

The Consolidated Entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

Environmental Regulations

The Consolidated Entity carries out mineral exploration activities at its various projects which are subject to environmental regulations under Spanish legislation. During the financial year, there has been no breach of these regulations.

Information on Directors

The names and details of the Directors of the Company in office as at the date of this report and anytime during the financial year are:

Mr Adrian Byass

Non-Executive Chairman | Appointed 27 November 2019 (Previously Non-Executive Director Appointed 17 June 2011)

Mr Byass has over 25 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. Mr Byass is a Non-Executive Chairman of Kaiser Reef Limited and Galena Mining Limited on the ASX and is a Non-Executive Director of TSX-V Sarama Resources Limited. Mr Byass has the following interest in shares, options and rights in the Company as at the date of this report – 10,283,805 ordinary shares, 182,744 options exercisable at \$0.12 on or before 30 November 2022, 2,000,000 options exercisable at \$0.25 on or before 8 December 2023 and 1,000,000 Share Appreciation Rights exercisable at \$0.082 expiring on 5 October 2025.

Mr Ryan Parkin

CEO and Managing Director | Appointed 4 August 2018

Mr Parkin is a Chartered Accountant with over 15 years' experience, with a background in auditing and assurance services, risk management, mergers and acquisitions, financing and corporate development, in both the public and private corporate sectors. Having become a Member of Chartered Accountants Australia and New Zealand whilst at Ernst & Young in 2004, a move to corporate development and finance roles included 4 years with an ASX 200 company. Mr Parkin has extensive experience in working closely with public and private company boards with participation in transactions across a range of industry sectors including infrastructure, technology, resources, agribusiness and property. Mr Parkin has the following interest in shares, options and rights in the Company as at the date of this report – 3,791,219 ordinary shares, 71,430 options exercisable at \$0.12 on or before 30 November 2022, 4,500,000 options exercisable at \$0.25 on or before 8 December 2023, 5,000,000 Share Appreciation Rights exercisable at \$0.072 expiring on 13 September 2024 and 2,400,000 Share Appreciation Rights exercisable at \$0.082 expiring on 5 October 2025.

Directors' Report (continued)

Mr Remy Welschinger

Executive Director | Appointed 22 July 2020 (Transitioned to Executive Director on 18 January 2021)

Mr Welschinger has over 13 years' experience with major London based institutions, including the position of Head of Commodities Sales in Europe for Deutsche Bank and Executive Director in the Fixed Income and Commodities division of Morgan Stanley. Mr Welschinger is the Founder and Managing Director of Limehouse Capital, an investment holding company specialising in natural resources projects and also currently serves as the Finance Director and Board member on AIM-listed Arc Minerals Limited as well as Director of Scandinavian platinum group metals company Element-46 Limited. Mr Welschinger has the following interest in shares, options and rights in the Company as at the date of this report – 668,425 ordinary shares, 4,500,000 options exercisable at \$0.25 on or before 8 December 2023 and 2,400,000 Share Appreciation Rights exercisable at \$0.082 expiring on 5 October 2025.

Mr Jon Starink

Executive Director | Appointed 8 October 2020

Mr Starink has extensive credentials in providing engineering, process design and process audit consultancy services in the delivery of leading hard-rock lithium mining and downstream integration of lithium chemicals projects. Mr Starink is currently serving as the CEO and Managing Director of project financier Oryx Management Ltd, and as Managing Director of engineering consultancy Mining Management Services Pty Ltd. Mr Starink has the following interest in shares, options and rights in the Company as at the date of this report – nil ordinary shares, 4,500,000 options exercisable at \$0.25 on or before 8 December 2023 and 2,400,000 Share Appreciation Rights exercisable at \$0.082 expiring on 5 October 2025.

Mr Ramón Jiménez Serrano

Executive Director | Appointed 6 September 2022

Mr Jiménez brings a wealth of experience in leadership and management in the industrial and services sectors, with CEO and Managing Director roles leading major Spanish companies. Mr Jiménez oversaw 7 years of significant growth as CEO of world leading development infrastructure and construction company Acciona Industrial. This included the growth into new business lines such as waste to energy, biomass, biofuels, photovoltaic and hydrogen projects globally. Furthermore, Mr Jiménez was CEO of Acciona Service in parallel for 5 years, leading 18,000 employees globally in facility management, energy services, waste and environmental management. Mr Jiménez previously held the Managing Director and CEO roles for Tedagua and Cobra (ACS Group), where he oversaw the permitting and construction of numerous water and energy infrastructure projects under EPC and O&M contracts both in Extremadura, Spain and internationally. Local stakeholder engagement and progress of large investments with community alignment and support were critical in the success of these businesses. Mr Jiménez has the following interest in shares, options and rights in the Company as at the date of this report – nil ordinary shares and 3,500,000 Performance Rights expiring 29 August 2025.

Company Secretary

The following person held the position of Company Secretary during the financial year:

Jonathan Whyte | Appointed 28 April 2020

Mr Whyte is a Chartered Accountant with extensive corporate, company secretarial and financial accounting experience, predominantly for listed resource sector companies. Mr Whyte is currently Company Secretary of AIM-listed Empyrean Energy Plc as well as ASX-listed companies Ironbark Zinc Ltd, Charger Metals NL and Peninsula Energy Ltd. Mr Whyte has the following interest in shares, options and rights in the Company as at the date of this report – 308,214 ordinary

Directors' Report (continued)

shares, 149,107 options exercisable at \$0.12 on or before 30 November 2022, 1,000,000 options exercisable at \$0.25 on or before 8 December 2023 and 166,667 Share Appreciation Rights exercisable at \$0.082 expiring on 5 October 2025.

Meetings of Directors

At this time the Board does not consider it appropriate to establish any Committees. The Board considers that due to the relative small size of the Company that the interests of the Company are best served by the full Board completing the functions normally delegated to Committees. This will be reviewed as the Company grows in size.

During the financial year, 4 meetings of Directors were held. Attendances by each Director during the year were as follows:

Directors	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Adrian Byass	4	4
Ryan Parkin	4	4
Remy Welschinger	4	4
Jon Starink	4	4

Options and Rights

As at the date of this report, the unissued ordinary shares of the Company under option are as follows:

Details	Grant Date	Number	Exercise Price (\$)	Date of Expiry
Unlisted Options	19/10/2020	20,613,270	\$0.12	30/11/2022
Unlisted Options	27/11/2020	10,000,000	\$0.09	30/11/2022
Unlisted Options	07/12/2020	500,000	\$0.20	30/11/2022
Unlisted Options	10/08/2021	4,000,000	\$0.266	31/12/2024
Unlisted Options	10/08/2021	4,000,000	\$0.304	31/12/2024
Unlisted Options	30/11/2021	21,000,000	\$0.25	08/12/2023

As at the date of this report, the warrants and rights of the Company on issue are as follows:

Details	Grant Date	Number	Exercise Price (\$)	Date of Expiry
Zero Exercise Price Warrants	Various	18,889,688	Nil	28/07/2025
Share Appreciation Rights	27/11/2019	5,000,000	\$0.072	13/09/2024
Share Appreciation Rights	25/11/2020	9,700,000	\$0.082	05/10/2025
Share Appreciation Rights	03/12/2020	500,000	\$0.144	02/12/2025
Share Appreciation Rights	03/02/2021	2,000,000	\$0.17	05/01/2026
Performance Rights	29/08/2022	3,500,000	Nil	29/08/2025

Option-holders do not have any rights to participate in any issue of shares or other interest in the Company or any other entity.

For details of options and rights issued to Directors and Executives as remuneration, refer to the Remuneration Report.

Shares Issued on Exercise of Options

During the financial year, the Company issued 12,318,510 ordinary shares as a result of the exercise of the following options to raise \$969,739. A further 1,000,000 ordinary shares raising an additional \$88,000 were issued subsequent to the end of the financial year. There were no amounts unpaid on these shares issued.

Directors' Report (continued)

Details	Number of Options Exercised/ Shares Issued	Total Raised (\$)
Unlisted options exercisable at \$0.07 on or before 24 October 2021	10,169,643	711,875
Unlisted options exercisable at \$0.12 on or before 30 November 2022	2,148,867	257,864
Unlisted options exercisable at \$0.088 on or before 16 September 2022	1,000,000	88,000
Total	13,318,510	1,057,739

Indemnifying Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following Directors and key personnel against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$21,467 to insure Directors and Officers of the Company.

Corporate Governance Statement

The Company's 2022 Corporate Governance Statement has been released as a separate document and is located on the Company's website at: <https://www.infinitylithium.com/company-overview>

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the year ended 30 June 2022 has been received and can be found on page 18 of the Financial Report.

Audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and the objectivity of the auditor; and
- The nature of the services provided to not compromise the general principles relating to auditor independence in accordance with APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") set by the Accounting Professional and Ethical Standards Board.

Directors' Report (continued)

The following fees for non-audit services were paid to the current external auditors:

Service	2022 \$'000	2021 \$'000
Taxation Services	4	-
Total	4	-

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Remuneration Report – Audited

This report details the nature and amount of remuneration for each key management person of the Controlled Entity, and for the executives receiving the highest remuneration.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Consolidated Entity is as follows:

- The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Entity, as well as create goal congruence between Directors, Executives and Shareholders.
- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and Senior Executives are paid market rates associated with individuals in similar positions, within the same industry.

Options, Performance Rights and Share Appreciation Rights ('SARS') have previously been issued to Directors to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company.

Further options and performance incentives may be issued, with key performance indicators such as project milestones, profits, share price appreciation and growth used as measurements for assessing Board performance and in determining the award of further performance incentives.

Directors' Report (continued)

Mr Ryan Parkin, Mr Adrian Byass, Mr Jon Starink and Mr Ramón Jiménez Serrano receive a superannuation guarantee contribution required by the government, which is currently 10% for Australian key management personnel and 4.7% for Spanish key management personnel. All key management personnel do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options, Performance Rights and SARS are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors was approved by shareholders at the 2019 Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Non-Executive Director fees are set based on fees paid to other Non-Executive Directors of comparable companies. The aggregate cash remuneration for Non-Executive Directors has been set by the Board and approved by Shareholders at an amount not to exceed \$400,000 per annum.

Relationship Between Remuneration and Company Performance

The Directors assess performance of the Consolidated Entity with regards to the achievement of both operational and financial targets with a current focus on subscriber numbers, sales revenues and share price. Directors and Executives are issued Options and, in some cases, SARS or Performance Rights, to encourage the alignment of personal and shareholder interests.

Options, Performance Rights and SARS issued to Directors and Executives may be subject to market-based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Board believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee share and option arrangements. On the resignation of Directors and Executives, any vested options and SARS issued as remuneration are retained by the relevant party.

SARS vest on the achievement of operational and financial milestones, providing those Directors and Executives holding SARS an incentive to meet the operational and financial milestones prior to the expiry date of the SARS.

The Board may exercise discretion in relation to approving incentives such as Options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

The following table shows the Group's net profit/(loss) for the last five financial years, as well as the Company's share prices at the end of the respective financial years.

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Net profit/(loss)	(6,322,000)	2,458,000 ¹	(1,890,000)	(2,728,000)	(9,041,000)
Share price at year-end	0.12	0.089	0.079	0.076	0.078

1. Includes impairment reversal of \$4,888,000.

Directors' Report (continued)

Employment Details of Directors and Members of key management personnel

The employment terms and conditions of key management personnel are formalised in contracts of employment.

Mr Adrian Byass

Chairman (Non-Executive)

- Terms of agreement – no fixed term;
- Base Chairman fee of \$75,000 per annum, exclusive of superannuation; and
- No termination benefit is specified in the agreement.

Mr Ryan Parkin

CEO and Managing Director

- Terms of agreement – no fixed term;
- From 1 July 2021 to 16 October 2021, base salary of \$260,000 per annum, exclusive of superannuation;
- Effective 17 October 2021, base salary of \$320,000 per annum, exclusive of superannuation;
- Notice period – 6 months; and
- 6-month termination payment under certain circumstances.

Mr Remy Welschinger

Director (Executive) – Appointed 18 January 2021

- Terms of agreement – no fixed term;
- Director's fee of £5,000 per month;
- Notice period – 3 months; and
- 3-month termination payment under certain circumstances.

Mr Jon Starink

Director (Executive) – Appointed 8 October 2020

- Terms of agreement – no fixed term, exclusive of superannuation;
- From 1 July 2021 to 19 December 2021, Director's fee of \$6,000 per month;
- Effective 20 December 2021, Director's fee of \$8,000 per month;
- Notice period – 3 months; and
- 3-month termination payment under certain circumstances.

Mr Ramón Jiménez Serrano

Chief Executive Officer, Extremadura New Energies – Appointed 23 March 2022

- Terms of agreement – no fixed term, minimum term 12 months;
- Base salary of €200,000 per annum, exclusive of superannuation;
- Notice period – 6 months; and
- 6-month termination payment under certain circumstances.

Mr Jonathan Whyte

Company Secretary/CFO – Appointed 28 April 2020

- Consultancy services agreement – no fixed term;
- Consultancy fee of \$5,750 per month, exclusive of GST;
- Notice period – 1 month; and
- No termination benefit is specified in the agreement.

Directors' Report (continued)

Table of Benefits and Payments for the Year Ended 30 June 2022

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Consolidated Entity. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of ordinary shares, options or SARS for the year ended 30 June 2022.

Key Management Personnel	Year	Short-Term		Post-Employment		Share-Based Payments ²	Total	Proportion of Remuneration Related to Performance	
		Salary	Other Fees	Cash-Based Incentives ⁶	Super-annuation			Total	%
		\$	\$	\$	\$				
Adrian Byass	2022	75,000	-	-	7,500	334,514	417,014	80.22%	
	2021	68,750	-	-	6,531	49,608	124,889	39.72%	
Ryan Parkin	2022	302,420	-	-	30,242	781,306	1,113,968	70.14%	
	2021	242,500	-	50,000	23,037	60,504	376,041	29.39%	
Remy Welschinger	2022	109,895	-	-	-	759,960	869,855	87.37%	
	2021	77,340	-	-	-	119,060	196,400	60.62%	
Jon Starink	2022	84,000	-	-	8,400	759,960	852,360	89.16%	
	2021	52,645	-	-	5,001	119,060	176,706	67.38%	
Ramón Jiménez Serrano ¹	2022	85,484	-	-	5,616	-	91,100	-	
	2021	-	-	-	-	-	-	-	
Jonathan Whyte ³	2022	69,000	-	-	-	153,512	222,512	68.99%	
	2021	65,250	-	-	-	9,851	75,101	13.12%	
Vincent Ledoux-Pedailles ⁴	2022	-	-	-	-	-	-	-	
	2021	2,036	35,777	-	-	(214,849)	(177,036)	-	
Felipe Benjumea Llorente ⁵	2022	-	-	-	-	-	-	-	
	2021	5,162	-	-	-	-	5,162	-	
Total	2022	725,799	-	-	51,758	2,789,252	3,566,809		
	2021	513,683	35,777	50,000	34,569	143,234	777,263	-	

Notes:

- 1) Mr Jiménez was appointed as Chief Executive Officer, Extremadura New Energies on 23 March 2022.
- 2) On 8 December 2021, 16,500,000 unlisted options were issued to key management personnel of the Company following approval at the Annual General Meeting of shareholders on 30 November 2021. The options are exercisable at \$0.25 on or before 8 December 2023. The options were valued using Black-Scholes option pricing model and were fully expensed upfront in line with the vesting period.
- 3) Services provided by Keyport Investments Pty Ltd, of which Mr Whyte is a Director.
- 4) Mr Ledoux-Pedailles resigned as Executive Director effective 26 August 2020.
- 5) Mr Llorente resigned as Non-Executive Director effective 31 July 2020.
- 6) Mr Parkin received a cash bonus of \$50,000 upon satisfaction of the 2021 Performance Bonus stipulated within Mr Parkin's executive agreement. This was accrued for as at 30 June 2021 and paid in July 2021.

Directors' Report (continued)

Number of Shares Held by Key Management Personnel for the Year Ended 30 June 2022

The number of shares in the Company held during the financial year by each Director and other member of key management personnel of the Consolidated Entity including their personally related parties is set out below:

Key Management Personnel	Held at 1 July 2021	Granted as remuneration	On-market trades	Exercise of options	Other	Held at 30 June 2022
Adrian Byass	9,568,805	-	-	715,000	-	10,283,805
Ryan Parkin	2,791,219	-	-	-	-	2,791,219
Remy Welschinger	668,425	-	-	-	-	668,425
Jon Starink	-	-	-	-	-	-
Ramón Jiménez Serrano ¹	-	-	-	-	-	-
Jonathan Whyte	308,214	-	-	-	-	308,214
Total	13,336,663	-	-	715,000	-	14,051,663

Notes:

- 1) Mr Jiménez was appointed as Chief Executive Officer, Extremadura New Energies on 23 March 2022.

Number of Options Held by Key Management Personnel for the Year Ended 30 June 2022

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including the personally related parties, is set out below. Each option entitles the holder to one company share.

Key Management Personnel	Held at 1 July 2021	Granted as remuneration ³	Exercised ²	Net Change Other	Held at 30 June 2022	Total vested & exercisable
Adrian Byass	897,744	2,000,000	(715,000)	-	2,182,744	2,182,744
Ryan Parkin	1,071,430	4,500,000	-	-	5,571,430	5,571,430
Remy Welschinger	-	4,500,000	-	-	4,500,000	4,500,000
Jon Starink	-	4,500,000	-	-	4,500,000	4,500,000
Ramón Jiménez Serrano ¹	-	-	-	-	-	-
Jonathan Whyte	149,107	1,000,000	-	-	1,149,107	1,149,107
Total	2,118,281	16,500,000	(715,000)	-	17,903,281	17,903,281

Notes:

- 1) Mr Jiménez was appointed as Chief Executive Officer, Extremadura New Energies on 23 March 2022.
- 2) On 15 October 2021, Mr Byass exercised 715,000 unlisted options with an exercise price of \$0.07 and an expiry date of 24 October 2021, raising \$50,050. The share price at the date of exercise was \$0.175.
- 3) On 8 December 2021, 16,500,000 unlisted options were issued to key management personnel of the Company following approval at the Annual General Meeting of shareholders on 30 November 2021. The options are exercisable at \$0.25 on or before 8 December 2023, with no vesting conditions specified.

The options were valued using Black Scholes option pricing model, utilising the following inputs:

Measurement of Fair Value	
Grant date share price	\$0.185
Number issued to KMP	16,500,000
Exercise price	\$0.25
Expected volatility	181.25%
Option life	2 years
Risk-free interest rate	0.53%
Fair value per option granted	\$0.143
KMP expense vested during the year	\$2,358,005

Directors' Report (continued)

(a) Share Appreciation Rights

Key Management Personnel	Held at 1 July 2021	Granted as remuneration	Expired/lapsed	Held at 30 June 2022	Total vested & exercisable
Adrian Byass ²	1,000,000	-	-	1,000,000	333,333
Ryan Parkin ^{1,2}	7,400,000	-	-	7,400,000	5,333,333
Remy Welschinger ²	2,400,000	-	-	2,400,000	800,000
Jon Starink ²	2,400,000	-	-	2,400,000	800,000
Ramón Jiménez Serrano	-	-	-	-	-
Jonathan Whyte ³	166,667	-	-	166,667	55,556
Total	13,366,667	-	-	13,366,667	7,322,222

Notes:

- 1) Share Appreciation Rights expiring on 13 September 2024

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	27 November 2019	27 November 2019	27 November 2019
Number issued – Ryan Parkin	2,500,000	1,250,000	1,250,000
Exercise price	\$0.072	\$0.072	\$0.072
Vesting date	13 September 2020	13 September 2021	13 September 2022
Expiry date	13 September 2024	13 September 2024	13 September 2024

- 2) Share Appreciation Rights expiring on 5 October 2025

Key Management Personnel	Number of SARS
Adrian Byass	1,000,000
Ryan Parkin	2,400,000
Remy Welschinger	2,400,000
Jon Starink	2,400,000
Total	8,200,000

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	25 November 2020	25 November 2020	25 November 2020
Number issued – various KMP (refer above)	2,733,333	2,733,333	2,733,334
Exercise price	\$0.082	\$0.082	\$0.082
Vesting date	5 October 2021	5 October 2022	5 October 2023
Expiry date	5 October 2025	5 October 2025	5 October 2025

- 3) Share Appreciation Rights expiring on 2 December 2025

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2
Grant date	3 December 2020	3 December 2020
Number issued – Jonathan Whyte	83,333	83,334
Exercise price	\$0.144	\$0.144
Vesting date	2 December 2021	2 December 2022
Expiry date	2 December 2025	2 December 2025

Directors' Report (continued)

Key Management Personnel Loans

No loans were provided to, made, guaranteed or secured directly or indirectly to any key management personnel or their related entities during the financial year (2021: Nil). No outstanding amounts were owing to any key management personnel at year end (2021: Nil). No other related party transactions occurred during the financial year or existed at year end (2021: Nil).

End of Audited Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Ryan Parkin
CEO and Managing Director
28 September 2022

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF INFINITY LITHIUM CORPORATION LIMITED**

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Infinity Lithium Corporation Limited and the entities it controlled during the year.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



J C PALMER
Executive Director
Perth, 28 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Other income	2	135	266
Corporate and compliance expenses		(1,040)	(626)
Consulting expenses		(848)	(68)
Employee and director benefits expenses	3	(887)	(581)
Share-based payments	21	(3,678)	(1,420)
Impairment reversal of equity accounted investment	13	-	4,888
Depreciation expense	12	(3)	-
Finance expense		-	(1)
Foreign exchange loss		(1)	-
(Loss)/profit before income tax from continuing operations		(6,322)	2,458
Income tax expense		-	-
(Loss)/profit for the year from continuing operations		(6,322)	2,458
Loss for the year from discontinued operations		-	-
(Loss)/profit for the year		(6,322)	2,458
Other comprehensive (loss)/income:			
<i>Items that may be subsequently reclassified to profit or loss in subsequent periods</i>			
Exchange differences arising on translation of foreign operations		(574)	(148)
Total comprehensive (loss)/income for the year		(6,896)	2,310
(Loss)/profit for the year attributable to:			
Equity holders of the Parent		(6,283)	2,458
Non-controlling interests		(39)	-
		(6,322)	2,458
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Parent		(6,857)	2,310
Non-controlling interests		(39)	-
		(6,896)	2,310
(Loss)/profit per share attributable to the ordinary shareholders of the Parent for the year:			
Basic and diluted (cents per share)	7	(1.54)	0.75
Basic and diluted (cents per share) from continuing operations	7	(1.54)	0.63

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Current Assets			
Cash and cash equivalents	8	16,288	19,135
Trade and other receivables	9	262	101
Total Current Assets		16,550	19,236
Non-Current Assets			
Other assets	11	106	41
Property, plant and equipment	12	116	7
Equity accounted investments	13	9,817	9,147
Total Non-Current Assets		10,039	9,195
Total Assets		26,589	28,431
Current Liabilities			
Trade and other payables	14	311	201
Deferred consideration payable	15	891	948
Provisions	16	105	61
Total Current Liabilities		1,307	1,210
Total Liabilities		1,307	1,210
Net Assets		25,282	27,221
Equity			
Issued capital	17	47,228	46,259
Reserves	18	6,776	3,362
Accumulated losses		(28,683)	(22,400)
Equity attributable to equity holders of the Parent		25,321	27,221
Non-controlling interest	23	(39)	-
Total Equity		25,282	27,221

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

Notes	Attributable to equity holders of the Parent				Non-Controlling Interest \$'000	Total \$'000
	Issued Capital \$'000	Share-Based Payment Reserve \$'000	Foreign Translation Reserve \$'000	Accumulated Losses \$'000		
Balance as at 30 June 2020	26,563	638	269	(25,034)	-	2,436
Profit for the year	-	-	-	2,458	-	2,458
Other comprehensive income						
Exchange differences arising on translation of foreign operations	-	-	(148)	-	-	(148)
Total comprehensive income for the year	-	-	(148)	2,458	-	2,310
Transactions with owners, recorded directly in equity						
Issue of share capital	17	19,763	-	-	-	19,763
Share-based payments	21	166	2,779	-	-	2,945
Costs of raising capital	17	(1,679)	-	-	-	(1,679)
Exercise of options	17	1,446	-	-	-	1,446
Lapse of options and Performance Milestone Shares on expiry	18	-	(176)	-	176	-
Total transactions with owners	17,18	19,696	2,603	-	176	22,475
Balance as at 30 June 2021		46,259	3,241	121	(22,400)	27,221
Loss for the year	-	-	-	(6,283)	(39)	(6,322)
Other comprehensive loss						
Exchange differences arising on translation of foreign operations	-	-	(574)	-	-	(574)
Total comprehensive loss for the year	-	-	(574)	(6,283)	(39)	(6,896)
Transactions with owners, recorded directly in equity						
Share-based payments	21	5	3,988	-	-	3,993
Costs of raising capital	17	(6)	-	-	-	(6)
Exercise of options	17	970	-	-	-	970
Total transactions with owners	17,18	969	3,988	-	-	4,957
Balance as at 30 June 2022		47,228	7,229	(453)	(39)	25,282

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2022

	2022	2021
Notes	\$'000	\$'000
Cash Flows from Operating Activities		
Payments to suppliers and employees	(2,689)	(1,218)
Interest paid	-	(1)
Government grants received	135	279
Net cash flows used in operating activities	(2,554)	(940)
	20	
Cash Flows from Investing Activities		
Payments for equity accounted investments	(1,111)	(782)
Payments for security deposits	(43)	-
Payments for other assets	(23)	-
Payments for property, plant and equipment	(79)	(7)
Net cash flows used in investing activities	(1,255)	(789)
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	19,763
Payments for share issue costs	(6)	(978)
Proceeds from exercise of options	970	1,451
Net cash flows provided by financing activities	964	20,236
Net (decrease)/increase in cash and cash equivalents	(2,847)	18,507
Effect of exchange rates on cash	-	-
Cash and cash equivalents at beginning of financial year	19,135	628
Cash and cash equivalents at the end of the financial year	16,288	19,135
	8	

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 1. Statement of Significant Accounting Policies

The financial report of the Company for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of Directors on 28 September 2022. The Directors have the power to amend and reissue the financial statements.

This financial report includes the consolidated financial statements and notes of the Company and controlled entities (**'Consolidated Entity'**).

The Company is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001 as appropriate for profit oriented entities. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards ('IFRS') and Interpretations as issued by the International Accounting Standards Board ('IASB').

Basis of Measurement

The financial report has been prepared on an accruals basis and going concern basis, and is based on historical costs, modified, where applicable, by the measurement of fair value of selected financial liabilities.

Going Concern

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Consolidated Entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These Standards are not expected to significantly impact the Consolidated Entity's financial statements.

Accounting standards issued but not yet effective**AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments**

- (i) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- (ii) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;
- (iii) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (iv) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- (v) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and
- (vi) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Consolidated Entity in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Consolidated Entity has not been determined.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Consolidated Entity in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Consolidated Entity has not been determined.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7a amends various standards, interpretations and other pronouncements for editorial corrections made by accounting standards boards since December 2017.

AASB 2021-7a mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Consolidated Entity in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Consolidated Entity has not been determined.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2021-5 amends AASB 112 Income Taxes to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary difference.

This amending standard mandatorily apply to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Consolidated Entity in the financial year commencing 1 July 2023.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:

- (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and
- (e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Consolidated Entity in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Consolidated Entity has not been determined.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2022 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the Consolidated Entity.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. All controlled entities have a June financial year with exception being the Company's Spanish subsidiaries Extremadura Mining S.L., Castilla Mining S.L. and Morille Mining S.L., which have a 31 March year end for local statutory purposes, however the results of these subsidiaries that are consolidated are for the year ended 30 June 2022.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Key Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are disclosed in Notes 4, 10, 13, 17 and 24.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 2. Revenue and Other Income

	2022 \$'000	2021 \$'000
Operating Activities		
Tax grants (Research and Development & Cash Flow Boost)	135	266
Total Other Revenue	135	266

Accounting Policy

Revenue and other revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive a dividend has been established.

Government grants are recognised as other income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Note 3. (Loss)/Profit Before Income Tax

	2022 \$'000	2021 \$'000
(Loss)/profit before income tax includes the following specific expenses:		
<i>Employee and Director benefits expense:</i>		
Employee benefits expense	664	410
Director fees	110	101
Other employee and director benefits (consulting fees paid)	44	36
Superannuation expenses	69	35
	887	581

Note 4. Income Tax Benefit/(Expense)

	2022 \$'000	2021 \$'000
a) Reconciliation of income tax to prima facie tax payable		
Accounting (loss)/profit before tax	(6,322)	2,457
Income tax (benefit)/expense @ 25% (2021: 26%)	(1,580)	639
Add tax effect of:		
• Non-deductible expenses	962	323
• Current year tax losses not recognised	633	319
Less:		
• Movement in unrecognised temporary differences	(15)	(1,281)
Income tax attributable to the Company	-	-

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

b) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 25% (2021: 26%)	2022	2021
	\$'000	\$'000

Deferred tax assets have not been recognised in respect of the following:

• Deductible temporary differences	59	54
• Carried forward losses	5,381	4,477
• Business Related Costs	52	109
	<u>5,492</u>	<u>4,640</u>

c) Reconciliation of deferred taxes

The following deferred tax balances have not been recognised:

Deferred Tax Liabilities @ 25% (2021: 25%)

Unrealised foreign exchange gain

Prepayments

	-	-
	6	5
	<u>6</u>	<u>5</u>

As at 30 June 2022, the Consolidated Entity had carry forward revenue and capital losses of \$21,525,000 (2021: \$17,909,000). These losses remain available indefinitely for offset against future taxable profits of the Consolidated Entity provided certain test criteria for their deductibility are met.

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.

These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

Accounting Policy

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

Change in Future Corporate Tax Rate

There has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

Key Estimates, Judgments and Assumptions

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position and the deductibility of expenditure incurred within relevant tax jurisdictions. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Note 5. Key Management Personnel Compensation

Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Adrian Byass	Non-Executive Chairman
Ryan Parkin	CEO and Managing Director
Remy Welschinger	Executive Director
Jon Starink	Executive Director
Ramón Jiménez Serrano	CEO, Extremadura New Energies (appointed 23 March 2022)
Jonathan Whyte	Company Secretary

The totals of remuneration paid to key management personnel of the Company and the controlled entities during the year are as follows:

	2022 \$	2021 \$
Key Management Personnel Compensation		
Short term employment benefits	725,799	549,460
Post-employment benefits	51,758	34,569
Cash-based incentives	-	50,000
Share-based payments	2,789,252	143,234
Total Key Management Personnel Compensation	3,566,809	777,263

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

- No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year; and
- There were no loans to key management personnel at the end of the year.

Note 6. Auditor's Remuneration

	2022	2021
	\$	\$
Amounts paid or due and payable to:		
Pitcher Partners BA&A Pty Ltd		
- Audit or review of financial statements	47,090	44,579
- Other services (taxation)	4,000	-
	51,090	44,579

Note 7. (Loss)/ Profit Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS) attributable to the ordinary shareholders of the Parent:

	2022	2021
	\$'000	\$'000
a) Reconciliation of earnings to (loss)/profit		
(Loss)/profit for the year		
(Loss)/profit used to calculate basic and diluted EPS	(6,322)	2,458
(Loss)/profit for the year from continuing operations		
(Loss)/profit used to calculate basic and diluted EPS	(6,322)	2,458
	2022	2021
	No.	No.
b) Weighted average number of shares outstanding during the year		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	410,905,061	326,139,376
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	410,905,061	391,408,359

Accounting Policy**Basic earnings per share**

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 8. Cash and Cash Equivalents

	2022 \$'000	2021 \$'000
Cash at bank and in hand	16,288	19,135
Total Cash and Cash Equivalents	16,288	19,135

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and Other Receivables

	2022 \$'000	2021 \$'000
Current		
GST/VAT receivable	237	81
Prepayments	25	20
Total Trade and Other Receivables	262	101

Accounting Policy

Other receivables are recognised at amortised cost, less any provision for impairment.

The Consolidated Entity applies a simplified approach in calculating expected credit losses. Therefore, the Consolidated Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. In determining the provision required, the Consolidated Entity utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

There are no balances within trade and other receivables that contain assets that are past due as at 30 June 2022. It is expected these balances will be received when due.

Refer to Note 24 Financial Risk Management for further details regarding the Consolidated Entity's policies for impairment of financial assets and expected credit losses.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 10. Controlled Entities

a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2022	2021
Parent Entity			
Infinity Lithium Corporation Limited	Australia	100%	100%
Subsidiaries of Infinity Lithium:			
Tonsley Mining Pty Ltd	Australia	100%	100%
Infinity GreenTech Pty Ltd ¹	Australia	100%	-
Infinity New Energies Pty Ltd ²	Australia	85%	-
Castilla Mining S.L.	Spain	100%	100%
Morille Mining S.L.	Spain	80%	80%
Extremadura Mining S.L. (trading as Extremadura New Energies S.L.)	Spain	100%	100%

1. Infinity GreenTech Pty Ltd was incorporated on 4 November 2021
2. Infinity New Energies Pty Ltd was incorporated on 20 December 2021

b) Non-Controlling Interests

Morille Mining S.L.

Aurum Mining P.L.C has a 20% non-controlling interest in the Company's subsidiary Morille Mining S.L.

Infinity New Energies Pty Ltd

Mr Myles Youngs, an employee of the Company, has a 15% non-controlling interest in the Company's subsidiary Infinity New Energies Pty Ltd.

Key Estimates, Judgments and Assumptions

In determining whether the Consolidated Entity has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the Consolidated Entity to control the day to day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the Consolidated Entity has with other owners of partly owned subsidiaries are taken into consideration. Whilst the Consolidated Entity is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the Consolidated Entity where it is determined that the Consolidated Entity controls the day to day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Note 11. Other Assets

	2022 \$'000	2021 \$'000
Non-Current		
Security deposits	83	41
Other assets	23	-
Total Non-Current Other Assets	106	41

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 12. Property, Plant and Equipment

	2022 \$'000	2021 \$'000
Property, Plant and Equipment		
At cost	119	7
Accumulated depreciation	(3)	-
Total Property, Plant and Equipment	116	7

Accounting Policy

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Depreciation

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

- Property, plant and equipment – 5 years straight-line

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 13. Equity Accounted Investments

	2022 \$'000	2021 \$'000
At cost		
Equity contributions in TEL	2,970	3,052
Premium Paid for Equity Accounted Investment	6,847	6,094
	<u>9,817</u>	<u>9,147</u>
Less: Provision for impairment	-	-
Total Equity Accounted Investments	<u>9,817</u>	<u>9,147</u>

Interest in joint ventures are accounted for using the equity method of accounting recognised at cost.

a) Reconciliation of the Consolidated Entity's carrying amount for Equity Accounted Investments:

	2022 \$'000	2021 \$'000
Opening balance	9,147	2,929
Additions	1,225	1,527
Reversal of impairment	-	4,888
Foreign exchange impact	(555)	(198)
Closing balance	<u>9,817</u>	<u>9,147</u>

Jointly controlled entities:	Country of Incorporation	Percentage Owned (%)	
		2022	2021
Tecnología Extremeña Del Lito S.L. ('TEL') (Note 13)	Spain	75%	75%

The Company had an interest in a joint venture held through a 50% interest in TEL which is a special purpose vehicle established for the purpose of holding the San José tenements in Spain. On 13 March 2019 the Consolidated Entity acquired, by way of a Novation to the terms of the JV Agreement, a further 25% interest in TEL, increasing the Consolidated Entity's aggregate interest to 75%.

During the prior financial year, the Board considered that the prior factors relating to the impairment recognised no longer existed, following promising test work, funding options and an improving horizon for the Lithium Market and COVID-19 conditions. The Board considered that the fair value of the San José Lithium Project was at least equal to, or above, cost. Accordingly, the Board resolved to reverse the previous impairment amounts recognised.

In April 2021 the Company received notification from the Junta which informed the Company of the cancellation of PIV research permit application at San José. The decision was unexpected and followed the resolution of the Junta which granted the Investigation Permit Ampliación Valdeflórez ('PIAV'), as announced on 23 December 2020. The Company strongly disputes the validity of the decision to cancel the PIV application and following legal advice the Company lodged an administrative appeal of this resolution as filed by TEL which was subsequently rejected in July 2021.

In the event that the above matters are not resolved, there is a material uncertainty that the carrying value of the Consolidated Entity's interest in the TEL may not be recoverable at the amount stated in the Consolidated Statement of Financial Position.

The Project comprises the PIV and PIAV. The Company announced the granting of the PIAV to TEL on 23 December 2020. The location of the beneficiation plant and downstream lithium chemical conversion facilities

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

have been identified in the PIAV area, utilising feedstock from the lithium mica ore contained within PIV. The Company received notice that the PIAV remained granted and in good standing with an appeal by an NGO rejected in July 2021. Accordingly, the Board considers that the fair value of the San José Lithium Project remains at least equal to, or above, cost.

Summarised financial information of TEL that is material to the Consolidated Entity is set out below. This information is based on amounts before intercompany eliminations and Consolidated Entity level impairment recognised.

	2022 \$'000	2021 \$'000
Summarised Statement of Financial Position		
Assets		
Current assets	11	5
Non-current assets	2,970	3,071
Total Assets	2,981	3,075
Liabilities		
Current liabilities	-	-
Non-current liabilities – payable to Extremadura Mining S.L.	779	779
Total Liabilities	779	779
Net Assets	2,202	2,296
Summarised Statement of Comprehensive Income		
(Loss)/profit attributable to equity holders of the Parent	(95)	58
(Loss)/profit attributable to non-controlling interests	-	-
(Loss)/profit for the Year	(95)	58
Other comprehensive income/(loss) attributable to:		
Equity holders of the Parent	-	-
Non-controlling interests	-	-
Total other comprehensive income/(loss)	-	-
Summarised Statement of Cash Flows		
Net cash used in operating activities	(43)	(20)
Net cash from investing activities	-	-
Net cash from financing activities	49	-
Effect of foreign exchange rates on cash	-	-
Net increase/(decrease) in cash and cash equivalents	6	(20)
Other Financial Information		
Accumulated non-controlling interests at the end of reporting period	-	-

Accounting Policy

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Key Estimates, Judgments and Assumptions

AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement.

Joint control exists for all joint arrangements where the Consolidated Entity has purchased its rights, or met its earn-in requirements, with each being classified as joint operations under AASB 11 Joint Arrangements on the basis that the binding arrangements signed between the participants establish a contractually agreed sharing of control with decisions about the relevant activities require the unanimous consent of the parties sharing control.

It is the Company's view that it jointly controls TEL with Valoriza Minería ('VM') as at 30 June 2021 and 30 June 2022 until such time that the Consolidated Entity make the outstanding deferred consideration payment of €600,000. This is primarily as a result of an 80% (and therefore unanimous) majority required for all company and management body decisions until such time that the €600,000 is paid. This includes decisions over the relevant activities that affect the returns of the joint arrangement.

Commitments

TEL does not have any material financial commitments in relation to the Project.

Note 14. Trade and Other Payables

	2022 \$'000	2021 \$'000
Current		
Trade payables	157	66
Accrued expenses	89	78
Sundry payables	65	58
Total Trade and Other Payables	311	201

Accounting Policy

Trade and other payables represent the liability outstanding at the end of the reporting period for good and services received by the Consolidated Entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

Note 15. Deferred Consideration

	2022 \$'000	2021 \$'000
Current	891	948
Total Deferred Consideration	891	948

On 13 March 2019, the Consolidated Entity, through its 100% owned subsidiary, Extremadura Mining, S.L.U, sought to amend the terms of the Joint Venture Agreement and signed the "Novacion Al Contrato De Participacion en lan Investigacion Minera Y Ocuerdo De Valuntad Asociativa Entre Valoriza Minería, S.L.U., Y Extremadura Mining, S.L.U" ('Novation'), with the following impact:

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

- i. The removal of the prior obligation by the Consolidated Entity to spend €2.5 million in TEL;
- ii. The requirement to pay VM €1 million, with €250,000 upfront, a further €150,000 within three months (paid September 2019) and the remaining €600,000 payable in six equal payments made each month (conditional on the tenement application reverting back to granted status); and
- iii. Consequently, as a result of i) and ii) above, the immediate transfer of a further 25% of the shares in TEL to give INF a 75% equity interest.

The first instalment of €150,000 was paid on 6 September 2019 following the upfront amount, with €600,000 remaining due and payable as at 30 June 2021. On 28 July 2020, the Consolidated Entity and Valoriza Minería executed an agreement to extend the payment term of the deferred consideration outstanding. It was agreed that the Consolidated Entity would pay €100,000 on or before 29 July 2021, with a further 5 equal successive and monthly instalments of €100,000 to then be made.

On 19 July 2021, the Company announced a further deferral of the outstanding €600,000 payment obligation by the Consolidated Entity to Valoriza Minería aligned to the resolution of the PIV cancellation. The Consolidated Entity's accounting policy for deferred consideration is set out in Note 24 Financial Risk Management.

Note 16. Provisions

	2022 \$'000	2021 \$'000
Current		
Employee Entitlements:		
Annual leave	105	61
Total Current Provisions	105	61

Accounting Policy***Wages, salaries and annual leave***

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 17. Issued Capital

A reconciliation of the movement in capital and reserves for the Consolidated Entity can be found in the Statement of Changes in Equity.

415,013,066 fully paid ordinary shares (2021: 402,654,556)	51,112	50,137
Less: capital raising costs	(3,884)	(3,878)
	47,228	46,259

a) Fully Paid Ordinary Shares – Number of Shares

	2022 No.	2021 No.
At the beginning of the reporting year	402,654,556	238,767,292
Shares issued during the year:		
• Exercise of options ¹	12,318,510	13,378,926
• Shares issued to consultants ²	40,000	-
• Placements	-	145,378,338
• Shares issued to Directors	-	5,130,000
Total at the end of the reporting year	415,013,066	402,654,556

b) Fully Paid Ordinary Shares – Value of Shares

	2022 \$'000	2021 \$'000
At the beginning of the reporting year	46,259	26,563
Shares issued during the year:		
• Exercise of options ^{1,2}	970	1,446
• Shares issued to consultants ³	5	-
• Placements ^{4,5,6}	-	19,713
• Shares issued to Directors ^{7,8}	-	216
Less:		
• Capital raising costs	(6)	(1,679)
Total at the end of the reporting year	47,228	46,259

Notes:

- 250,000 fully paid ordinary shares issued on exercise of options on 20 July 2021, and 9,919,643 fully paid ordinary shares issued on exercise of options on 19 October 2021 at an exercise price of \$0.07 per option. 48,250 fully paid ordinary shares issued on the exercise of options on 19 October 2021, 1,187,007 fully paid ordinary shares issued on the exercise of options on 23 November 2021, 729,985 fully paid ordinary shares issued on the exercise of options on 8 February 2022 and 183,625 fully paid ordinary shares issued on 20 May 2022 at an exercise price of \$0.12 per option.
- 3,187,500 fully paid ordinary shares issued on exercise of options at an exercise price of \$0.07 per option, and 10,191,426 fully paid ordinary shares issued on the exercise of options at an exercise price of \$0.12 per option.
- 40,000 fully paid ordinary shares were issued under cleansing prospectuses to meet Corporations Act requirements, issued in four equal tranches with issue prices of \$0.10 on 30 July 2021, and \$0.15 on 22 October 2021, 26 November 2021 and 8 February 2022.
- On 11 September 2020, the Group placed 31,428,571 fully paid ordinary shares with an issue price of \$0.07 per share with sophisticated investors raising \$2,200,000 before costs.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

- 5) On 19 October 2020, the Group placed 34,478,412 fully paid ordinary shares with an issue price of \$0.07 per share with sophisticated investors raising \$2,413,488 before costs.
- 6) On 22 February 2021, the Group placed 79,471,355 fully paid ordinary shares with an issue price of \$0.19 per share with international and domestic institutions and sophisticated investors raising \$15,099,557 before costs.
- 7) On 28 July 2020, 1,430,000 fully paid ordinary shares with an issue price of \$0.035 to raise \$50,050. These were issued to Key Management Personnel as part of the April 2020 Placement, following the required shareholder approval at the General Meeting held on 27 July 2020.
- 8) On 28 July 2020, 3,700,000 fully paid ordinary shares were issued to Key Management Personnel as approved by shareholders at the General Meeting held on 27 July 2020. The 2019 Performance Bonus Shares were issued at a deemed price of \$0.035 per share. The 2020 Performance Bonus Shares were issued at a deemed price of \$0.0405 per share, being the price equal to the 15-day VWAP at the close of business on 27 May 2020. The 2019 and 2020 Performance Bonus Shares related to prior year performance. The expense associated with these shares was accrued for as at 30 June 2020, ahead of their issue on 28 July 2020. Refer to Note 21 Share-Based Payments for further information.

Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called.

c) Options

The total number of options on issue at 30 June 2022 was 61,113,270 (2021: 44,431,780). The weighted average exercise price of options on issue at year end was \$0.181 per option (2021: \$0.102 per option) and the weighted average remaining contractual life of options on issue at year end was 1.04 years (2021: 1.16 years).

The unissued ordinary shares of the Company under option at 30 June 2022 are as follows:

Date of Expiry	Exercise Price (\$)	Number under Option
16 September 2022	\$0.088	1,000,000
30 November 2022	\$0.12	20,613,270
30 November 2022	\$0.09	10,000,000
30 November 2022	\$0.20	500,000
8 December 2023	\$0.25	21,000,000
31 December 2024	\$0.27	4,000,000
31 December 2024	\$0.30	4,000,000
Total		61,113,270

A reconciliation of the total options on issue as at 30 June 2022 is as follows:

	2022 Weighted Average Exercise Price \$	2022 No.	2021 Weighted Average Exercise Price \$	2021 No.
At the beginning of the reporting year	\$0.102	44,431,780	\$0.069	17,142,143
Issued during the year ^{1,2,3}	\$0.173	69,000,000	\$0.087	44,168,563
Expired during the year	\$0.110	(40,000,000)	\$0.060	(3,500,000)
Exercised during the year	\$0.079	(12,318,510)	\$0.108	(13,378,926)
Total at the end of the reporting year	\$0.181	61,113,270	\$0.102	44,431,780

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Notes:

- 1) On 10 August 2021, the Company issued 8,000,000 unlisted options in two equal tranches to Canaccord Genuity in consideration for capital raising services in the February 2021 Placement, which were subject to shareholder approval at the General Meeting held on 5 August 2021. Both tranches consist of 4,000,000 options with an expiry date of 31 December 2024, with exercise prices of \$0.266 and \$0.304 per tranche, based on a 40% and 60% premium to the February 2021 Placement Offer Price respectively. The options were accrued for at 30 June 2021.

On 10 August 2021, the Company issued 40,000,000 unlisted options in two equal tranches to Promotora de Minas de Carbon, S.A. in lieu of cash for success-based consultancy services provided after receiving approval from shareholders at the General Meeting held on 5 August 2021. The options were issued in two 20,000,000 tranches and had an exercise price of \$0.11. The expiry date of both tranches was 10 August 2022, with vesting conditions for each tranche based on successful resolution of the PIV permitting situation prior to their respective vesting dates, being 1 September 2021 and 30 November 2021. All options lapsed unvested by 30 November 2021 as the PIV permitting situation remained unresolved at the specified vesting dates.

On 8 December 2021, 21,000,000 unlisted options were issued to Directors and employees of the Company. 15,500,000 Director options were approved at the Annual General Meeting of shareholders on 30 November 2021, with the grant of the 5,500,000 employee options contingent upon the Director options receiving shareholder approval. The options are exercisable at \$0.25 on or before 8 December 2023. Refer to Note 21 Share-Based Payments for further details.

- 2) On 28 July 2020, 715,000 attaching unlisted options were issued to Key Management Personnel as part of their participation in the April 2020 Placement, following the required shareholder approval at the General Meeting held on 27 July 2020. The options are exercisable at \$0.07 on or before 24 October 2021.

On 19 October 2020, the Company issued 17,239,268 attaching unlisted options as part of the October 2020 Entitlement Offer. The options are exercisable at \$0.12 on or before 30 November 2022.

On 30 November 2020, the Company issued 15,714,295 attaching unlisted options as part of the September 2020 Placement, following the required shareholder approval at the Annual General Meeting held on 25 November 2020. The options are exercisable at \$0.12 on or before 30 November 2022.

On 27 November 2020, the Company issued 10,000,000 unlisted options in lieu of cash to Zenix Nominees Pty Ltd for corporate advisory services, following the required shareholder approval at the Annual General Meeting held on 25 November 2020. The options are exercisable at \$0.09 on or before 30 November 2022. Refer to Note 21 Share-Based Payments for further details.

On 7 December 2020, the Company issued 500,000 unlisted options to a corporate advisor for services provided relating to the September 2020 Placement and Entitlement issue, these options were approved by the Board on 3 December 2020. The options are exercisable at \$0.20 on or before 30 November 2022. Refer to Note 21 Share-Based Payments for further details.

- 3) The weighted average share price as at the date of options exercised under the share-based payment arrangement during the year was \$0.175 per option (2021: Nil).

d) Warrants

	2022 No.	2021 No.
At the beginning of the reporting year	13,182,938	-
Issued during the year ^{1,2}	1,864,068	13,182,938
Exercised during the year	-	-
Expired during the year	-	-
Total at the end of the reporting year	15,047,006	13,182,938

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Notes:

- On 17 November 2021, 1,864,068 zero exercise price warrants were issued to EIT InnoEnergy upon successful completion of a test work milestone as contemplated under the terms of the relevant Agreement. The warrants are exercisable at \$0.00 on or before 28 July 2025.
- On 28 July 2020, 13,182,938 zero exercise price warrants were issued to EIT InnoEnergy, following the required shareholder approval at the General Meeting held on 27 July 2020. The warrants are exercisable at \$0.00 on or before 28 July 2025.

Refer to Note 21 Share-Based Payments for further details.

e) Share Appreciation Rights ('SARS')

The unissued ordinary shares of the Company under SARS at 30 June 2022 are as follows:

	2022 No.	2021 No.
At the beginning of the reporting year	17,200,000	10,000,000
Issued during the year ¹	-	12,200,000
Lapsed/expired during the year	-	(5,000,000)
Exercised during the year	-	-
Total at the end of the reporting year	17,200,000	17,200,000

Notes:

- On 7 December 2020, 8,200,000 Share Appreciation Rights were issued to Directors and 1,500,000 were issued to employees of the Company under the Incentive Performance and Share Appreciation Rights Plan. Approval was received at the Annual General Meeting of shareholders on 25 November 2020 to issue 8,200,000 Share Appreciation Rights to Mr Ryan Parkin, Mr Adrian Byass, Mr Remy Welschinger and Mr Jon Starink. The 9,700,000 SARS will vest in equal tranches over a 3-year period, exercisable at \$0.082 on or before 5 October 2025. Each Share Appreciation Right entitles the holder to one Company share.

500,000 Share Appreciation Rights were also issued to Consultants of the Company, as approved by the Board on 3 December 2020. The SARS will vest in equal tranches over a 2-year period, exercisable at \$0.144 on or before 2 December 2025. Each SAR entitles the holder to one Company share.

On 3 February 2021 2,000,000 Share Appreciation Rights were issued to an employee of the Company under the Incentive Performance and Share Appreciation Rights Plan. The SARS will vest in equal tranches over a 2-year period, exercisable at \$0.17 on or before 5 January 2026. Each SAR entitles the holder to one Company share.

Refer to Note 21 Share-Based Payments for further details.

f) Capital Management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Company. At reporting date the Company has no external borrowings.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Key Estimates, Judgments and Assumptions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options, SARS, warrants and performance rights are determined by an external valuer using an appropriate valuation model.

Note 18. Reserves

	2022 \$'000	2021 \$'000
Share-Based Payment Reserve a)	7,229	3,241
Foreign Currency Translation Reserve b)	(453)	121
	6,776	3,362

a) Share-Based Payments Reserve

The share-based payments reserve records items recognised as expenses on valuation of employee share and consultants' options.

A reconciliation of the movement in the share-based payments reserve as at 30 June 2022 is as follows:

	2022 \$'000	2021 \$'000
At the beginning of the reporting year	3,241	638
Share-based payments (Note 21)	3,988	2,779
Lapse of options	-	(176)
Total at the end of the reporting year	7,229	3,241

b) Foreign Currency Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign operations.

	2022 \$'000	2021 \$'000
At the beginning of the reporting year	121	269
Exchange differences arising on translation of foreign operations	(574)	(148)
Total at the end of the reporting year	(453)	121

Accounting Policy – Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees and service providers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity received the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transaction is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Accounting Policy - Foreign Currency Transactions and Balances***Functional and presentation currency***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the Board makes a decision that such amounts are no longer recoverable.

Note 19. Operating Segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and Managing Director (chief operating decision makers) to make decisions about resources to be allocated to the segments and assess their performance. Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Spain. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate. The Consolidated Entity only has one reportable segment based on the geographical areas of the mineral resource and exploration activities, being Spain. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Basis of accounting for purposes of reporting by operating segments**(a) Accounting policies adopted**

Unless otherwise stated, all amounts reported to the Board of Directors and Managing Director, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority asset economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of that segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated. Segment liabilities include trade and other payables.

(d) Unallocated items

Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

	Spain \$'000	Unallocated \$'000	Total \$'000
30 June 2022			
Revenue			
Other income	-	135	135
Total Gross Revenue	-	135	135
Expenses			
Corporate and compliance expenses	(286)	(754)	(1,040)
Consulting expenses	-	(848)	(848)
Employee and director benefits expense	-	(887)	(887)
Share-based payments	-	(3,678)	(3,678)
Depreciation expense	-	(3)	(3)
Foreign exchange loss	-	(1)	(1)
Income tax expense	-	-	-
Loss for the year from continuing operations	(286)	(6,036)	(6,322)
Segment Assets			
Cash and cash equivalents	124	16,164	16,288
Trade and other receivables	174	88	262
Equity accounted investments	9,817	-	9,817
Other assets	10	96	106
Property, plant and equipment	6	110	116
Total Assets	10,131	16,458	26,589
Segment Liabilities			
Trade and other payables	98	214	311
Provisions	-	105	105
Deferred consideration payable	891	-	891
Total Liabilities	988	319	1,307

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

	Spain \$'000	Unallocated \$'000	Total \$'000
30 June 2021			
Revenue			
Other income	-	266	266
Total Gross Revenue	-	266	266
Expenses			
Corporate and compliance expenses	(65)	(561)	(626)
Consulting expenses	-	(68)	(68)
Employee and director benefits expense	(35)	(546)	(581)
Share-based payments	-	(1,420)	(1,420)
Impairment reversal of equity accounted investment	4,888	-	4,888
Finance expense	-	(1)	(1)
Income tax expense	-	-	-
Profit/(loss) for the year from continuing operations	4,788	(2,330)	2,458
Segment Assets			
Cash and cash equivalents	44	19,091	19,135
Trade and other receivables	81	20	101
Equity accounted investments	9,147	-	9,147
Other assets	11	30	41
Property, plant and equipment	-	7	7
Total Assets	9,283	19,148	28,431
Segment Liabilities			
Trade and other payables	71	130	201
Provisions	-	61	61
Deferred consideration payable	948	-	948
Total Liabilities	1,019	191	1,210

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 20. Cash Flow Information

Reconciliation of cash flow from operations with (loss)/profit after income tax:

	2022 \$'000	2021 \$'000
Net (loss)/profit for the year	(6,322)	2,458
Non-cash flows in loss		
Share-based payments	3,678	1,420
Impairment reversal of equity accounted investment	-	(4,888)
Unrealised foreign exchange movements	1	-
Depreciation expense	3	-
Consulting fees (share-based)	5	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(67)	79
Increase/(decrease) in trade payables relating to operating activities	104	(42)
Increase in provisions	44	34
Net cash outflows from operating activities	(2,554)	(940)

Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year (2021: nil).

Note 21. Share-Based Payments

	2022 \$'000	2021 \$'000
(a) Reserves (Note 18)		
Options issued to Directors & Employees ¹	3,001	-
Performance and Share Appreciation Rights issued ^{3,4,5,6}	677	592
Options issued to Corporate Advisors ⁷	-	1,074
Performance Rights expired	-	(246)
Total Share-Based Payments – P&L	3,678	1,420
Lead Manager options ⁸	-	700
Warrants issued ⁹	310	659
Total Share-Based Payments – Reserves	3,988	2,779
(b) Issued Capital (Note 17)		
Shares issued to consultants ¹⁰	5	-
Shares issued to Directors	-	166
Total Share-Based Payments – Equity	5	166

Notes:

- On 8 December 2021, 21,000,000 unlisted options were issued to Directors and employees of the Company Consolidated Entity. 15,500,000 Director options were approved at the Annual General Meeting of shareholders on 30 November 2021, with the grant of the 5,500,000 employee options contingent upon the Director options receiving shareholder approval. The options are exercisable at \$0.25 on or before 8 December 2023, with no vesting conditions specified.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

The options were valued using Black Scholes option pricing model, utilising the following inputs:

Measurement of Fair Value	
Grant date share price	\$0.185
Number issued	21,000,000
Exercise price	\$0.25
Expected volatility	181.25%
Option life	2 years
Risk-free interest rate	0.53%
Fair value per option granted	\$0.143
Expensed during the year	\$3,001,097

Expected volatility is based on historical volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

- 2) At year end 30 June 2022, the Company had 17,200,000 Share Appreciation Rights over ordinary shares under issue (30 June 2021: 17,200,000). These Share Appreciation Rights are exercisable as follows:

Share Appreciation Rights

Grant Date	Expiry Date	Exercise Price \$	No. of Rights
27/11/2019	13/09/2024	0.072	5,000,000 ³
25/11/2020	05/10/2025	0.082	9,700,000 ⁴
03/12/2020	02/12/2025	0.144	500,000 ⁵
05/01/2021	05/01/2026	0.170	2,000,000 ⁶
			<u>17,200,000</u>

Movement of Share Appreciation Rights

	2022 No.	2021 No.
Balance at beginning of the year	17,200,000	10,000,000
Granted during the year	-	12,200,000
Lapsed during the year on resignation	-	(5,000,000)
Balance at the end of the year	<u>17,200,000</u>	<u>17,200,000</u>

- 3) Share Appreciation Rights expiring on 13 September 2024

On 11 December 2019, the Company issued 10,000,000 Share Appreciation Rights to Mr Ryan Parkin and Mr Vincent Ledoux-Pedailles (5,000,000 each respectively). The SARS have an expiry date of 13 September 2024 and an exercise price of \$0.072. Each SAR entitles the holder to one Company share.

Mr Ledoux-Pedailles' SARS lapsed upon his resignation on 26 August 2020.

The SARS vesting profile is as follows:

- Tranche 1 - 50% (2,500,000 total remaining) - vested on 13 September 2020
- Tranche 2 - 25% (1,250,000 total remaining) - vested on 13 September 2021
- Tranche 3 - 25% (1,250,000 total remaining) - vested on 13 September 2022

The SARS were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the SARS. Expected volatility is based on historical volatility of the Company's shares over recent trading periods, aligned to the expected life of the rights.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	27 November 2019	27 November 2019	27 November 2019
Number issued	5,000,000	2,500,000	2,500,000
Number lapsed on resignation	(2,500,000)	(1,250,000)	(1,250,000)
Share price	\$0.066	\$0.066	\$0.066
Exercise price	\$0.072	\$0.072	\$0.072
Vesting date	13 September 2020	13 September 2021	13 September 2022
Expiry date	13 September 2024	13 September 2024	13 September 2024
Volatility	70.51%	70.51%	70.51%
Risk-free interest rate	0.73%	0.73%	0.73%
Value per right	\$0.036	\$0.036	\$0.036
Total fair value	\$90,481	\$45,241	\$45,241
Expensed during the year 2022	-	\$5,171	\$16,175
Expensed during the year 2021 (net of reversal of lapsed rights)	(\$9,724)	(\$10,496)	(\$6,744)

4) Share Appreciation Rights expiring on 5 October 2025

On 7 December 2020, 9,700,000 SARS were issued to Directors and employees of the Consolidated Entity under the Incentive Performance and Share Appreciation Rights Plan. Approval was received at the Annual General Meeting of shareholders on 25 November 2020 to issue 8,200,000 Share Appreciation Rights to Mr Ryan Parkin, Mr Adrian Byass, Mr Remy Welschinger and Mr Jon Starink. The SARS will vest in equal tranches over a 3-year period, exercisable at \$0.082 on or before 5 October 2025. Each SAR entitles the holder to one Company share.

The SARS were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the SARS. Expected volatility is based on historical volatility of the Company's shares over recent trading periods, aligned to the expected life of the rights.

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2	Tranche 3
Grant date	25 November 2020	25 November 2020	25 November 2020
Number	3,233,333	3,233,333	3,233,333
Share price	\$0.135	\$0.135	\$0.135
Exercise price	\$0.082	\$0.082	\$0.082
Vesting date	5 October 2021	5 October 2022	5 October 2023
Expiry date	5 October 2025	5 October 2025	5 October 2025
Volatility	139.43%	139.43%	139.43%
Risk-free interest rate	0.29%	0.29%	0.29%
Value per right	\$0.122	\$0.122	\$0.122
Total fair value	\$394,905	\$394,905	\$394,905
Expensed during the year 2022	\$121,992	\$212,283	\$138,065
Expensed during the year 2021	\$272,912	\$126,207	\$82,083

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

5) Share Appreciation Rights expiring on 2 December 2025

On 7 December 2020, 500,000 Share Appreciation Rights were issued to Consultants of the Company, as approved by the Board on 3 December 2020. The SARS will vest in equal tranches over a 2-year period, exercisable at \$0.144 on or before 2 December 2025. Each SAR entitles the holder to one Company share.

The SARS vesting profile is as follows:

- Tranche 1 - 50% (250,000) vested on 2 December 2021
- Tranche 2 - 50% (250,000) will vest on 2 December 2022

The SARS were valued using a Black Scholes option pricing model and are being expensed over the vesting period of the SARS. Expected volatility is based on historical volatility of the Company's shares over recent trading periods, aligned to the expected life of the rights.

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2
Grant date	3 December 2020	3 December 2020
Number	250,000	250,000
Share price	\$0.155	\$0.155
Exercise price	\$0.144	\$0.144
Vesting date	2 December 2021	2 December 2022
Expiry date	2 December 2025	2 December 2025
Volatility	139.39%	139.39%
Risk-free interest rate	0.29%	0.29%
Value per right	\$0.137	\$0.137
Total fair value	\$34,330	\$34,330
Expensed during the year 2022	\$14,619	\$17,189
Expensed during the year 2021	\$19,712	\$9,842

6) Share Appreciation Rights expiring on 5 January 2026

On 3 February 2021 2,000,000 SARS were issued to an employee of the Consolidated Entity under the Incentive Performance and Share Appreciation Rights Plan. The SARS will vest in equal tranches over a 2-year period, exercisable at \$0.17 on or before 5 January 2026. Each SAR entitles the holder to one Company share.

The SARS vesting profile is as follows:

- Tranche 1 - 50% (1,000,000) vested on 5 January 2022
- Tranche 2 - 50% (1,000,000) will vest on 5 January 2023

The SARS were valued using a Black-Scholes option pricing model and are being expensed over the vesting period of the SARS. Expected volatility is based on historical volatility of the Company's shares over recent trading periods, aligned to the expected life of the rights.

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2
Grant date	5 January 2021	5 January 2021
Number	1,000,000	1,000,000
Share price	\$0.175	\$0.175
Exercise price	\$0.17	\$0.17
Vesting date	5 January 2022	5 January 2023
Expiry date	5 January 2026	5 January 2026
Volatility	128.16%	128.16%
Risk-free interest rate	0.37%	0.37%

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Valuation and Assumptions of Share Appreciation Rights:	Tranche 1	Tranche 2
Value per right	\$0.149	\$0.149
Total fair value	\$149,046	\$149,046
Expensed during the year 2022	\$77,177	\$74,523
Expensed during the year 2021	\$71,869	\$35,934

- 7) On 27 November 2020, the Company issued 10,000,000 unlisted options in lieu of cash to Zenix Nominees Pty Ltd for corporate advisory services received. The options are exercisable at \$0.09 on or before 30 November 2022.

These options were valued using a Black-Scholes option pricing model, utilising the following inputs:

Measurement of Fair Value	
Fair value at grant date	\$0.102
Grant date share price	\$0.135
Exercise price	\$0.09
Expected volatility	146.17%
Option life	2 years
Risk-free interest rate	0.09%
Fair value per option granted	\$0.1023
Expensed during the year 2021	\$1,023,369

On 7 December 2020, the Company issued 500,000 unlisted options to a corporate advisor for services provided relating to the September 2020 Placement and Entitlement issue. The options are exercisable at \$0.20 on or before 30 November 2022.

These options were valued using a Black-Scholes option pricing model, utilising the following inputs:

Measurement of Fair Value	
Fair value at grant date	\$0.102
Grant date share price	\$0.155
Exercise price	\$0.200
Expected volatility	146.17%
Option life	2 years
Risk-free interest rate	0.09%
Fair value per option granted	\$0.1020
Expensed during the year 2021	\$51,016

- 8) On 10 August 2021 the Company issued 8,000,000 unlisted options in two equal tranches to Canaccord Genuity in consideration for capital raising services in the February 2021 Placement, which were subject to shareholder approval at the General Meeting held on 5 August 2021. Both tranches consist of 4,000,000 options with an expiry date of 31 December 2024, with exercise prices of \$0.266 and \$0.304 per tranche, based on a 40% and 60% premium to the February 2021 Placement Offer Price respectively. The options were accrued for at 30 June 2021.

These options were valued using a Black-Scholes option pricing model, utilising the following inputs:

Measurement of Fair Value	
Valuation date share price	\$0.089
Exercise price	\$0.266
Expected volatility	191.87%
Option life	3.41 years
Risk-free interest rate	0.15%
Fair value per option granted	\$0.088
Expensed during the year 2021	\$351,503

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Measurement of Fair Value	
Valuation date share price	\$0.089
Exercise price	\$0.304
Expected volatility	191.87%
Option life	3.41 years
Risk-free interest rate	0.15%
Fair value per option granted	\$0.087
Expensed during the year 2021	\$348,559

9) Warrants

On 17 November 2021, 1,864,068 zero exercise price warrants were issued to EIT InnoEnergy upon successful completion of a test work milestone as contemplated by Tranche 2 of the relevant project agreement with EIT InnoEnergy (the '**Agreement**'). The warrants are exercisable at \$0.00 on or before 28 July 2025. For further details refer to the ASX announcement released on 15 November 2021.

Direct Financial Investment: €800,000 Phase One Investment

The first phase of feasibility study test work at San José was funded by EIT InnoEnergy with an amount of up to €800,000 (approximately A\$1.35 million) committed to the Company through the issue of unlisted warrants priced at the higher of the 30-day VWAP or A\$0.05 per share. The funding comprised of 3 tranches as follows:

- Tranche 1: €400,000 (A\$659,000) in zero exercise price warrants calculated at the higher of A\$0.05 per share, or the 30-day VWAP prior to their issue date. Payable after the execution of Project Agreement and subject to shareholder approval. On 27 July 2020 the Company received shareholder approval to issue 13,182,938 warrants to EIT InnoEnergy, which were duly issued on 28 July 2020 and these tranche 1 funds are being directly used for the current test work;
- Tranche 2: €200,000 (A\$310,000) in zero exercise price warrants calculated at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of a test work milestone, which was successfully completed on 15 November 2021. On 17 November 2021, 1,864,068 zero exercise price warrants were issued to EIT InnoEnergy; and
- Tranche 3: Up to €200,000 (A\$292,000) in zero exercise price warrants calculated at the higher of the 30-day VWAP or A\$0.05 per share payable upon completion of phase one, which was successfully completed on 2 August 2022. On 2 August 2022, 1,921,341 zero exercise price warrants were issued to EIT InnoEnergy.

The zero exercise price warrants were issued to EIT InnoEnergy for tranche 1 and tranche 2, with tranche 3 issued after year-end, on 2 August 2022. This is structured to meet EIT InnoEnergy requirements. Funds are allocated directly to test work activities that have commenced at laboratories in the EU.

- 10) 40,000 fully paid ordinary shares were issued under cleansing prospectuses to meet Corporations Act requirements.

Fully paid ordinary shares issued

Grant Date	Exercise Price \$	No. of shares
30/07/2021	0.10	10,000
22/10/2021	0.15	10,000
26/11/2021	0.15	10,000
08/02/2022	0.15	10,000

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 22. Parent Entity Disclosures

	2022 \$'000	2021 \$'000
Current assets	16,268	19,113
Non-current assets	168	37
Total assets	16,436	19,150
Current liabilities	319	191
Total liabilities	319	191
Net assets	16,117	18,959
Issued capital	47,228	46,259
Reserves	7,229	3,241
Accumulated losses	(38,340)	(30,542)
Total equity	16,117	18,959
Loss of parent entity	(5,711)	(2,331)
Total comprehensive loss of the parent entity	(5,711)	(2,331)

Commitments

The commitments of the Parent Entity are consistent with that of the Consolidated Entity (refer to Note 25).

Note 23. Non-Controlling Interests

	2022 \$'000	2021 \$'000
Balance at the beginning of the year	-	-
Share of loss for the year	(39)	-
Share of other comprehensive income	-	-
Balance at the end of the year	(39)	-

The Consolidated Entity has two non-controlling minority interests:

- Aurum Mining P.L.C has a 20% non-controlling interest in the Company's subsidiary Morille Mining S.L.
- Mr Myles Youngs, an employee of the Company, has a 15% non-controlling interest in the Company's subsidiary Infinity New Energies Pty Ltd.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 24. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

Financial Risk Management Policies**a) Treasury Risk Management**

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

b) Financial Risk Exposures and Management

The main risks the Consolidated Entity is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

i. Foreign currency risk

The Consolidated Entity is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The currencies in which these transactions primarily are denominated are AUD and EURO.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Consolidated				
AUD	10,145	9,292	988	1,019

The effect of a 10% strengthening of EUR against the AUD at the reporting date on the EUR-denominated assets and liabilities carried within the AUD functional currency entity would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease of net assets of A\$916,000 (2021: decrease in post-tax profit for the year and decrease of net assets of A\$827,000).

ii. Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

	Financial Asset & Financial Liability Maturity Analysis							
	Within 1 Year		1-5 Years		Over 5 Years		Totals	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Cash and cash equivalents	16,288	19,135	-	-	-	-	16,288	19,135
Trade and other receivables	237	81	-	-	-	-	237	81
Other financial assets	-	-	83	41	-	-	68	41
Total Financial Assets	16,525	19,216	83	41	-	-	16,608	19,256
Financial Liabilities								
Trade and other payables	280	124	-	-	-	-	280	124
Deferred consideration	891	948	-	-	-	-	891	948
Total Financial Liabilities	1,171	1,072	-	-	-	-	1,171	1,072
Net inflows/outflows on Financial Instruments	15,369	18,144	-	-	-	-	15,437	18,184

iii. Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or Consolidated Entity of receivables under financial instruments entered into by the Consolidated Entity.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The Consolidated Entity's current investment policy is aimed at maximising the return on surplus cash, with the aim of outperforming the benchmark within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the Consolidated Entity is exposed to through investment activities.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
Cash and cash equivalents		
A-Rated	16,288	19,135

- iv. **Commodity price risk**
The Consolidated Entity is not directly exposed to commodity price risk. However, there is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the project.
- v. **Interest rate risk exposure analysis**
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Consolidated Entity does not use derivatives to mitigate these exposures.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2022	2021	2022	2021	2022	2021
	%	%	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash at bank & on hand	-	-	-	-	16,288	19,135
Receivables	-	-	-	-	237	81
Other assets	0.20%	0.62%	30	30	53	11
Total financial assets			30	30	16,578	19,227
Financial Liabilities						
Trade and other payables	-	-	-	-	280	124
Deferred consideration	-	-	-	-	891	948
Total financial liabilities			-	-	1,171	1,072

Fair Value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

- Cash and short-term investments – the carrying amount approximates fair value because of their short term to maturity;
- Trade receivables and trade creditors – the carrying amount approximates fair value; and
- Other assets and liabilities approximate their carrying value.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities

Financial liabilities of the Consolidated Entity consist of namely of trade and other payables and are classified and subsequently measured at fair value and deferred consideration which is initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2022

Note 25. Capital Commitments

In order to maintain current rights of tenure to exploration tenements the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments and overseas government bodies.

The Consolidated Entity ceased exploration activities for the Morille, Banio and Mamana projects in prior years in order to focus on the San José Lithium Project (accounted for as part of equity holding in TEL). As such, the Consolidated Entity does not have any further material financial commitments in relation to these projects.

Note 26. Events After Reporting Date

In August 2022, 1,921,341 zero exercise price warrants were issued to EIT InnoEnergy upon successful completion of the final test work milestone as contemplated under the terms of the relevant Agreement. The warrants are exercisable at \$0.00 on or before 28 July 2025.

In August 2022, 3,500,000 Performance Rights were issued under the Incentive Performance and Share Appreciation Rights Plan. The rights expire on 29 August 2025 and vest subject to milestones outlined in the ASX announcement on 31 August 2022.

In September 2022 the Company announced the appointment of Ramón Jiménez Serrano to the Board of the Company. Ramón was appointed as CEO of the Company's wholly owned Spanish subsidiary Extremadura New Energies in March 2022.

In September 2022 the Company announced that the Regional Government of Extremadura has approved a decree-law to establish a requirement for lithium mineral resource projects to incorporate downstream lithium mineral processing in Extremadura. San José is a fully integrated lithium mineral extraction and processing project designed in compliance with the decree-law articles. The decree has reinforced lithium as a product of regional interest and integrated lithium operations as regional interest business projects ('PREMIA'), in effect prioritising permitting, recognition as public utility projects, and access to employment grants. All of San José permits and permit applications are captured under the decree.

Since the end of the financial year, the Company issued 1,000,000 ordinary shares as a result of the exercise of options exercisable at \$0.088 each to raise \$88,000. There were no amounts unpaid on these shares issued.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Note 27. Contingent Assets and Liabilities

The Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

Directors' Declaration

For the Year Ended 30 June 2022

The Directors of the Company declare that:

The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:

- a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Consolidated Entity and Company; and
- c) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

The Managing Director and Chief Financial Officer have each declared that:

- a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- b) the financial statements and notes for the financial year comply with the Australian Accounting Standards and Interpretations; and
- c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ryan Parkin
CEO and Managing Director
28 September 2022

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Infinity Lithium Corporation Limited (“the Company”) and its controlled entities (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (“the Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – material uncertainty related to the carrying value of Equity Accounted Investment

We draw attention to Note 13 to the financial report, which indicates a material uncertainty in relation to the status of the Investigation Permit Valdeflórez (“PIV”) research permit at the San José Lithium Project, held by the Equity Accounting Investment at 30 June 2022. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INFINITY LITHIUM CORPORATION LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of Equity Accounted Investment Refer to Note 13 to the financial report.</p> <p>As at 30 June 2022, the carrying value of the Consolidated Entity's Equity Accounted Investment (Tecnolgia Extremena Del Litio S.L. or 'TEL'), representing the Consolidated Entity's investment in the San José Lithium Project in Spain, was \$9,816,675.</p> <p>At 30 June 2022, the Consolidated Entity is required to assess whether there is any indication that the Equity Accounted Investment may be impaired.</p> <p>If any such indicators exist, then the Consolidated Entity is required to estimate the recoverable amount of its Equity Accounted Investment. The determination as to whether there exist any indicators requiring the Consolidated Entity to re-assess the Equity Accounted Investment's recoverable amount involves a number of judgments including, but not limited to, whether:</p> <ul style="list-style-type: none"> • there have been any adverse changes in the relevant activities, market conditions or technical viability for the San José Lithium Project; • the Consolidated Entity has sufficient funds to meet operational and contractual requirements associated with its investment in the San José Lithium Project; and • there is sufficient information for a decision to be made that the net investment is not commercially feasible. <p>Additionally, in April 2021, the Consolidated Entity received notification that its application for the Investigation Permit Valdeflórez ("PIV") had been cancelled.</p> <p>The Consolidated Entity has lodged an appeal to this resolution and continues to strongly dispute the validity of the decision to cancel its PIV application.</p>	<p>Our procedures included, amongst others:</p> <p>Understanding and evaluating the design and implementation of the Consolidated Entity's controls over its assessment of impairment trigger events prepared in accordance with AASB 136 including:</p> <ul style="list-style-type: none"> • Understanding the events that led to the cancellation of the PIV, including an examination of the detailed announcements made to the ASX and supporting legal correspondence; • Reviewing management's assessment of potential indicators of impairment and the contentious administrative appeals process including its impact on the carrying amount of the Consolidated Entity's Equity Accounted Investment; • Obtaining independent legal confirmation of regarding the current status of the legal position in respect of the PIV and the legal strategy and timeline; • Critically examining whether there have been any other changes to tenure or the Consolidated Entity's contractual ownership rights in TEL, as at reporting date. <p>Testing, on a sample basis, capitalised costs incurred during the year in relation to the Consolidated Entity's Equity Accounted Investment.</p> <p>Assessing the adequacy of the disclosures included in the financial report, including those required by AASB 12 <i>Disclosure of Interests in Other Entities</i>.</p>

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The Consolidated Entity is in the process of resolving the matter further through the administrative contentious appeals process within Spain.

Given the size of the balance and the judgemental nature of the impairment indicator assessments and the ongoing legal matter associated with the net investment, we consider this is a key audit matter.

Share-based payments

Refer to Note 17 and Note 21 to the financial report.

Share-based payments represent \$3,988,060 of the Consolidated Entity's expenditure, split as follows;

- \$3,678,292 in the Consolidated Statement of Profit and Loss and Other Comprehensive Income; and
- \$309,768 recognised in the cost of the Consolidated Entity's Equity Accounted Investment.

Under Australian Accounting Standards, equity settled awards for employees are measured at fair value on the measurement (grant) date. For transactions with parties other than employees, the measurement date is the date the Consolidated Entity obtains the goods or the counterparty renders the service. Under both, the Consolidated Entity takes into consideration the probability of the vesting conditions (if any) attached. An amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions.

In calculating the fair value there are a number of judgements management must make, including but not limited to:

- estimating the likelihood that the equity instruments will vest;
- estimating expected future share price volatility;
- expected dividend yield; and
- risk-free rate of interest.

Our procedures included, amongst others: Obtaining an understanding and evaluating the design and effectiveness of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share-based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation.

Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate, which includes below but not limited to:

- Estimating the likelihood that the equity instruments will vest;
- Estimating expected future share price volatility;
- Expected dividend yield; and
- Risk-free rate of interest.

Assessing the Consolidated Entity's accounting policy as set out within Note 21 for compliance with the requirements of AASB 2 *Share-based Payment*.

Assessing the adequacy of the disclosures included in the financial report.

INFINITY LITHIUM CORPORATION LIMITED
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Due to the significance to the Consolidated Entity's financial report and the level of judgment involved in determining the valuation of the share-based payments, we consider the Consolidated Entity's calculation of

the share-based payment expense to be a key audit matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INFINITY LITHIUM CORPORATION LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Infinity Lithium Corporation Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



J C PALMER
Executive Director
Perth, 28 September 2022

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ASX Additional Information

a) Distribution of Shareholders as at 27 September 2022

Spread of Holdings	Number of Ordinary Shareholders	Number of Shares
1 – 1,000	74	5,975
1,001 – 5,000	702	2,603,002
5,001 – 10,000	832	6,681,081
10,001 – 100,000	1,648	59,088,351
100,001 – and over	509	347,634,657
Total	3,765	416,013,066

b) Top 20 Shareholders as at 27 September 2022

Rank	Name	Number of Ordinary Shares Held	%
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	20,425,946	4.91
2	WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C>	11,950,000	2.87
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,033,210	2.65
	<i>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2</i>	4,567,552	1.10
	<i>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</i>	6,465,658	1.55
4	ADRIAN BYASS	10,283,805	2.47
	• VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>	75,000	0.02
	• TEUTONIC INVESTMENTS PTY LTD	562,500	0.14
	• VALIANT EQUITY MANAGEMENT PTY LTD <BYASS FAMILY A/C>	2,000,000	0.48
	• VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>	3,026,876	0.73
	• MR ADRIAN BYASS + MRS MEGAN RUTH BYASS <OAKWOOD SUPER FUND A/C>	4,619,429	1.11
5	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	8,200,000	1.97
6	MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	7,256,250	1.74
7	EVALON INVESTMENTS PTY LTD	6,800,000	1.63
8	DENKEY PTY LTD	6,750,000	1.62
9	BNP PARIBAS NOMINEES PTY LTD	6,636,486	1.60
	<i>BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C></i>	11,111	-
	<i>BNP PARIBAS NOMS PTY LTD <DRP></i>	3,239,751	0.78
	<i>BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP></i>	3,385,624	0.81
10	CITICORP NOMINEES PTY LIMITED	6,619,962	1.59
11	LARARNAS RIKSFORBUND	5,789,473	1.39
12	MRS ALISON CLAIRE GALLAGHER	5,250,000	1.26
13	MR DOUGLAS MCDONALD BENNETT	5,025,000	1.21
14	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	5,000,000	1.20
15	WIGWAM SUPER PTY LTD <TEE PEE SUPER FUND A/C>	4,500,000	1.08
16	MR CRAIG MICHAEL LAKE + MRS JUDITH MAY LAKE	4,500,000	1.08
17	MS STACEY THOMAS	4,400,000	1.06
18	MR MARCIN JACEK MATUSIAK	4,167,000	1.00
19	TWYNAM INVESTMENTS PTY LTD	3,910,897	0.94
20	GENDPORT PTY LTD <BRUCE MUNRO FAMILY A/C>	5,250,000	1.26
	Total Top 20	141,985,529	34.13
	Balance of Register	274,027,537	65.87
	Total Ordinary Shares on Issue	416,013,066	100.00

c) Ordinary Share Capital as at 27 September 2022

- The number of shareholders holding less than a marketable parcel of shares is 257, totalling 444,994 shares; and
- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d) Options and Rights as at 27 September 2022

As at 27 September 2022, the unissued ordinary shares of the Company under option are as follows:

Details	Grant Date	Number	Exercise Price (\$)	Date of Expiry
Unlisted Options	19/10/2020	20,613,270	\$0.12	30/11/2022
Unlisted Options	27/11/2020	10,000,000	\$0.09	30/11/2022
Unlisted Options	07/12/2020	500,000	\$0.20	30/11/2022
Unlisted Options	10/08/2021	4,000,000	\$0.266	31/12/2024
Unlisted Options	10/08/2021	4,000,000	\$0.304	31/12/2024
Unlisted Options	30/11/2021	21,000,000	\$0.25	08/12/2023

As at 27 September 2022, the warrants and rights of the Company on issue are as follows:

Details	Grant Date	Number	Exercise Price (\$)	Date of Expiry
Zero Exercise Price Warrants	Various	18,889,688	Nil	28/07/2025
Share Appreciation Rights	27/11/2019	5,000,000	\$0.072	13/09/2024
Share Appreciation Rights	25/11/2020	9,700,000	\$0.082	05/10/2025
Share Appreciation Rights	03/12/2020	500,000	\$0.144	02/12/2025
Share Appreciation Rights	03/02/2021	2,000,000	\$0.17	05/01/2026
Performance Rights	29/08/2022	3,500,000	Nil	29/08/2025

Option-holders do not have any rights to participate in any issue of shares or other interest in the Company or any other entity.

Schedule of Interests in Mining Tenements

Lithium Project Spain

The Company has a 75% beneficial interest in the San José Lithium Project (Applications) from Valoriza Minería and Castilla Mining S.L. All tenure is held under the current Joint Venture.

The San José tenements:

- Valdeflórez: 10C 10343-00 Cancelled – subject to administrative contentious appeal
- Ampliación a Valdeflórez: 10C 10359-00 Granted

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

Mineral Resources and Reserves (MROR) Statement

The Company announced to the ASX on 23 May 2018 information pertaining to the exploration and mineral resource estimates of the San José Project in accordance with ASX Listing Rule 5.8 and compliance with the 2012 JORC Code.

The resource estimate for San José is shown below in Table 1 below:

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	111.2	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. The Company is not aware of any new information or data that materially affects the information included in this ASX release, and The Company 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.

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	217.0
TOTAL	37.2	0.29	0.63	217.0

Competent Persons Statement

The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc. Hons (Geol), B.Econ, FSEG, MAIG, the Non-Executive Chairman of Infinity Lithium 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.

Summary of Governance and Controls

The mineral resource for the San José Project is reported in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". This resource was published by the Company in an announcement to the Australian Securities Exchange dated 23 May 2018. In accordance with requirements determined by the Australian Securities Exchange and the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", a checklist for Assessment and Reporting Criteria is presented in that announcement.

A review of factors was conducted which may affect the MROR. These examined included:

- Sovereign risk
- Commodity prices
- Processing or metallurgical understanding
- Environmental or mineability setting
- Standing of consultants/contractors/technology used in estimation process.

The Company is not aware of any new information or data that materially affects the information included in this report, and the Company 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.