ASX : INF

INFINITY LITHIUM

Introduction to the San Jose Project

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Competent Persons Statement

- The information in this report that relates to Exploration Targets and Mineral Resources is based on the information compiled by Mr Patrick Adams, of Cube Consulting Pty Ltd (Perth). Mr Adams has sufficient relevant professional experience with open pit and underground mining, exploration and development of mineral deposits similar to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of JORC Code He has visited the project area and observed drilling, logging and sampling techniques used by Infinity Lithium in collection of data used in the preparation of this report. Mr Adams is an employee of Cube Consulting Pty Ltd and consents to be named in this release and the report as it is presented.
- The information in this report that relates to Exploration Results is based on the information compiled or reviewed by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Infinity Lithium. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. 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.

Introduction

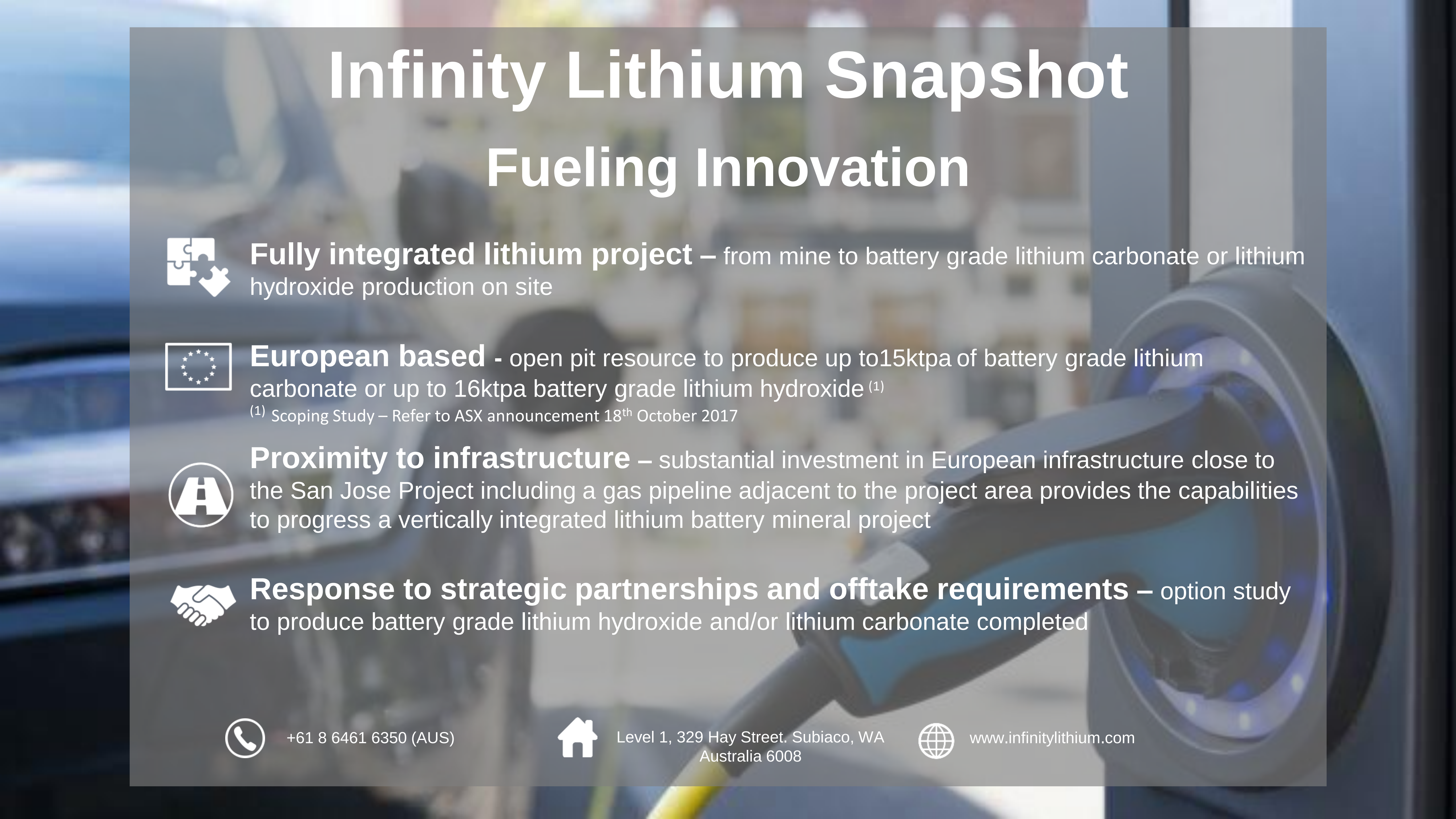
Electric mobility is the key to lower CO₂ emission targets and EVs are expected to take over ICE cars by the mid-2030s

EVs are supported by falling battery costs led by economies of scale and improved technology

Powered by EV battery growth, lithium demand is set to increase 6x over the next 10 years

Global lithium supply is under constant pressure to feed this growth

Limited investment in lithium projects could create significant shortages in the future and Chinese companies' control of the entire supply chain should encourage regions like Europe develop their domestic resources.



Infinity Lithium Snapshot

Fueling Innovation

- **Fully integrated lithium project –** from mine to battery grade lithium carbonate or lithium hydroxide production on site

- **European based -** open pit resource to produce up to15ktpa of battery grade lithium carbonate or up to 16ktpa battery grade lithium hydroxide (1)
  (1) Scoping Study – Refer to ASX announcement 18th October 2017

- **Proximity to infrastructure –** substantial investment in European infrastructure close to the San Jose Project including a gas pipeline adjacent to the project area provides the capabilities to progress a vertically integrated lithium battery mineral project

- **Response to strategic partnerships and offtake requirements –** option study to produce battery grade lithium hydroxide and/or lithium carbonate completed

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San Jose Lithium Project

INFINITY LITHIUM CORPORATION

Planned Mine

- 2nd Largest Lithium JORC in the EU
- Open pit – low risk, cheap bulk mining
- Brownfield project & long life mine
- Very low strip ratio <1:2
- Higher grades accessible in earlier production years

Location

- EU & Spain: Low investing risk
- 2.5h from Madrid via highway
- Extremadura – a proactive mining region
- VAT derived from the San Jose Project retained within Extremadura
- Region of high unemployment – more than 200 jobs created directly and ~1,000 supporting development roles

Existing Infrastructure

- Sealed dual lane highway adjacent to the plant connecting the project by major arteries to Europe
- Gas pipeline adjacent to the project area

Planned Processing

- Fully integrated operation
- Chemical plant <3km away from the mine
- No royalties or duties on the import of lithium concentrate
- Proven production process
- Low cost production
- Ample cheap energy
- Low temperature process
- Environmentally friendly water leach
- Plenty of reagents availability domestically

Output

- Economic advantages lithium hydroxide production from rock compared to brines
- Hydroxide has become the preferred lithium chemical for cathode manufacturer as they move towards nickel-rich cathode
- Roskill: 43% py growth rate for battery grade lithium hydroxide between 2017 and 2027

Cathodes

- Cathode production, requiring lithium chemical, is developing in Europe with multiple large scale investments

BASF The Chemical Company

umicore

Batteries

- Significant European developments with mega battery factories being built and the continent set to be the second largest li-ion battery producer in the world

SAMSUNG

CATL

LG Chem

northvolt

Electric Vehicles

- EU pushing for ICE phaseout and rapid EV growth
- European automakers are launching ambitious electrification plans
- Europe to be the second largest EV market in the world

TESLA

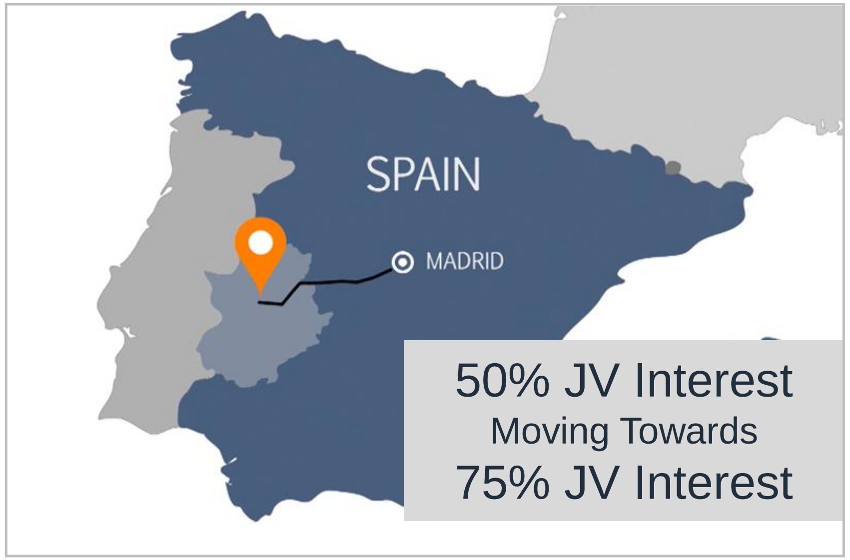
VOLVO

Renewables

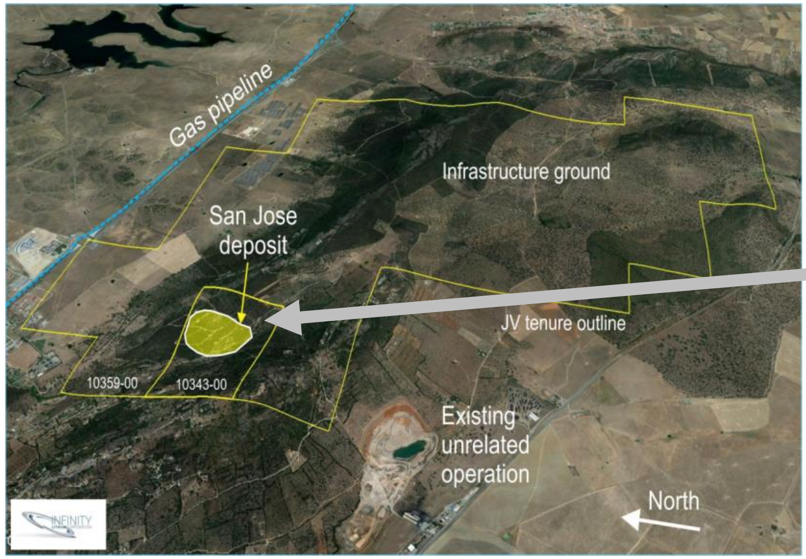
- EU & Spain to accelerate the production of renewable energies
- Energy Storage Systems smoothen out power fluctuations of “weather-driven” renewable sources

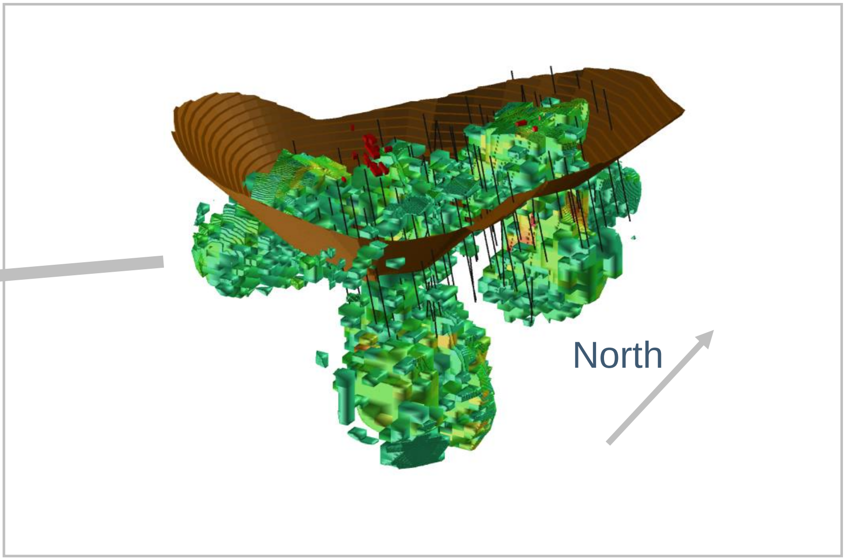
This fully integrated project, low cost and using a proven process, is coupled with substantial demand for high quality lithium carbonate & hydroxide battery grade in Europe and globally. Infinity will create a new industry for Spain and the people of Extremadura, fueling innovation for future generation.

San Jose Lithium Project



50% JV Interest
Moving Towards
75% JV Interest





Scoping study	Lithium Carbonate – Completed Lithium Hydroxide – Due end October
Feasibility study	Underway
JORC Resource (reported above 0.1% Li cut-off)	111.2Mt (Second largest in the EU) (Indicated 59Mt, Inferred 52.2Mt) +1.6Mt LCE
Project life	24 years An average 13kpta LC depletes <50% of JORC resource
Life of mine strip ratio	<2:1
Average ROM (yr1-8)	0.85% Li$_2$0 : 2.1% LCE*
Plant feedstock	1.4% Li$_2$0 : 3.5% LCE*
Product - battery grade	Lithium Carbonate:12-15kt pa +99.5% (1) Lithium Hydroxide: 13-16kt pa +56.5% (1)

(1) Scoping Study – Refer to ASX announcement 18th October 2017

San Jose Resource

- 2nd **Largest** Lithium JORC in the **European Union**
- **Open pit** optimisation – low risk, cheap bulk mining
- JORC well supported ~**12km of drilling** completed
- **Low strip ratio** <2:1 over life of mine
- **Higher grades** accessible in earlier production years
- **Brownfields** project – old tin mine

JORC - SAN JOSE MINERAL RESOURCE, REPORTED ABOVE 0.1% LI CUT-OFF

Classification	JORC (Mt)	Li (%)	Li_2O (%)	Sn (ppm)	Contained Li2O ('000t)	Contained LCE (Mt)
Indicated	59.0	0.29%	0.62%	217	372	0.91
Inferred	52.2	0.27%	0.58%	193	308	0.75
Total	**111.2**	**0.28%**	**0.61%**	**206**	**678**	**1.66**

Estimated using Ordinary Kriging methodology. Note: Small discrepancies may occur due to rounding

Snowden Mining (2017) and Cube Consulting estimated the total Mineral Resource for the San Jose lithium deposit using Ordinary Kriging interpolation methods and reported above a 0.1% Li cut-off grade. Full details of block modelling and estimation are contained in the ASX announcement dated 5 December 2017 and updated 23 May 2018.

Lithium (Li) mineralisation is commonly expressed as either lithium oxide (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 5th December 2017 and updated 23 May 2018. Infinity is not aware of any new information or data that materially affects the information included in this ASX release, and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

From Mining to Lithium Bearing Solution 1

Stage 1	Mine Crush Separate	Mineralogy: Ore material is approximately equal parts lithium-bearing mica, quartz and tourmaline	Crush & Mill	Conventional mining process to 75um through multi-stage crushing and grinding
		Flotation used to separate micas with possible mag-separation to upgrade further to be investigated	Beneficiation	Total recovery in beneficiation approximately 60-65% through life of mine (150%-200% upgrade in Li)
Stage 2	Transport for processing	**Lithium in concentrate** <3km		
Stage 3	Processing	Gas consumption ~4-5 tonnes per hour. US$6 mmBtu. Opportunity to lower $ with LT contract	Roasting 840^{O}C	Mixed with SO_4 (K/Na/Ca/Fe) prior to roast. residence time ~ 25 minutes
		Cleaning of water to level where it can be recirculated as part of processing	Water Leach	Lithium sulphate created in roast process leached in potable water
		From this stage, the lithium-bearing solution can be heated to increase concentration	Purification	Initial precipitation removes large trivalent and other cations (i.e Mg, Fe) by adding MgO and $NaCO_3$

Next stage Sulphate Recovery

Lithium Bearing Solution To Lithium Product

2

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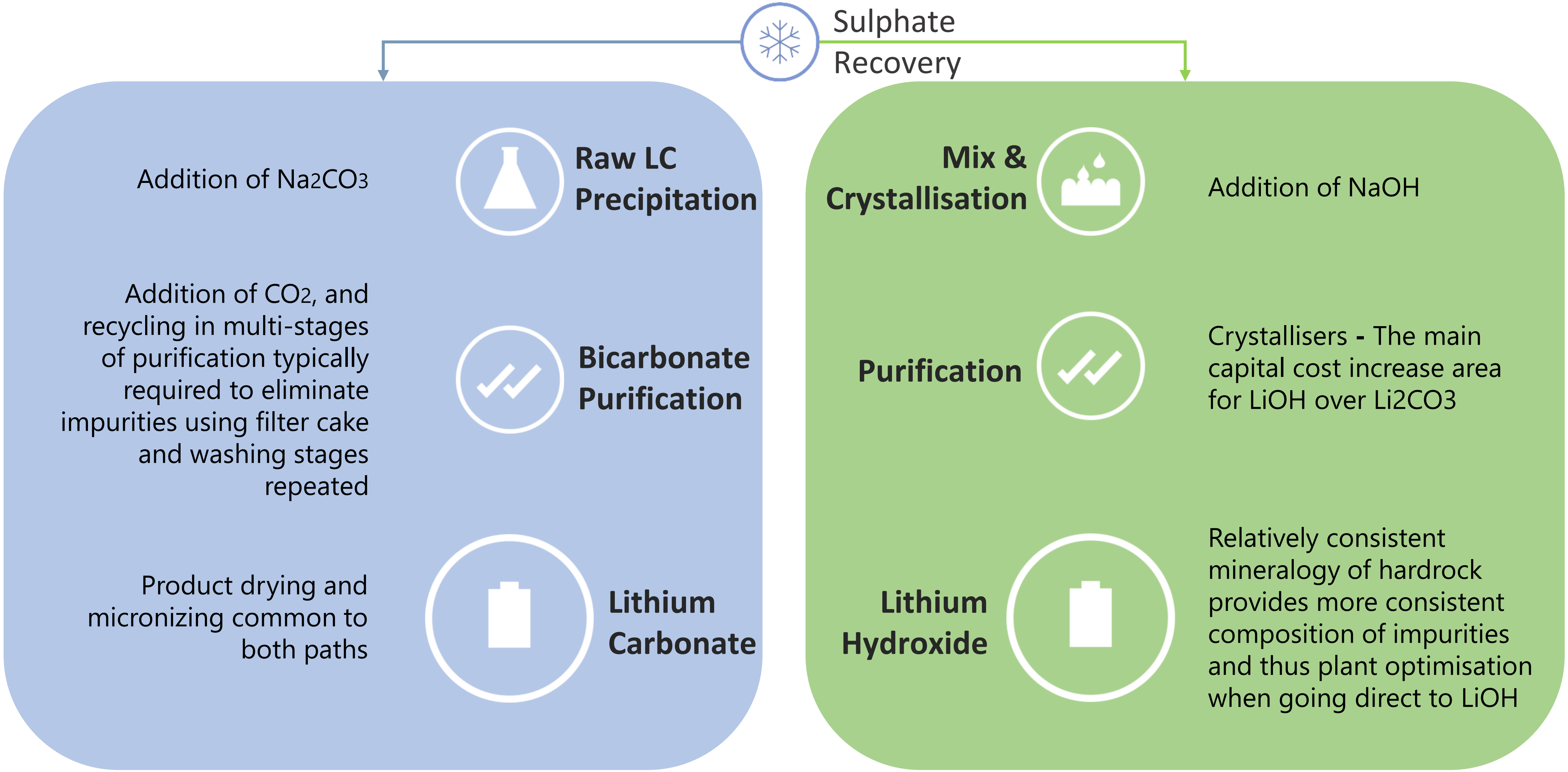


Sulphate Recovery

Raw LC Precipitation

Addition of Na_2CO_3

Bicarbonate Purification

Addition of CO_2, and recycling in multi-stages of purification typically required to eliminate impurities using filter cake and washing stages repeated

Lithium Carbonate

Product drying and micronizing common to both paths

Mix & Crystallisation

Addition of NaOH

Purification

Crystallisers - The main capital cost increase area for LiOH over Li_2CO_3

Lithium Hydroxide

Relatively consistent mineralogy of hardrock provides more consistent composition of impurities and thus plant optimisation when going direct to LiOH

ECONOMICS

Scoping Study Project Economics

Scoping Study financial modelling based on producing battery grade Lithium Carbonate

Summary San Jose Project Economics

NPV_8	US$401m
IRR	28%
Average C1 Cost	US$4,763/t*
Average Operating Cash Flow	US$74.8m
CAPEX	US$273m**
Potential Annual Production (Lithium Carbonate)	15,000tpa (1)
Lithium Carbonate Price July 2018	US$15,750/t
Long Term Lithium Carbonate Price Assumption	US$10,000/t

Sensitivities

NPV_8	US$609m
Long Term Lithium Carbonate Price Assumption	US$11,500/t

NPV_8	US$1,062m
Long Term Lithium Carbonate Price Assumption	US$15,000/t

* without tin credit for 1st 8 years

* average C1 Cost LOM US$5,000/t

** includes 10% contingency

*** Scoping Study October 2017

(1) Scoping Study – Refer to ASX announcement 18th October 2017

(2) There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Measured or Indicated Mineral Resources or that the Production Target or preliminary economic assessment will be realised.

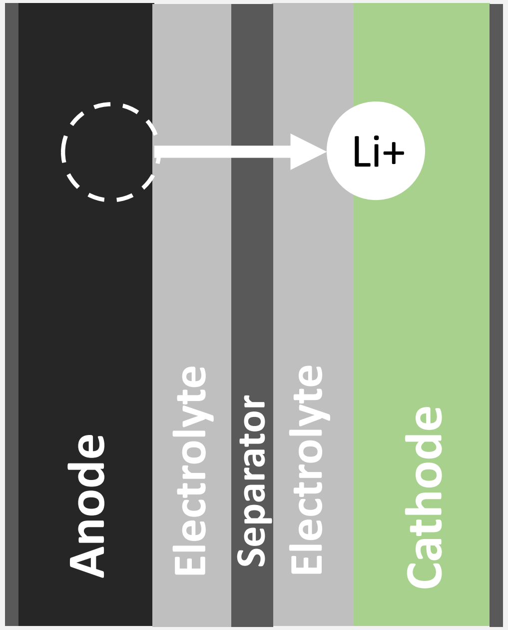
Lithium Hydroxide Option Study Due in Q4 2018

- Comparable OPEX and US$61m additional CAPEX
- Expected to have comparable economic returns for investment

THE HYDROXIDE STORY

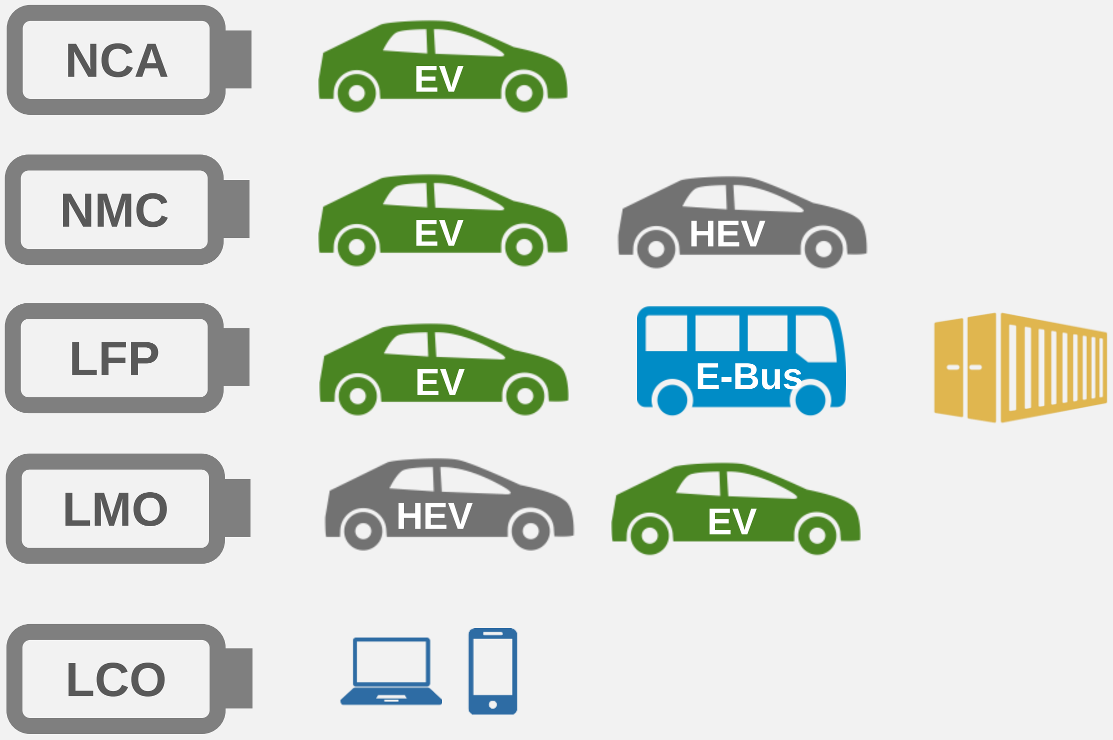
Cathodes – The Most Crucial Part Of A Battery Cell

Battery Cell

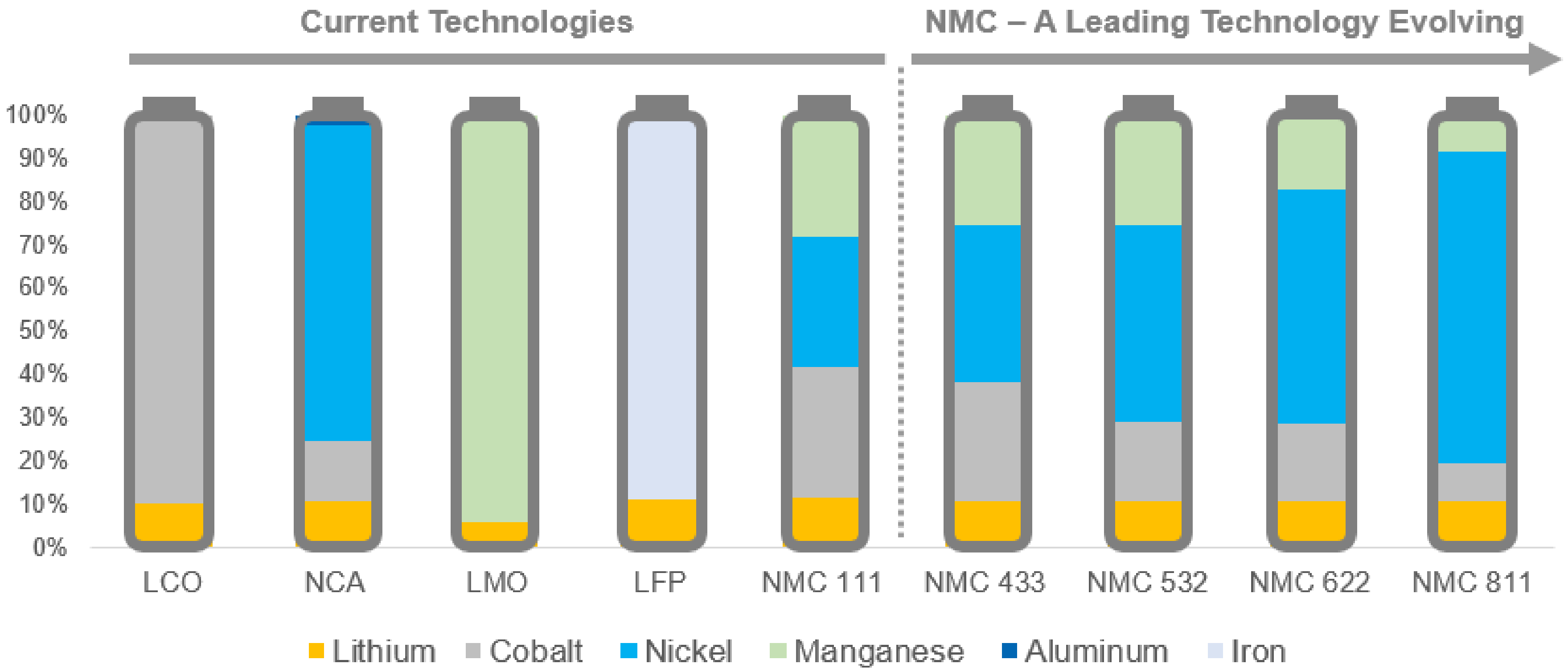


- Cathode is the largest cost component of a battery cell representing around 40% of the cost of a cell.
- Lithium is primarily used in the cathode along with other metals such as nickel, cobalt, manganese, etc.

Different type of cathodes for different applications



Cathode evolution: de-risking the supply chain and increases energy density



Source: IHS Markit

- LFP, NCA, and NMC are dominant cathode technologies in EVs but **NMC is set to dominate** the industry
- The NMC cathode itself is evolving move away from controversial **cobalt** and increase energy density by using **more nickel**

Cathode Evolution: Nickel-rich NMC to Dominate the Industry

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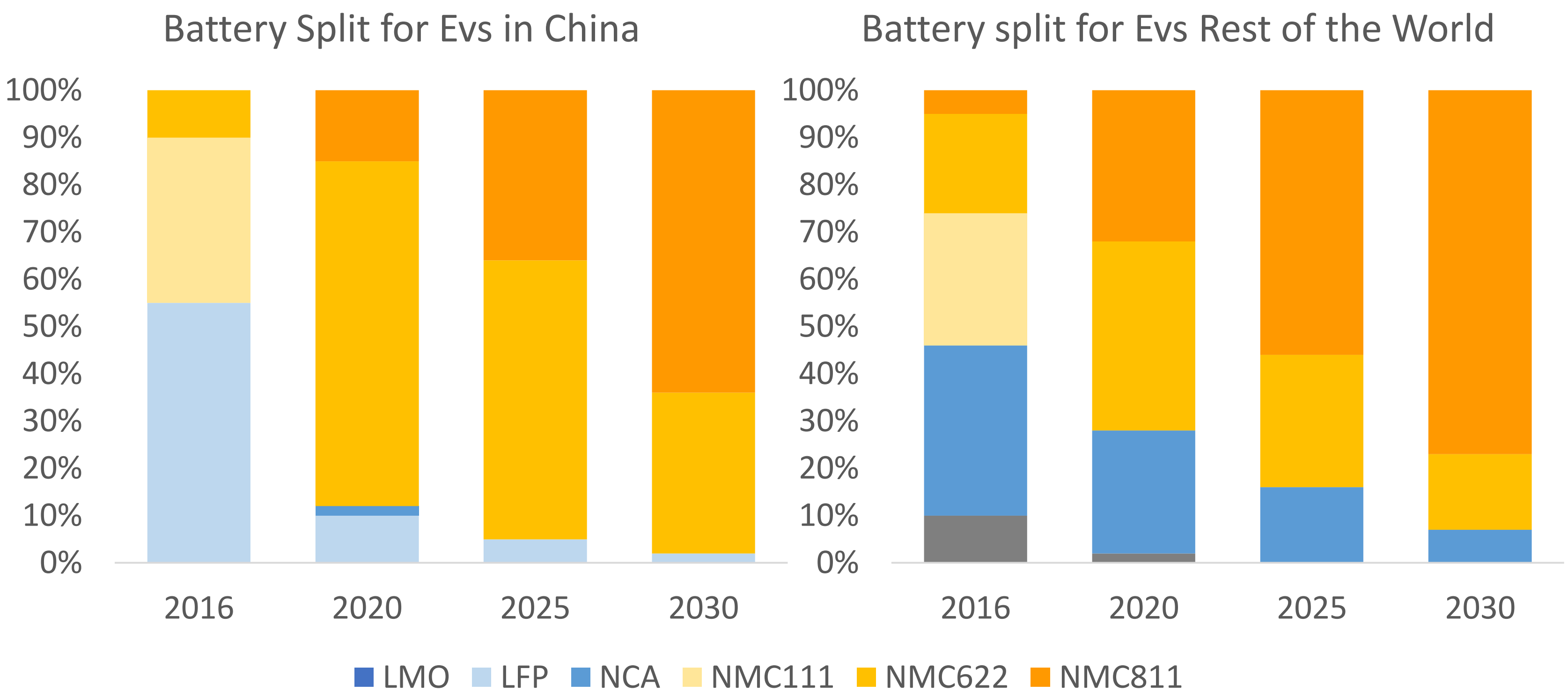


Source: McKinsey

- **China** rapidly transitioning from LFP to NMC
- Increasing adoption of NMC811 due to **superior performance and cost**, and reduction of cobalt dependency
- **NMC 622 & 811** will represent a large majority of cathodes used in Electric Mobility by the start of the next decade
- NMC 622 & 811 but also NCA (Tesla) **require lithium hydroxide**

Lithium to stay, Nickel to thrive, Cobalt to decline

- **Lithium** is the only element in a LIB that **can't be substituted**

- **NMC will dominate E-mobility** application in the coming years. In order to **move away from cobalt** and develop more energy dense cathodes, the industry is moving towards **nickel-rich cathodes** such as NMC 811

- This **transition will take several years** and also requires increasing cathode 811's low cycle life and improve its stability

- Nickel consumption in batteries will grow significantly faster than cobalt. Cobalt will see its consumption per kWh decline year on year

The Supply Side Reacts to the Hydroxide Trend

ADAPTABILITY

Infinity - Rapidly evolving technologies have moved towards higher nickel content, lithium hydroxide based cathodes for EVs

Lithium Carbonate

12-15kt pa

99.5 %

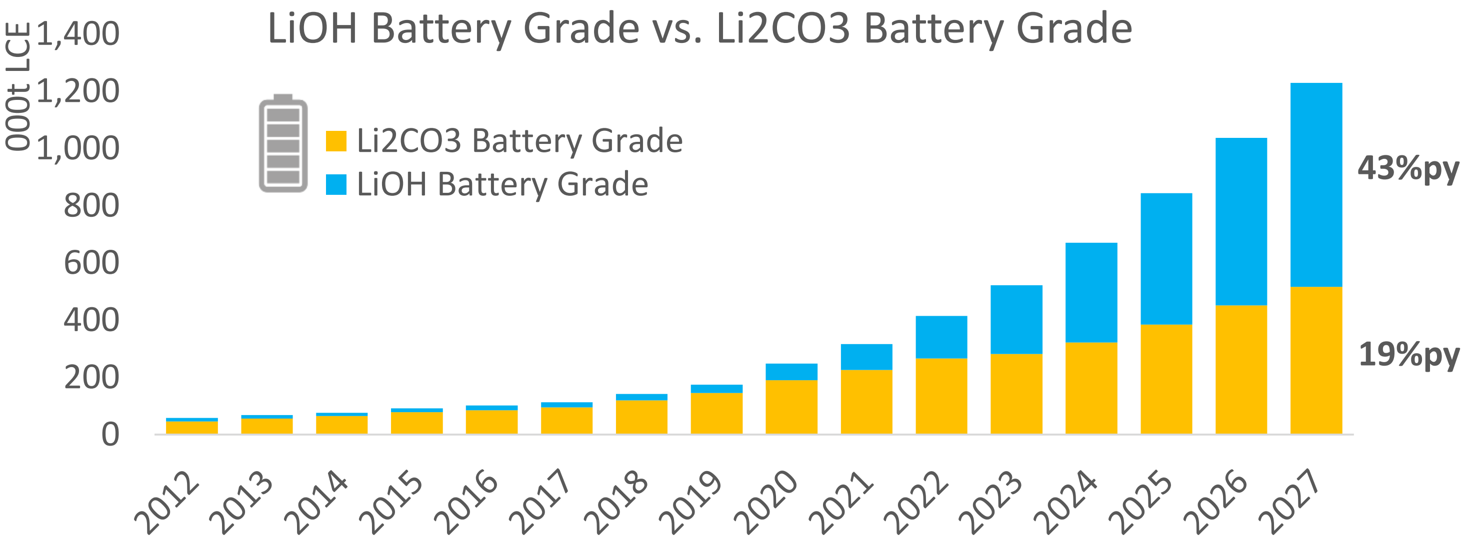
- Scoping study completed Oct 2017
- Earn-in 50% project JV

Lithium Hydroxide

13-16kt pa

56.5 %

- Technical option study completed June 2018
- Scoping study due Oct 2018



Source: Roskill

Most recent capacity announcements have been for LiOH

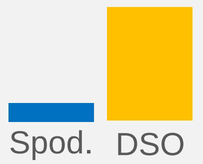
- **SQM** to more than double LiOH capacity in Chile
- **Tianqi** building a 24,000tpy LiOH, production to start in 2019, to be expanded to 48,000tpy
- **Albemarle** to build a LiOH in Kemerton, Australia up to 100,000tpy capacity and 20,000tpy LiOH at Xinyu in China
- **FMC** planning to add 30,000tpy LiOH capacity by 2020
- **Kidman Resources** to start LiOH production in 2021, capacity at 45,000tpy
- **Mineral Resources** studying the feasibility of building a 2x28,000tpy LiOH at Wodgina
- **Neometals** to build a 20-25,000tpy LiOH in 2022
- **Ganfeng** to increase LiOH capacity to 30,000tpy by 2019
- **Nemaska** targets 23,000tpy LiOH by 2021
- **Orocobre** to build a 10,000tpy LiOH in Japan by 2021
- **Pilbara** to jointly develop LiOH plant in South Korea with Posco

INTEGRATION & HARD ROCK SUPPLY

Direct Shipping Ore – a Short Lived Story

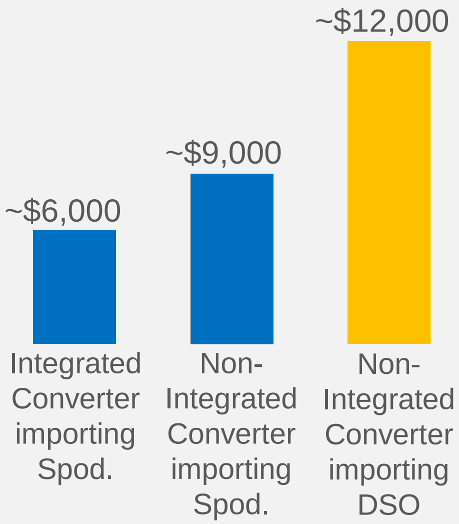
Spodumene vs DSO

Total freight cost
(per ton of end product)



Roskill

Cash costs
(per ton of end product)



Macquarie, Morgan Stanley, BMO

DSO Suppliers

MINERAL RESOURCES

- ✓ First export in 02/2017 from Wodgina
- ⚙ Revised export volume targets in H1 2018
- ✗ Plans to stop DSO by the end of 2018

↓ <2 years

PILBARA MINERALS

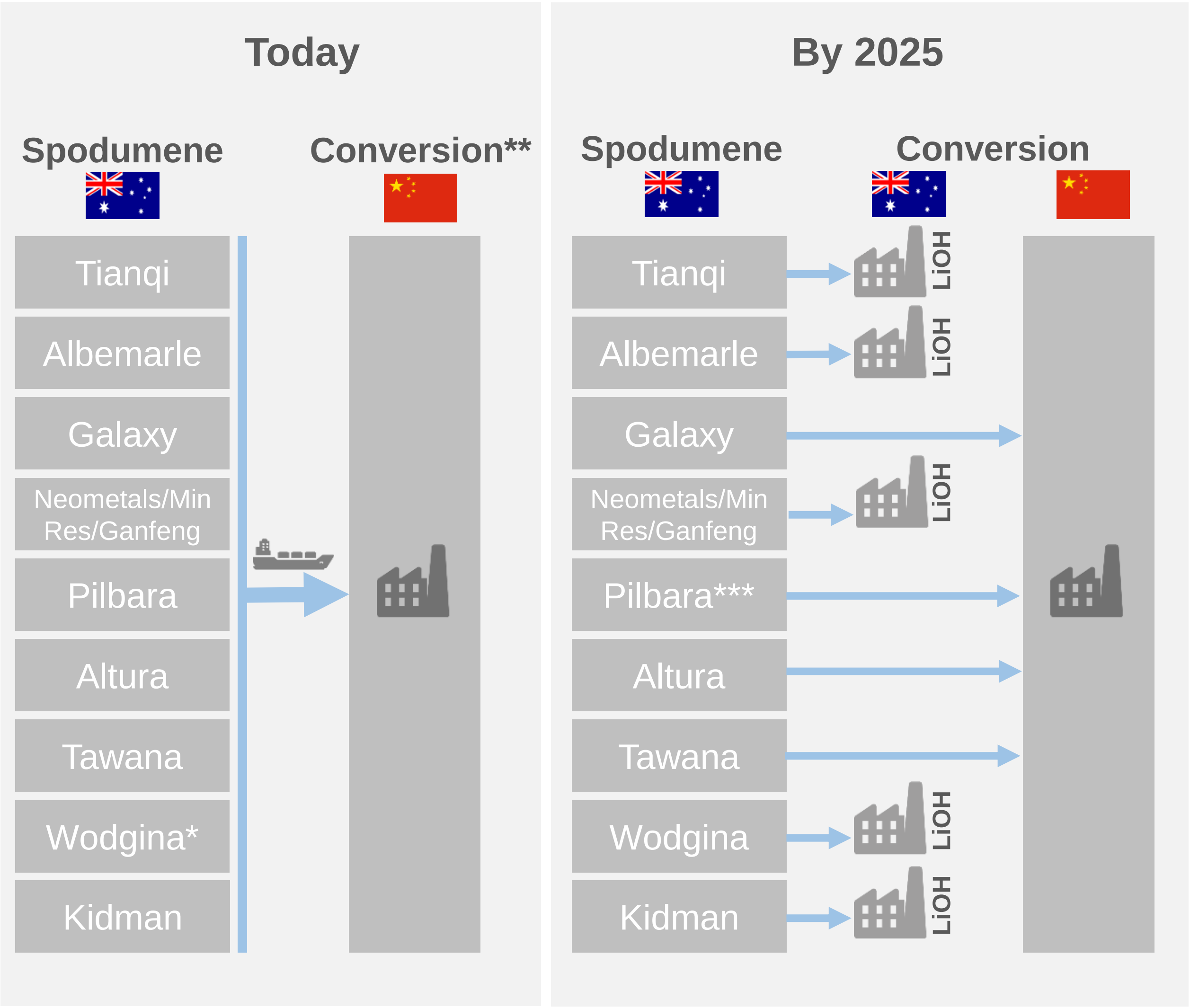
- ✓ First export in 06/2018 from Pilgangoora
- ⚙ Concentrator commissioning underway
- ✗ Plans to stop DSO in 2019

↓ <1.5 years

Too many obstacles

- DSO is only a short term solution to generate **cash flow** in order to move towards integration
- Lithium chemicals produced from DSO are becoming **uncompetitive** in the Chinese market following weakening prices
- A majority of DSO ends up **stockpiled** in China as it can't be processed due to insufficient capacity or high processing and conversion costs
- **Operating rates** for Chinese converters using DSO are reported as low as 30%
- Following a lower ore grade, inefficient processing, low operating rates and stockpiling, for the same amount of ore mined, the volume of LCE coming from DSO processing could up to 9 times smaller than the volume coming from an integrated processing plant using battery grade spodumene

Lithium Producers – Integration: The Way Forward



Today

Spodumene

Conversion**

Tianqi

Albemarle

Galaxy

Neometals/Min Res/Ganfeng

Pilbara

Altura

Tawana

Wodgina*

Kidman

By 2025

Spodumene

Conversion

Tianqi → LiOH

Albemarle → LiOH

Galaxy →

Neometals/Min Res/Ganfeng → LiOH

Pilbara*** →

Altura →

Tawana →

Wodgina → LiOH

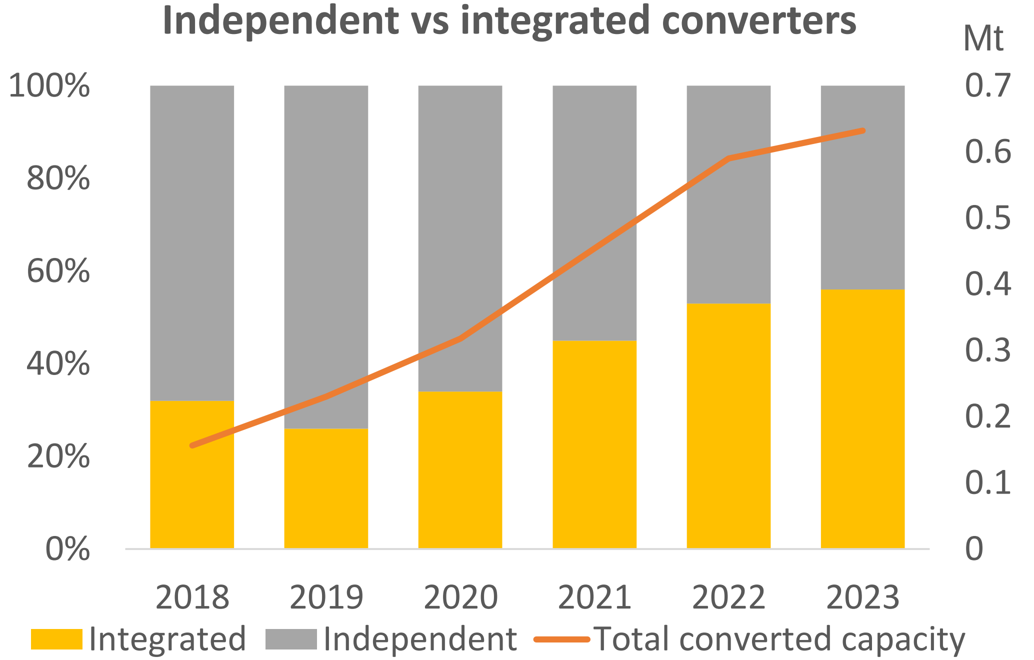
Kidman → LiOH

*DSO **95% spodumene exports go to China ***Conversion in South Korea

Producers are also looking beyond lithium concentrate supply towards ready-for-market, battery-grade lithium to fuel the impending electric vehicle boom

Tianqi Australia (Market Cap US$5.7Bn) GM Phil Thick: *"The significant shortage in the next five years is going to be in downstream processing and not in resources."*

Independent vs integrated converters



Source: Canaccord Genuity

Hard Rock Production to Dominate Lithium Supply

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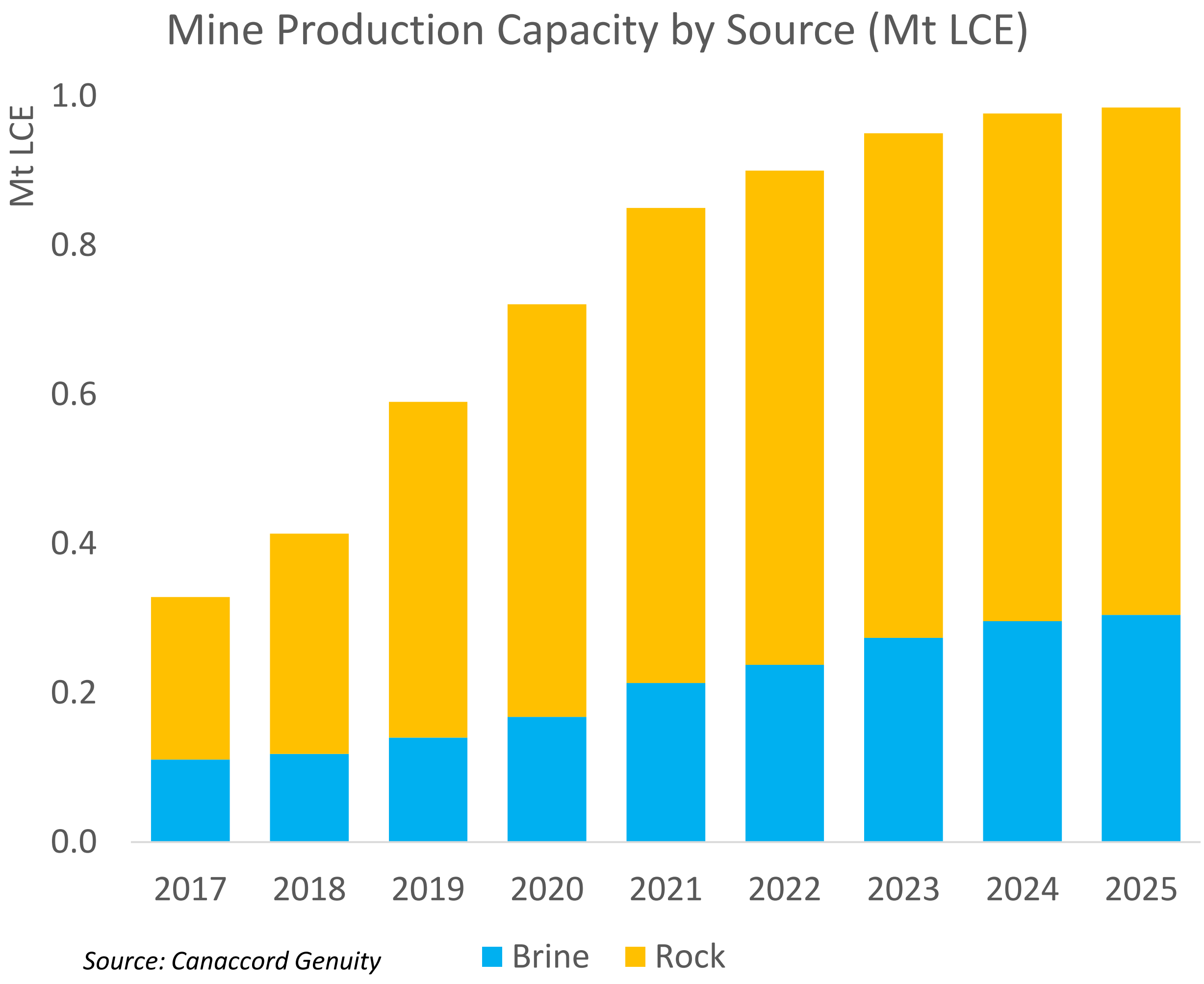


Source: Canaccord Genuity

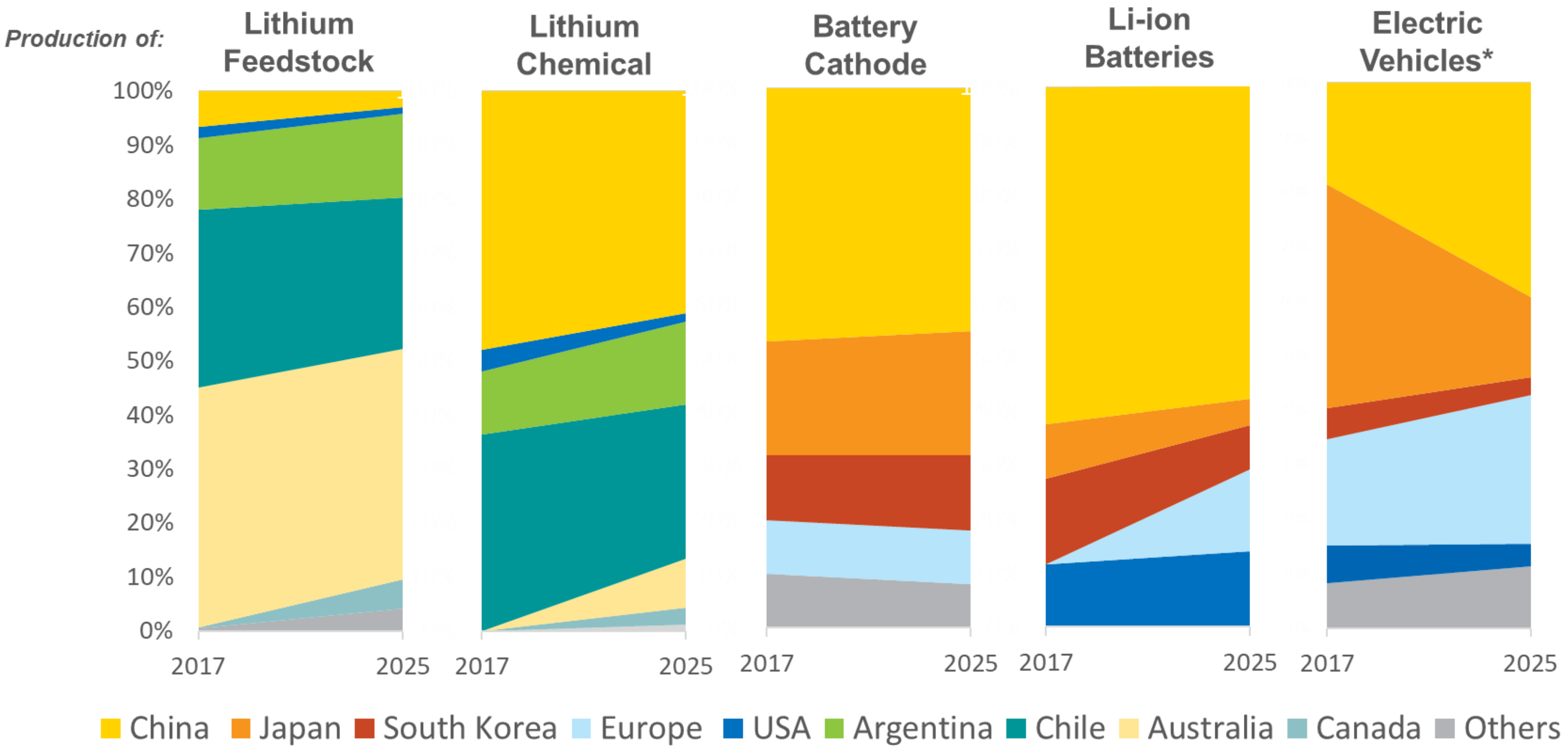
- Hard rock expected to dominate mine supply response
- Faster to develop, easier mining jurisdiction to operate in, lower risk environment
- Preferred feedstock for lithium hydroxide production which is the fastest growing lithium chemical
- Supply is expected to growth faster on the rock side, reaching almost 1Mt by 2025
- ≠ However, **mine production does not equal lithium chemical production**

The European Story

Europe is Finally Waking Up and Invests in the Battery Chain

Until today, China, Japan and South Korea have completely dominated the lithium-ion battery industry but a rising number of investments are now taking place in Europe, closer to the fast growing green market.

Europe to develop its battery industry and gain market share

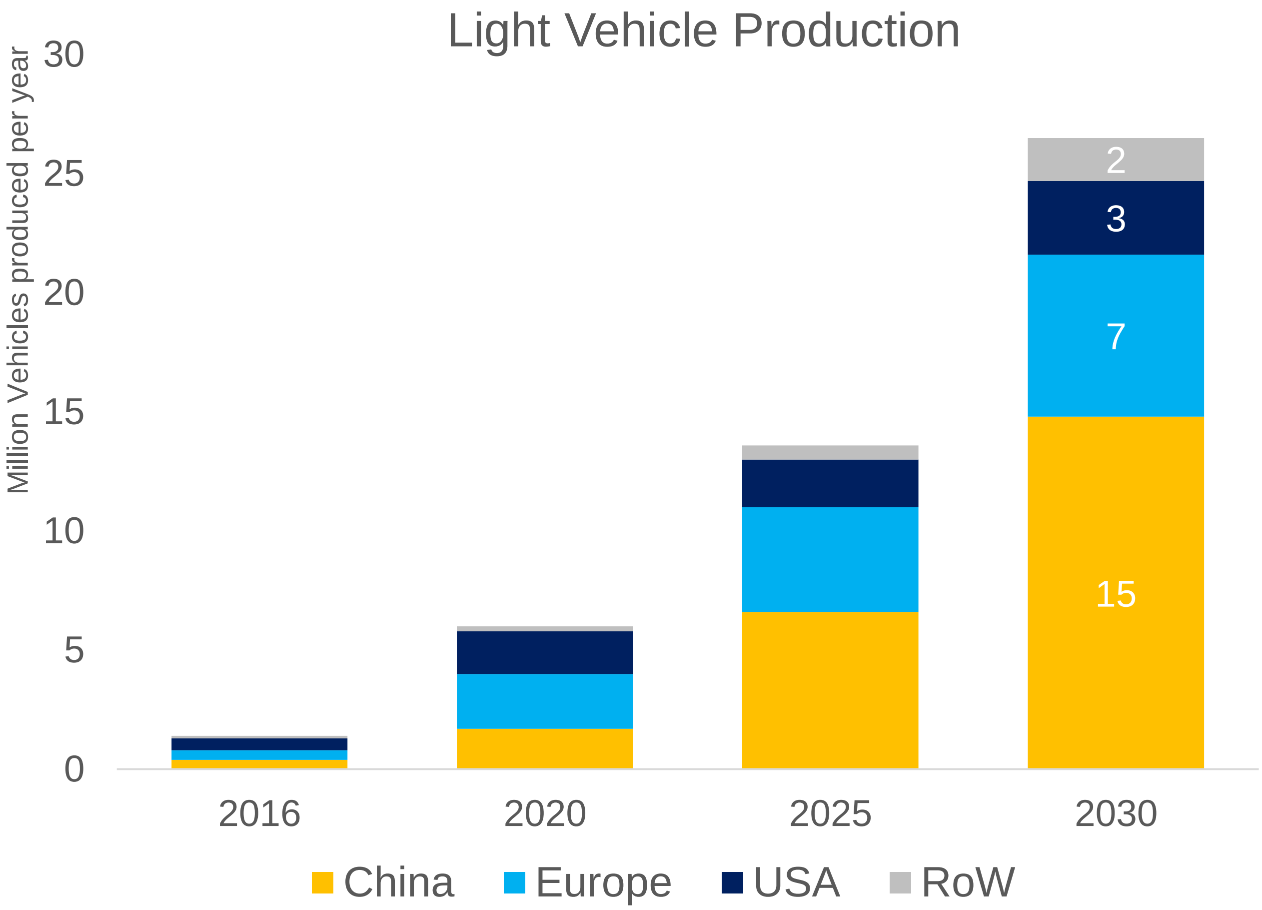


IHS Markit

**Including HEV, PHEV & EV*

The EU & Governmental Organisations want to develop Europe as a key region for the production of batteries and EVs and de-risk its supply chain by having more domestic sources of raw materials

Global EV Outlook – China in the Lead, Europe to Follow



Source: McKinsey Sustainable Mobility Initiative

No matter which forecast you are looking at, all predict a tremendous growth in Evs

McKinsey: EV production will reach more than 26 million globally by 2030. China is expected to add around 15 million EVs by year 2030 (56% market share), followed by Europe (26% market share) and the US (12% market share)

BNEF: EVs sales to surge to 30 million by 2030. China leads with sales reaching almost 39% of the global market in 2030. China leads on adoption rates, with EVs accounting for 19% of all passenger vehicle sales in China in 2025. Europe is close behind at 14%, followed by the U.S. at 11%

Platts: by 2025, the EU will actually have a deeper penetration rate for EVs (30%) than in China (15%) and in the US (8%).

Europe To Second China for Gigafactories Investments

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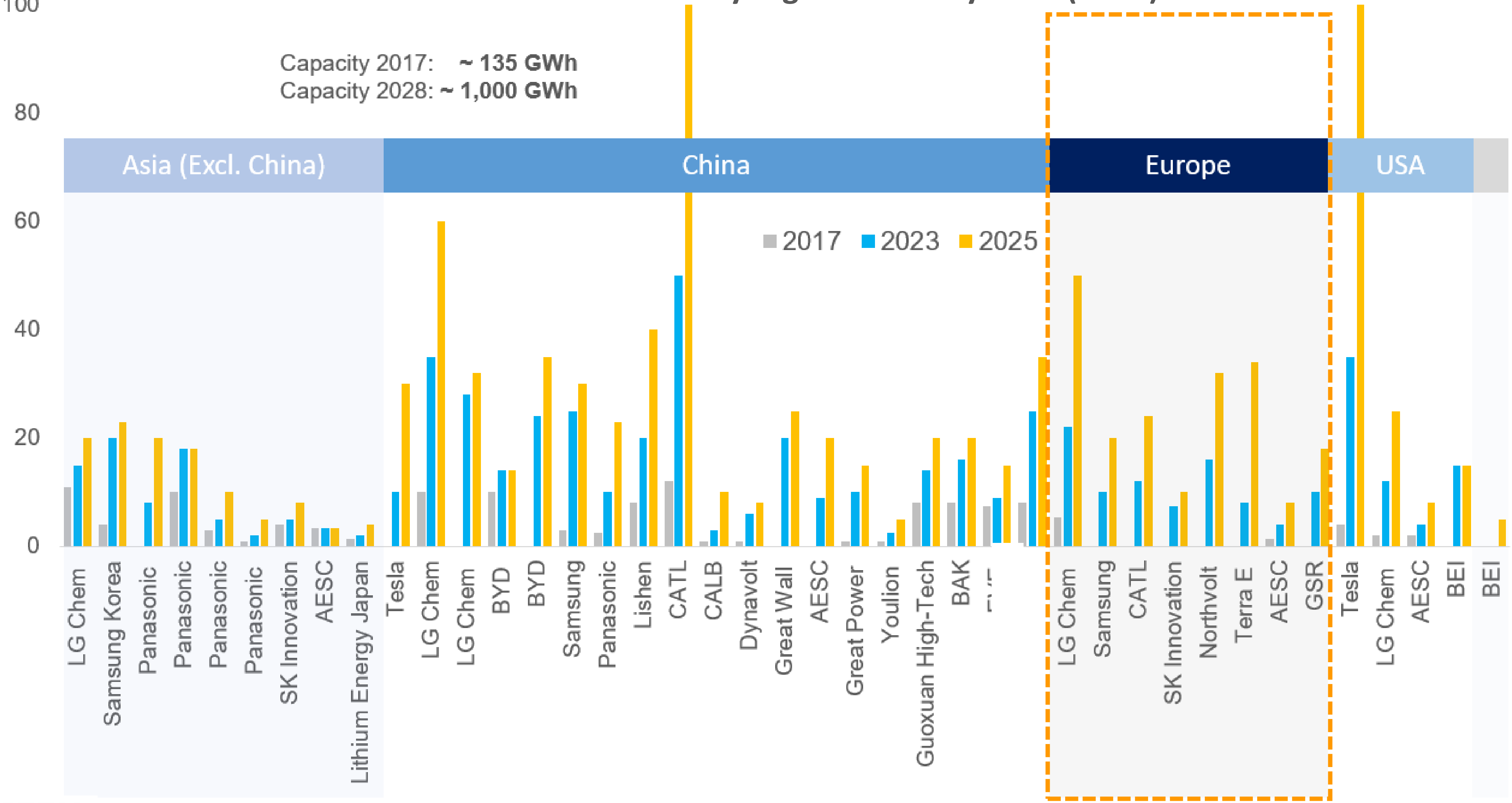
Planned Lithium-ion Battery Gigafactories by 2028 (GWh)



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Source: Benchmark Minerals

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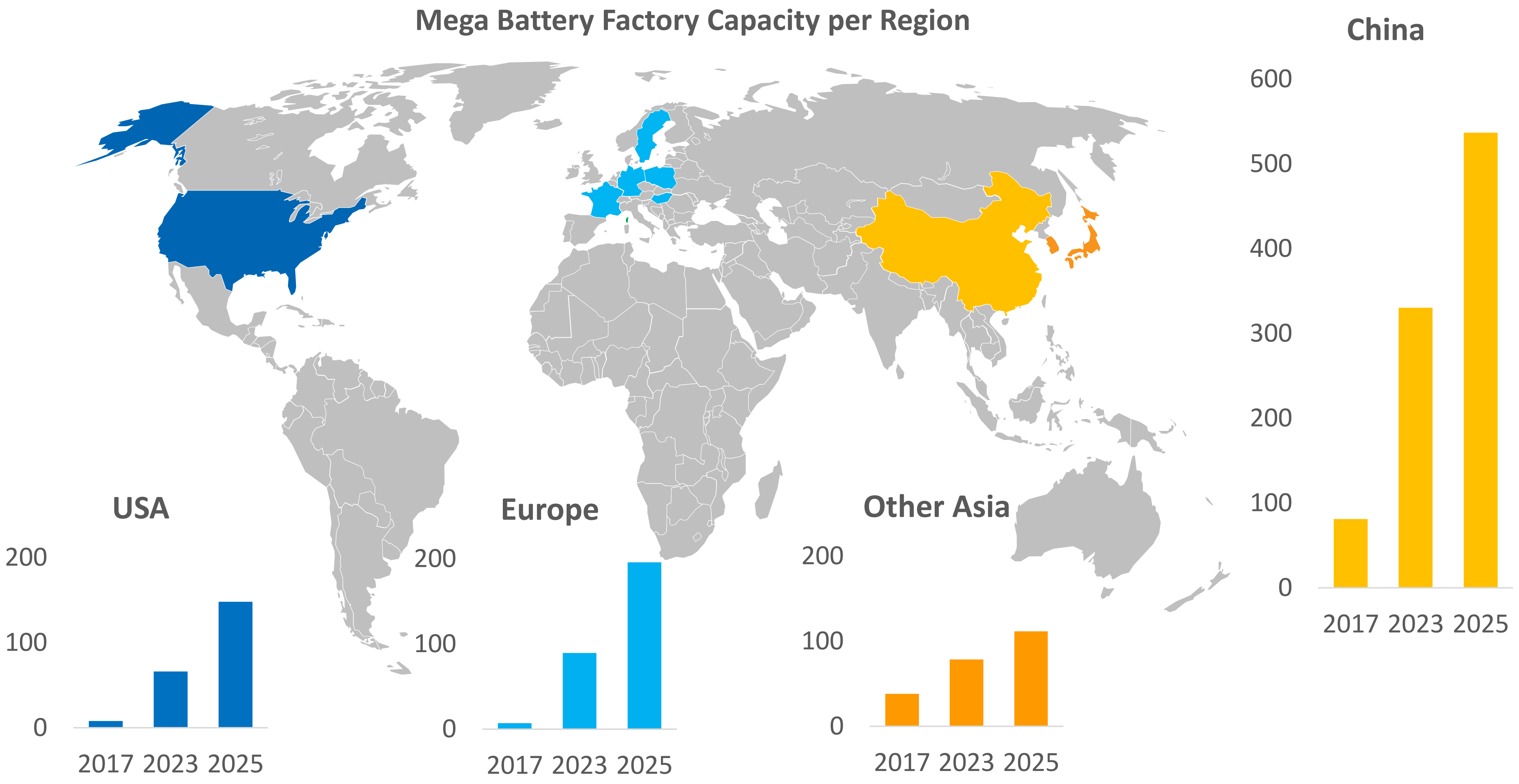
Europe Following China To Be The Second Largest Mega Battery Factory Builder



Source: Benchmark Minerals

A number of new lithium-ion factories planned in Europe

And…

BYD is looking at launching battery production in Europe

金沙江资本 GSR Capital GSR signed a deal with Zorlu Holding to build a factory that would launch production in 2023

金沙江资本 GSR Capital GSR said it would invest $500 million in Swedish electric car maker National Electric Vehicle Sweden (NEVS) and planned to start production of EV batteries at NEVS

northvolt
32 GWh by 2023

LG Chem
Built a 4GWh plant and plans to triple it

SK innovation
7.5GWh by 2020

SAMSUNG
Built a 3GWh factory

GS YUASA
To set up a lithium ion batteries assembly plant and would consider producing cells on the site in the future

CATL
Announced plans for a 24GWh battery plant in Germany

TESLA
Favors Germany as the location for its first European Gigafactory

TERRA E
Two factories - 34 GWh by 2028

New Cathode Investments – One More Step Towards Back Integration

Cathode Investments in Europe

Umicore is planning to build a cathode plant in Poland due to start deliveries in late 2020. The first phase of this investment is included in the € 660 million programme announced earlier this year and is due to start deliveries in late 2020.

BASF and **Norilsk Nickel** enter exclusive negotiations to cooperate on raw material supply for battery materials production in Europe. BASF intends to invest up to €400 million in a first step to build production plants for cathode materials in Europe.

Johnson Matthey expects to start production in 2021-22 in Europe of a battery material it has developed with improved performance and reduced cobalt content to contain costs.

Northvolt is also planning to build its cathode in-house house they start their battery factory in Sweden.

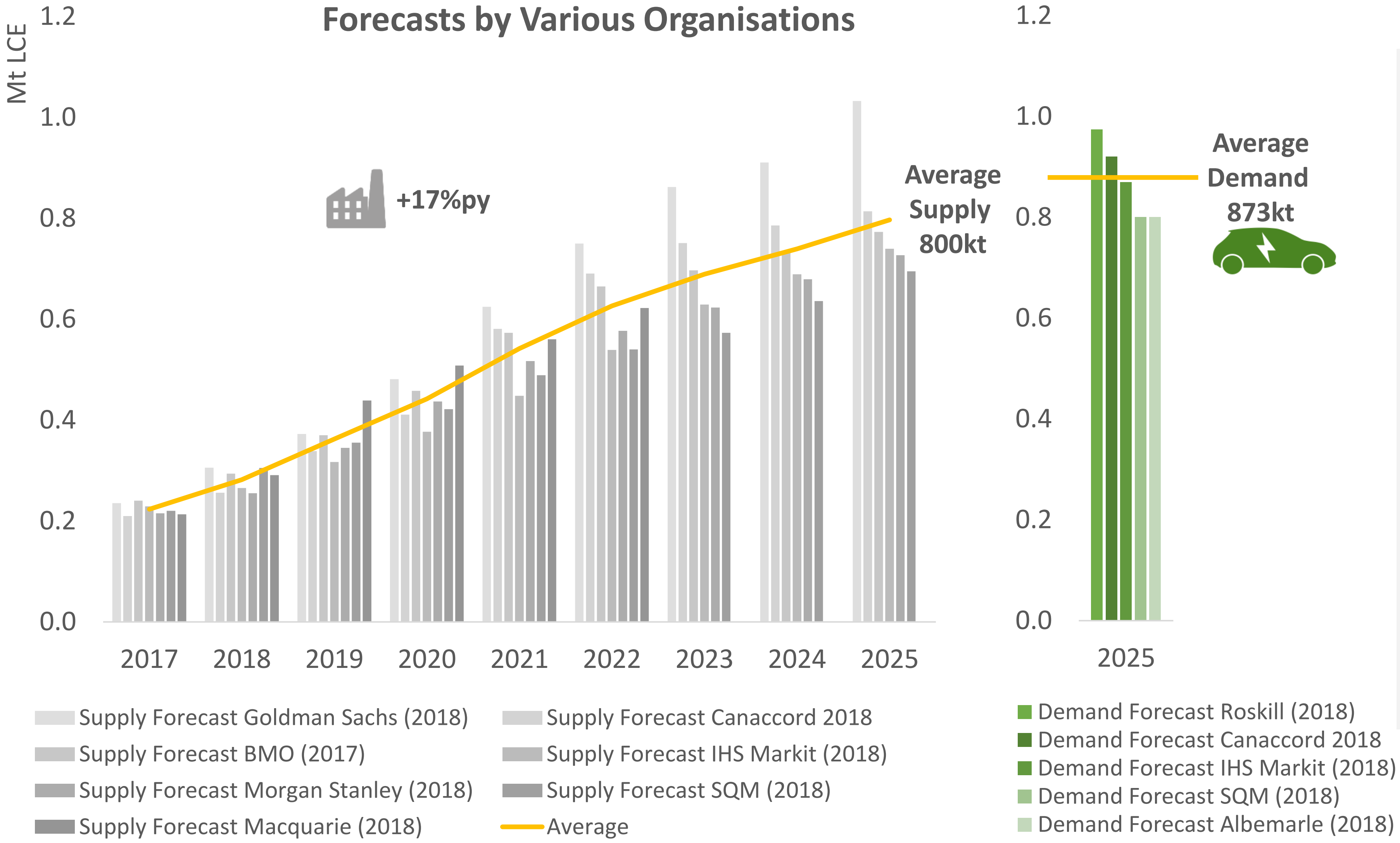
Making Europe a Fully Integrated Battery Player Should Be a Priority

EV	There is a strong drive from the EU and various European countries to phase-out ICE cars and move to EVs. European automakers such as Volvo, Volkswagen, BMW or Daimler have ambitious plans to electrify their fleet. Europe will be one of the dominant players in terms of EV production and sales
Battery Pack	There is a wave of investments in lithium-ion battery factories across Europe and the continent is expected to be the second largest battery producer after China. However, most investments are coming from Asian based companies such as LG Chem, Samsung, CATL, SK innovation or GS Yuasa
Battery Cells	Majority of the lithium-ion battery factories that will be built in Europe will import battery cells from Asia, only the packing will be done in Europe. As German Chancellor A.Merkel said, it is “extremely important” that the EU develop its own battery cell production to secure its role in the automotive industry as it shifts to electric mobility
Cathode	The next step in this back integration is cathodes. 95% of the world cathode production takes place in Asia and despite a number of investment plans in Europe by companies such as BASF or Umicore, Europe needs to develop more production facilities domestically.
Lithium	It is important to de-risk the European supply chain by having more domestic sources of raw materials, including lithium, available at a competitive cost. Producing the right lithium grade for the battery industry is also vital. Thanks to its rock resources, Europe is able to produce battery grade lithium hydroxide at a competitive price.

Making Europe a fully integrated player in Electric Mobility will be a long process but with the right strategy, sufficient investments and reliable partners, the region could become a cornerstone to a new and green way of storing energy.

INDUSTRY OUTLOOK

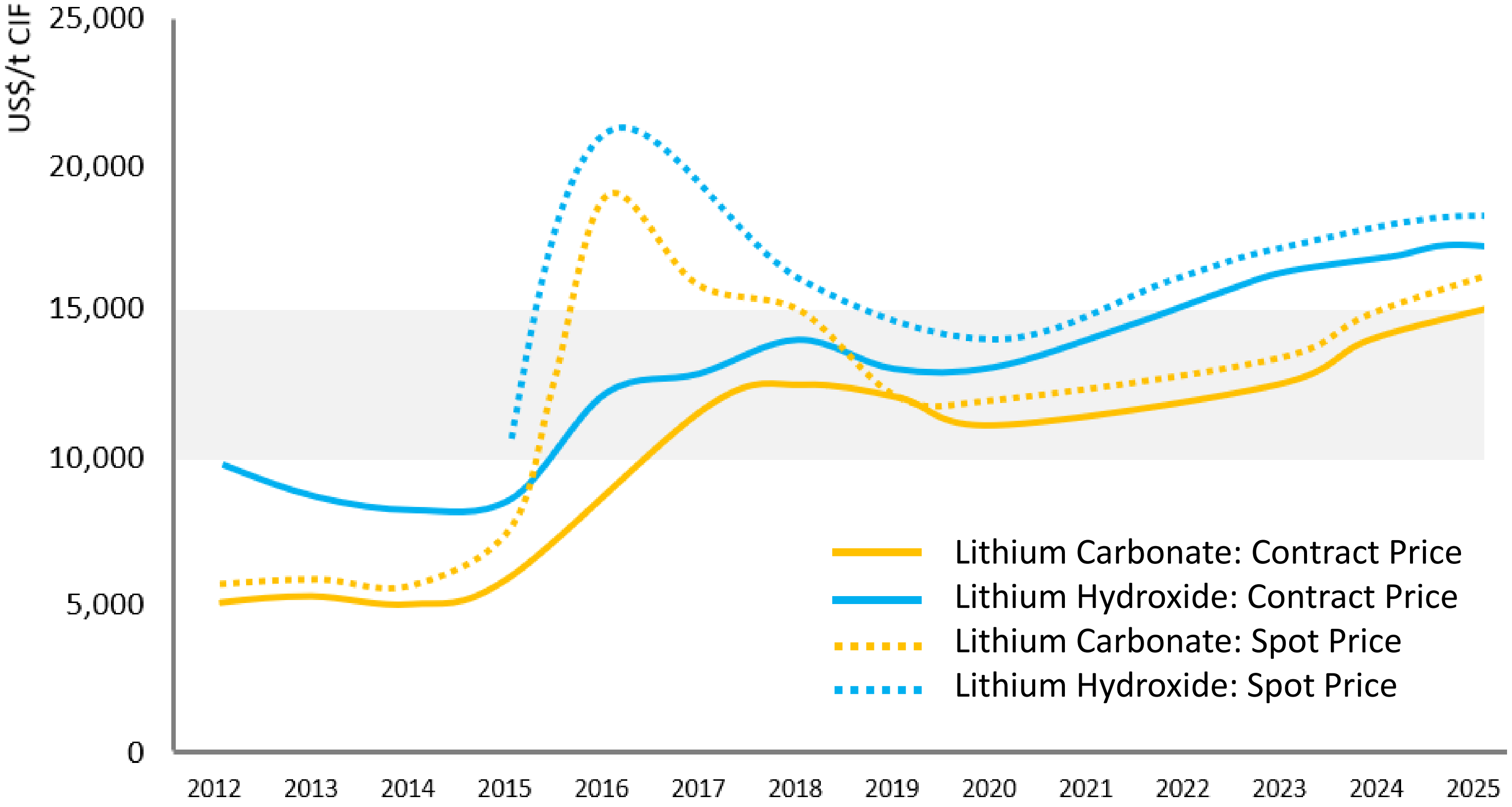
Market Balance will depend greatly on EV adoption rates



- Despite capacity additions, the market is likely to be short by 2025
- Even with sufficient capacity, operational issues will happen, not all plants will produce battery grade product, and there will be delays in expansions and new start-ups
- Those scenarios are based on a conservative growth for EVs, if Electric Mobility but also ESS develop faster than planned, a significant shortage could happen

Some Erosion on Peak Levels, But The Future is Bright

Average Yearly and Spot Prices for Battery-grade Lithium Compounds



Source: Roskill

- Lithium contract prices more than doubled between 2015 and 2018
- Lithium carbonate spot price were even more volatile almost tripling between 2015 and 2016.
- Lithium hydroxide battery -grade trades at a premium to prices battery-grade lithium carbonate but the premium will narrow as more suppliers enter the market.
- Some price erosion to be expected but prices are not going back to historical level

Conclusions

Tremendous and unquestioned demand growth led by E-mobility and Energy Storage will put pressure on lithium supply

Despite promises and optimistic forecasts on the supply side, it is a fact that expansions and new plants suffer delays led by a number of technical and financial difficulties

The lithium chemical cost curve is flattening led by higher royalties impacting low cost Chilean producers. The future will likely be carbonate based for brine and hydroxide based for rock

Lithium hydroxide has become the preferred chemical for battery manufactures and will growth twice faster than carbonate

The fear of a long market could lead to insufficient investment in new projects whilst demand will still be growing strongly, thus potentially creating a shortage in the future

Contract prices are unlikely to reach cost levels despite some potential erosion. Money is needed to pay back investments and to finance upcoming expansions or projects in such a dramatic growth environment

China dominates the supply chain after having multiplied foreign investment and offtake agreements to secure lithium, and investing heavily in battery and EV manufacturing

Europe will become a leader in EV production and lithium-ion battery manufacturing, but will need to invest into cathodes production and lithium extraction in order to de-risk its supply chain and become a fully integrated player

APPENDIX

Appendix 1 – Corporate Overview

ASX : INF

Company Information	
ASX Code	INF
Share Price	A$0.075
Shares on Issue	189.9m
Market Cap	A$14.2m
Options on Issue	28.3m
Cash	A$3.9m (30 June 2018)
Debt	Nil

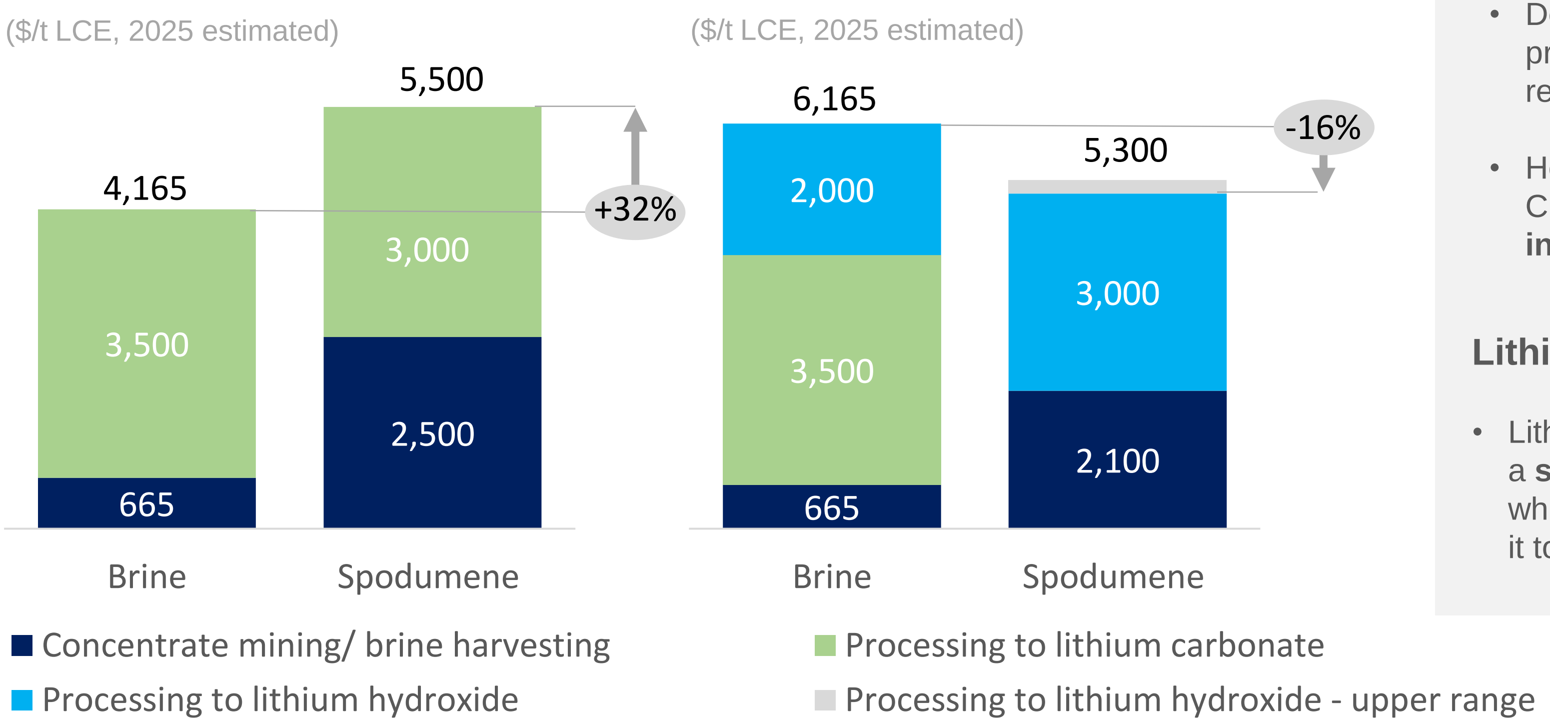
Shareholders	
Top 20	36.0%
Directors & Management	3.6%

Board of Directors & Management	
Kevin Tomlinson	Non Executive Chairman
Ryan Parkin	Managing Director/CEO
Adrian Byass	Executive Director
Rob Orr	Chief Financial Officer & Company Secretary
David Valls	Project Manager (Spain)
Vincent Ledoux Pedailles	Vice President – European Corporate Strategy & Business Development

Appendix 2 - Rock Mining Offers Lower Costs to Produce Hydroxide

Weighted average cost to produce battery grade **lithium carbonate** by feedstock

Weighted average cost to produce battery grade **lithium hydroxide** by feedstock



Source: McKinsey & Co

Lithium Carbonate

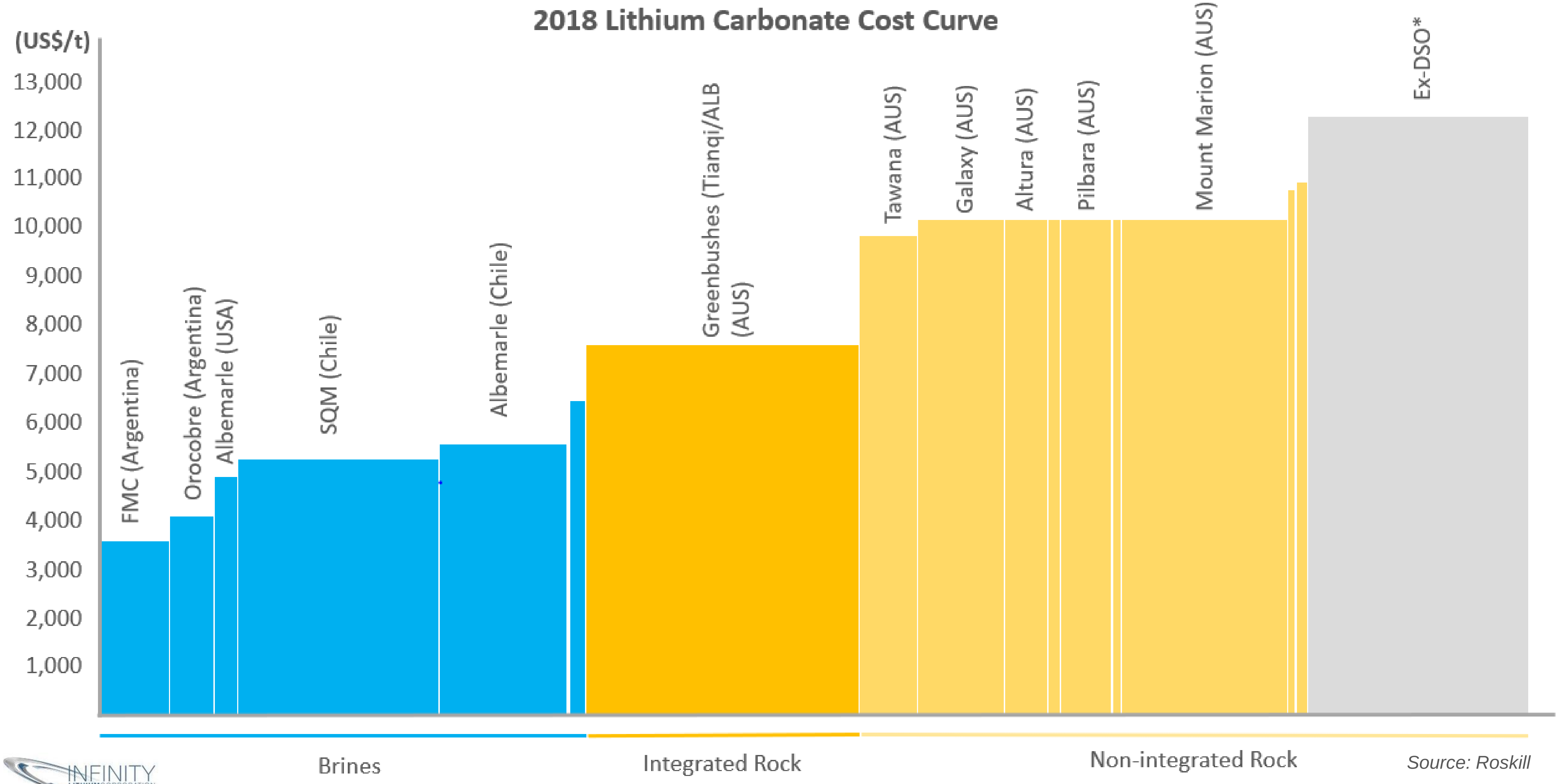
- Despite a lower CAPEX, OPEX for rock lithium rock producers remain higher than brine with higher labour requirements and physical material movements
- However, with **higher royalties** for brine producers in Chile, the gap is narrowing as well as with **further integration** of rock producers into conversion facilities

Lithium Hydroxide

- Lithium hydroxide is growingly produced from hard rock, a **straight conversion process** as opposed to brine which first need to produce carbonate and then convert it to hydroxide

Appendix 3 - Brine Remains at the Bottom of the Cost Curve, Despite Royalties

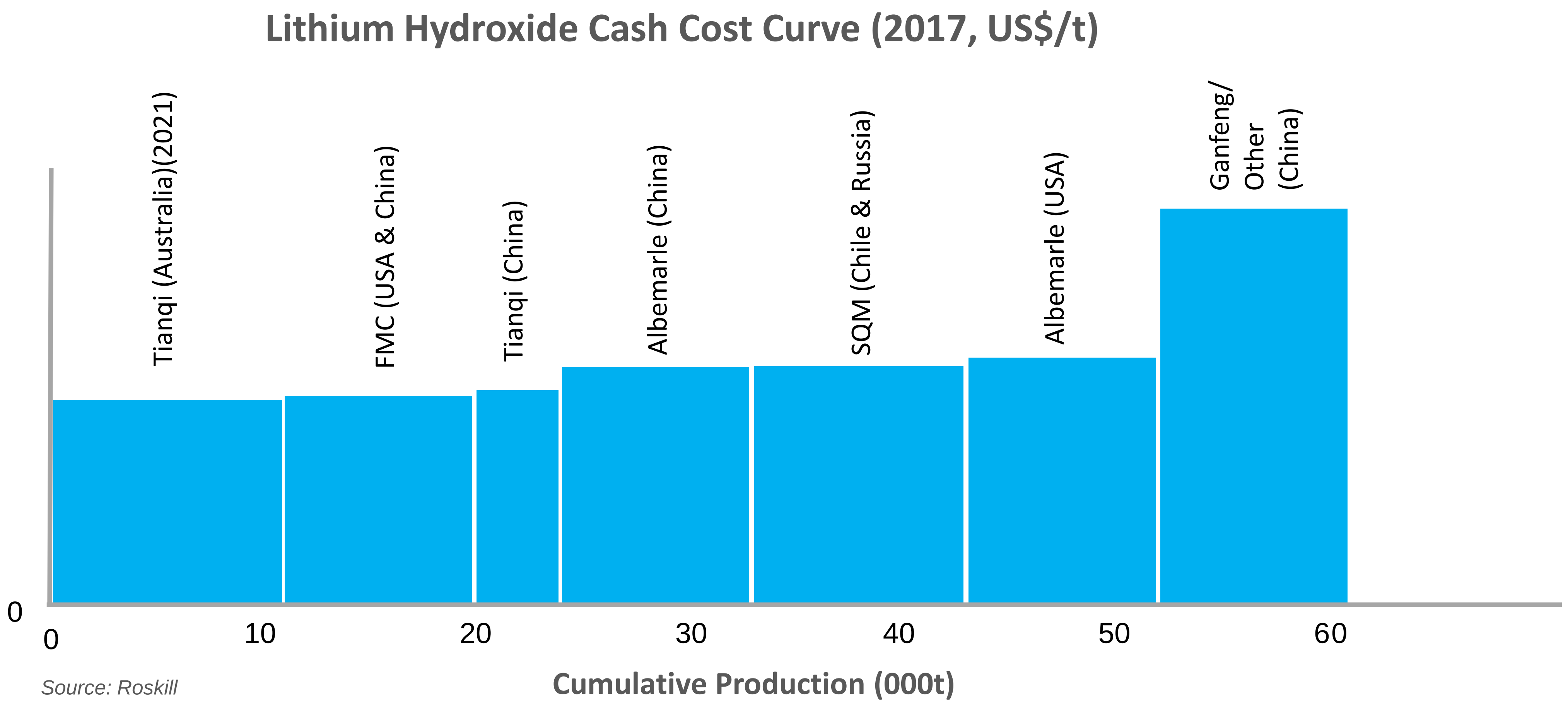
ASX : INF



Source: Roskill

Appendix 3 - But for Hydroxide – Integrated Mineral Feedstock to Dominate

ASX : INF



Source: Roskill

ASX : INF

INFINITY LITHIUM