

ASX: INF ANNOUNCEMENT

16 October 2018

Lithium Hydroxide and San Jose update

HIGHLIGHTS

- Lithium hydroxide increasing in importance for LIBs with advancements in nickel-rich battery cathode technologies.
- Growth in battery grade lithium chemicals demand now widely projected to be for lithium hydroxide instead of lithium carbonate on the back for electric vehicle projections.
- San Jose lithium hydroxide scoping study scope expanded and expected to be completed in Q4 2018 as work continues. Advances have highlighted potential variations in input reagents to optimise process flow sheet.
- The production of lithium sulphate as an intermediate product en-route to a battery grade lithium carbonate or hydroxide provides an opportunity to produce a complimentary saleable product.
- European investments in the battery chain continue to gain momentum with San Jose positioned to capitalise on developments.

Demand for Lithium Hydroxide Growing

The lithium battery market is increasingly moving towards nickel-rich cathodes and it is expected that Nickel-Manganese-Cobalt ('NMC') cathode compositions will dominate e-mobility as greater energy densities and therefore electric vehicle ranges are achieved. Lithium remains as the only element in Lithium Ion Batteries ('LIB') that cannot be substituted and the advancements in battery technologies require the need for high purity lithium, and in particular the need for lithium hydroxide. The rapid evolution towards NMC622 and NMC811 cathodes has seen lithium hydroxide as the preferred lithium chemical for cathode production in addition to Nickel-Cobalt-Aluminium ('NCA') technologies that have also moved towards lithium hydroxide.

Due to these expected increases in demand for higher performance battery cathodes, battery-grade lithium hydroxide is expected to surpass battery-grade lithium carbonate and become the main product consumed in the rechargeable battery market by 2024. Hard rock lithium resources and the low impurities featured in mineral-based hydroxide is particularly advantageous when selling to cathode manufacturers, compared to suppliers using brines to source lithium raw materials.

Lithium hydroxide demand continues to grow faster than lithium carbonate (Figure 1) and most of the recent investments in lithium chemical plants have been in lithium hydroxide production.

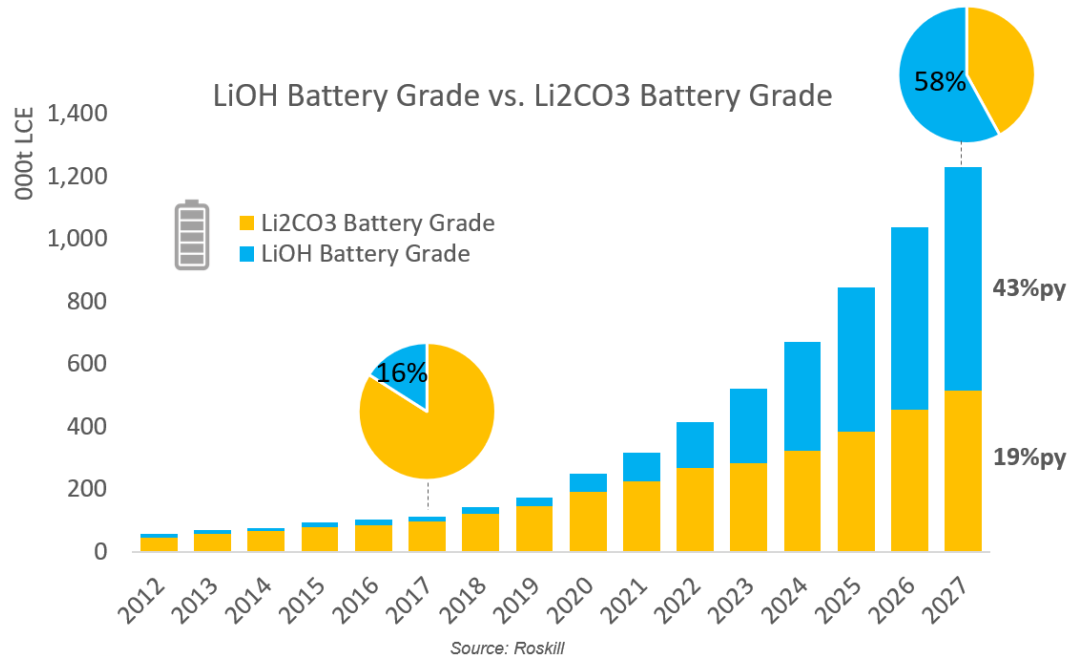


Figure 1: Demand for Battery Grade Lithium Chemicals

- (1) Battery-grade lithium hydroxide is forecast to take over battery-grade Li_2CO_3 by 2024
- (2) Battery-grade lithium hydroxide is forecast to grow at 43.2% per year from 2017 to 711,000t LCE by 2027

Lithium Hydroxide Scoping Study Developments

Infinity Lithium Corporation Limited ('Infinity', or 'The Company'), through a joint venture agreement relating to the San Jose Lithium Project ('San Jose', or "The Project'), remains in partnership with Valoriza Minería ('Valoriza') regarding the vertically integrated lithium resource and chemicals project near Cáceres in the Extremadura Region in Spain.

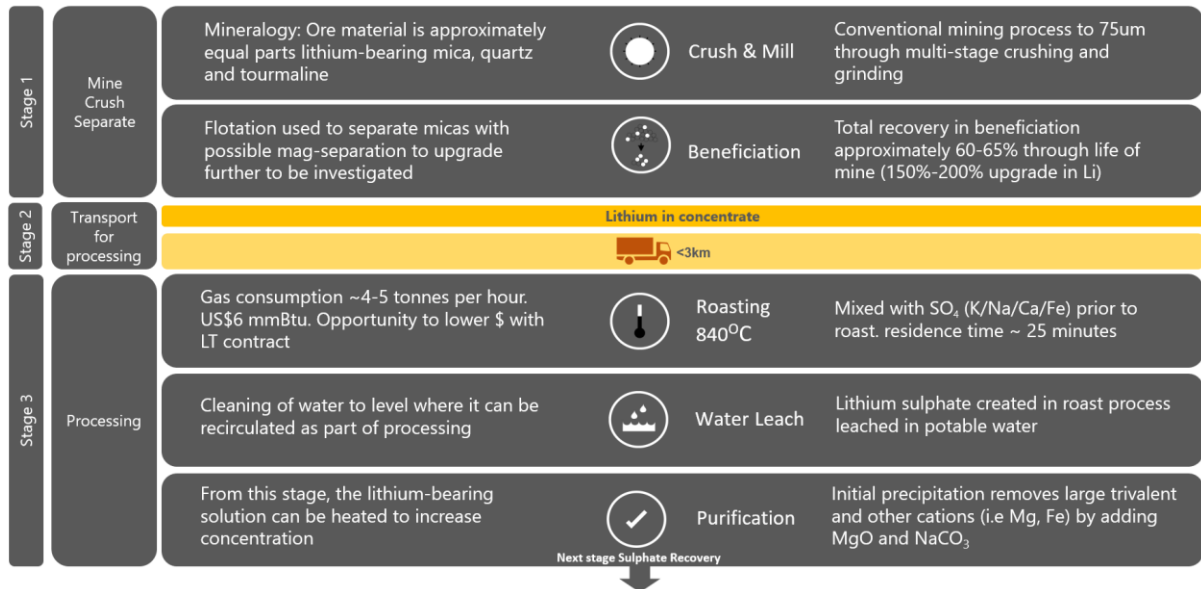
Infinity has identified that the San Jose resource, as a hard rock lithium deposit, has a natural advantage over brine producers due to a straight conversion process via a lithium sulphate transitional pathway. Brines require the production of lithium carbonate prior to the conversion to lithium hydroxide. Industry leaders Wave International have commenced a lithium hydroxide scoping study ('Scoping Study', ASX release dated 17th August 2018). Results reported to date and interaction with industry participants have led The Company to commission further work in relation to the ability to deliver either lithium sulphate or lithium hydroxide if modifications to the back end of the process flow sheet are made (compared to the current lithium carbonate production route). This has delayed the release of the lithium hydroxide scoping study due to the increased work requirements of detailing operating and capital cost estimates for two products. All resulting information will be incorporated into the financial modelling which reports the outcome of the Scoping Study.

The identification of the potential market for lithium sulphate recently has justified additional work to be conducted by the consultants undertaking the Scoping Study for The Company. It is important to note that the work underway has identified that Infinity has the ability to:

- a) vary the type and ratio of specific sulphate reagents in the mixing stage pre-roast, and
- b) that the leached material goes through a lithium sulphate stage regardless of whether lithium carbonate or lithium hydroxide is selected as the final product.

From Mining to Lithium Bearing Solution 1

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Lithium Bearing Solution To Lithium Product 2

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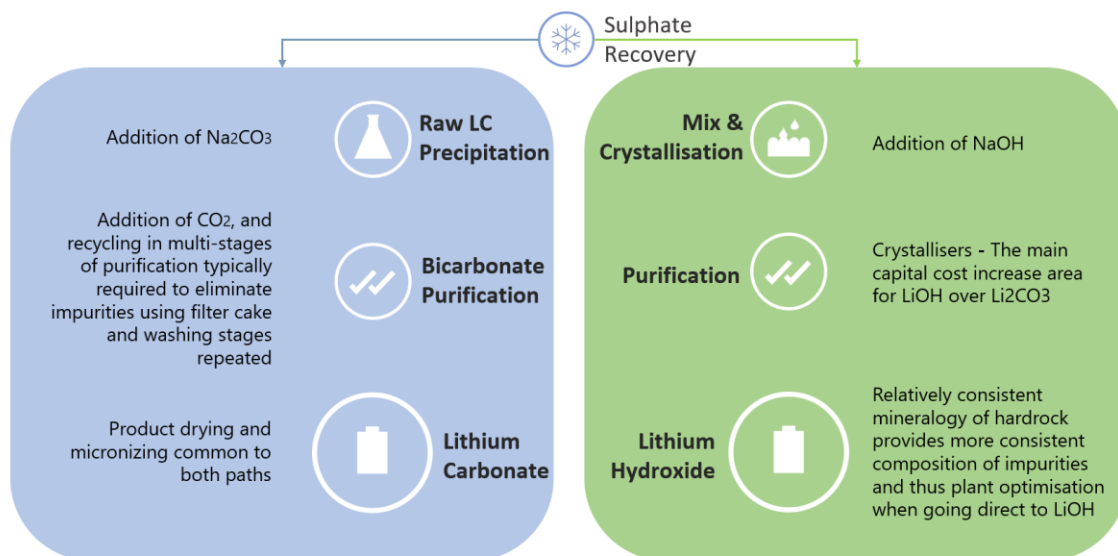


Figure 2: Summary Process Flowsheet

Lithium mineralisation at San Jose is contained within a lithium-bearing mica which can be leached to produce lithium after calcining (roast) with sulphate reagents. In this process, ore is mixed with a smaller amount of sulphate material and then heated to create a new compound that is water soluble. The use of potassium sulphate has been targeted by Infinity to produce lithium carbonate (ASX release dated 18th October 2017) and battery grade lithium carbonate has been independently produced using San Jose material and this sulphate pathway.

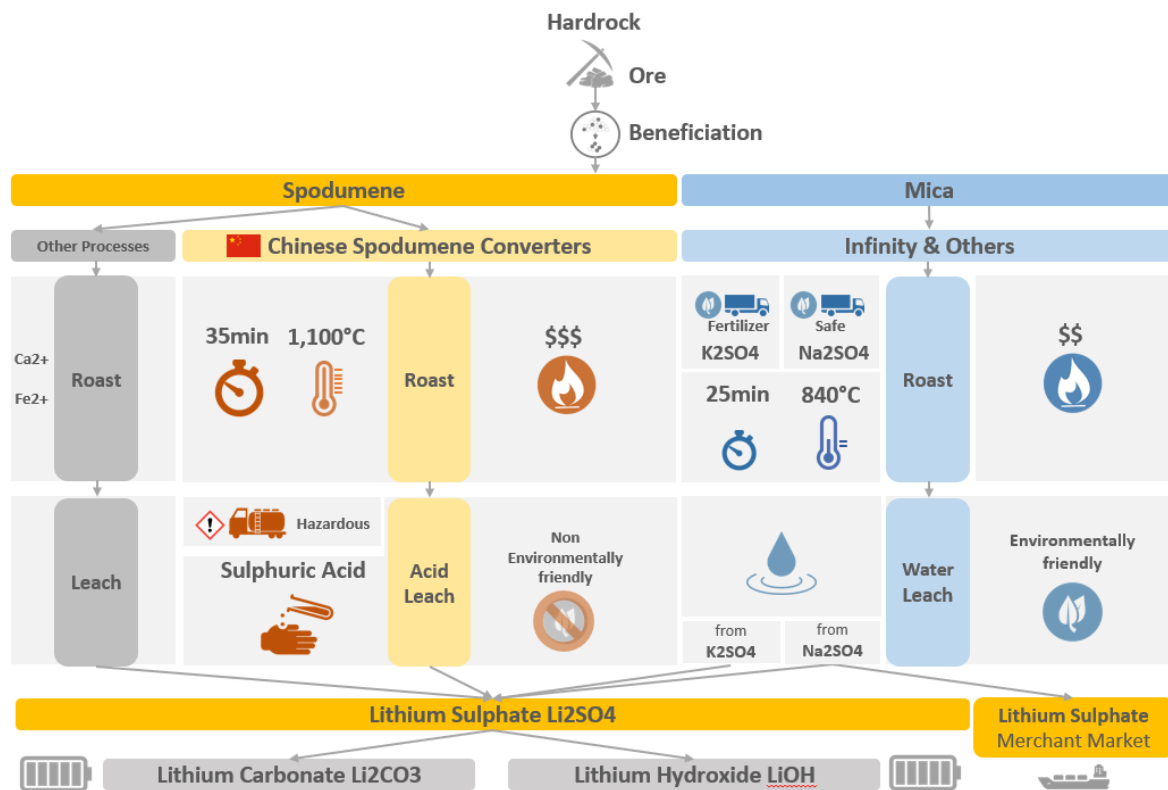


Figure 3: Highlighting the hard rock roast process

Other currently operating, and proposed lithium production facilities which utilise the sulphate roast process use a variety of sodium sulphate, calcium sulphate, iron sulphate and sodium sulphate reagents. The range depends on local ore characteristics and a trade-off between cost and recovery of lithium into the leach. Work which is being undertaken as part of Infinity's lithium hydroxide scoping study has highlighted the potentially advantageous use of sodium sulphate as the roast additive.

Investments in the Battery Chain - Europe Gaining Momentum

The European Union and various European countries continue to establish targets to phase out ICE vehicles, with European automakers such as Volvo, Volkswagen, BMW and Daimler publicising ambitious plans to produce primarily electric vehicles. Europe recognises the importance of maintaining and reinforcing their position in the automobile industry, and the EU continues to address the requirements to be one of the dominant players electric vehicle production.

It is vitally important to de-risk the European supply chain by having more domestic sources of raw materials, including lithium, available at a competitive cost. Infinity has shown the ability to produce battery grade lithium carbonate at the lower end of the cost curve, with the results of the lithium hydroxide scoping study due shortly. The production of sufficiently high grades of lithium chemicals is also vital in the production of technologically advanced cathodes. With a cache of hard rock resources, Europe and is able to produce battery grade lithium hydroxide at a competitive price.

The use of battery grade lithium chemicals in cathode production has primarily been dominated in Asia where 95% of the world cathodes are currently produced. European companies such as BASF, Umicore and Johnson

Matthey have announced European cathode production investments. There has been a flood of investment announcements in LIB factories across Europe.

European leaders are recognising the importance of the LIB industry and in September 2018 German Chancellor Angela Merkel called for European countries to develop its own electric car battery cell production for electric vehicles. "I think we should, within the framework of our own strategic abilities, work with other European countries on our own battery cell production," she told a news conference in Berlin. Chinese battery maker Contemporary Amperex Technology Limited ('CATL') recently announced the investment of €240 million in battery cell fabrication facilities in the east-central German region of Thuringen in what Wolfgang Tiefensee, Minister of Economic Affairs, described as "the most important industrial investment in Thuringen in the last 10 years." BMW plans to source up to €4 billion of battery cells from CATL with approximately to €1.5 billion coming from the Germany facility, and have been sourcing raw materials for the battery cells to ensure surety of supply for the battery manufacturers.

CATL, as one of the world's largest manufacturer of battery cells, has stated the new German investment in just its first step into Europe with Chairman Robin Zeng noting "we want to supply all the OEMs in Europe."

Europe To Second China for Gigafactories Investments

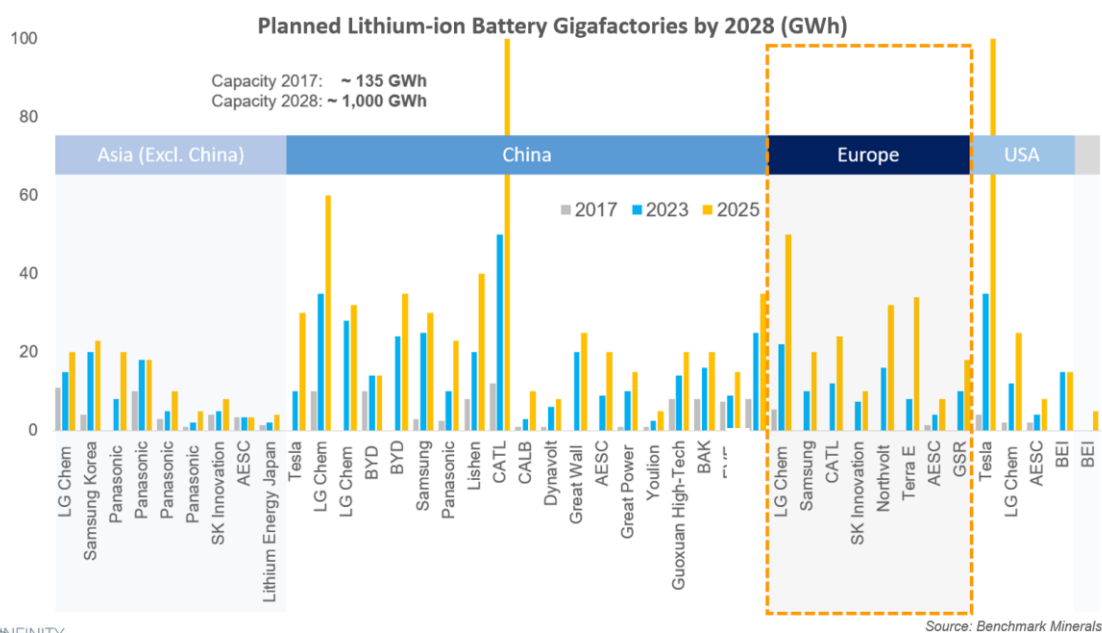


Figure 4: Gigafactory investment profile

San Jose Lithium Project of Strategic Importance

Infinity continues to progress the lithium hydroxide scoping study in direct response to the evolving battery chemicals market, with lithium hydroxide demand continuing to grow faster than lithium carbonate. San Jose has an advantageous process route to produce lithium hydroxide via a lithium sulphate pathway and benefits from the availability of world class infrastructure (including gas required for the roasting process) adjacent to the project area. Work which is being undertaken as part of Infinity's lithium hydroxide scoping study has highlighted the potentially advantageous use of sodium sulphate as the roast additive.



ACN 147 413 956

The majority of recent global investments in lithium chemical plants have been in lithium hydroxide production as LIB makers move towards higher energy density and nickel-rich cathodes in battery manufacturing. With Europe recognising the requirement to move forward in electric vehicle production capabilities, it is vitally important to de-risk the European supply chain by having more domestic sources of raw materials, including lithium, available at a competitive cost. The San Jose Project maintains significant strategic importance and is ideally located to participate in the European value chain with a vertically integrated project located in Spain.

Europe's desire to become a cornerstone in the new and green way of storing energy will require continued strategic investment and reliable partners to build the value chain.

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Competent Persons Statement

The information in this report that relates to Exploration Targets is based on the information compiled by Mr Jeremy Peters, FAusIMM CP (Mining, Geology). Mr Peters 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 in collection of data used in the preparation of this report. Mr Peters is an employee of Snowden Mining industry Consultants and consents to be named in this release and the report as it is presented.

The information in this report that relates to the December 2017 and updates in May 2018, updated Mineral Resources is based on the information compiled by Mr Patrick Adams, FAusIMM CP (Geology). 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. Mr Adams has not visited the project area and has relied on the documented (Peters, May 2017) drilling, logging and sampling techniques used by Infinity in collection of data used in the preparation of this report. Mr Adams is a Principal Geologist and a Director of Cube Consulting Pty Ltd and consents to be named in this release and the report as it is presented.

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 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 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.

Disclaimer

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

About Infinity's' Lithium Project

Infinity has partnered with the large Spanish company Sacyr and its wholly owned subsidiary Valoriza Minería in an earn-in JV over a large, lithium-tin project (San Jose) in central Spain. Infinity can earn up to 75% of San Jose by completing a Feasibility Study within 4 years (approximately A\$6 million in spend in staged increments of 50% and 75%).

San Jose is a highly advanced lithium project which is hosted in lithium-mica that hosts a JORC resource of lithium carbonate equivalent (LCE). A feasibility study completed in 1991 defined an open pit mining operation and a process flow sheet which produced lithium carbonate through acid-leach or sulphate calcine processing. This drilling, mining and processing study work highlights the advanced status and inherent advantages enjoyed by San Jose in relation to many other hardrock deposits. The Resource estimate for San Jose is shown below in Table 1;

TABLE 1: SAN JOSE MINERAL RESOURCE, REPORTED ABOVE 0.1% LI CUT-OFF

Classification	Tonnes (Mt)	Li (%)	Li ₂ O (%)	Sn ppm
Indicated	59.0	0.29	0.63	217
Inferred	52.2	0.27	0.59	193
TOTAL	111.3	0.28	0.61	206

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.

San Jose Lithium-Tin Project (100% basis, no by-product credits included)

NPV (8) @ US\$10,000/t LC	US\$401m	IRR 28%
NPV (8) @ US\$12,000/t LC	US\$634m	IRR 37%
Capex	US\$273m inc 10% contingency	
Grade – Lithium Carbonate LOM	1.7%	
Potential annual production (tonnes lithium carbonate)	15,000tpa LC +99.5%	
Average C1 cost year 1-10 (US\$/tonne) without credit*	US\$4,763/t	
Average gross operating cashflow p.a. years 1-10	US\$ 74.8m	

Scoping Study – Cautionary Statement

Refer to ASX announcement 18th October 2017. The Scoping Study referred to in this announcement is a preliminary technical and economic investigation of the potential viability of the San Jose Lithium-Tin Project. It is based on low accuracy technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of 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. Infinity confirms that all the material assumptions underpinning the production target, or the forecast financial information derived from the production target, in the initial ASX announcement continue to apply and have not materially changed. 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.