

BATTCHAIN CONSORTIUM SUBMITS €1.2B APPLICATION FOR VIRUS RECOVERY FUNDS

HIGHLIGHTS

- Infinity part of EIT InnoEnergy led Battchain consortium submission for €1.2b of Coronavirus Recovery Funds.
- €750b Coronavirus Recovery Fund comprises some €140b earmarked for Spain in the form of grants and low-interest loans
- Battchain is focused on the development of industrial projects in the Spanish automotive sector.
- San José Lithium Project capable of becoming the cornerstone proponent in Battchain with the potential to provide battery grade lithium hydroxide.

Infinity Lithium Corporation Limited ('Infinity', or 'the Company') is pleased to announce the launch of Spanish battery consortium 'Battchain', led by KIC InnoEnergy SE ('EIT InnoEnergy'), and the participation of the Company's wholly owned Extremadura Mining SL in the submission for coronavirus pandemic recovery funding.

The consortium has submitted an Expression of Interest ('EOI') to the Programme for the Promotion of Industrial Competitiveness and Sustainability Projects ('PICSP'). The Spanish Ministry of Industry, Trade and Tourism have stated that a central element of the PICSP will comprise a line of financing in the form of loans and grants for strategic projects for the national industrial transition.

In July 2020 EU leaders reached a historic agreement on a €750 billion coronavirus pandemic recovery fund, allowing Spain to mobilize an unprecedented volume of investment in the coming years. Spain is forecast to be one of the largest beneficiaries with €140 billion in low interest loans and grants. The PICSP funding is facilitated under the recovery fund.

Battchain comprises a group of leading Spanish companies and industrial projects aligned to accelerate green economic recovery and respond to the growing demand for batteries expected in Spain and Europe over the coming years. The EIT InnoEnergy led consortium aims to accelerate economic recovery through the development of the entire battery value chain in Spain, from raw material extraction to battery recycling. Infinity's San José Lithium Project ('San José', or 'the Project') has the potential to cornerstone the

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Project highlights

2nd Largest JORC hard rock lithium deposit in the EU

Strategically located in Spain, Europe to be the 2nd largest market for battery grade lithium after China

1st lithium project to secure EIT InnoEnergy Funding

Uniquely **fully integrated project** with mine and adjacent conversion plant

Low carbon footprint and sustainable operation

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development of a fully integrated lithium-ion battery value chain in Spain and the EU.

The consortium will require an investment of €1.2 billion to deploy its industrial projects predominantly related to the automotive sector. San José will potentially require pre-production capital expenditure (including contingencies, refer to ASX announcement 22 August 2019) totalling US\$309 million (approximately €256 million) and, if the submission is successful, represents a significant component in the Battchain submission.

Mikel Lasa, CEO of EIT InnoEnergy Iberia noted *"As the second largest car-producing country in Europe, it is essential that we drive and accelerate a profound transformation of the Spanish automotive industry. Now is the right time to act, but we must do it collaboratively and with a European vision."*

EIT InnoEnergy have forecast battery demand in Spain will reach 75 GWh in 2030, of which around 90% will come from the automotive sector. The Battchain projects provide a backbone for industrial territories in Spain with plants in Andalusia, the Basque Country, Extremadura and Navarre. The developments would complement and benefit other regions that already have car manufacturing plants. Refer to Appendix 1 for an overview of the automotive industry in Spain.

The projects under the funding submission have the potential to generate more than 1,700 direct jobs, 12,000 indirect jobs, and revenues of up to €2.4 billion by 2030. Battchain will furthermore potentially eliminate 1.5 million tonnes of CO₂ per year. San José's long life project potential, for both lithium extraction and processing, can contribute to attracting other industry stakeholders and assist the progression of long term and skilled employment in Cáceres

Infinity's Head of Institutional Relations, Cayetano Polo commented on the potential strategic role that San José can play in attracting new companies and opportunities to Extremadura and the locality of Cáceres. *"For the development of batteries and electric cars, the lithium that we can industrially transform here is essential, and this means that the opportunities for wealth and employment that can be opened up in Cáceres are immense. We are working to ensure that San José not only becomes a supplier of raw materials, but also that the new industry opts for Cáceres to set up here,"*

The announcement was authorised by the Board. For further inquiries please contact:

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About Infinity Lithium

Infinity Lithium is an Australian listed minerals company who is seeking to develop its 75% owned San José Lithium Project in Spain. The proposed fully integrated industrial Project is focused on the production of battery grade lithium chemicals from a mica feedstock that represents the EU's 2nd largest JORC compliant hard rock lithium deposit.

The Project would provide an essential component in the EU's development of a vertically integrated lithium-ion battery supply chain. The availability of critical raw materials and the production of battery grade lithium hydroxide in the EU is essential to ensure the long-term production of lithium-ion batteries for electric mobility and the transition of the burgeoning EU's automotive industry to electric vehicle.

About EIT InnoEnergy

EIT InnoEnergy is the leading driver of sustainable energy innovation and entrepreneurship in Europe.

EIT InnoEnergy has accelerated and invested in some 380 sustainable energy start-ups, of which more than 30 are in the storage sector, including flagship projects such as the vertically integrated sustainable battery manufacturer Northvolt.

Following the European Commission's mandate, EIT InnoEnergy has been leading the European Battery Alliance ('EBA') industry initiative since 2017, a European Commission initiative to build a strong and competitive European battery industry.

EIT InnoEnergy was established in 2010, has invested €560 million in sustainable energy innovations and is supported by the European Institute of Innovation and Technology (EIT).

About Battchain

Battchain comprises a group of leading Spanish companies and industrial projects, representing some of Spain's leading and most innovative organisations in the battery field. These include:

- Infinity Lithium: San José Lithium Project for the potential extraction of lithium hard rock resource and industrial lithium hydroxide refining;
- Basquevolt: solid state cell factory, with a capacity of 10GWh, promoted by the Ente Vasco de la Energía and CIC-Energigune;
- Nabatt Battery Pack assembly plant, promoted by Fagor Ederlan, Ingeteam and SODENA, with a capacity of up to 120,000 Battery Packs per year;
- Scoobic factory for the assembly of up to 20,000 pa last-mile electric vehicles and their removable batteries;
- BeePlanet: plant development with the capacity to process 260MWh annually and produce 40MWh of second life batteries for stationary applications.

Programme for the Promotion of Industrial Competitiveness and Sustainability Projects

The health crisis caused by COVID-19 changed the landscape of the world economy, with the disruption of international value chains, restrictions on the supply of certain activities, and the drop in demand (due to the necessary measures of physical distancing and restriction of mobility) leading to an unprecedented recession in much of the world.

The economic and social impact in Spain, as with much of Europe, has been significant in the period since mid-March 2020.

On 21 July 2020, in response to this exceptional situation, an historic agreement was reached in the European Council on a new Recovery Fund, which would allow Spain to mobilize an unprecedented volume of investment in the coming years.

The Recovery Fund would facilitate the overcoming of the crisis and the recovery of employment, and the modernization of the Spanish economy through a recovery aligned to a climate-neutral, sustainable, circular economy and society, respectful of the limits imposed by the natural environment and efficient in the use of resources. Furthermore, the EU Industrial Policy Strategy (3 October 2020) established the need for an ecosystem approach and analysed the investment needs of 14 industrial ecosystems.

On October 7 2020, the Spanish Government presented the **Recovery, Transformation and Resilience Plan** ('PRTR'), which outlined the roadmap for the modernization of the Spanish economy, the recovery of economic growth and job creation to build an inclusive and resilient economic reconstruction after the COVID crisis, and to respond to the challenges of the next decade.

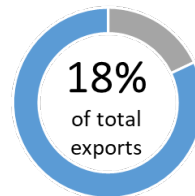
The PRTR has been structured around ten leverage policies which includes a component focused on "**Industrial Policy Spain 2030**". The objective of the policy is to promote the modernization and productivity of the Spanish industry - services ecosystem, through the digitization of the value chain, the promotion of productivity and competitiveness of key strategic sectors in the ecological transition and digital transformation.

The **Program to Promote Industrial Competitiveness and Sustainability Projects** with the Industrial Policy Spain 2030 has as a central line of financing in the form of loans and grants for strategic projects for the industrial transition. The objective is to support the implementation of projects focused on innovation and digitization in a number of areas including energy efficiency and new sources of sustainable energy, circular economy and eco-innovation, improvement of value chains, and decarbonization.

Projects to be assessed under the **Program to Promote Industrial Competitiveness and Sustainability Projects** would have long-term effects through collaborations involving all or almost all the links of the industrial value chain. The projects must have a significant impact on competitiveness and contribute to the double green and digital transition established by the European Union.

The benefits of the action will not be limited to the companies or sectors in question, but to the entire economy or society.

Appendix 1: Automotive Industry in Spain



2nd largest auto manufacturer in EU & 9th worldwide



2.8m vehicles produced 2019



2m total jobs:
Direct ~ 365k



9 multinational brand with 17 manufacturing plants



Assembly industry generated trade surplus of €10.6bn



4th ranked in turnover for auto-parts in EU



83% vehicles exported to over 100 countries

Source: Spain Automotive & ICEX Ministry of Industry, Commercial and Tourism Invest in Spain