

## San José Project & Permitting Update

Infinity Lithium Corporation Limited (**'Infinity'**, or **'the Company'**) advises that it has received notification that the Investigation Permit Valdeflorez (**'PIV'**) application has been cancelled at the San José Lithium Project (**'San José'**, or **'the San Jose Project'**) (refer to ASX announcement 23 April 2021). The Project consists of both the PIV application and the adjoining granted Investigation Permit Ampliacion Valdeflorez (**'PIAV'**), which remains in good standing. Infinity's wholly owned Spanish subsidiary Extremadura Mining S.L. (**'Extremadura Mining'**) holds a 75% interest in the Joint Venture (**'JV'**) entity which manages the Project, Tecnología Extremeña Del Lito S.L. (**'TEL'**).

### Resolution to Reject PIV Application

In respect to the decision by the Regional Government (**'Administration'**, or **'Junta'**) the Company strongly disputes the validity of the decision to cancel the PIV application. Following legal advice the Company has lodged an appeal of this resolution. The Company considers the Junta's resolution to cancel the PIV is in direct breach of the law and in contradiction of previous rulings by the Junta on the environmental and urban legality and viability of the PIV. Furthermore, Infinity reserves all rights relating to the multiple administrative decisions and errors of the Junta including the legal status of the mining area under the Junta's original call for tender, and the actions that facilitated the PIV reverting to application status (ASX announcement 5 June 2019). This reversion from granted status to application (which has subsequently been rejected) was the direct result of administrative failures by the Junta. The administrative faults saw the omission by the Junta to lodge the Project restoration plan in the public exposure period, and the Junta's fault in not providing adequate notice in the public exposure period. The Company notes that based on legal advice these failures are likely to also relate to other permits in the region.

The Company notes:

- Lithium hydroxide is a vital requirement for both the EU and Spanish lithium-ion battery value chain. The Battchain consortium application, which includes San José, is progressing to potentially access COVID Recovery and Resilience funding;
- San José maintains the extended Project tenure PIAV which is granted and in good standing;
- The JV maintains subsequent and successive rights over the PIV area;
- The PIV was granted in October 2016 and was only reverted to application status in May 2019 due to the Junta's clerical errors (see "Background"). This could potentially affect a significant number of permits that have been granted in Extremadura;

ASX Release

17 May 2021

ASX: INF

FRA: 3PM

### Project Highlights

**2<sup>nd</sup> Largest JORC hard rock lithium deposit** in the EU

**Strategically located** in Spain, Europe to be the 2<sup>nd</sup> largest market for battery grade lithium after China

**1st lithium project to secure EIT InnoEnergy Funding**

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

**Low carbon footprint** and sustainable operation

### Corporate Directory

**Ryan Parkin**  
Managing Director & CEO

**Adrian Byass**  
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- The April 2021 ruling by the Junta is not consistent with their actions and prior rulings to date, and the Company's appeal is based on very strong legal grounds to have the cancellation resolved; and
- InnoEnergy continues to collaborate in the advancement of the current test work program and Infinity is engaged with potential strategic partners to advance the Project.

The Company's senior executives are currently in Spain and will be progressing the COVID Recovery and Resilience funding application with the other Battchain consortium participants in Madrid. Infinity is actively looking to attract strategic partners to assist in the advancement and development of the Project at Company or project level.

### San José Lithium Project

San José comprises the PIV and PIAV (refer to Appendix 1). The PIAV remains in force and the Company retains priority for rights relating to the tenure for areas capturing PIV through the San José Investigation Permit application and Extremadura S.E. exploration permit application (refer to Appendix 2).

Under the JV agreement, Infinity can exercise a call option to acquire a 100% interest in the Project (currently Infinity maintains 75% ownership interest).

### Ruling and Appeal

The appeal will be assessed by General Directorate of Industry, Energy and Mines and the status of the appeal is expected to be finalised within 3 months of the administrative acceptance of the appeal. The Company reserves all legal rights and is currently forming a highly credentialed in-country team, with significant experience in mining jurisdiction and government relations in Spain, supported by existing in-country personnel. This task dedicated team, with oversight from the Board, will lead the strategy through the appeals and potential legal process to seek rectification of this decision to cancel the PIV and also pursue actions for recourse based on the decisions and action of both the local and regional government.

Infinity continues to be in consultation with major stakeholders including joint venture partners Valoriza Minería SLU ('Valoriza Minería') and European Battery Alliance ('EBA') aligned EIT InnoEnergy. The Company and Valoriza Minería worked in concert and jointly approved the appeal document. The appeal document required the signatures of both joint venture partners and was lodged in Merida on 7 May 2021. Infinity Lithium is supported by EIT InnoEnergy, which is backed by the European Institute for Innovation and Technology (EIT), a body of the European Union. While commercial discussions relating to TEL remain ongoing, the Company considers there to be material alignment between the parties to pursue the appeals process, and considers the outstanding matters to be immaterial to the Company at present.

The Company and major stakeholders recognise the critical importance of San José and the requirement to resolve administrative deficiencies that have potentially wide-ranging implications for Spain. Europe is in a period where there are unprecedented levels of EU recovery funds that will be made available to projects aligned to the lithium-ion value chain.

## Continuing Work

In parallel to the appeal process and other legal actions the Company continues to advance San José on several fronts, and will therefore look to establish strategic partnerships with parties seeking to establish or extend a position within the lithium-ion battery value chain in Europe. The Company will also prioritise engagements with local and regional companies that can potentially assist in the progression of the permitting process and Project development. Discussions with industrial groups and parties participating in the battery supply chain are ongoing, both in terms of interest in exposure to San José and offtake rights. The Project is strategically significant for both the EU and Spain in the development of the lithium-ion battery value chain which is underpinned by the burgeoning demand for lithium chemicals. EIT InnoEnergy has previously demonstrated support for Infinity's San José with an investment in June 2020, to generate common IP in a first of a kind innovative technological refining process, with the aim of delivering environmentally sustainable and more efficient lithium refining processing. This process could be exportable to other projects that have a geological composition to San José in the EU. The Company will assess further exploration opportunities in the Iberian Peninsula and other projects where there are potential lithium bearing mica deposits with similar mineralogy to San José.

*Diego Pavia, CEO of EIT InnoEnergy stated "One of the target areas of the European recovery funds (Next Generation EU) is to accelerate the EU's transition to electromobility, where resilience in raw materials is key. In this context, the locality of Cáceres has a generational opportunity to use a world class sustainable lithium project as a beacon for investment and for transforming the region in a hotspot for the battery value chain for the decades to come, creating added value jobs and growth. InnoEnergy strongly endorses the Project's potential, and we are expecting a timely resolution of all permitting processes, since the outcome will potentially have far reaching implications for the automotive industry and battery businesses in Spain. Traceable and sustainable extraction and processing of raw materials are an essential part of the draft regulation published by the European Commission in December 2020; and San Jose's project will be fully compliant with this regulation."*

*Ryan Parkin, CEO Infinity Lithium, commented "The joint venture partners strongly dispute the decision and are pursuing all options to reinstate the investigation permit. The Company, in unison with our joint venture partners, are reserving all rights relating to the cancellation of the PIV and those relating to the original call for tender and subsequent award resolution, in which the regional government process was predicated on the non-existence of insurmountable legal obstacles. Furthermore, the Junta's administrative fault in the original application process led to the 2019 decision to revert the PIV into application, facilitating the pathway to this most recent decision. The Company will work with all stakeholders and aims to seek a constructive and positive resolution whether through the PIV or successive rights held by the joint venture partners."*

## Background

TEL joint venture partners submitted responses to all allegations that resulted from the administrative fault of the Junta that reverted the granted PIV back into application (refer to ASX announcement 5 June 2019). The basis of the decision of the Junta was due to a request from environmental association

ACIMA for an ex officio review of the October 2016 process relating to the tender and subsequent issue of research permit PIV, where allegations relating to the procedural defects for:

- a) the public information procedure, where there was a period of public notice totalling fifteen (15) days instead of thirty (30) days, and
- b) the failure of the Junta to provide the restoration plan as required in the public information period. The restoration plan was provided by Valoriza Minería as a requirement under the public notice procedure.

The decision to nullify the granted research permit PIV to the status of application based on the administrative defects relating to public information periods and procedure potentially have wide ranging implications for potentially a number of projects in the region of Extremadura.

Following the decision to revert the PIV into application, the Head of the Industrial, Energy and Mining Guidance Services of Cáceres issued a report on 20 October 2020 which rejected all allegations including the allegation of alleged incompatibility of the research permit (PIV) with the legislation and urban planning. However, on 6 April 2021 the resolution to cancel the PIV was presented by the same Head of the Industrial, Energy and Mining Guidance Services of Cáceres responsible for the 20 October 2020 report, stating the acceptance of the allegations presented by the City Council of Cáceres due to the urban unfeasibility of the research permit, in a clear contradiction of the previous findings.

### Timeline

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#### **Regional Government Call for Tender**

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|------------------|--|
| 16 November 2015 | <ul style="list-style-type: none"> <li>• Directorate-General for Industry, Energy and Mines of the Regional Government of Extremadura call for tenders issued for the award of various expired mining registers.</li> </ul>  |
| 3 December 2015  | <ul style="list-style-type: none"> <li>• Regional Ministry of Economy and Infrastructure of the Region of Extremadura calls for tenders published in the Official Journal of Extremadura for a series of research permits in Cáceres and Badajoz.</li> <li>• One of the mining rights published in the invitation to tender was the research right called "Cerro Milano" located in the territory of the municipality of Cáceres (No. 10C10236-00).</li> </ul> |

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#### **Granting of the Research Permit "Valdeflórez"**

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|-----------------|--|
| 3 February 2016 | <ul style="list-style-type: none"> <li>• Valoriza Minería submitted application for the granting of the research permit</li> </ul>   |
| 29 April 2016   | <ul style="list-style-type: none"> <li>• General Directorate of Industry, Energy and Mines confirm that Valoriza Minería met the corresponding legal requirements, then selecting and accepting their bid called "Research Permit Valdeflórez" ('PIV')</li> <li>• Valoriza Minería submitted a restoration plan in order to reduce and prevent any negative effects on the environment resulting from the investigation ('Restoration Plan').</li> </ul> |
| 1 August 2016   | <ul style="list-style-type: none"> <li>• General Directorate of Environment of the Regional Government of Extremadura issued a favourable report on the Restoration Plan submitted by Valoriza Minería.</li> </ul>   |
| 2 August 2016   | <ul style="list-style-type: none"> <li>• The application submitted by Valoriza to obtain the Research Permit PIV was published in the Official Journal of Extremadura, so that</li> </ul>  |

- interested parties could appear in the proceedings within fifteen (15) days following the publication of the announcement.
- 13 October 2016
    - After collecting the relevant reports and verifying that Valoriza complied with all the legal requirements for obtaining the Research Permit PIV, the Industrial, Energy and Mining Authorising Department of the Regional Government of Extremadura ('Authorising Department') granted Valoriza Minería the "Valdeflorez" Research Permit PIV.
  - 16 December 2016
    - Granting of the Research Permit was published in the Official Journal of Extremadura.
  - 3 May 2017
    - Resolution of Authorising Department authorised the change of ownership of the Research Permit PIV in favour of the TEL, at the request of Valoriza Minería.
    - After the preliminary research work had been carried out, it was found that the land covered by the Research Permit had significant lithium reserves.
  - 10 October 2017
    - TEL applied for an exploitation concession derived from the Research Permit PIV

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**Ex officio review and declaration of nullity of the granting of the Research Permit PIV**

- 3 May 2018
    - Asociación para la Comunicación e Información Medioambiental (Association for Environmental Communication and Information) ('ACIMA') filed a request in order to obtain an ex officio review of the Resolution of 13 October 2016.
    - ACIMA claimed that the administrative procedure in relation to the public information procedure had not been properly followed and that the fifteen (15) day period granted from the publication for the interested parties to submit their allegations was not sufficient.
    - ACIMA Claimed a public information period of thirty (30) days should have been granted.
  - 2 August 2018
    - None of ACIMA's claims was accepted by the proposal for the resolution of the procedure initially issued by the Administration, which considered that this public participation procedure was guaranteed.
  - 29 May 2019
    - Regional Ministry of Economy and Infrastructure of the Regional Government of Extremadura agreed to declare the granting of Research Permit PIV through Resolution of 13 October 2016 null and void exclusively due to the procedural defect relating to the public information procedure, rejecting the rest of the allegations made by ACIMA.
    - Resolution to return the proceedings to the time of the public information procedure regarding the Restoration Plan, whilst preserving other prior procedural acts.
    - The administrative defect which has caused this reversion to application status occurred due to the Department of Mines failure to provide public exposure of the restoration plan which accompanied the exploration proposal during tenement application as required under their law.
    - The Junta communicated that the Regional Ministry of Economy and Infrastructure would be at the entire disposal of TEL and the Company
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to collaborate, clarify and accompany the companies through the administrative procedure of the permitting process to rectify the Junta's administrative defect (refer to ASX announcement 5 June 2019).

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#### **New procedure in order to obtain the Research Permit and rejection of the Company's application**

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|-----------------|---|
| 20 October 2020 | <ul style="list-style-type: none"><li>• Proceedings were taken back to the public information procedure, and a period of thirty (30) days was granted.</li><li>• Administrative File, these allegations challenged the application submitted by the Company on the grounds of all kinds of alleged breaches of environmental, mining and town planning regulations.</li><li>• Head of the Industrial, Energy and Mining Guidance Services of Cáceres) issued a report that rejected all allegations including the allegation of alleged incompatibility of the Research Permit (PIV) with the legislation and urban planning.</li><li>• In particular, the Report detailed how the application submitted at the time by Valoriza Minería – now owned by TEL –, as well as the Restoration Plan, are in compliance with urban planning law, and therefore the granting of the Research Permit PIV was, and continues to be, appropriate.</li></ul> |
| 22 January 2021 | <ul style="list-style-type: none"><li>• City Council claims due to the classification of the land on which the works related to the Research Permit PIV would be carried out, it is not possible to carry out extractive works.</li></ul>   |
| 6 April 2021    | <ul style="list-style-type: none"><li>• Resolution to cancel PIV was presented by the same Head of the Industrial, Energy and Mining Guidance Services of Cáceres, stating the acceptance of the allegations presented by the City Council of Cáceres due to the urban unfeasibility of the research permit, thereby cancelling the Research Permit PIV.</li></ul>  |
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#### **Trading Halt/Voluntary Suspension**

This is the announcement referred to the Company's request for Trading Halt on 9 April 2021 and subsequent requests for Voluntary Suspension on 13 April 2021 to 27 April 2021. The Company confirms that it is in compliance with the Listing Rules and in particular, Listing Rules 3.1 and 12.1.

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

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### **About Infinity Lithium**

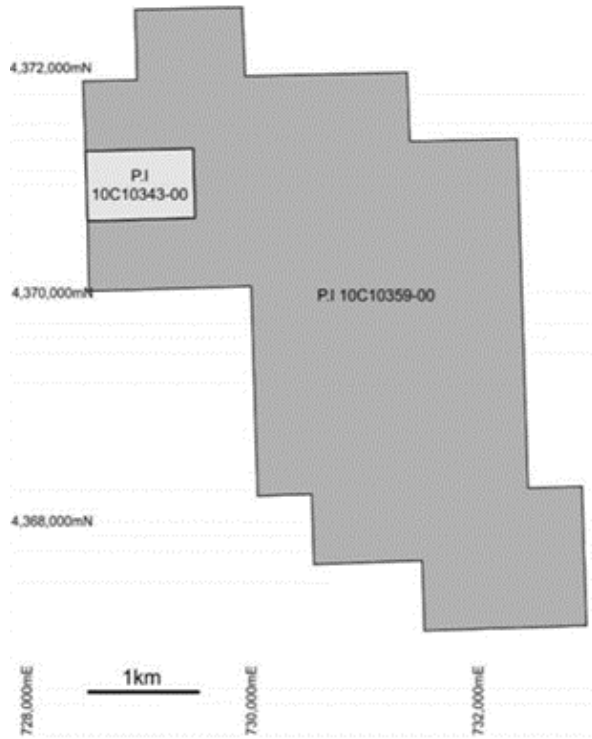
Infinity Lithium is an Australian listed minerals company who is seeking to develop its 75% owned San José Lithium Project in Spain. The proposed fully integrated industrial Project is focused on the production of battery grade lithium chemicals from a mica feedstock that represents the EU's 2<sup>nd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

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**Appendix 1:**

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**Image 1: Tenure and Layout Extract**  
**Investigation Permit Ampliación a Valdeflópez ('PIAV'): PI 10C10359-00**  
**Investigation Permit Valdeflópez ('PIV'): PI 10C10343-00**



**Image 2: Tenure and Layout Aerial Representation**



**Appendix 2:**

The San José Lithium Project tenements:

Registration Number	Registered Name	Type	Entity
10C10343-00	Valdefl6rez	Investigation Permit	Tecnolog6a Extreme6a Del Litio S.L.
10C10359-00	Ampliaci6n A Valdefl6rez	Investigation Permit	Tecnolog6a Extreme6a Del Litio S.L.
10C10368-00	San Jos6	Investigation Permit	Valoriza Miner6a S.L.U
10C10386-00	Extremadura S.E.	Exploration Permit	Castilla Mining S.L.

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