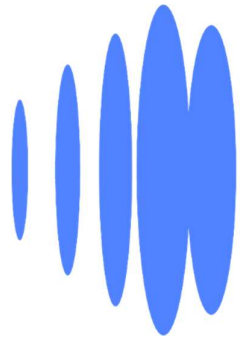


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INFINITY
LITHIUM

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023



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Corporate Directory

Non-Executive Chairman

Adrian Byass

CEO and Managing Director

Ryan Parkin

Executive Directors

Jon Starink
Ramón Jiménez Serrano

Non-Executive Director

Remy Welschinger

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

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Chairman's Letter

Dear Fellow Shareholder,

I would like to take the time to provide a broad overview of the significant progress and achievements of your Company in the last year, which have provided a clear pathway to advance to the next stages of permitting and project endorsement. It has been several years since Infinity became involved in the San José Lithium Project, and it is absolutely clear that the Project has never been more important to Europe as the very cornerstone that the regional battery supply chain will be built. I and the rest of the Board have every confidence that the alignment of local, regional, national and European-wide goals and ambitions to source critical raw materials, and in particular the large scale and long-term availability of lithium chemical supply for the European market, marks a major turning point for the project.

The administrative progression through social endorsement and collaborations with government and local stakeholders has, in a major shift, provided the foundations for certainty in permitting submission avenues. There is an unwavering belief in the demand for lithium globally and the geopolitical drivers of securing generation supply chains places the Company ideally at the forefront of European-sourced lithium in alignment to supportive groups of stakeholders.

The challenges that have arisen from administrative decisions have frustrated the progression of the Project in the past, however the establishment of a high quality and motivated team has contributed to providing a pathway forward through prior and new governments. The clarity of the administration and market driven demand for lithium chemicals in Europe has provided a clear pathway for your Company to provide what is needed to ensure the benefits of the Project results in jobs and opportunities for stakeholders, and returns to shareholders.

We intend to drive major tasks in the coming year which will reset the business. This will revolve around the mining licence and environmental permitting process, assessment of endorsement on alternative and European aligned exchanges, and ongoing and increased Spanish management and ownership. The strategically imperative use of European lithium resource is critical for both the EU and Spain, and the Project aligns large scale strategic partner opportunities to material, secure and sustainable volumes of lithium chemicals.

It is with renewed vigour and enthusiasm that we go forward into the next year.

Yours faithfully

Adrian Byass
Non-Executive Chairman
28 September 2023



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 2023.

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 Non-Executive Director (transitioned from Executive Director on 8 February 2023)
- 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 \$3,914,000 (2022: \$6,322,000).

Review of Operations

San José Lithium Project

Overview

The Company continued to advance the San José Lithium Project ('San José', or 'the Project') during the financial year and received clarification of the administrative lodgement process through the all-encompassing tenure under an Exploration Permit for the future lodgement of mining licence and environmental authorisation submissions through the Exploitation Concession Application.

Furthermore, the Company submitted the Environmental Impact Assessment Scoping Document ('EIA Scoping Document', 'EIASD' or 'Initial Document') following consultation with local and regional stakeholders. The Regional Government of Extremadura reinforced a commitment to accelerated administrative processing of projects of regional and public interest ('PREMIA') through the ratification of the Extremadura Lithium Decree-Law.

Subsequent to the submission of the EIASD, the Company received a response from the Regional Government of Extremadura which facilitated the progression and execution of an agreement with a significant landowner subsequent to the financial year end.



Directors' Report (continued)

The Company committed to a joint venture with major Spanish energy and industrial groups to progress the development of a sustainable, secure and cost effective localised source of renewable energies for the Project.

The positive developments in clarification of the administrative and permitting pathway resulted in significant inbound interest from interested parties to the Project. The Company is continuing to advance San José to present a socially, environmentally and economically improved project in collaboration with potential offtake and corporate partners and local and regional stakeholders.

The Company finalised payment to the Project joint venture partner and assumed administrative control of San José, whilst also retaining an option to acquire 100% ownership interest of the Project.

The finalisation of local and regional elections resulted in new and aligned governments for both the City of Cáceres and Region of Extremadura.

Key Events

In March 2023, the Extremadura Regional Ministry of Ecological Transition granted the Company the Exploration Permit Extremadura S.E ('PESE', or 'Exploration Permit'), which applies to the grounds inclusive of the resource area relating to San José. The award of this key permit was a major milestone during the year, validating the Company's administrative rights and reference to right of tenure for an extended area to advance the Project.

In May 2023, the Company announced that the Regional Government of Extremadura's General Directorate for Sustainability had reinforced the advancement of the Project permitting process through the finalisation of the EIASD. The report received from the Regional Government Administration establishes the preliminary conditions for San José to be compatible with environmental and urbanistic licence requirements through the recommendations for inclusion in the submission of the Company's mining licence and environmental authorisation submissions. Furthermore, the technical document clarifies the conditions to be met for the preferred location of the lithium chemical conversion plant and portal for mineral resource exploitation. The Company subsequently executed an agreement over areas of land relevant for the progression of the designated lithium chemical conversion plant and related processing activities (see 'Events After Reporting Date').

In June 2023, the Company announced that it, through wholly owned subsidiary Extremadura New Energies, remained on course for the submission of the Exploitation Concession Application for the Project under PESE. The administrative process to submit the Exploitation Concession Application had been altered to include the extended PESE Project tenure. The High Court of Justice of Extremadura determined that the investigation permits previously contained within the new project area PESE were annulled, and therefore the Project area now comprises entirely of PESE.

Infinity has already commenced works to incorporate the requirements from the EIASD into advanced technical studies in the final Exploitation Concession Application. The finalisation of the EIASD reinforced Extremadura New Energies' administrative process and permitting strategy, which continues to progress on schedule.

Technical and administrative works continued throughout the election periods and the Company anticipates the submission of the Exploitation Concession Application in Q4 2023.



Directors' Report (continued)

Discussion and Analysis of Operations and the Financial Position

The Consolidated Entity's cash position as at 30 June 2023 was \$12,306,000 (2022: \$16,288,000). The net assets of the Consolidated Entity have increased from \$25,282,000 in 2022 to \$27,482,000 in 2023. The Consolidated Entity's net working capital, being current assets less current liabilities, has decreased from a surplus of \$15,243,000 in 2022 to a surplus of \$12,742,000 in 2023 as it continues to incur expenditure on the 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.

Events After Reporting Date

In July 2023 the Company announced, through Extremadura New Energies, the acquisition of rights and access of Industrial zoned land for San José. The Company secured land rights and access through an agreement with landowners to enter into an option over a 35-year lease period covering the life of the Project. Furthermore, Extremadura New Energies maintains an option to extend the Project duration with a subsequent right to an extension of 36 years of activities. The lands included in this agreement are already zoned "Industrial" under local urban planning requirements and are located within the granted PESE which includes the San José lithium deposit. The rights that have been secured over the single largest landholding for the designated lithium chemical conversion plant and related processing activities comprises 36 hectares or more than one third of the total proposed development area. The industrial zoned land is located adjacent to the sealed road and other key infrastructure. The total estimated cost for the life of the Project is approximately €2.1 million.

On 1 September 2023, 500,000 Share Appreciation Rights lapsed upon the holder ceasing to be employed by the Company.

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.

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Directors' Report (continued)

The material business risks faced by the Consolidated Entity that are likely to impact the financial prospects of the Consolidated Entity, and how the Consolidated Entity manages these risks are:

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The Consolidated Entity's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, and many other factors beyond the control of the Company.

General Market Risks

The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption.

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 ASX-listed Kaiser Reef Limited (appointed 2 September 2019) and Galena Mining Limited (appointed 7 December 2016) and is a Non-Executive Director of TSX-V and ASX listed Sarama Resources Limited (appointed 24 June 2020). Mr Byass has the following interest in shares, options and rights in the Company as at the date of this report – 10,466,549 ordinary shares, 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.



Directors' Report (continued)

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 – 3,862,649 ordinary shares, 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.

Mr Remy Welschinger

Non-Executive Director | Appointed 22 July 2020 (Previously Executive Director from 18 January 2021 to 8 February 2023)

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 Co-Founder and President of Viridian Lithium, and 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 (appointed 31 May 2019) 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 – 2,168,425 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 serves as the Company's Chief Technical Officer. He 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. He is also serving as the Chief Technical Officer (part time) of Viridian Lithium S.A.S. 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.



Directors' Report (continued)

Mr Ramón Jiménez Serrano

Executive Director | Appointed 6 September 2022 (Previously CEO, Extremadura New Energies Appointed 23 March 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. 3,000,000 options exercisable at \$0.25 on or before 15 December 2025 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 Emphyrean 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 – 482,321 ordinary shares, 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 relatively 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, 6 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 | 6 | 6 |
| Ryan Parkin | 6 | 6 |
| Remy Welschinger | 6 | 6 |
| Jon Starink | 6 | 6 |
| Ramón Jiménez Serrano | 6 | 6 |

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Directors' Report (continued)

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 | 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 |
| Unlisted Options | 30/11/2022 | 3,000,000 | \$0.25 | 15/12/2025 |

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

| Details | Grant Date | Number | Exercise Price (\$) | Date of Expiry |
|---------------------------|------------|-----------|---------------------|----------------|
| 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 | 03/02/2021 | 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 and Warrants

During the financial year, the Company issued 47,579,027 ordinary shares as a result of the exercise of the following options and warrants to raise \$3,341,282. There were no amounts unpaid on these shares issued.

| Details | Number of Options Exercised/ Shares Issued | Total Raised (\$) |
|--|--|-------------------|
| Unlisted options exercisable at \$0.088 on or before 16 September 2022 | 1,000,000 | 88,000 |
| Unlisted options exercisable at \$0.12 on or before 30 November 2022 | 19,610,680 | 2,353,282 |
| Unlisted options exercisable at \$0.09 on or before 30 November 2022 | 10,000,000 | 900,000 |
| Zero Exercise Price Warrants expiring 28 July 2025 | 16,968,347 | - |
| Total | 47,579,027 | 3,341,282 |

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 \$59,630 to insure Directors and Officers of the Company.

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Directors' Report (continued)

Corporate Governance Statement

The Company's 2023 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 2023 has been received and can be found on page 20 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.

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

| Service | 2023 \$'000 | 2022 \$'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.



Directors' Report (continued)

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.

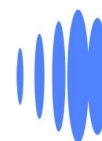
Options, Performance Rights and Share Appreciation Rights ('SARS') have previously been issued to Directors to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company.

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.

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 10.5% 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



Directors' Report (continued)

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.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------|-------------|-------------|------------------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Net profit/(loss) | (3,914,000) | (6,322,000) | 2,458,000 ¹ | (1,890,000) | (2,728,000) |
| Share price at year-end | 0.09 | 0.12 | 0.089 | 0.079 | 0.076 |

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;
- From 1 July 2022 to 31 January 2023, base Chairman fee of \$75,000 per annum, exclusive of superannuation;
- Effective 1 February 2023, base Chairman fee of \$105,000 per annum; 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 2022 to 31 January 2023, base salary of \$320,000 per annum, exclusive of superannuation;
- Effective 1 February 2023, base salary of \$345,000 per annum, exclusive of superannuation;
- Notice period – 6 months; and
- 6-month termination payment under certain circumstances.

Mr Remy Welschinger

Director (Non-Executive) – (Transitioned from Executive Director on 8 February 2023)

- 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)

- 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

Director (Executive) – Appointed 6 September 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

- Consultancy services agreement – no fixed term;
- Consultancy fee of \$6,200 per month, exclusive of GST;
- Notice period – 1 month; and
- No termination benefit is specified in the agreement.

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Directors' Report (continued)

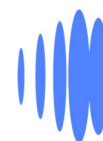
Table of Benefits and Payments for the Year Ended 30 June 2023

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, performance rights or SARS for the year ended 30 June 2023.

| Key Management Personnel | Year | Short-Term | | Post-Employment | | Share-Based Payments | Total | Proportion of Remuneration Related to Performance | |
|------------------------------------|-------------|------------------|------------|------------------------------------|-----------------|----------------------|------------------|---|---|
| | | Salary | Other Fees | Cash-Based Incentives ³ | Super-annuation | | | \$ | % |
| | | \$ | \$ | \$ | \$ | \$ | \$ | | |
| Adrian Byass | 2023 | 87,500 | - | - | 9,188 | 20,049 | 116,737 | 17.17% | |
| | 2022 | 75,000 | - | - | 7,500 | 334,514 | 417,014 | 80.22% | |
| Ryan Parkin | 2023 | 330,417 | - | 100,000 | 34,693 | 51,442 | 516,552 | 29.32% | |
| | 2022 | 302,420 | - | - | 30,242 | 781,306 | 1,113,968 | 70.14% | |
| Remy Welschinger | 2023 | 107,187 | - | - | - | 48,119 | 155,306 | 30.98% | |
| | 2022 | 109,895 | - | - | - | 759,960 | 869,855 | 87.37% | |
| Jon Starink | 2023 | 96,000 | - | - | 10,080 | 48,119 | 154,199 | 31.21% | |
| | 2022 | 84,000 | - | - | 8,400 | 759,960 | 852,360 | 89.16% | |
| Ramón Jiménez Serrano ¹ | 2023 | 311,465 | - | 155,733 | 24,763 | 471,266 | 963,227 | 65.09% | |
| | 2022 | 85,484 | - | - | 5,616 | - | 91,100 | - | |
| Jonathan Whyte ² | 2023 | 88,750 | - | - | - | 2,433 | 91,183 | 2.67% | |
| | 2022 | 69,000 | - | - | - | 153,512 | 222,512 | 68.99% | |
| Total | 2023 | 1,021,319 | - | 255,733 | 78,724 | 641,428 | 1,997,204 | | |
| | 2022 | 725,799 | - | - | 51,758 | 2,789,252 | 3,566,809 | | |

Notes:

- 1) Mr Jiménez was appointed as Executive Director on 6 September 2022, transitioning from his appointment as Chief Executive Officer, Extremadura New Energies on 23 March 2022. In August 2022, 3,500,000 Performance Rights were issued under the Incentive Performance and Share Appreciation Rights Plan to Mr Jiménez. The rights expire on 29 August 2025. The rights have been valued at share price at date of issue and are being expensed over the vesting period of the rights. On 15 December 2022, 3,000,000 unlisted options were issued to Mr Jiménez, as approved at the Annual General Meeting of shareholders on 30 November 2022. The options were valued using Black-Scholes option pricing model and were fully expensed upfront in line with the vesting period.
- 2) Services provided by Keyport Investments Pty Ltd, of which Mr Whyte is a Director.
- 3) In December 2022, Mr Parkin received a cash bonus of \$100,000 upon satisfaction of the Performance Bonus stipulated within Mr Parkin's executive agreement. In May 2023, Mr Jiménez received a cash bonus of €100,000 (AU\$155,733) upon satisfaction of the Performance Bonus stipulated within Mr Jiménez's executive agreement.



Directors' Report (continued)

Number of Shares Held by Key Management Personnel for the Year Ended 30 June 2023

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 2022 | Granted as remuneration | On-market trades | Exercise of options | Other | Held at 30 June 2023 |
|------------------------------------|---------------------|-------------------------|------------------|---------------------|----------|----------------------|
| Adrian Byass | 10,283,805 | - | - | 182,744 | - | 10,466,549 |
| Ryan Parkin | 2,791,219 | - | - | 1,071,430 | - | 3,862,649 |
| Remy Welschinger | 668,425 | - | 1,500,000 | - | - | 2,168,425 |
| Jon Starink | - | - | - | - | - | - |
| Ramón Jiménez Serrano ¹ | - | - | - | - | - | - |
| Jonathan Whyte | 308,214 | - | 25,000 | 149,107 | - | 482,321 |
| Total | 14,051,663 | - | 1,525,000 | 1,403,281 | - | 16,979,944 |

Notes:

- 1) Mr Jiménez was appointed as Executive Director on 6 September 2022, transitioning from his appointment 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 2023

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 2022 | Granted as remuneration ⁴ | Exercised ^{1,2} | Net Change Other | Held at 30 June 2023 | Total vested & exercisable |
|------------------------------------|---------------------|--------------------------------------|--------------------------|------------------|----------------------|----------------------------|
| Adrian Byass | 2,182,744 | - | (182,744) | - | 2,000,000 | 2,000,000 |
| Ryan Parkin | 5,571,430 | - | (1,071,430) | - | 4,500,000 | 4,500,000 |
| 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 ³ | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| Jonathan Whyte | 1,149,107 | - | (149,107) | - | 1,000,000 | 1,000,000 |
| Total | 17,903,281 | 3,000,000 | (1,403,281) | - | 19,500,000 | 19,500,000 |

Notes:

- 1) On 30 November 2022, Mr Byass exercised 182,744 unlisted options with an exercise price of \$0.12 and an expiry date of 30 November 2022, raising \$21,929. The share price at the date of exercise was \$0.185.
- 2) On 7 September 2022, Mr Parkin exercised 1,000,000 unlisted options with an exercise price of \$0.088 and an expiry date of 16 September 2022, raising \$88,000. The share price at the date of exercise was \$0.20. On 30 November 2022, Mr Parkin exercised 71,430 unlisted options with an exercise price of \$0.12 and an expiry date of 30 November 2022, raising \$8,572. The share price at the date of exercise was \$0.185.
- 3) Mr Jiménez was appointed as Executive Director on 6 September 2022, transitioning from his appointment as Chief Executive Officer, Extremadura New Energies on 23 March 2022.
- 4) On 15 December 2022, 3,000,000 unlisted options were issued to Mr Jiménez, as approved at the Annual General Meeting of shareholders on 30 November 2022.



Directors' Report (continued)

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

| Measurement of Fair Value | |
|-----------------------------------|------------------|
| Grant date share price | \$0.185 |
| Exercise price | \$0.25 |
| Expected volatility | 100% |
| Option life | 3 years |
| Risk-free interest rate | 3.17% |
| Fair value per option granted | \$0.107 |
| Expense vested during 2023 | \$320,297 |

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

(a) Share Appreciation Rights

| Key Management Personnel | Held at 1 July 2022 | Granted as remuneration | Expired/lapsed | Held at 30 June 2023 | Total vested & exercisable |
|-------------------------------|---------------------|-------------------------|----------------|----------------------|----------------------------|
| Adrian Byass ² | 1,000,000 | - | - | 1,000,000 | 1,000,000 |
| Ryan Parkin ^{1,2} | 7,400,000 | - | - | 7,400,000 | 7,400,000 |
| Remy Welschinger ² | 2,400,000 | - | - | 2,400,000 | 2,400,000 |
| Jon Starink ² | 2,400,000 | - | - | 2,400,000 | 2,400,000 |
| Ramón Jiménez Serrano | - | - | - | - | - |
| Jonathan Whyte ³ | 166,667 | - | - | 166,667 | 166,667 |
| Total | 13,366,667 | - | - | 13,366,667 | 13,366,667 |

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 |

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Directors' Report (continued)

| 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 |

(b) Performance Rights

In August 2022, 3,500,000 Performance Rights were issued to Mr Jiménez under the Incentive Performance and Share Appreciation Rights Plan. The rights expire on 29 August 2025 and vest subject to milestones outlined below:

- 1,250,000 Performance Rights (“Class A”) vest upon the reinstatement of the PIV, and the PIAV remaining in good standing, in relation to the San José Lithium Project, expiring 29 August 2025.
- 750,000 Performance Rights (“Class B”) vest upon the Company obtaining all relevant approvals and permits required to commence land modification and construction in relation to the San José Lithium Project. These approvals are as required from Local Cáceres Council for development on the land on which the San José Lithium Project is located, expiring 29 August 2025.
- 750,000 Performance Rights (“Class C”) vest upon the Company obtaining all Environmental Permits required for the approval and development of the San José Lithium Project under an Exploitation Concession (Mining), expiring 29 August 2025.
- 750,000 Performance Rights (“Class D”) vest upon the Company obtaining required financing and reaching a ‘decision to mine’ stage in which the project development for the San José Lithium Project is initiated, expiring 29 August 2025.

The rights have been valued at share price at date of issue and are being expensed over the vesting period of the rights.

| Measurement of Fair Value | |
|-----------------------------------|------------------|
| Grant date share price | \$0.155 |
| Number | 3,500,000 |
| Expiry date | 29 August 2025 |
| Total fair value | \$542,500 |
| Expense vested during 2023 | \$150,969 |

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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 (2022: Nil). No outstanding amounts were owing to any key management personnel at year end (2022: Nil). No related party transactions other than those detailed below occurred during the financial year or existed at year end (2022: Nil).

During the year, the Consolidated Entity assigned a provisional patent to Viridian Lithium SAS ('Viridian'). The provisional patent was in application and pertained to "A Process for Treating Impurity Containing Stream". The provisional protection afforded by the patent was due to expire 29 June 2023. The total cost of the patents assigned during the year were \$13,469.

It is noted that Mr Remy Welshinger is Co-Founder and President of Viridian, together with fellow Co-Founder and Chief Technical Officer Mr Jon Starink, and Co-Founder Mr Ryan Parkin.

The rationale behind the assignment was:

1. The provisional patent was due for expiry, and it is estimated that additional costs in excess of \$500,000 are required to be incurred in order to maintain exclusive rights to the patent across key jurisdictions. These costs will now be borne by Viridian, allowing the Consolidated Entity to continue to direct its capital towards advancing the San José Lithium Project;
2. Under the terms of the deed of assignment, the Consolidated Entity retains the free and unencumbered application of current and future Intellectual Property afforded to it by the provisional patent for the San José Lithium Project; and
3. The Consolidated Entity remains entitled to a 10% royalty from any future revenues derived from the commercial licensing of the provisional patent.

The Board of Directors is of the view that terms of the assignment are on an arm's length basis no more favourable to Viridian, than the terms that could have been negotiated with another unrelated party.

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 2023

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AUDITOR'S INDEPENDENCE DECLARATION**TO THE DIRECTORS OF INFINITY LITHIUM CORPORATION LIMITED AND ITS
CONTROLLED ENTITIES**

In relation to the independent audit for the year ended 30 June 2023, 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 and its controlled entities during the year.

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 28 September 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|---|-------|----------------|----------------|
| Other income | 2 | 449 | 135 |
| Corporate and compliance expenses | | (1,226) | (1,040) |
| Consulting expenses | | (1,079) | (718) |
| Employee and director benefits expenses | 3 | (1,043) | (755) |
| Share-based payments | 22 | (715) | (3,678) |
| Depreciation expense | 12 | (5) | (3) |
| Foreign exchange loss | | (15) | (1) |
| Loss before income tax from continuing operations | | (3,634) | (6,060) |
| Income tax expense | | - | - |
| Loss for the year from continuing operations | | (3,634) | (6,060) |
| Loss for the year from discontinued operations | 24 | (280) | (262) |
| Loss for the year | | (3,914) | (6,322) |
| 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 | | 1,283 | (574) |
| Total comprehensive loss for the year | | (2,631) | (6,896) |
| (Loss)/profit for the year attributable to: | | | |
| Equity holders of the Parent | | (3,953) | (6,283) |
| Non-controlling interests | | 39 | (39) |
| | | (3,914) | (6,322) |
| Total comprehensive (loss)/income for the year attributable to: | | | |
| Equity holders of the Parent | | (2,670) | (6,857) |
| Non-controlling interests | | 39 | (39) |
| | | (2,631) | (6,896) |
| Loss per share attributable to the ordinary shareholders of the Parent for the year: | | | |
| Basic and diluted (cents per share) | 7 | (0.88) | (1.54) |
| Basic and diluted (cents per share) from continuing operations | 7 | (0.82) | (1.47) |

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 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|---|-------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 8 | 12,306 | 16,288 |
| Trade and other receivables | 9 | 935 | 262 |
| Total Current Assets | | 13,241 | 16,550 |
| Non-Current Assets | | | |
| Other assets | 11 | 118 | 106 |
| Property, plant and equipment | 12 | 133 | 116 |
| Equity accounted investments | 13 | - | 9,817 |
| Deferred exploration and evaluation expenditure | 14 | 14,489 | - |
| Total Non-Current Assets | | 14,740 | 10,039 |
| Total Assets | | 27,981 | 26,589 |
| Current Liabilities | | | |
| Trade and other payables | 15 | 395 | 311 |
| Deferred consideration payable | 16 | - | 891 |
| Provisions | 17 | 104 | 105 |
| Total Current Liabilities | | 499 | 1,307 |
| Total Liabilities | | 499 | 1,307 |
| Net Assets | | 27,482 | 25,282 |
| Equity | | | |
| Issued capital | 18 | 50,569 | 47,228 |
| Reserves | 19 | 7,915 | 6,776 |
| Accumulated losses | | (31,562) | (28,683) |
| Equity attributable to equity holders of the Parent | | 26,922 | 25,321 |
| Non-controlling interest | 24 | 560 | (39) |
| Total Equity | | 27,482 | 25,282 |

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 2023

| Notes | Attributable to equity holders of the Parent | | | | Non-Controlling Interest | Total |
|---|--|-----------------------------|-----------------------------|--------------------|--------------------------|---------------|
| | Issued Capital | Share-Based Payment Reserve | Foreign Translation Reserve | Accumulated Losses | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | | |
| 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 income | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | (574) | - | - | (574) |
| Total comprehensive income for the year | - | - | (574) | (6,283) | (39) | (6,896) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Share-based payments | 22 | 5 | 3,988 | - | - | 3,993 |
| Costs of raising capital | 18 | (6) | - | - | - | (6) |
| Exercise of options | 18 | 970 | - | - | - | 970 |
| Total transactions with owners | 18,19 | 969 | 3,988 | - | - | 4,957 |
| Balance as at 30 June 2022 | 47,228 | 7,229 | (453) | (28,683) | (39) | 25,282 |
| Loss for the year | - | - | - | (3,953) | 39 | (3,914) |
| Other comprehensive income | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | 1,283 | - | - | 1,283 |
| Total comprehensive income for the year | - | - | 1,283 | (3,953) | 39 | (2,631) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Share-based payments | 22 | - | 930 | - | - | 930 |
| Exercise of options | 18 | 3,341 | (1,074) | - | 1,074 | 3,341 |
| NCI recognised on acquisition | 14 | - | - | - | 560 | 560 |
| Total transactions with owners | 18,19 | 3,341 | (144) | - | 1,074 | 4,831 |
| Balance as at 30 June 2023 | 50,569 | 7,085 | 830 | (31,562) | 560 | 27,482 |

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 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|---|-------|----------------|----------------|
| Cash Flows from Operating Activities | | | |
| Payments to suppliers and employees | | (3,263) | (2,689) |
| Government grants received | | 172 | 135 |
| Net cash flows used in operating activities | 21 | (3,091) | (2,554) |
| Cash Flows from Investing Activities | | | |
| Payments for equity accounted investments | | (1,114) | (1,111) |
| Payments for deferred exploration and evaluation | | (2,165) | - |
| Payments for deferred consideration | | (891) | - |
| Receipts from/(payments for) security deposits | | 7 | (43) |
| Payments for other assets | | (33) | (23) |
| Payments for property, plant and equipment | | (22) | (79) |
| Net cash flows used in investing activities | | (4,218) | (1,255) |
| Cash Flows from Financing Activities | | | |
| Payments for share issue costs | | - | (6) |
| Proceeds from exercise of options | | 3,341 | 970 |
| Net cash flows provided by financing activities | | 3,341 | 964 |
| Net decrease in cash and cash equivalents | | (3,967) | (2,847) |
| Effect of exchange rates on cash | | (15) | - |
| Cash and cash equivalents at beginning of financial year | | 16,288 | 19,135 |
| Cash and cash equivalents at the end of the financial year | 8 | 12,306 | 16,288 |

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

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Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Statement of Significant Accounting Policies

The financial report of the Company for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of Directors on 28 September 2023. 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.

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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Accounting standards issued but not yet effective

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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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 2023 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.

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 2023.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Rounding of Amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements 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, 14, 18 and 25.

Note 2. Revenue and Other Income

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Operating Activities | | |
| Interest received | 172 | - |
| Government grants (research and development) | 277 | 135 |
| Total Other Revenue | 449 | 135 |

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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 3. Loss Before Income Tax

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Loss before income tax includes the following specific expenses: | | |
| <i>Employee and Director benefits expense:</i> | | |
| Employee benefits expense | 860 | 544 |
| Director fees | 107 | 110 |
| Other employee and director benefits (consulting fees paid) | - | 44 |
| Superannuation expenses | 76 | 57 |
| | 1,043 | 755 |

Note 4. Income Tax Benefit/(Expense)

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------|------------------------|
| a) Reconciliation of income tax to prima facie tax payable | | |
| Accounting (loss)/profit before tax | (3,914) | (6,322) |
| Income tax (benefit)/expense @25% (2022: 25%) | (979) | (1,580) |
| Add tax effect of: | | |
| • Non-deductible expenses | 169 | 962 |
| • Current year tax losses not recognised | 835 | 633 |
| Less: | | |
| • Movement in unrecognised temporary differences | (25) | (15) |
| Income tax attributable to the Company | - | - |
| b) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 25% (2022: 25%) | 2023 \$'000 | 2022 \$'000 |
| Deferred tax assets have not been recognised in respect of the following: | | |
| • Deductible temporary differences | 59 | 59 |
| • Carried forward losses | 6,063 | 5,381 |
| • Business Related Costs | 33 | 52 |
| | 6,155 | 5,492 |
| c) Reconciliation of deferred taxes | | |
| The following deferred tax balances have not been recognised: | | |
| Deferred Tax Liabilities @ 25% (2022: 25%) | | |
| Unrealised foreign exchange gain | 1 | - |
| Prepayments | 13 | 6 |
| | 14 | 6 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

As at 30 June 2023, the Consolidated Entity had carried forward revenue and capital losses of \$24,110,000 (2022: \$21,525,000). 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 2023 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.

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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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 | Non-Executive Director (transitioned from Executive Director on 8 February 2023) |
| Jon Starink | Executive Director |
| Ramón Jiménez Serrano | Executive Director (appointed 6 September 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:

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Key Management Personnel Compensation | | |
| Short term employment benefits | 1,021,319 | 725,799 |
| Post-employment benefits | 78,724 | 51,758 |
| Cash-based incentives | 255,733 | - |
| Share-based payments | 641,428 | 2,789,252 |
| Total Key Management Personnel Compensation | 1,997,204 | 3,566,809 |

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

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 or detailed below 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.

During the year, the Consolidated Entity assigned a provisional patent to Viridian Lithium SAS ('Viridian'). The provisional patent was in application and pertained to "A Process for Treating Impurity Containing Stream". The provisional protection afforded by the patent was due to expire 29 June 2023. The total cost of the patents assigned during the year were \$13,469.

It is noted that Mr Remy Welschinger is Co-Founder and President of Viridian, together with fellow Co-Founder and Chief Technical Officer Mr Jon Starink, and Co-Founder Mr Ryan Parkin.

The rationale behind the assignment was:

1. The provisional patent was due for expiry, and it is estimated that additional costs in excess of \$500,000 are required to be incurred in order to maintain exclusive rights to the patent across key jurisdictions. These costs will now be borne by Viridian, allowing the Consolidated Entity to continue to direct its capital towards advancing the San José Lithium Project;



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

2. Under the terms of the deed of assignment, the Consolidated Entity retains the free and unencumbered application of current and future Intellectual Property afforded to it by the provisional patent for the San José Lithium Project; and
3. The Consolidated Entity remains entitled to a 10% royalty from any future revenues derived from the commercial licensing of the provisional patent.

The Board of Directors is of the view that terms of the assignment are on an arm's length basis no more favourable to Viridian, than the terms that could have been negotiated with another unrelated party.

Note 6. Auditor's Remuneration

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$ | \$ |
| Amounts paid or due and payable to: | | |
| Pitcher Partners BA&A Pty Ltd | | |
| - Audit or review of financial statements | 54,871 | 47,090 |
| - Other services (taxation) | - | 4,000 |
| | 54,871 | 51,090 |

Note 7. Loss 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:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$'000 | \$'000 |
| a) Reconciliation of earnings to loss | | |
| Loss for the year | | |
| Loss used to calculate basic and diluted EPS | (3,914) | (6,322) |
| Loss for the year from continuing operations | | |
| Loss used to calculate basic and diluted EPS | (3,634) | (6,060) |
| | 2023 | 2022 |
| | 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 | 444,230,109 | 410,905,061 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 444,230,109 | 410,905,061 |

The basic and diluted earnings per share is the same for the year ended 30 June 2023 as the potential shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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.

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

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Cash at bank and in hand | 12,306 | 16,288 |
| Total Cash and Cash Equivalents | 12,306 | 16,288 |

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

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Current | | |
| GST/VAT receivable | 528 | 236 |
| Prepayments | 71 | 25 |
| Accrued other income (interest/research and development grant) | 284 | - |
| Other Receivables | 52 | 1 |
| Total Trade and Other Receivables | 935 | 262 |

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

There are no balances within trade and other receivables that contain assets that are past due as at 30 June 2023. It is expected these balances will be received when due.

Refer to Note 25 Financial Risk Management for further details regarding the Consolidated Entity's policies for impairment of financial assets and expected credit losses.

Note 10. Controlled Entities

a) Controlled Entities Consolidated

| | Country of Incorporation | Percentage Owned (%) | |
|--|--------------------------|----------------------|------|
| | | 2023 | 2022 |
| Parent Entity | | | |
| Infinity Lithium Corporation Limited | Australia | 100% | 100% |
| Subsidiaries of Infinity Lithium: | | | |
| Tonsley Mining Pty Ltd | Australia | 100% | 100% |
| Infinity GreenTech Pty Ltd | Australia | 100% | 100% |
| Infinity New Energies Pty Ltd ¹ | 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% |
| Tecnolgia Extremena Del Lito S.L. ² | Spain | 75% | - |
| Equity accounted investments | | | |
| Tecnolgia Extremena Del Lito S.L. ² | Spain | - | 75% |
| Infinity New Energies Pty Ltd ¹ | Australia | 18% | - |

Notes:

- On 11 May 2023, the Company's interest in subsidiary Infinity New Energies Pty Ltd was reduced from 85% to 18% due to the mutual exercise of a contractual exit mechanism resulting in a loss of control over the company. There were nil proceeds on disposal and nil gain/loss in the consolidated statement of comprehensive income. Refer to Note 23 for further information.
- In October 2022, the Consolidated Entity moved to solely control JV entity TEL, the project vehicle that contains the rights to San José, through the finalisation of payment obligations to JV partners Valoriza Minería under the novated JV agreement. The deferred consideration of €600,000 was paid at the Consolidated Entity's election. The Consolidated Entity retains the right to move to 100% San José Project ownership through the exercise of an upfront call option of between €2 million and €4 million dependent on timing of acquisition. Refer to ASX announcement 3 October 2022 for further details.

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.

Tecnolgia Extremeña Del Lito S.L

Valoriza Minería S.L.U. has a 25% non-controlling interest in the Company's subsidiary Tecnolgia Extremeña Del Lito S.L.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------------------|----------------|----------------|
| Non-Current | | |
| Security deposits | 76 | 83 |
| Other assets | 42 | 23 |
| Total Non-Current Other Assets | 118 | 106 |

Note 12. Property, Plant and Equipment

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Property, Plant and Equipment | | |
| At cost | 141 | 119 |
| Accumulated depreciation | (8) | (3) |
| Total Property, Plant and Equipment | 133 | 116 |

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.



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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

Note 13. Equity Accounted Investments

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| At cost | | |
| Equity contributions in TEL | - | 2,970 |
| Premium Paid for Equity Accounted Investment | - | 6,847 |
| | - | 9,817 |
| Less: Provision for impairment | - | - |
| Total Equity Accounted Investments | - | 9,817 |

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:

| Tecnologia Extremena Del Litio S.L. ('TEL') | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Opening balance | 9,817 | 9,147 |
| Additions | 871 | 1,225 |
| Foreign exchange impact | 577 | (555) |
| Derecognised upon obtaining control of TEL ¹ | (11,265) | - |
| Closing balance | - | 9,817 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Notes:

- 1) The Company had an interest in a joint venture held through a 50% interest in TEL, 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%.

It was the Consolidated Entity's view that it jointly controlled TEL with Valoriza Minería as at 30 June 2022 until such time that the Consolidated Entity made the outstanding deferred consideration payment of €600,000. This was 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 was paid. This includes decisions over the relevant activities that affect the returns of the joint arrangement.

In October 2022, the Consolidated Entity moved to solely control JV entity TEL through the finalisation of payment obligations to JV partners Valoriza Minería under the novated JV agreement. The deferred consideration of €600,000 was paid at the Consolidated Entity's election. The Consolidated Entity's interest in TEL remains at 75% and it retains the right to move to 100% San José Lithium Project ownership through the exercise of an upfront call option of between €2 million and €4 million dependent on timing of acquisition.

As at 30 June 2023 it is the Consolidated Entity's view that it solely controls TEL and therefore its interest in TEL is no longer classified as a joint arrangement under *AASB 128 Investments in Associates and Joint Ventures* and therefore TEL has been consolidated as a subsidiary of the Group with effect from 3 October 2022.

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.

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.

As at 30 June 2023 it is the Consolidated Entity's view that it solely controls TEL and therefore its interest in TEL is no longer classified as a joint arrangement under *AASB 128 Investments in Associates and Joint Ventures* and therefore TEL has been consolidated as a subsidiary of the Group with effect from 3 October 2022.



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 14. Deferred Exploration and Evaluation Expenditure

| | 2023 \$'000 |
|--|----------------|
| Opening balance | - |
| Acquired during the year ¹ | 11,825 |
| Additions | 2,109 |
| Foreign exchange impact | 555 |
| Total Deferred Exploration and Evaluation Expenditure | 14,489 |

Notes:

- On 3 October 2022, following the payment of the deferred consideration owing to Valoriza Minería, it was determined that the Group assumed control of TEL (Refer to Note 13 for further information).

The acquisition of TEL was accounted for as an asset acquisition rather than as business combination, as it was determined that the acquired net assets of TEL did not constitute a business.

When an asset acquisition does not constitute a business combination, assets and liabilities are assigned a carrying amount based on the relative fair value of the assets acquired and liabilities assumed. No deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

TEL has a loan with Extremadura Mining S.L. as a result of the JV Agreement entered into historically. The value of the loan and existing investment in TEL upon payment of the deferred consideration (which had previously been recognised as a liability owing to Valoriza Minería) was A\$11,265,000.

Details of the acquisition of TEL are outlined as follows:

| | 2023 \$'000 |
|---|----------------|
| <i>Purchase consideration:</i> | |
| Existing loan to, and investment, in TEL | 11,265 |
| Closing balance | 11,265 |
| <i>Fair value of assets acquired and liabilities assumed:</i> | |
| Deferred exploration and evaluation assets | 11,825 |
| | 11,825 |
| Non-controlling interest (25% of net assets) | (560) |
| | 11,265 |

Accounting Policy

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Where applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Key Estimates, Judgments and Assumptions

Impairment of exploration and evaluation assets and investments in and loans to subsidiaries

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation asset.

Impairment assessments are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts.

Carrying Value of Exploration and Evaluation Assets

The carrying value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

Impairment Assessment

In April 2021 the Company received notification from the Junta which informed the Company of the cancellation of Investigation Permit Valdelflorez ('PIV') research permit application at San José. The decision was unexpected and followed the resolution of the Junta which granted the PIAV, as announced on 23



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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.

The Project comprises the PIV and Investigation Permit Ampliación Valdefl6rez ('PIAV'). The location of the beneficiation plant and downstream lithium chemical conversion facilities 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.

The Consolidated Entity assessed the carrying value of its exploration expenditure for indicators of impairment and concluded that impairment testing of the project was not triggered, noting the following permitting update.

Permitting Strategy Clarified by Investigation Permit Rulings

In December 2022, the Company advised that it would advance submissions for the lodgement of a direct exploitation concession following the determination by the Contentious - Administrative Court ('CAC', or 'the Court') in C6ceres to uphold the cancellation of the PIV.

The CAC's decision provided clarity on the pathway to the lodgement of an Exploitation Concession Application and the Company's permitting strategy remained on course following the initiation of the permitting process at the invitation of regional and local authorities through the lodgement of the Initial Document.

The Regional Government of Extremadura had publicly acknowledged the potential for TEL to apply for a direct Exploitation Concession through the submission of an Exploration Permit application. The Company and TEL maintain subsequent and sequential rights to the Project as detailed in ASX announcement 19 July 2021. The avenue to lodge an Exploitation Concession Application is available under Spanish Mining Law with the technical and economic viability of the San Jos6 deposit already demonstrated.

In January 2023, the Court ratified the correct granting of the PIAV which upheld the position of both Extremadura New Energies and the Industrial, Energy and Mining Management Service of the Regional Government of Extremadura.

The Court's judgement clarified the General Urban Development Plan of C6ceres facilitates the utilisation of certain areas within PIAV in which the urban land classification allows "extraction activity" and the industrial development of the proposed lithium hydroxide conversion facility. The Court had recently determined other areas within an adjacent area to the PIAV did not allow for extractive activity and the disturbance of the surface based on land classification under the General Urban Development Plan of C6ceres.

The decision reinforced compliance under General Urban Development Plan of C6ceres for Extremadura New Energies' disturbance of the surface areas required for the decline portal within the PIAV area, adjacent to the resource area, and undertake subsurface activities to access the lithium bearing deposit (subject to environmental and mining licences being granted following the assessment of the Exploitation Concession Application).



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

In March 2023 the Extremadura Regional Ministry of Ecological Transition granted the Company the Exploration Permit Extremadura S.E ('PESE', or 'Exploration Permit'), which applies to the grounds inclusive of the resource area relating to San José. The award of this key permit was a major milestone during the year, validating the Company's administrative rights and reference to right of tenure for an extended area to advance the Project.

In May 2023 the Company announced that the Regional Government of Extremadura's General Directorate for Sustainability had reinforced the advancement of the Project permitting process through the finalisation of the EIASD. The report received from the Regional Government Administration establishes the preliminary conditions for San José to be compatible with environmental and urbanistic licence requirements through the recommendations for inclusion in the submission of the Company's mining licence and environmental authorisation submissions. Furthermore, the technical document clarifies the conditions to be met for the preferred location of the lithium chemical conversion plant and portal for mineral resource exploitation. The Company subsequently executed an agreement over areas of land relevant for the progression of the designated lithium chemical conversion plant and related processing activities (see 'Events After Reporting Date').

In June 2023 the Company announced that it, through wholly owned subsidiary Extremadura New Energies, remained on course for the submission of the Exploitation Concession Application for the Project under PESE. The administrative process to submit the Exploitation Concession Application had been altered to include the extended PESE Project tenure. The High Court of Justice of Extremadura determined that the investigation permits previously contained within the new project area PESE were annulled, and therefore the Project area now comprises entirely of PESE.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation of this area of interest.

Note 15. Trade and Other Payables

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------------------|----------------|----------------|
| Current | | |
| Trade payables | 146 | 157 |
| Accrued expenses | 35 | 31 |
| Sundry payables | 214 | 123 |
| Total Trade and Other Payables | 395 | 311 |

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.



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 16. Deferred Consideration

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------|----------------|----------------|
| Current ¹ | - | 891 |
| Total Deferred Consideration | - | 891 |

Notes:

- 1) In October 2022, the Consolidated Entity moved to solely control JV entity TEL, the project vehicle that contains the rights to San José, through the finalisation of payment obligations to JV partners Valoriza Minería under the novated JV agreement. The deferred consideration of €600,000 was paid at the Consolidated Entity's election. The Consolidated Entity retains the right to move to 100% San José Project ownership through the exercise of an upfront call option of between €2 million and €4 million dependent on timing of acquisition.

Note 17. Provisions

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------------|----------------|----------------|
| Current | | |
| Employee Entitlements: | | |
| Annual leave | 104 | 105 |
| Total Current Provisions | 104 | 105 |

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.

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 2023

Note 18. 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.

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| 462,592,093 fully paid ordinary shares (2022: 415,013,066) | 54,453 | 51,112 |
| Less: capital raising costs | (3,884) | (3,884) |
| | 50,569 | 47,228 |

a) Fully Paid Ordinary Shares – Number of Shares

| | 2023 No. | 2022 No. |
|---|--------------------|--------------------|
| At the beginning of the reporting year | 415,013,066 | 402,654,556 |
| Shares issued during the year: | | |
| • Exercise of options ¹ | 47,579,027 | 12,318,510 |
| • Shares issued to consultants ² | - | 40,000 |
| Total at the end of the reporting year | 462,592,093 | 415,013,066 |

b) Fully Paid Ordinary Shares – Value of Shares

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| At the beginning of the reporting year | 47,228 | 46,259 |
| Shares issued during the year: | | |
| • Exercise of options ¹ | 3,341 | 970 |
| • Shares issued to consultants ² | - | 5 |
| Less: | | |
| • Capital raising costs | - | (6) |
| Total at the end of the reporting year | 50,569 | 47,228 |

Notes:

- 1) During the year, 19,610,680 fully paid ordinary shares were issued on exercise of \$0.12 options, 10,000,000 fully paid ordinary shares were issued on the exercise of \$0.09 options, 1,000,000 fully paid ordinary shares were issued on the exercise of \$0.88 options and 16,968,347 fully paid ordinary shares were issued on the exercise of zero exercise price warrants.
- 2) 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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

c) Options

The total number of options on issue at 30 June 2023 was 32,000,000 (2022: 61,113,270). The weighted average exercise price of options on issue at year end was \$0.259 per option (2022: \$0.181 per option) and the weighted average remaining contractual life of options on issue at year end was 0.9 years (2022: 1.04 years).

The unissued ordinary shares of the Company under option at 30 June 2023 are as follows:

| Date of Expiry | Exercise Price (\$) | Number under Option |
|------------------|---------------------|---------------------|
| 8 December 2023 | \$0.25 | 21,000,000 |
| 31 December 2024 | \$0.27 | 4,000,000 |
| 31 December 2024 | \$0.30 | 4,000,000 |
| 15 December 2025 | \$0.25 | 3,000,000 |
| Total | | 32,000,000 |

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 2023 is as follows:

| | 2023 Weighted Average Exercise Price \$ | 2023 No. | 2022 Weighted Average Exercise Price \$ | 2022 No. |
|---|--|-------------------|--|-------------------|
| At the beginning of the reporting year | \$0.181 | 61,113,270 | \$0.102 | 44,431,780 |
| Issued during the year ^{1,2} | \$0.250 | 3,000,000 | \$0.173 | 69,000,000 |
| Exercised during the year ³ | \$0.113 | (30,610,680) | \$0.079 | (12,318,510) |
| Expired during the year | \$0.147 | (1,502,590) | \$0.110 | (40,000,000) |
| Total at the end of the reporting year | \$0.259 | 32,000,000 | \$0.181 | 61,113,270 |

Notes:

- On 15 December 2022, 3,000,000 unlisted options were issued to Ramón Jiménez Serrano, a Director of the Company, as approved at the Annual General Meeting of shareholders on 30 November 2022. Refer to Note 22 Share-Based Payments for further information.
- 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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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 22 Share-Based Payments for further details.

- 3) During the year, 19,610,680 fully paid ordinary shares were issued on exercise of \$0.12 options, 10,000,000 fully paid ordinary shares were issued on the exercise of \$0.09 options and 1,000,000 fully paid ordinary shares were issued on the exercise of \$0.88 options. The weighted average share price as at the date of options exercised under share-based payments arrangements during the year was \$0.113 per option (2022: \$0.175).

d) Warrants

| | 2023 No. | 2022 No. |
|---|--------------|-------------------|
| At the beginning of the reporting year | 15,047,006 | 13,182,938 |
| Issued during the year ^{1,2} | 1,921,341 | 1,864,068 |
| Exercised during the year ¹ | (16,698,347) | - |
| Expired during the year | - | - |
| Total at the end of the reporting year | - | 15,047,006 |

Notes:

- 1) 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. On 16 November 2022 16,698,347 fully paid ordinary shares were issued on the exercise of zero exercise price warrants. Refer to Note 22 Share-Based Payments for further details.
- 2) 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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

e) Share Appreciation Rights ('SARS')

The unissued ordinary shares of the Company under SARS at 30 June 2023 are as follows:

| | 2023 No. | 2022 No. |
|---|-------------------|-------------------|
| At the beginning of the reporting year ¹ | 17,200,000 | 17,200,000 |
| Issued during the year | - | - |
| Lapsed/expired during the year | - | - |
| Exercised during the year | - | - |
| Total at the end of the reporting year | 17,200,000 | 17,200,000 |

Notes:

- 1) Refer to Note 22 Share-Based Payments for further details of SARS on issue.

f) Performance Rights

A reconciliation of the total Performance Rights on issue as at 30 June 2023 is as follows:

| | 2023 No. | 2022 No. |
|---|------------------|-------------|
| At the beginning of the reporting year | - | - |
| Issued during the year ¹ | 3,500,000 | - |
| Exercised during the year | - | - |
| Lapsed/expired during the year | - | - |
| Total at the end of the reporting year | 3,500,000 | - |

Notes:

- 1) 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. Refer to Note 22 Share-Based Payments for further information.

g) 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.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 19. Reserves

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Share-Based Payment Reserve a) | 7,085 | 7,229 |
| Foreign Currency Translation Reserve b) | 830 | (453) |
| | 7,915 | 6,776 |

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 2023 is as follows:

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| At the beginning of the reporting year | 7,229 | 3,241 |
| Share-based payments (Note 22) | 930 | 3,988 |
| Exercised and expired options | (1,074) | - |
| Total at the end of the reporting year | 7,085 | 7,229 |

b) Foreign Currency Reserve

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

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| At the beginning of the reporting year | (453) | 121 |
| Exchange differences arising on translation of foreign operations | 1,283 | (574) |
| Total at the end of the reporting year | 830 | (453) |

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.

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,



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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 20. 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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

(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.

(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 2023 | | | |
| Revenue | | | |
| Other income | - | 449 | 449 |
| Total Gross Revenue | - | 449 | 449 |
| Expenses | | | |
| Corporate and compliance expenses | (352) | (874) | (1,226) |
| Consulting expenses | (340) | (739) | (1,079) |
| Employee and director benefits expense | - | (1,043) | (1,043) |
| Share-based payments | - | (715) | (715) |
| Depreciation expense | (2) | (3) | (5) |
| Foreign exchange loss | - | (15) | (15) |
| Income tax expense | - | - | - |
| Loss for the year from continuing operations | (694) | (2,940) | (3,634) |
| Loss for the year from discontinued operations | - | (280) | (280) |
| Loss for the year | (694) | (3,220) | (3,914) |
| Segment Assets | | | |
| Cash and cash equivalents | 402 | 11,904 | 12,306 |
| Trade and other receivables | 519 | 416 | 935 |
| Deferred exploration and evaluation | 14,489 | - | 14,489 |
| Other assets | 35 | 83 | 118 |
| Property, plant and equipment | 4 | 129 | 133 |
| Total Assets | 15,449 | 12,532 | 27,981 |
| Segment Liabilities | | | |
| Trade and other payables | 268 | 127 | 395 |
| Provisions | - | 104 | 104 |
| Total Liabilities | 268 | 231 | 499 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

| | Spain | Unallocated | Total |
|---|---------------|----------------|----------------|
| | \$'000 | \$'000 | \$'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 | - | (718) | (718) |
| Employee and director benefits expense | - | (755) | (755) |
| 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) | (5,774) | (6,060) |
| Loss for the year from discontinued operations | - | (262) | (262) |
| Loss for the year | (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 | 97 | 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 2023

Note 21. Cash Flow Information

Reconciliation of cash flow from operations with loss after income tax:

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Net loss for the year | (3,914) | (6,322) |
| Non-cash flows in loss | | |
| Share-based payments | 715 | 3,678 |
| Unrealised foreign exchange movements | 15 | 1 |
| Depreciation expense | 5 | 3 |
| Consulting fees (share-based) | - | 5 |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | |
| Decrease/(increase) in trade and other receivables | 156 | (67) |
| (Decrease)/increase in trade payables relating to operating activities | (67) | 104 |
| (Decrease)/increase in provisions | (1) | 44 |
| Net cash outflows from operating activities | (3,091) | (2,554) |

Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year (2022: nil).

Note 22. Share-Based Payments

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| (a) Reserves (Note 19) | | |
| Options issued to Directors & Employees ^{1,2} | 320 | 3,001 |
| Performance and Share Appreciation Rights issued ^{3,4,5,6,7,8} | 395 | 677 |
| Total Share-Based Payments – P&L | 715 | 3,678 |
| Warrants issued ⁹ | 215 | 310 |
| Total Share-Based Payments – Reserves | 930 | 3,988 |
| (b) Issued Capital (Note 18) | | |
| Shares issued to consultants | - | 5 |
| Total Share-Based Payments – Equity | - | 5 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Notes:

- 1) On 15 December 2022, 3,000,000 unlisted options were issued to Ramón Jiménez Serrano, a Director of the Company, as approved at the Annual General Meeting of shareholders on 30 November 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 |
| Exercise price | \$0.25 |
| Expected volatility | 100% |
| Option life | 3 years |
| Risk-free interest rate | 3.17% |
| Fair value per option granted | \$0.107 |
| Expense vested during 2023 | \$320,297 |

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. The volatility rate has been determined with reference to the Consolidated Entity's historical volatility for a comparable period, factoring in adjustments as a result of the COVID 19 Pandemic as well as changes in the nature of Group's business activities.

- 2) 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.

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 |
| Expense vested during 2022 | \$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.

- 3) At year ended 30 June 2023, the Company had 17,200,000 SARS over ordinary shares under issue (30 June 2022: 17,200,000). The SARS 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 ⁴ |
| 25/11/2020 | 05/10/2025 | 0.082 | 9,700,000 ⁵ |
| 03/12/2020 | 02/12/2025 | 0.144 | 500,000 ⁶ |
| 05/01/2021 | 05/01/2026 | 0.170 | 2,000,000 ⁷ |
| | | | 17,200,000 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

4) Share Appreciation Rights expiring on 13 September 2024

On 11 December 2019, the Company issued 5,000,000 SARS to Mr Ryan Parkin. 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.

The SARS vesting profile is as follows:

- Tranche 1 - 50% - vested on 13 September 2020
- Tranche 2 - 25% - vested on 13 September 2021
- Tranche 3 - 25% - 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.

| 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 | 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 |
| Expense vested during 2023 | - | - | \$3,323 |
| Expense vested during 2022 | - | \$5,171 | \$16,175 |

5) 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 SARS 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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

| 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 |
| Expense vested during 2023 | - | \$56,415 | \$138,065 |
| Expense vested during 2022 | \$121,992 | \$212,283 | \$138,065 |

6) Share Appreciation Rights expiring on 2 December 2025

On 7 December 2020, 500,000 SARS 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. Subsequent to year end, the SARS lapsed upon the holder ceasing to be employed by the Company, effective 1 September 2023.

The SARS vesting profile is as follows:

- Tranche 1 - 50% (250,000) vested on 2 December 2021
- Tranche 2 - 50% (250,000) vested 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 |
| Expense vested during 2023 | - | \$7,299 |
| Expense vested during 2022 | \$14,619 | \$17,189 |

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

7) 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) vested 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% |
| Value per right | \$0.149 | \$0.149 |
| Total fair value | \$149,046 | \$149,046 |
| Expense vested during 2023 | - | \$38,589 |
| Expense vested during 2022 | \$77,177 | \$74,523 |

8) Performance Rights

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 below:

- 1,250,000 Performance Rights ("Class A") vest upon the reinstatement of the PIV, and the PIAV remaining in good standing, in relation to the San José Lithium Project, expiring 29 August 2025.
- 750,000 Performance Rights ("Class B") vest upon the Company obtaining all relevant approvals and permits required to commence land modification and construction in relation to the San José Lithium Project. These approvals are as required from Local Cáceres Council for development on the land on which the San José Lithium Project is located, expiring 29 August 2025.
- 750,000 Performance Rights ("Class C") vest upon the Company obtaining all Environmental Permits required for the approval and development of the San José Lithium Project under an Exploitation Concession (Mining), expiring 29 August 2025.
- 750,000 Performance Rights ("Class D") vest upon the Company obtaining required financing and reaching a 'decision to mine' stage in which the project development for the San José Lithium Project is initiated, expiring 29 August 2025.

The rights have been valued at share price at date of issue and are being expensed over the vesting period of the rights.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

| Measurement of Fair Value | |
|-----------------------------------|------------------|
| Grant date share price | \$0.155 |
| Number | 3,500,000 |
| Expiry date | 29 August 2025 |
| Total fair value | \$542,500 |
| Expense vested during 2023 | \$150,969 |

9) Warrants

Direct Financial Investment: €800,000 Phase One Investment

The first phase of feasibility study test work at San José has been funded by EIT InnoEnergy with an amount of up to €800,000 (approximately A\$1.35 million) committed to Infinity through the issue of unlisted warrants priced at the higher of the 30-day VWAP or A\$0.05 per share. The warrants were exercisable at \$0.00 on or before 28 July 2025. The funding comprised of 3 tranches as follows:

- Tranche 1: €400,000 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;
- Tranche 2: €200,000 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 priced warrants were recognised as at the date of their issue with reference to the fair value of goods to be received/services provided. This amount was €147,230 as outlined within the agreement with EIT InnoEnergy for Tranche 3 feasibility study works, translating to approximately A\$215,321. The total value of phase one feasibility study test work upon completion was €747,230 (A\$1,184,236).

On 16 November 2022 16,698,347 fully paid ordinary shares were issued on the exercise of all zero exercise price warrants held by EIT InnoEnergy.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 23. Parent Entity Disclosures

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Current assets | 12,320 | 16,268 |
| Non-current assets | 165 | 168 |
| Total assets | 12,485 | 16,436 |
| Current liabilities | 231 | 319 |
| Total liabilities | 231 | 319 |
| Net assets | 12,254 | 16,117 |
| Issued capital | 50,569 | 47,228 |
| Reserves | 7,085 | 7,229 |
| Accumulated losses | (45,401) | (38,340) |
| Total equity | 12,253 | 16,117 |
| Loss of parent entity | (3,196) | (5,711) |
| Total comprehensive loss of the parent entity | (3,196) | (5,711) |

Commitments and Contingent Assets/Liabilities

The commitments and contingent assets/liabilities of the Parent Entity are consistent with that of the Consolidated Entity (refer to Note 26).

Note 24. Non-Controlling Interests and Discontinued Operations

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Balance at the beginning of the year | (39) | - |
| Share of profit/(loss) for the year ¹ | 39 | (39) |
| Share of other comprehensive income | - | - |
| NCI recognised on acquisition ² | 560 | - |
| Balance at the end of the year | 560 | (39) |

The Consolidated Entity has the following non-controlling minority 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. Morille Mining S.L. is currently a dormant entity with no trading history since the Morille Tungsten Project was relinquished in 2020.

Tecnología Extremeña Del Lito S.L.

Valoriza Minería S.L.U. has a 25% non-controlling interest in the Company's subsidiary Tecnología Extremeña Del Lito S.L.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Notes:

- 1) On 11 May 2023, the Company's interest in subsidiary Infinity New Energies Pty Ltd was reduced from 85% to 18% due to the mutual exercise of a contractual exit mechanism, with nil proceeds and nil gain/loss on disposal. The Company's share of the subsidiary's loss for the year was \$280,000, disclosed as discontinued operations in the consolidated statement of comprehensive income.

a) Results of discontinued operations

Expenses

| | |
|--|-------|
| Expenses incurred in relation to Infinity New Energies Pty Ltd | (280) |
|--|-------|

| | |
|---------------------------------------|--------------|
| Loss from operating activities | (280) |
|---------------------------------------|--------------|

| | |
|------------|---|
| Income tax | - |
|------------|---|

(Loss)/Profit for the year attributable to:

| | |
|------------------------------|-------|
| Equity holders of the Parent | (321) |
|------------------------------|-------|

| | |
|---------------------------|----|
| Non-controlling interests | 39 |
|---------------------------|----|

| | |
|--|--------------|
| Loss from discontinued operations | (280) |
|--|--------------|

b) Cash flows from (used in) discontinued operations

| | |
|---------------------------------------|-------|
| Net cash used in operating activities | (280) |
|---------------------------------------|-------|

| | |
|------------------------------------|--------------|
| Net cash flows for the year | (280) |
|------------------------------------|--------------|

c) Effect of disposal on the financial position of the Group

| | |
|--------------|---|
| Total assets | - |
|--------------|---|

| | |
|-------------------|---|
| Total liabilities | - |
|-------------------|---|

| | |
|-------------------|----------|
| Net assets | - |
|-------------------|----------|

| | |
|---|---|
| Consideration received, satisfied in cash | - |
|---|---|

| | |
|---------------------------------------|---|
| Cash and cash equivalents disposed of | - |
|---------------------------------------|---|

| | |
|--------------------------|----------|
| Net cash outflows | - |
|--------------------------|----------|

- 2) In October 2022, the Consolidated Entity moved to solely control JV entity TEL, the project vehicle that contains the rights to San José, through the finalisation of payment obligations to JV partners Valoriza Minería under the novated JV agreement. The deferred consideration of €600,000 was paid at the Consolidated Entity's election. Following the payment of the deferred consideration owing to Valoriza Minería, who hold a 25% non-controlling interest, it was determined that the Group assumed control of TEL. Refer to Note 14 for further details on the acquired NCI.

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

| | 2023 \$'000 |
|--|----------------|
| <u>Summarised Statement of Financial Position</u> | |
| Assets | |
| Current assets | 11 |
| Non-current assets | 15,927 |
| Total Assets | 15,938 |
| Liabilities | |
| Current liabilities | - |
| Non-current liabilities – payable to Extremadura Mining S.L. | 13,698 |
| Total Liabilities | 13,698 |
| Net Assets | 2,240 |
| <u>Summarised Statement of Comprehensive Income</u> | |
| (Loss)/profit attributable to equity holders of the Parent | - |
| (Loss)/profit attributable to non-controlling interests | - |
| (Loss)/profit for the Year | - |
| Other comprehensive income/(loss) attributable to: | |
| Equity holders of the Parent | - |
| Non-controlling interests | - |
| Total other comprehensive income/(loss) | - |
| <u>Summarised Statement of Cash Flows</u> | |
| Net cash used in operating activities | - |
| Net cash from investing activities | - |
| Net cash from financing activities | - |
| Effect of foreign exchange rates on cash | - |
| Net increase/(decrease) in cash and cash equivalents | - |
| <u>Other Financial Information</u> | |
| Accumulated non-controlling interests at the end of reporting period | 560 |

Note 25. 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 which are measured at amortised cost.

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.



Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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 | |
|---------------------|--------|--------|-------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated | | | | |
| EUR | 10,278 | 6,833 | 163 | 666 |
| AUD | 16,914 | 10,145 | 268 | 988 |

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\$1,665,000 (2022: increase in post-tax loss for the year and decrease of net assets of A\$916,000).

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 2023

| | Financial Asset & Financial Liability Maturity Analysis | | | | | | | |
|--|---|---------------|-----------|-----------|--------------|----------|---------------|---------------|
| | Within 1 Year | | 1-5 Years | | Over 5 Years | | Totals | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | | | | |
| Cash and cash equivalents | 12,306 | 16,288 | - | - | - | - | 12,306 | 16,288 |
| Trade and other receivables | 864 | 237 | - | - | - | - | 864 | 237 |
| Other financial assets | - | - | 76 | 83 | - | - | 76 | 83 |
| Total Financial Assets | 13,170 | 16,525 | 76 | 83 | - | - | 13,246 | 16,608 |
| Financial Liabilities | | | | | | | | |
| Trade and other payables | 360 | 280 | - | - | - | - | 360 | 280 |
| Deferred consideration | - | 891 | - | - | - | - | - | 891 |
| Total Financial Liabilities | 360 | 1,171 | - | - | - | - | 360 | 1,171 |
| Net inflows/outflows on Financial Instruments | 12,810 | 15,354 | 76 | 83 | - | - | 12,886 | 15,437 |

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------|----------------|----------------|
| Cash and cash equivalents | | |
| A-Rated | 12,306 | 16,288 |

- 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 | |
|------------------------------------|--|-------|------------------------|-----------|----------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | % | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | | |
| Cash at bank & on hand | 3.40% | - | 10,000 | - | 2,306 | 16,288 |
| Receivables | - | - | - | - | 864 | 237 |
| Other assets | 1.61% | 0.20% | 30 | 30 | 46 | 53 |
| Total financial assets | | | 10,030 | 30 | 3,216 | 16,578 |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 360 | 280 |
| Deferred consideration | - | - | - | - | - | 891 |
| Total financial liabilities | | | - | - | 360 | 1,171 |

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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

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

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

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.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance is undertaken utilising the simplified approach adjusted for 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.

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2023

Note 26. 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 27. Events After Reporting Date

In July 2023 the Company announced, through Extremadura New Energies, the acquisition of rights and access of Industrial zoned land for San José. The Company secured land rights and access through an agreement with landowners to enter into an option over a 35-year lease period covering the life of the Project. Furthermore, Extremadura New Energies maintains an option to extend the Project duration with a subsequent right to an extension of 36 years of activities. The lands included in this agreement are already zoned “Industrial” under local urban planning requirements and are located within the granted PESE which includes the San José lithium deposit. The rights that have been secured over the single largest landholding for the designated lithium chemical conversion plant and related processing activities comprises 36 hectares or more than one third of the total proposed development area. The industrial zoned land is located adjacent to the sealed road and other key infrastructure. The total estimated cost for the life of the Project is approximately €2.1 million.

On 1 September 2023, 500,000 Share Appreciation Rights lapsed upon the holder ceasing to be employed by the Company.

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 28. 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.

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Directors' Declaration

For the Year Ended 30 June 2023

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 2023 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 2023

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

INDEPENDENT AUDITOR'S REVIEW 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 2023, the consolidated statement of profit or loss and 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:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) 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.

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 REVIEW REPORT
TO THE MEMBERS OF INFINITY LITHIUM CORPORATION LIMITED**

Key Audit Matter

How our audit addressed the key audit matter

Share based payments

Refer to Note 18, Note 19, and Note 22 of the Financial Report

Share-based payments represent \$930,279 of the Consolidated Entity's expenditure, split as follows;

- \$714,957 in the Consolidated Statement of Profit or Loss and comprehensive income; and
- \$215,322 recognised in the cost of the Consolidated Entity's deferred exploration and evaluation expenditure.

This amount comprises the issue of:

- 3,500,000 performance rights issued under the Consolidated Entity's Incentive Performance and Share Appreciation Rights Plan to an employee;
- 3,000,000 unlisted options were issued to a Director of the Consolidated Entity; and
- 1,921,341 zero exercise price warrants to EIT InnoEnergy in consideration of services on the pre-feasibility study on the San José Lithium Project.

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.

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.

Our procedures included, amongst others:

Obtaining an understanding and evaluating the design and implementation 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 22 for compliance with the requirements of AASB 2 *Share-based Payments*.

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

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

Key Audit Matter

How our audit addressed the key audit matter

Capitalisation of exploration and evaluation expenditure

Refer to Note 14 of the Financial Report

As at 30 June 2023, the carrying value of the Deferred Exploration and Evaluation Expenditure was \$14,488,511.

At 30 June 2023, the Consolidated Entity is required to assess whether:

- there is any indication that an impairment loss recognised in period periods may no longer exist or may have decreased; and
- there is any indication that the Deferred Exploration and Evaluation Expenditure may be further impaired.

If any such indicators exist, then the Consolidated Entity is required to estimate the recoverable amount of its Deferred Exploration and Evaluation Expenditure.

The determination as to whether there exist any indicators requiring the Consolidated Entity to re-assess the Deferred Exploration and Evaluation Expenditure recoverable amount involves a number of judgments including, but not limited to, whether:

- there has 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 the San José Lithium Project; and
- there is sufficient information for a decision to be made that the San José Lithium Project is not commercially feasible.

Additionally, in March 2023 the Extremadura Regional Ministry of Ecological Transition granted the Consolidated Entity the Exploration Permit Extremadura S.E ('PESE', or 'Exploration Permit'), which applies to the grounds inclusive of the resource area relating to San José.

Given the size of the balance and the judgemental nature of the impairment indicator assessments, we consider this is a key audit matter.

Our procedures included, amongst others:

Obtaining an understanding of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators.

Examining the Consolidated Entity's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure.

Considering the Consolidated Entity's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Consolidated Entity's cash-flow forecast models, assessing the sufficiency of funding and discussions with senior management and Directors as to the intentions and strategy of the Consolidated Entity.

Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the amount recognised as deferred exploration and evaluation assets is in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined.

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

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

Key Audit Matter

How our audit addressed the key audit matter

Acquisition of Assets – Tecnologia Extremena Del Litio S.L. (“TEL”)

Refer to Note 13 of the Financial Report

On 3 October 2022, the Consolidated Entity obtained control of TEL (the “Acquisition”), upon payment of the deferred consideration obligation owing to Valoriza Minería S.L.U (“VM”) under the terms of the Joint Venture Agreement and related Novation (the “JV Agreements”) signed between the Consolidated Entity’s subsidiary, Extremadura Mining S.L.U, and VM.

Previously, the Consolidated Entity had determined that it jointly controlled TEL, until such time as the outstanding deferred consideration payment of €600,000 had been made.

As at 30 June 2023 it is the Consolidated Entity’s view that it solely controls TEL and therefore its interest in TEL is no longer classified as a joint arrangement under AASB 128 Investments in Associates and Joint Ventures. Therefore TEL has been consolidated as a subsidiary of the Consolidated Entity with effect from 3 October 2022.

Accounting for the Transaction under AASB 3 *Business Combinations* (“AASB 3”) as a business combination or under alternative Australian Accounting Standards as an asset acquisition requires significant judgment in determining key assumptions and estimates.

These include, but are not limited to:

- Whether or not the Acquisition meet the definition of a business under AASB 3;
- Determining the fair value of the consideration transferred; and
- Determining the fair value of assets acquired and any liabilities assumed as part of the Acquisition.

Due to the significance to the Consolidated Entity’s financial report and the level of judgment involved in the accounting for the Acquisition, we consider this to be a key audit matter.

Our procedures included, amongst others:

Obtaining an understanding of the design and implementation of the relevant controls associated with the preparation of the Acquisition.

Reading the JV Agreements to understand the structure, key terms and the nature of consideration. Using this information, we evaluated the accounting treatment of the Acquisition by analysing conclusions reached by the Consolidated Entity in comparison to Australian Accounting Standards.

Critically evaluating the Consolidated Entity’s determination of the assets and liabilities acquired in the Acquisition.

Checking the mathematical accuracy of the calculations performed for the Acquisition.

Assessing the Consolidated Entity’s disclosures within the financial report and the appropriateness, including consistency with the assumptions and judgements made by management.

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

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 2023, 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 Consolidated Entity 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.
- 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.

INFINITY LITHIUM CORPORATION LIMITED
ABN 52 147 413 956

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

- 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 20 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Aquirian Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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

Responsibilities

The directors of the Consolidated Entity 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



MICHAEL LIPRINO
Executive Director
Perth, 28 September 2023

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ASX Additional Information

a) Distribution of Shareholders as at 27 September 2023

| Spread of Holdings | Number of Ordinary Shareholders | Number of Shares |
|--------------------|---------------------------------|--------------------|
| 1 – 1,000 | 87 | 11,531 |
| 1,001 – 5,000 | 641 | 2,362,399 |
| 5,001 – 10,000 | 776 | 6,208,947 |
| 10,001 – 100,000 | 1,585 | 59,031,544 |
| 100,001 – and over | 528 | 394,977,672 |
| Total | 3,617 | 462,592,093 |

b) Top 20 Shareholders as at 27 September 2023

| Rank | Name | Number of Ordinary Shares Held | % |
|------|---|--------------------------------|---------------|
| 1 | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 26,656,786 | 5.76 |
| 2 | CITICORP NOMINEES PTY LIMITED | 17,498,552 | 3.78 |
| 3 | KIC INNOENERGY SE | 16,968,347 | 3.67 |
| 4 | BNP PARIBAS NOMINEES PTY LTD | 13,650,410 | 2.95 |
| 5 | WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C> | 12,575,000 | 2.72 |
| 6 | INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C> | 11,926,192 | 2.58 |
| 7 | MR ADRIAN BYASS | 10,466,549 | 2.26 |
| 8 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 8,482,354 | 1.83 |
| 9 | MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C> | 7,659,375 | 1.66 |
| 10 | DENKEY PTY LTD | 7,125,000 | 1.54 |
| 11 | EVALON INVESTMENTS PTY LTD | 7,087,875 | 1.53 |
| 12 | MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C> | 5,250,000 | 1.13 |
| 13 | MRS ALISON CLAIRE GALLAGHER | 5,250,000 | 1.13 |
| 14 | MR DOUGLAS MCDONALD BENNETT | 5,025,000 | 1.09 |
| 15 | WIGWAM SUPER PTY LTD <TEE PEE SUPER FUND A/C> | 5,000,000 | 1.08 |
| 16 | MR CRAIG MICHAEL LAKE + MRS JUDITH MAY LAKE | 4,750,000 | 1.03 |
| 17 | GENDPORT PTY LTD <BRUCE MUNRO FAMILY A/C> | 4,431,250 | 0.96 |
| 18 | MR MARCIN JACEK MATUSIAK | 4,387,571 | 0.95 |
| 19 | MS STACEY THOMAS | 4,000,000 | 0.86 |
| 20 | RLS SUPER INVESTMENTS PTY LTD <THE R L SHIRLEY SUPER A/C> | 3,562,500 | 0.77 |
| | Total Top 20 | 181,752,761 | 39.29 |
| | Balance of Register | 280,839,332 | 60.71 |
| | Total Ordinary Shares on Issue | 462,592,093 | 100.00 |

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c) Ordinary Share Capital as at 27 September 2023

- The number of shareholders holding less than a marketable parcel of shares is 852, totalling 3,052,342 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 2023

As at 27 September 2023, the unissued ordinary shares of the Company under option are as follows:

| Details | Grant Date | Number | Exercise Price (\$) | Date of Expiry |
|------------------|------------|------------|---------------------|----------------|
| 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 |
| Unlisted Options | 30/11/2022 | 3,000,000 | \$0.25 | 15/12/2025 |

As at 27 September 2023, the warrants and rights of the Company on issue are as follows:

| Details | Grant Date | Number | Exercise Price (\$) | Date of Expiry |
|---------------------------|------------|-----------|---------------------|----------------|
| 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 | 03/02/2021 | 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.

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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 100% in Castilla Mining S.L. All tenure is held under the current Joint Venture.

The San José tenements:

- Extremadura S.E. 10C10386-00 Castilla Mining S.L. Exploration Permit Application - Granted

Other applications:

- Valdeflópez: 10C 10343-00 Cancelled - subject to contentious-administrative appeal
- Ampliación a Valdeflópez: 10C 10359-00 Cancelled - subject to contentious-administrative appeal
- 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.