

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2021

San José Lithium Project

- Investigation Permit Valdeflorez Application ('PIV') cancelled by Regional Government of Extremadura ('Junta') on 6 April 2021 after being placed back into application (from granted) due to their administrative error.
- The adjacent permit Investigation Permit Ampliacion Valdeflorez ('PIAV') remains granted and in good standing with an appeal by an NGO rejected after the quarter end. San José comprises the PIV and PIAV permit areas.
- Legal advice supported the Company position that the cancellation of the PIV was in direct breach of the law and in contradiction of previous rulings by the Junta and the Company is now free to pursue legal avenues to seek restitution and compensation.
- Test work continued to progress with our partners in Germany under phase one of the Project Agreement.

Commercial

- Offtake MoU signed with LG Energy Solution.
- Favourable revision to the JV agreement negotiated with JV partner Valoriza Minera S.A. ('Valoriza Minería'). Infinity holding a 75% interest in the Joint Venture TEL with accelerated potential to move to 100% upon resolution of PIV.
- Federal government commits COVID recovery funds totalling €4.3 Billion to integrate the national EV value chain including lithium extraction and processing.

Corporate

- Available cash as at 30 June 2021 of A\$19.13 million.

ASX Release
29 July 2021
ASX: INF
FRA: 3PM

Project highlights

2nd Largest JORC hard rock lithium deposit in the EU

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

1st lithium project to secure EIT InnoEnergy Funding

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

Low carbon footprint and sustainable operation

Corporate Directory

Ryan Parkin
Managing Director & CEO

Adrian Byass
Non-Executive Chairman

Remy Welschinger
Executive Director

Jon Starink
Executive Director

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Company Secretary

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The Board of Infinity Lithium Corporation Limited (**'Infinity'**, or **'the Company'**) presents the Company's Quarterly Activities Report and Appendix 5B for the three months ending 30 June 2021.

San José Lithium Project

Investigation Permit Valdeflorez Cancellation and Appeal

The Company announced a trading halt on 9 April 2021 and subsequently suspension from official quotation on 13 April 2021. Infinity provided an update on 23 April 2021 which advised that it had received notification from the Junta de Extremadura (the regional government of Extremadura) (**'Junta'**) which informed the Company of the cancellation of Investigation Permit Valdeflorez (**'PIV'**) research permit at the San José. The decision was unexpected and followed the resolution of the Junta which granted the Investigation Permit Ampliación Valdeflorez (**'PIAV'**), as announced on 23 December 2020.

The Company resumed trading on 17 May 2021 following release of a detailed ASX announcement on the decision and the Company's legal position and avenues of recourse. The Company strongly disputes the validity of the decision to cancel the PIV application and following legal advice the Company lodged an appeal of this resolution as filed by the Project Joint Venture (**'JV'**) Tecnología Extremeña Del Lito S.L. (**'TEL'**), which was subsequently rejected, as announced on 19 July 2021.

The Company considered the Junta's resolution to cancel the PIV in direct breach of the law and in contradiction of previous rulings by the Junta on the environmental and urban legality and viability of the PIV. Furthermore, Infinity reserved all rights relating to the multiple administrative decisions and errors of the Junta including the legal status of the mining area under the Junta's original call for tender, and the actions that facilitated the PIV reverting to application status (ASX announcement 5 June 2019). This reversion from granted status to application (which was subsequently rejected by the Junta) resulted directly from the administrative failures by the Junta. The administrative faults saw the omission by the Junta to lodge the Project restoration plan in the public exposure period, and the Junta's fault in not providing adequate notice in the public exposure period.

The Company assembled a high calibre and experienced legal team led by Madrid founded and national leading legal firm Pérez-Llorca to advise and represent TEL throughout the administrative contentious appeal process. The Company also announced that it had entered into a consultancy agreement with Promotora de Minas de Carbón, S.A. (**'PMC'**) for the provision of mining advisory services relating to the Project. The success based consultancy agreement would remain in force for six months with further details referred to in the ASX announcement 21 June 2021. The Company's Managing Director Ryan Parkin and Executive Director Remy Welschinger have recently spent considerable time in country to assist with the Company's action plan to see the PIV re-instated, and to meet with key stakeholders in Spain.

For further details please refer to the ASX announcements on 17 May 2021 and 19 July 2021.

The Project comprises the PIV and PIAV (refer to Figure 1). 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 (refer to PFS announcement 22 August 2019).

The Company received notice that the PIAV remained granted and in good standing with an appeal by an NGO rejected after the quarter end.

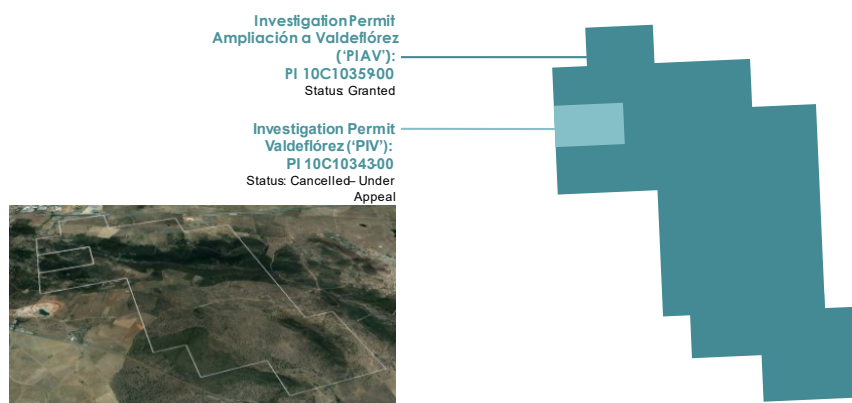


Figure 1: Summary of Investigation Permit Areas

Progression of Test Work

Test work continued during the quarter with the Company's technical partners Dorfner Anzaplan in Germany under phase one of the Project Agreement. The laboratory-scale ('Lab-Scale') feasibility level test work progressed to the crystallisation stage after successfully progressing through roast, leach and solution purification stages. Lab-Scale test work was at the kilogram scale, with major process steps highlighted per Figure 2.

Larger-scale feasibility level test work began in the Q1 2021 and progressed to provide sufficient flotation concentrate to undertake upscaled roasting test work. This program of work followed the advancement and successful Lab-Scale work.

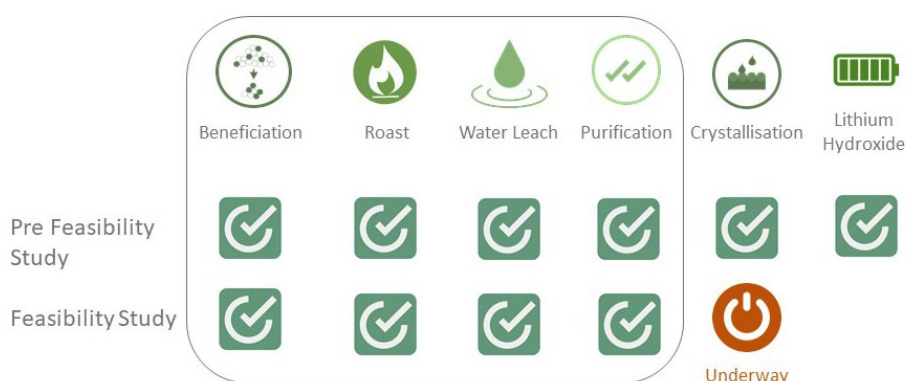


Figure 2: Summary of process flow sheet stages and current feasibility test work progress.

Test work remained on schedule and consistent with the schedules previously advised, with first Lab-Scale production of lithium hydroxide expected no later than the beginning of Q4 2021. The programme continued to be managed by leading German consultancy and engineering company Dorfner Anzaplan in line with project deliverables under the agreement.

Commercial

Offtake MoU signed with LG Energy Solution

During the quarter the Company announced that it had entered into a non-binding Memorandum of Understanding ('**MoU**') for the long-term supply of battery grade lithium hydroxide ('**LiOH**', or '**Product**') from the Project with major South Korean lithium-ion battery producer LG Energy Solution ('**LGES**').

The key terms of the MOU are as follows:

- The MoU referred to the potential supply of LiOH for an initial 5-year period with the potential to continue for a further 5 years;
- First right to 10,000tpa of Product with additional volumes under the MoU subject to negotiations and agreement between Infinity and LGES;
- The purchase price for the product will be based on the market prices for lithium hydroxide, subject to agreement by the parties and to be finalised under the terms of a binding offtake agreement.

The Company and LGES have agreed to consult in good faith towards finalising the binding offtake agreement within 12 months of signing the MoU. Any formal agreement is likely to be subject to standard conditions precedent for an offtake agreement of this nature, including Infinity successfully entering commercial production and producing a product that meets the product specification requirements of LGES. Any formal agreement with LGES will be subject to Infinity resolving the permitting matters outlined above.

Renegotiation of Joint Venture Agreement

In July the Company announced a favourable revision in terms relating to the JV agreement between the Company's wholly owned subsidiary, Extremadura Mining and JV partner Valoriza Minería. The revised agreement provided for the deferral of current payment obligations by Extremadura Mining to Valoriza Minería and provisions to accelerate the acquisition of the balance of shares in TEL aligned to the resolution of PIV. Extremadura Mining maintains 75% project ownership interest in JV entity TEL, the project vehicle that contains the rights to San José.

Further details are available in the ASX announcement on 19 July 2021.

Spain Approved €4.3 Billion Recovery Plan to Integrate National EV Value Chain

In July 2021 the Company announced that the Spanish government's Council of Ministers had approved a historical funding package with the aim of turning Spain into a European electromobility hub. The announcement by Prime Minister Pedro Sánchez of an investment of €4.3 billion to kick start the production of electric vehicles and lithium-ion batteries would be achieved through an initiative funded predominantly by EU Next Generation recovery and resilience funding. The government will stimulate private investment aligned to commitments for Strategic Projects for Economic Recovery and Transformation ('**PERTE**') which will include the whole production chain from extracting lithium to assembling battery cells and manufacturing electric vehicles.

The EU Next Generation mechanism will enable the mobilisation of another €19 billion in private investment, bringing the total amount to approximately €24 billion between 2021 and 2023.

PERTE is part of a €13 billion commitment to the sustainable transformation to eMobility. Spain is expected to receive €70 billion in grants from the €140 billion committed in grants and low interest loans under the EU's €750 billion recovery and resilience packages.

Once the PERTE is published in the official state gazette Boletín Oficial del Estado ('BOE'), the different interested companies will be able to participate in it and, by September, to start the process of the requests for resources from the European Union.

In addition to PERTE, the Council of Ministers approved funding of a further €40 million aligned to Spain's sustainable automotive technology plan. San José is a fully integrated industrial project focused on the production of battery grade lithium chemicals from a mica feedstock that represents the EU's 2nd largest JORC compliant hard rock lithium deposit.

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

Corporate

ASX Listing Rule 5.4.5 Disclosure

Payments to related parties during the quarter as outlined in sections 6.1 and 6.2 of the Appendix 5B consisted of \$138,625 in directors' fees and payments to executive directors under respective service agreements.

Cash at Bank

As at 30 June 2021 Infinity had available cash of A\$19.13 million. The cash balance is exclusive of the funding commitments under the Project Agreement with EIT InnoEnergy, who have paid €400,000 (approximately A\$666,000) tranche 1 payments directly allocatable to phase one test work, with another €200,000 (approximately A\$333,000) tranche 2 payments forecast in the current quarter. The final tranche 3 payment, totaling up to €200,000 (approximately A\$333,000), will be payable upon completion of phase one test work.

The Quarterly Activities Report was authorised by the Board. For further inquiries please contact:

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Competent Persons Statement

Lithium

The Mineral Resource for the San José Lithium deposit was calculated in May 2018 (Cube Consulting Perth, WA) 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 22 May 2018.

The Resource which supports the Scoping Study was announced to the ASX on the 23 May 2018. Infinity is not aware of any new information or data that materially affects the information included in this ASX release and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

The resource information in this report that relates to the December 2017 and updates in May 2018, updated Mineral Resources is based on the information compiled by Mr Patrick Adams, FAusIMM CP (Geology) and Mr Adrian Byass B.Sc Hons (Geol), B.Econ, FSEG, MAIG. Mr Adams and Mr Byass have sufficient relevant professional experience with open pit and underground mining, exploration and development of mineral deposits similar to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person(s) as defined in the 2012 Edition of JORC Code. Mr Adams has not visited the project area and has relied on the documented (Byass, 2016-2018, Peters, May 2017) drilling, logging and sampling techniques used by Infinity in collection of data used in the preparation of this report. Mr Adams is a Principal Geologist and a Director of Cube Consulting Pty Ltd and consents to be named in this release and the report as it is presented. Mr Byass is employed by Infinity as a geologist and has visited the site during pre- and post- drilling activities and consents to be named in this release and the report as it is presented.

Production Target, Ore Reserve and PFS Study announced to the ASX on 22 August 2019: The information in this report that relates to Exploration Results is based on the information compiled or reviewed by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Infinity. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code 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.

Disclaimer

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic

evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy.

Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of or non-occurrence of any events.

About the San José Lithium Project

Infinity is an Australian listed minerals company who is seeking to develop its 75% owned San José Lithium Project and produce battery grade lithium hydroxide. Supply response is needed to satisfy Europe's burgeoning energy storage needs through feeding the large-scale battery plants currently under construction.

The San José deposit is a highly advanced, previously mined brownfields development opportunity representing one of Europe's largest lithium deposits. Infinity Lithium will potentially mine the hard rock Mica resource and develop processing facilities to provide what would currently be the sole European mine-to-end-product lithium hydroxide operation.

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

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

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. Infinity is not aware of any new information or data that materially affects the information included in this ASX release and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the resource estimates in this release continue to apply and have not materially changed.

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 |
| TOTAL | 37.2 | 0.29 | 0.63 | 217 |

TABLE 2: SAN JOSÉ JORC ORE RESERVE STATEMENT

100% of the material in the PFS mining schedule is included in the Probable Ore Reserves category. The Ore Reserves were calculated assuming the mining and processing methods determined for the PFS.

The Reserve was announced to the ASX on 22 August 2019. Infinity is not aware of any new information or data that materially affects the information included in this ASX release and Infinity confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the reserve estimates in this release continue to apply and have not materially changed.

Tenement Schedule in accordance with Listing Rule 5.3.3

San José Lithium Project Spain

Infinity has a 75% beneficial interest in the San José Project (Applications) from Valoriza Minería and Castilla Mining S.L. All tenure is held under the current Joint Venture.

The San José tenements:

- Valdeflórez: 10C 10343-00 Cancelled – subject to contentious-administrative appeal
- Ampliación a Valdeflórez: 10C 10359-00 Granted

Other applications;

- Extremadura S.E. 10C10386-00 Castilla Mining S.L. Exploration Permit Application
- San José 10C10368-00 Valoriza Minería S.L.U Investigation Permit Application