ASX ANNOUNCEMENT

9 NOVEMBER 2023

ASX: INF I FRA: 3PM

UPDATED SCOPING STUDY

SAN JOSÉ LITHIUM PROJECT

Fully integrated production of battery grade lithium hydroxide monohydrate on site to provide strategically essential large-scale volumes of critical raw materials and conversion capacity with significant environmental, social and economic improvements.

Infinity Lithium Corporation Limited ('**Infinity**' or '**the Company**'), is pleased to announce the completion of the Updated Scoping Study ('**the Study**' or '**the Updated Scoping Study**') for the San José Lithium Project ('**San José**', or '**the Project**'). The Study assesses the potential for the significant increase in production of battery grade, lithium hydroxide monohydrate ('**LHM**') from the Company's proposed integrated lithium chemical conversion facility utilising a lithium bearing hard rock mica as feedstock from an underground mineral extraction operation. The Project's positive financial outcomes and environmental characteristics are complemented by increased production profiles resulting from improved lithium recoveries and energy efficiencies. San José is aligned to the European Union's strategic objectives to ensure the security of critical raw materials and chemical conversion capacities in the development of a localised lithium-ion battery value chain.

Infinity CEO and Managing Director, Ryan Parkin noted *"The significant advancements in our R&D programs have demonstrated material upside potential for San José and present an opportunity for other non-traditional sources of lithium bearing materials to utilise our intellectual property to maximise lithium recoveries whilst providing significant social and environmental upside. We are pleased to align the Project to the strategic objectives of the European Union whilst ensuring the highest calibre outcomes for the local community. The advancement of San José is a generational opportunity for the region of Extremadura, and we are excited to progress the next stages of the Project following the outcomes detailed in the Updated Scoping Study".*

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

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Cautionary Statement

The Updated Scoping Study referred to in this announcement has been undertaken to assess the viability of an underground-only mining operation and integrated lithium chemical production facility at San José. It is a preliminary technical and economic study of the potential viability of the Project. It is based on low-level (accuracy) technical and economic assessments, (+40%/- 35% accuracy) and is insufficient to support estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before Infinity will be in a position to estimate any Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Study will be realised.

The Production Target and forecast financial information referred to in this announcement is based on 76% Indicated Resources and 24% Inferred Resources for the life-of-mine covered under the Study. In accordance with the twenty-six (26) year mine plan incorporated into the Study, the 4.2 years of production (covering payback period) will be derived from 92% Indicated material with 8% from the Inferred category. The Inferred material does not have a material impact on the technical and economic viability of the Project. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Infinity has independently engaged the services of Mining Sense Global S.L. to complete a desktop review for the development of an underground mine. Infinity has previously engaged Wave International Pty Ltd ('Wave') to assess the technical and economic viability to a Pre-Feasibility Study level with regards to producing battery grade lithium hydroxide under the Project. Whilst the Updated Scoping Study has yielded robust outcomes and provided independent perspective on the opportunity to produce battery grade lithium hydroxide, there is no guarantee that the Joint Venture will choose to adopt the outcomes of the study.

This Updated Scoping Study is based on the material assumptions outlined below. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved.

Infinity is in Joint Venture with Valoriza Mineria S.A., a subsidiary of SACYR S.A. over the Project. Infinity currently holds a 75% interest and has an Option to proceed to 100% interest at its election. This Updated Scoping Study (on a 100% ownership basis), pre-production capital of and US$1,544 million including a weighted average 20% contingency) will likely be required to fund Project. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed, however the Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of San José.

It is possible that Infinity can pursue a range of funding strategies to provide funding options, and that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Infinity's existing shares. It is also possible that Infinity could pursue other value realisation strategies such as sale, partial sale, or joint venture of San José. If it does, this could materially reduce Infinity's proportionate ownership of San José. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of this Updated Scoping Study.

Competent Persons Statement

The Mineral Resource estimates for San José referred to in this announcement were reported by Infinity in accordance with ASX Listing Rule 5.8 in its announcement of 23 May 2018. Infinity is not aware of any new information or data that materially affects the information included in the ASX announcement of 23 May 2018 and confirms that all material assumptions and technical parameters underpinning the resource estimates in the announcement of 23 May 2018 continue to apply and have not materially changed.

The Mineral Resource estimates underpinning the production targets disclosed in this announcement have been prepared by a competent person in accordance with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**'JORC'**), 2012 Edition. Snowden Mining (2017) and Cube Consulting (2018) 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. The information in this announcement that relates to the Mineral Resource Estimate and Metallurgical Sample Selection and representation was reviewed by Adrian Byass, an employee of Infinity. Adrian Byass is a Member of Australian Institute of Geoscientists. Adrian Byass has provided written consent supporting information presented in this announcement.

Metallurgical test work results for San José referred to in this announcement have been obtained through test work conducted by The Simulus Group Pty Ltd under the direction of Infinity (and its subsidiaries). The information in this announcement that relates to the Metallurgical test work results was reviewed by Jon Starink, an employee of Infinity. Jon Starink is a Fellow of Australian Institute of Mining and Metallurgy, Fellow of the Institute of Engineers and a Fellow of the Institute of Chemical Engineers. Jon Starink has provided written consent supporting information presented in this announcement. Refer to announcement on ASX dated 7 September 2023 for further details relating to first production of battery grade LHM using Li-Stream RPK^{TM}. The Company confirms that all material assumptions included in that announcement continue to apply and have not materially changed.

Forward Looking Statements

Some of the statements contained in this Study are forward looking statements. Forward looking statements include but are not limited to, statements concerning estimates of tonnages, expected costs, statements relating to the continued advancement of Infinity's projects and other statements which are not historical facts. When used in this Study, and on other published information of Infinity, the words such as "aim", "could", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Infinity believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward-looking statements include the potential that Infinity's projects may experience technical, geological, metallurgical and mechanical problems, changes in product prices and other risks not anticipated by Infinity.

Infinity is pleased to report this summary of the Scoping Study and believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any mining of mineralised material, modifying factors, production targets and operating cost estimates.

This announcement has been compiled by Infinity from the information provided by the various contributors to the Scoping Study.

Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Infinity. Actual values, results or events may be materially different to those expressed or implied in this Study. Given these uncertainties, investors are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this Study speak only at the date of issue of this Study. Subject to any continuing obligations under applicable law, Infinity does not undertake any obligation to update or revise any information or any of the forward-looking statements in this Study or any changes in events, conditions, or circumstances on which any such forward looking statement is based.

Contents

The Updated Scoping Study highlights outcomes derived from improved processing recoveries, energy efficiencies and security, and improved environmental and social measures in the production of battery grade LHM.

Key Points

- NPV_8 pre-tax ~US$4,116m, IRR pre-tax 25.8% / NPV_8 post tax ~US$2,870m, IRR post tax 21.3%
- Steady state C1 Costs (post ramp up) of US$5,723/t LHM after by-product credits
- LHM price forecast US$27,000 over the life of the Project

Increased production strategically important for Europe

- Approximately 33kt pa LHM production (average steady state) / and 26-year production life (including ramp up)
- Significant volume upside and long-life supply of battery grade LHM

Energy efficiency & security

- Co-generation of energy from Li-Stream RPK™
- Mitigation of geopolitical risk through eliminating annual natural gas consumption
- Balance of energy available from acquired green electricity

Improved environmental performance in a European market focused on emission reduction

- Lowest quartile Scope 3 CO_2 footprint for the production of battery grade LHM
- ISO compliant scope 1-3 CO_2 footprint: 8.3kg CO_2 per tonne LHM

Intellectual property through in-house expertise for processing of on-site Project feedstock

- Li-Stream RPK™ & bleed stream treatment to maximise lithium recoveries from run of mine to product
- Industry standard process to convert lithium liquor to battery grade LHM minimises process risk

Appointment of tier 1 corporate advisor

- Appointment of Macquarie Capital as corporate advisor to assist the Company on engaging with strategic partners and investors in relation to the financing of the Project.

PROJECT EVALUATION SUMMARY

$NPV_{8\%}$ pre-tax	€m	3,811	US$m	4,116
IRR pre-tax	%	25.8%	%	25.8%
$NPV_{8\%}$ post-tax	€m	2,657	US$m	2,870
IRR post-tax	%	21.3%	%	21.3%
Payback Period (post-tax)	years	4.2	years	4.2
Total Production Life	years	26	years	26
Total Ore (tonnes mined)	Mt	47.7	Mt	47.7
Total Average Annual Mine Production	Mt pa	2	Mt pa	2
Total LHM Sales	t	792,871	t	792,871
Average LHM Production (steady state)	tpa	33,274	tpa	33,274
LOM Average LHM Production (including ramp up)	tpa	30,495	tpa	30,495
Scope 3 emission intensity	kg CO_2 /t	8.3	kg CO_2 /t	8.3
Total Revenue LHM	€m	20,130	US$m	21,740
LHM Price (1st 10 years production)	€/t	25,000	US$/t	27,000
LHM Price	€/t	25,000	US$/t	27,000
OPEX (steady state - including by-products)	€m/t LHM	5,299	US$/t LHM	5,723
OPEX LOM (including by-products)	€m/t LHM	5,483	US$/t LHM	5,922
Total EBITDA	€m	15,475	US$m	16,713
Total Cash Flow (pre-tax)	€m	13,750	US$m	14,850
Pre-Production CAPEX (before contingencies)	€m	1,192	US$m	1,287
Pre-Production Capital Intensity (before contingencies)	€/t LHM	35,821	US$/t LHM	38,690
Contingencies	%	20%	%	20%
Pre-Production CAPEX (after contingencies)	€m	1,430	US$m	1,544
Pre-Production Capital Intensity (after contingencies)	€/t LHM	42,976	US$/t LHM	46,402

(1) Minviro: "Forward Looking Carbon Footprint of Lithium Hydroxide Monohydrate Production 11th October 2023": Scope 1,2 & 3 emissions summary: ISO-14040:2006, ISO-14044:2006, ISO-14067:2006 standards
8.3kg CO_2 equivalent per kg LHM measure based on photovoltaic/ green energy certificate. 10.2kg CO_2 equivalent per kg LHM based on Spanish grid electricity standard

(2) The Study financial outcomes modelled in €. Foreign exchange rate applied to metrics at EUR:US$ 1.08.

EXECUTIVE SUMMARY

Infinity has conducted the Study to assess the viability, environmental and social benefits of the development of the underground mine and integrated lithium chemical conversion facility for the production of battery grade lithium hydroxide monohydrate ('**LHM**') at San José. The potential for increased volumes of battery grade LHM to be produced will play an important role in the next stages of the Project's development and alignment of strategic partners requiring large volumes of battery grade lithium chemicals in the European market. Furthermore, the efficient use of energy and low carbon footprint meets emerging regulatory requirements, providing strategic benefits for European end users.

The continued development of the Project's process flowsheet has resulted from an extensive research and development program specifically aligned to the assessment of San José's lithium bearing ore. The Project benefits from high operating margins and comparatively low OPEX costs for the processing of hard rock lithium ore bodies driven by increased lithium recoveries & efficiencies throughout the process.

The Project scale and location has strategic significance for Europe, Spain and the region of Extremadura.

Infinity has delivered this Study, leveraging off previously completed technical studies and subsequent test work in relation to the mineral processing, to maximise lithium recoveries and provide improved environmental and social measures. The Company has advanced the Project in consultation and collaboration with major local and regional stakeholders.

The patent pending protected and trademarked Li-Stream RPK^{TM} process flow sheet utilises other in-house intellectual property in concert with leaching and energy efficiencies for improved lithium recoveries. The increased scale of production that results from the process improvements provides significant local and regional direct and indirect employment and associated revenues that are retained in the region of Extremadura.

Europe is rapidly advancing the development of a sustainable lithium-ion battery value chain. The significant investment and commitment of funding and political support for downstream lithium-ion battery production and electric vehicle production facilities is reliant on the availability of critical raw materials such as lithium, and more importantly the ability to retain the use of conversion capacity for battery grade lithium chemicals aligned to the EU value chain. Urgent response is needed and is advancing under the EU Critical Raw Materials Act and Net Zero Industry Act in direct response to the rapid advancements in competing markets, such as the US Inflation Reduction Act. The European development of a sustainable lithium-ion battery value chain could be enhanced by the availability of locally sourced and clearly traceable battery materials.

The automotive industry is undergoing a generational change in the move towards electrification and the reshaping of global supply chains. Localised supply chains have been prioritised and the strategic securitisation of critical raw materials and conversion capacity is required for the EU's need to source substantial volumes of battery grade lithium chemicals and the ability to meet current Electric Vehicle ('EV') uptake projections. The EU is largely constrained by the ability to source critical raw materials and conversion capacity.

The increase in production output and amendments to the Project are in direct response to the needs of potential strategic partners and the broader EU lithium-ion battery market, whilst moving to further improve the Project's Environmental, Social and Governance ('**ESG**') credentials and alignment to the local and regional communities.

INTRODUCTION

The Study has been produced through the Company's Technical Advisory Committee ('**TAC**') in collaboration with highly experienced and credentialled consultants including Wave International and Lithium Consultants Australasia for the development of a fully integrated, large scale and low carbon footprint lithium chemical conversion facility. The Study assesses the potential for the production of battery grade LHM from the integrated lithium chemical conversion facility utilising a lithium bearing hard rock as feedstock from an underground mineral extraction operation at San José.

The Study highlights the strong economic and strategic rationale for an integrated underground mine and lithium chemical conversion facility at San José. The Company has the potential to become a leading producer of lithium hydroxide in Europe through development of this integrated operation.

The Study factored in stakeholder feedback including outcomes following the consultative process aligned to regional and local government stakeholders through the Environmental Impact Assessment Scoping Study ('**EIASS**'). Relative to the previous Scoping Study released in October 2021[(a)], the Project has included several substantial improvements in relation to increased lithium recoveries, energy security and availability, and scalability relevant to the European market. The Company has delivered the Study with improvements in environmental and social impact, increased direct and indirect employment, and greater financial benefits for the local community and the region.

Historically, the Project area supported underground tin mining at San José until the late 1960s. The brownfield development site contains the remnants of prior activities including infrastructure and mining related developments. Multiple studies have been completed since the previous economic activity at San José which have focused on the extraction and processing of lithium-bearing mineralisation.

Infinity currently holds 75% of the Project and has administrative control through the Company's ownership interest in Technologia Extremeña del Lito S.L. ('**TEL**'). The Company maintains an option to move to 100% Project ownership prior to the final investment decision. The Study is based on a 100% ownership basis.

(a) Refer to ASX release 14 October 2021

PROJECT OVERVIEW

San José is located near the town of Cáceres approximately 280 kilometres west-southwest of Madrid, within the Extremadura Region of Spain (as shown in Figure [1]). Spain is considered to be a low sovereign risk investment location. The Project area is well serviced by infrastructure including electricity, water and roads. There is a significant and growing availability of renewable electricity available to the Project (as evidenced by the adjoining photovoltaic installation in the tenement area, refer to Figure 2) and Infinity is examining opportunities in this regard.

As the demand for electric vehicles increases throughout Europe, demand for lithium-ion batteries is projected to increase. The Project is located within close proximity to the growing European lithium-ion battery market.

Figure 1: Project Location

Figure 2: Project Aerial Overview

San José is the direct result of a public tender called in 2015 by the Ministry of Economics, Mining and Industry of the Extremadura Regional Government. The tender was awarded in Q2 2016 and Infinity has since been working with JV partner, IBEX35 and Spanish listed engineering company Sacyr S.A. ('**Sacyr**') subsidiary Valoriza Mineria S.A. ('**Valoriza**'), and the regional government to advance the development the Project.

TENURE & OWNERSHIP

San José resides within the Project special purpose vehicle TEL. Infinity retains 75% Project ownership through its wholly owned subsidiary Extremadura New Energies. Valoriza maintains 25% Project ownership, with Infinity maintaining an option to acquire Valoriza's interest in the Project prior to the final investment decision. The results of the Study are presented on a 100% ownership basis.

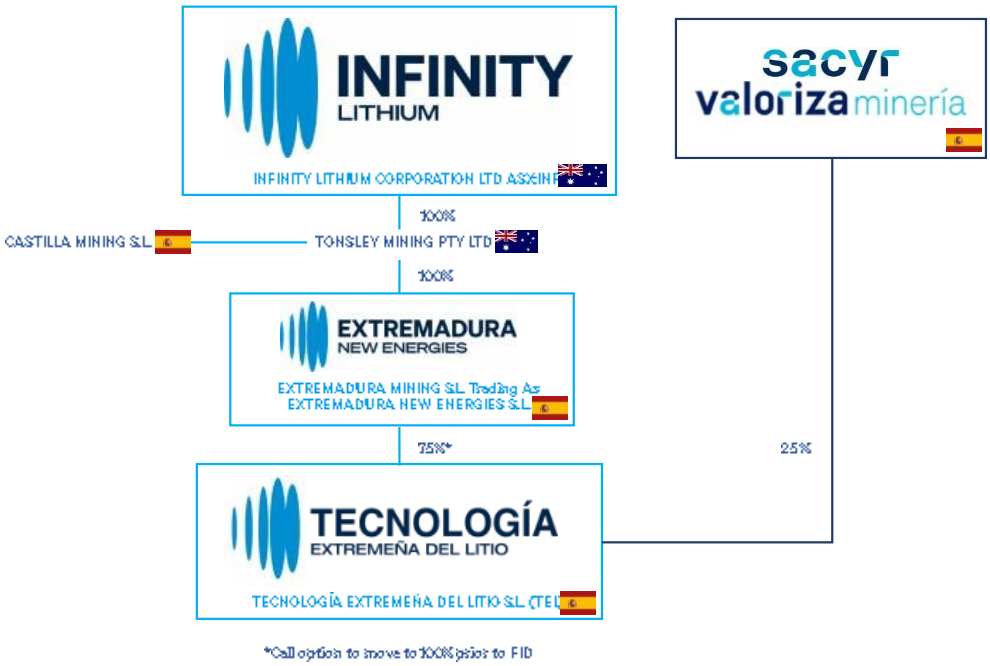

Figure 3: Project Ownership Structure

San José is contained within the area referred to under Exploration Permit Extremadura S.E. ('**PESE**') Nº 10C10386-00, located to the east of the town of Cáceres. The exploration permit was granted to wholly owned Infinity subsidiary Castilla Mining S.L. Under the terms of the joint venture agreement, TEL maintains legal right to Project tenure through PESE.

The total Project tenure under PESE covers an area of 9,286ha, of which 85.3ha relates directly to the Project activities including industrial lithium chemical conversion plant, tailings management facilities, auxiliary installations, access via the resource portal, and the resource area of San José.

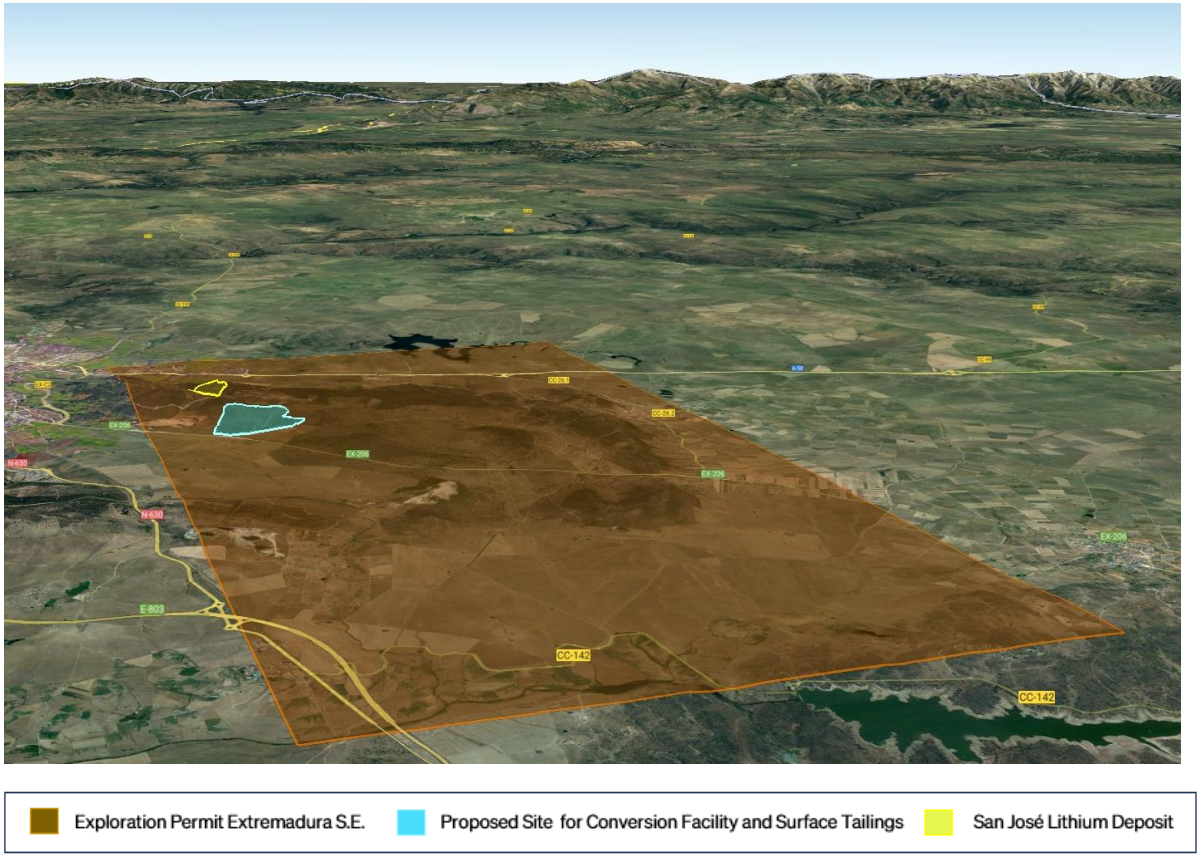

Figure 4: PESE Including Resource and Site Locations

The Company has secured a long-term lease over land for the proposed industrial development of San José. The industrial zoned land is located within the granted Exploration Permit which also covers the San José lithium deposit. The land earmarked for the industrial development has been secured under a structured agreement comprising a multi-year option and minimum 35-year lease. The area comprises of approximately 36ha of land rights from the largest landowner in the designated lithium chemical conversion plant area.

STUDY TEAM

The following team contributed to the completion of this Study:

Person	Position
Jon Starink	Chief Technical Officer / Chair Technical Advisor Committee
Dr David Maree	Chief Process Engineer
Ryan Parkin	Managing Director & CEO
Adrian Byass	Chairman / Geologist / Competent Person
Justin Samulski	General Manager Corporate Affairs
Ramon Jiménez	CEO
David Valls	General Manager / Geologist

Consultants

WAVE International	Process Plant Design and Cost estimates
Lithium Consultants Australasia	PFDs & SysCAD
SNOWDEN	Geology and Mineral Resource Estimate
MINING SENSE	Mine Design & Logistics
simulus LABORATORIES	Hydrometallurgy Laboratory Testworks
CUBE CONSULTING	2018 MRE

Table 1: The Study Team and Contributing Consultants

Wave has compiled the Study based on feedback from these various consultants and reports. The work undertaken by Wave in relation to the Process Plant Design and Cost estimates, which forms the largest workstream in the Study, has been prepared to a pre-feasibility level of confidence. Ongoing test work is proposed post the Study in conjunction with embarking on a Definitive Feasibility Study (DFS) to examine opportunities raised in this study. Further detailed engineering work is required in some areas to increase from the moderate confidence in relation to several aspects of the process flowsheet including but not limited to the high-pressure leaching process, the proprietary lithium recovery process, overall energy usage optimisation and overall lithium recovery.

The new process has shown high recoveries throughout. The removal of the beneficiation and calcining steps and replacement with high-pressure leaching provides a significant improvement in recoveries. The recovery and upgrade parameters used in this Study are underpinned by the test work results delivered to date, with further work required to confirm the accuracy range and scalability of these results.

A check model has been developed by Wave in HSC Sim, which confirmed the process overall heat & mass balance estimates and confirmed the high recoveries obtained from test work. The check model was used to

verify the SysCAD model numbers and provide a more accurate energy, steam and water balance, which is now incorporated in the process design.

Consultants have completed mining, tailings and waste storage studies, process test work and related components. Process engineering design was largely completed in-house and then modelled by Lithium Consultants Australasia ('**LCA**') based on this design by Infinity, with changes made in consultation with key equipment vendors and input from the HSC Sim check model.

MINERAL RESOURCES

San José is a zinnwaldite mica replacement deposit hosted by pelitic shales of the Central Iberian Zone, with lithium mineralisation occurring predominantly within the slates and to a lesser degree in the quartz carbonate veins which have been historically mined for tin. The rock which hosts mineralisation at San José is comprised roughly in equal parts mica, quartz and tourmaline. Mineralisation within quartzite is typically low-grade. The pervasive nature of mineralisation (broad, relatively homogeneous distribution) is likely derived from a deep-seated intrusive source. Mineralisation is open at depth and along strike and has not been closed off by drilling.

San José has a significant JORC Mineral Resource Estimate ('**MRE**') with most of the mineralisation classified as Indicated. Cube Consulting estimated the MRE in 2018 using Ordinary Kriging and is supported by 57 RC and Diamond Drillholes for 11,774m of Reverse Circulation ('**RC**') and Diamond Drilling (refer to Infinity's ASX releases dated 5 December 2017 and 23 May 2018). A cut-off of 1,000ppm lithium was initially used to constrain open pit mineralisation. A higher cut-off of 2,500ppm has been used as an economic cut-off for optimisation and economic evaluation of potential underground operations.

CLASS	TONNES (MT)	Li (%)	Li_2O (%)
Indicated Resources	59.0	0.29	0.63
Inferred Resources	52.2	0.27	0.59
Total	**111.3**	**0.28**	**0.61**

Table 2: 2018 MRE San José at a 1,000ppm cut-off

CLASS	TONNES (MT)	Li (%)	Li_2O (%)
Indicated Resources	36.8	0.35	0.72
Inferred Resources	28.6	0.34	0.75
Total	**65.4**	**0.34**	**0.74**

Table 3: 2018 MRE San José at a 2,500ppm cut-off

JORC Table 1 is included in the ASX announcement released on 23 May 2018 "Lithium Resource and Open Pit Upgrade".

Infinity is not aware of any new information or data that materially affects the information included in the ASX announcement released on 23 May 2018, 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.

Estimates using Ordinary Kriging methodology. Note: small discrepancies may occur to rounding. Further details ASX release 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

The spatial distribution of Indicated and Inferred mineralisation at San José is shown in Figure 5. San José is a bulk-style deposit. Mineralisation at San José has not been closed off and is open at depth and along strike. The distribution of Indicated and Inferred mineralisation is distinctive, and a zone of Inferred classification mineralisation wraps around the main, central, and coherent body of Indicated classification mineralisation. This is shown in Figures 5, 6 and 7. This is influenced by drilling density and prior requirements to drill the deposit to support open pit mining and the MRE decreases in confidence from the centre of the edge and as depth increases.

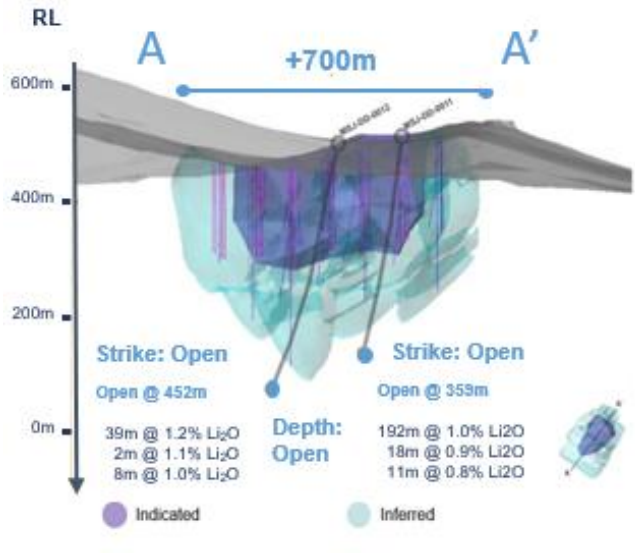

Figure 5: San José resource classification cross section highlighting deeper drillholes ending in mineralisation below the current JORC MRE.

The proposed mining will be preferentially focused on the areas of mineralisation classified as Indicated. Some Inferred mineralisation is included in the mine plan, but this is the minority and mainly at the later stages of proposed mining and processing.

The Study mining model is derived predominantly from Indicated category Mineral Resources. The current underground mine design optimises approximately 60% of the Indicated Mineral Resource Estimate.

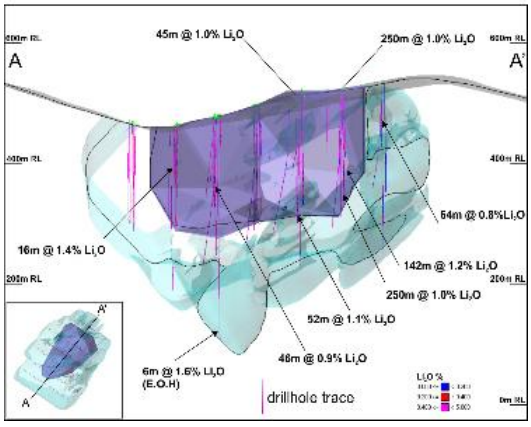

Figure 6: San José resource classification with drillhole intercepts

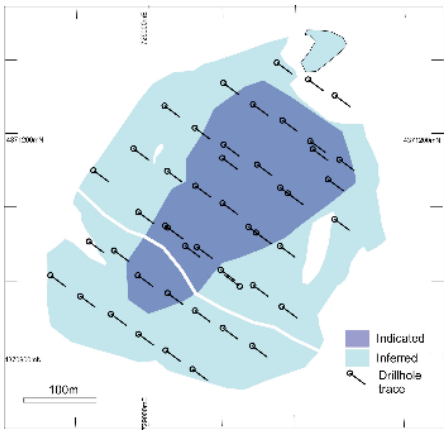

Figure 7: San José resource classification with aerial drillhole overview

MINING

Mineral extraction at San José was previously undertaken using underground mining methods to extract tin-bearing quartz veins. The activities were undertaken in the 1960's on a limited scale. Infinity and prior owners have conducted PFS and Scoping Studies on mineral resource extraction at San José. The Company has previously assessed the potential for underground mining activities at Scoping Study level.

The Study considers an underground mineral extraction of the lithium bearing ore. Additional test work including drilling, process test work, geotechnical and mining studies have been completed by Infinity since the completion of the previous Scoping Study in October 2021. The Company has demonstrated greater depth extensions to the mineralisation at San José, and significantly upgraded the total resource. The work undertaken in the Study supports the underground-only mining activities.

Infinity engaged Mining Sense S.L ('**Mining Sense**') to produce an underground mining plan to support a 2 million tonnes per annum lithium chemical conversion facility located on-site in the Project area. An underground mine will be developed with the portal entrance located in close proximity to the proposed lithium chemical conversion facility.

The access to the resource via two declines will extend approximately 1,300m and drive from the portal WNW declining to approximately 60m below ground before it encounters the resource.

Mining Sense has assessed the resource and selected transversal long hole stoping with paste backfill as the ideal mining method for resource extraction, facilitating the development of primary and secondary stopes. Mining Sense determined transversal long hole stoping will enable maximum extraction of the mineralisation and maximum storage of tailings in the voids left through underground paste backfill.

The conceptual design including mine decline and ventilation are shown in Figure 8. The design of production stopes is shown in Figure 9.

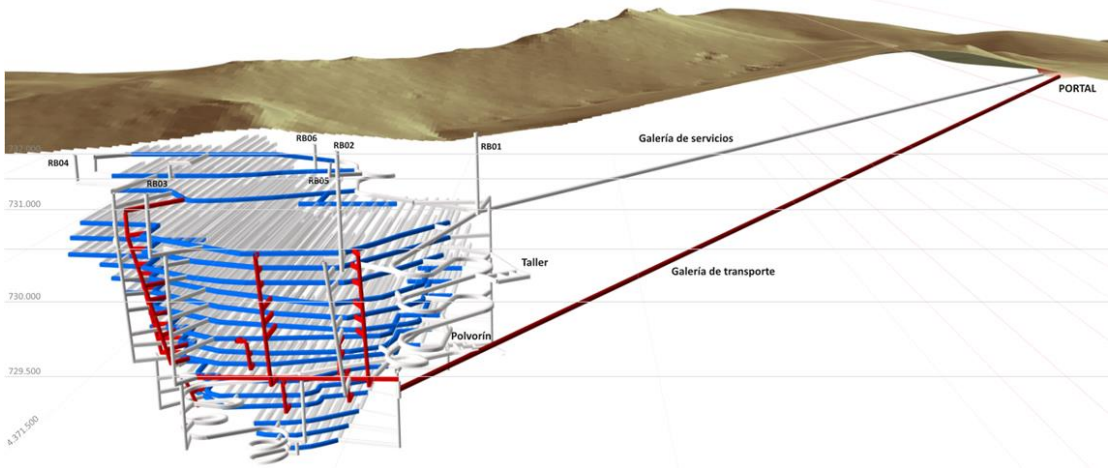

Figure 8: Mine decline & ventilation

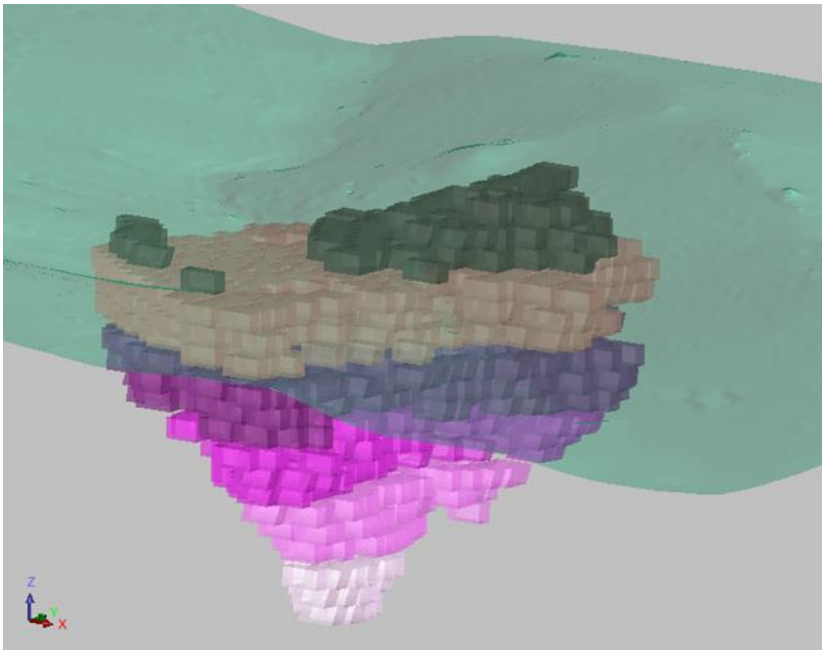

Figure 9: San José prodction stopes

The mine will ramp-up to full production over a 2-year period from start of production and then operate at 2.0Mtpa production for 22 years. The final 2 years of production are reduced based on current resource categorisation to cease production after 26 years. The resource remains open at strike and depth, with potential for extended activities pending further resource categorisation. Mining Sense delivered a mine plan totalling 47.7Mt for a contained 145.7kt of lithium or approximately 780kt of carbonate equivalent ('**LCE**') to the lithium chemical conversion facility. The mine schedule is shown below in Figure 10.

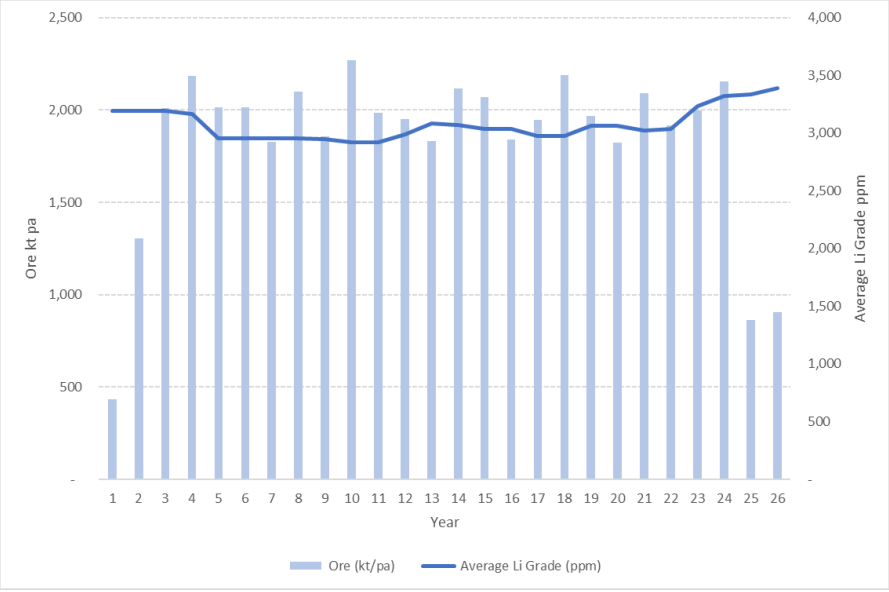

Figure 10: San José mineral extraction production LOM in tonnes and grade

Mineral extraction at San José was previously focused predominantly on narrow tin-bearing quartz veins. Underground mining activities are planned to extend below the proposed 40m crown pillar and ventilation/secondary egress can be exploited through historical shafts. The limited historical mining activities and legacy infrastructure is not projected to interfere with underground lithium mining as a crown pillar of 40m will be preserved above bulk long-hole stoping contemplated in the Study.

The ramp up production period to process run of mine ('**ROM')** material is forecast for a further two years. The LOM production report is detailed in Figure 10.

Mining will be conducted utilising twin boom jumbo excavators with mined material mucked and transported in Load Haul Dump ('**LHD**') trucks to stockpiles. Front end loaders will rehandle mined material into articulated trucks which will deliver it to the ROM.

	Mine Infrastructure
•	Mine ventilation
•	Mine dewatering
•	Paste fill and reticulation system
•	Power supply with combined installed power
•	Compressed air industrial water supply
•	Mine access (portal and decline)
•	Control and communication system
	Pre-production CAPEX
•	Mining equipment purchases and/or leases
•	Mine development construction including the portal, decline, crosscuts, footwall drives, ventilation raises and development to allow first ore production
•	Infrastructure covering paste-fill plant, paste reticulation system, ventilation, dewatering, power infrastructure, communications systems and safety infrastructure

Table 4: Mine Infrastructure & Pre-production CAPEX

The CAPEX estimate for pre-production is based on a combination of quotes and cost data from similar projects as appropriate to this level of study. The main sources of data include:

- specific quote pricing based on project specifications (56%), then
- calculated from a combination of quotes and Mining Sense experience (20%); and
- based on similar projects but at PFS level (24%).

Pre-Production Mine CAPEX

Pre-production capital cost of €54 million including 20% contingencies is estimated. The assumption of decline and portal location is based in close proximity to the lithium chemical conversion facility within PESE. The pre-production Mine CAPEX includes portal, decline, ventilation, mining fleet purchases.

Life of Mine CAPEX

The Life of Mine ('**LOM**') capital costs are detailed in Table 5 and are based on the assumption of sustaining CAPEX (5%), rolling rebuilds of equipment on 5-year intervals, plant maintenance and upgrades to installed infrastructure as required. Mining Sense has allocated a conservative contingency cost (20%) to development costs associated with access to the Project mineralisation and stoping preparations (operating costs).

LOM Mining CAPEX Activity	€m	US$m
Development	64.6	69.8
Equipment	100.9	109.0
Infrastructure	22.1	23.9
Tailings management	39.6	42.8
Contingencies (1)	45.4	49.0
Total LOM Mining CAPEX	**272.6**	**294.5**

Table 5: LOM Mine CAPEX

(1) LOM underground CAPEX estimate includes 20% contingencies

Mining OPEX

San José operating cost ('**OPEX**') estimates have been estimated by Mining Sense using first principles for owner operator mining activities including ore mining, ore stoping, and backfilling activities. Estimates have been provided inclusive of contingencies of 20%.

Mining OPEX Activity	€m	US$m
Stoping	394.1	425.6
Paste back-fill	129.9	140.3
Ore drives	307.3	331.9
Pumping & Ventilation	32.7	35.3
Contingencies (1)	172.8	186.6
Total LOM Mining OPEX	**1,036.9**	**1,119.7**

Table 6: LOM Mine OPEX

(1) LOM Mining OPEX estimate includes 20% contingencies

METALLURGICAL PROCESSING

The lithium hydroxide process converts an underground-mined dark mica rock ore of 0.66% Li_2O into a battery grade lithium hydroxide monohydrate powder ($LiOH \cdot H_2O$, or LHM) at 56.5% purity.

Infinity commissioned Wave International of Australia (Wave) in 2018 to conduct a scoping/trade-off study. Wave was retained in 2019 to produce a Pre-Feasibility Study (PFS) based on a beneficiation and sulphate roasting processing route. Based on favourable high-pressure leach test work which resulted in materially increased ore-to-product lithium recoveries and eliminated the need for high-temperature roasting, Wave was

commissioned to produce an update to the PFS where the flotation and roasting circuits are replaced with a sulphur burning plant and high-pressure leach process to produce a lithium sulphate liquor.

The process retains a typical hard rock lithium chemical conversion process of lithium sulphate liquor to battery grade LHM.

The process plant facility has been designed to output circa 33,300 tonnes per annum of LHM product based on a ROM feed grade of 0.66% Li_2O and feed rate of 2 million tonnes per annum of ROM (dry basis) to the processing plant, based on the mine schedule. Lithium recovery is based on locked cycle test ('**LCT**') work (as announced on 7 September 2023) which has indicated that in excess of 90% extraction of lithium is possible in the hydrometallurgical process.

Average ROM Feed to Milling (dry)	2.0Mtpa
Average ROM Feed Grade to Milling (Li_2O)	0.66%
Overall Lithium Recovery	90%
Annual Production (Battery Grade LHM)	33,274t

Table 6: Processing Data

Stage 1: Crushing & Milling Circuit

Ore is mined underground at 2 million tonnes per annum. Primary crushing is carried out underground and crushed ore is transferred to the above ground crushing circuit which is comprised of a double deck screen, secondary and tertiary cone crushers.

The crushed ore stockpile provides crushed material between the mining operations and downstream milling and lithium chemical conversion operations. Crushed ore is fed into the SAG mill feed chute along with process water to achieve a SAG mill operating density of 60% solids as required for optimum grind efficiency.

Product sized particles are separated from coarser particles through cyclone separation. Fine particles are sent directly to the leaching unit while the coarse particles report to the cyclone underflow which flows by gravity to the feed chute of the ball mill. Process water is also added to the feed chute of the ball mill to adjust the pulp density to a level required for efficient grinding.

Stage 2: Leaching & Production of Intermediary Product

The crushed ore is fed directly into the leaching unit, thereby eliminating the requirement for beneficiation and calcination required in traditional hard rock lithium chemical conversion processes. A sulphur burner provides the reagent feed to the high-pressure leaching unit, producing a significant amount of excess heat though sulphur oxidation which is captured in the form of high-pressure steam. This steam is used throughout the plant to heat the process, predominately in the high-pressure leaching step. The co-generation of energy reduces the requirement for external sources of energy.

Lithium is brought into solution in the leaching step as lithium sulphate. Residual solids are filtered, washed, and sent to the tailings handling facility, while the filtrate is concentrated in a leach evaporator. A large recycle from the leach evaporator to the leaching unit increases the reagent utilisation, increases lithium tenor and reduces the limestone consumption in the following process step.

The revised Li-Stream RPK™ process provides environmental improvements including cleaner residues and by eliminating gas consumption and superior process recovery and LHM production rate than previous processing flowsheets.

Stage 3: Conversion of Lithium Sulphate to Battery Grade Lithium Hydroxide Monohydrate

After evaporation the pregnant lithium sulphate liquor solution is neutralised. The neutralisation filtrate is further processed in two impurity removal stages. The product solution from neutralisation and impurity removal is concentrated in a two stage Pregnant Leach Solution ('**PLS**') evaporation. The conversion of lithium sulphate to lithium hydroxide is completed in the causticisation step through the addition of sodium hydroxide (NaOH).

The process retains a typical hard rock lithium chemical conversion process of lithium sulphate liquor to battery grade LHM. Sodium (Na) and sulphate (SO_4) removal is completed in two Glauber's salt crystallisation stages. The precipitated Glauber's salt is remelted, precipitated as sodium sulphate (Na_2SO_4), dried and bagged for sale.

After sodium and sulphate removal LHM is crystallised in a two stage LHM crystallisation, producing an ultra-pure LHM product which is dried and bagged for sale.

A proprietary lithium recovery process, developed by Infinity GreenTech and Infinity's Technical Advisory Committee, processes the bleed from LHM crystallisation and purge from SSA crystallisation.

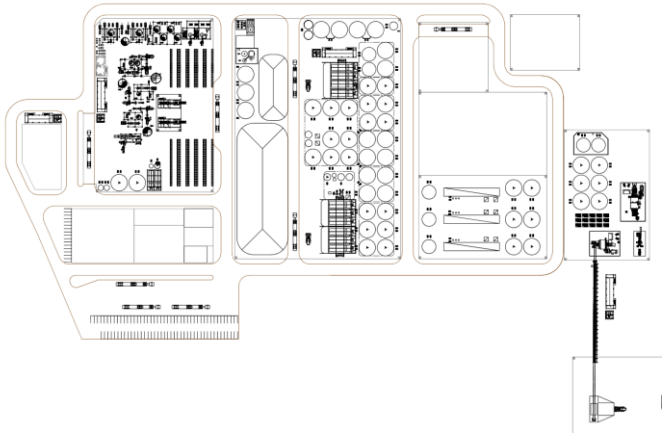

Figure 11: San José Aerial Overview: Lithium Chemcial Processing Facility

Figure 12: San José Lithium Chemcial Processing Facilit

METALLURGY

The patent pending protected and trademarked Li-Stream RPK™ process flow sheet utilises in-house intellectual property in concert with leaching and energy efficiencies for improved lithium recoveries. The Company's metallurgical test work assumptions are noted with reference to the high lithium recoveries achieved to date from representative ROM from San José. These recoveries average 90% using only hydrometallurgical processes.

Test work has progressed, led by Infinity GreenTech's TAC, and utilising the hydrometallurgical services of Simulus Laboratories with the successful production of battery-grade LHM after two stages of crystallisation in LCT work. Refer to ASX announcement 7 September 2023 for further details relating to first locked cycle production of battery grade LHM using Li-Stream RPK™.

The LCT work has been undertaken at the expected steady-state conditions for the planned processing facility. A series of scoping tests provided essential data that was used to compile a steady state SysCAD processing model which was undertaken by Lithium Consultants Australasia. Data from this model was used to design the LCT work program, which subsequently confirmed the accuracy of the predicted steady state conditions.

The test work is part of an on-going process flowsheet development and continuous improvement program. The Company is assessing the next stages for the scale up facility and demonstration plant planned to be built and run in Spain.

TAILINGS STORAGE FACILITY

The Project will have a Tailings Storage Facility ('**TSF**') which will comprise of both paste backfill and a dry stack tailings facility.

The waste streams at San José will include materials from mining and from the hydrometallurgy process.

The stope backfill system consists of a backfill paste plant positioned inside the mine. The process tailings will be pumped to the paste plant where the tailings will be filtered until they reach the appropriate moisture content for each type of tailings and each cement dosage. The excess water will be used in the cleaning of filters and the rest will be incorporated into the mine water circuit for use in the underground work or returned to the plant for use in the process.

Process tailings that cannot be reused and must be disposed of will be taken to the dry stack tailings facility on the surface. The outer boundaries of the facility shall be constructed from the mine's own waste and other materials. The surface tailings facility will comprise of smooth slopes and a geomorphological design that ensures its stability and surface drainage network in the long term, mitigating the risk of erosion of the slopes.

Existing topsoil in the footprint of the facility will be removed for future use in the rehabilitation of the site. A perimeter of inert tailings (mine tailings) will be placed in the lowest topographical area, so that runoff generated within the facility itself can be controlled. The surface on which the process tailings are placed will be waterproofed and the process tailings will be filtered so that the moisture content is in the range of 10% to 20%. The process tailings will be deposited and spread in tongues of 500 mm thickness, which will subsequently be subjected to compaction.

Guard channels will be placed that will prevent the entry of runoff water outside the installation, as well as an external drainage below the waterproofing surface that will allow the control of the interstitial pressure at the

base of the installation. This water will be used as clean water in the Project. There will be an internal lower drain at the base of the process tailings facilities and a pumping system to keep the facility drained. This water will be sent to the water treatment plant for reuse.

The Pre-Production TSF capital cost estimate amount (which feeds into NPI CAPEX) is €9.3 million before contingencies. This estimate has been produced to support economic studies based on a 2.0Mtpa underground-only mine.

The Company is advancing further work on additional saleable materials, either as potential for sale or disposal off site.

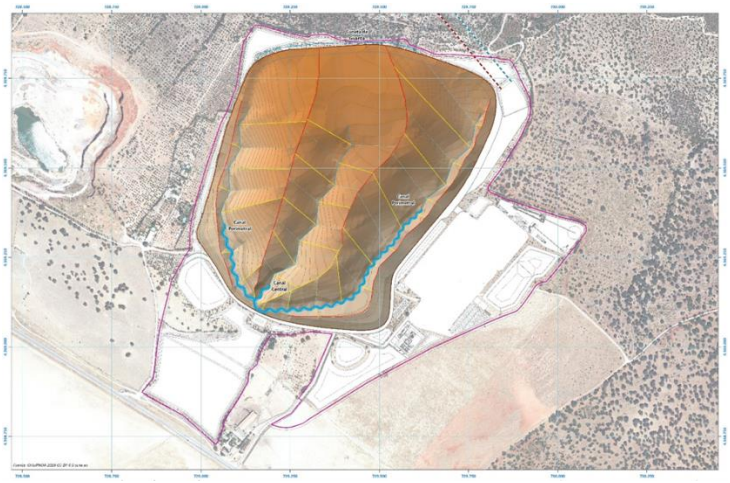

Figure 13: San José Projected Surface Tailings Impact

INFRASTRUCTURE, TRANSPORT & LOGISTICS

The Study considers the requirement for both process infrastructure and non-process infrastructure to be built or accessed for the Project. San José is in close proximity to major roadways including the road bypass to the east of the town which separates the Project from the town and allows access to the Project from the south. The Project will also benefit from the recently completed ring road motorway. Water and electricity infrastructure remains in close proximity to the Project. The region of Extremadura has extensive renewable energy infrastructure. The electricity requirements for the Project have been assumed to be sourced from green grid electricity with the potential to be aligned to specific local photovoltaic energy generating sources.

Construction and Operational

It is envisaged there will be the requirement to deliver substantial amounts of equipment to site prior to and during construction. The Study has envisaged the utilisation and acquisition of capital equipment almost exclusively sourced in the EU, and the general availability within the EU and Spain of all reagents required means that international shipping and transport is not expected to be necessary.

During operation, reagents and consumables will have to be delivered and finished product transported to consumers. It is proposed electricity and municipal water will be accessed by the Project via power line and pipeline.

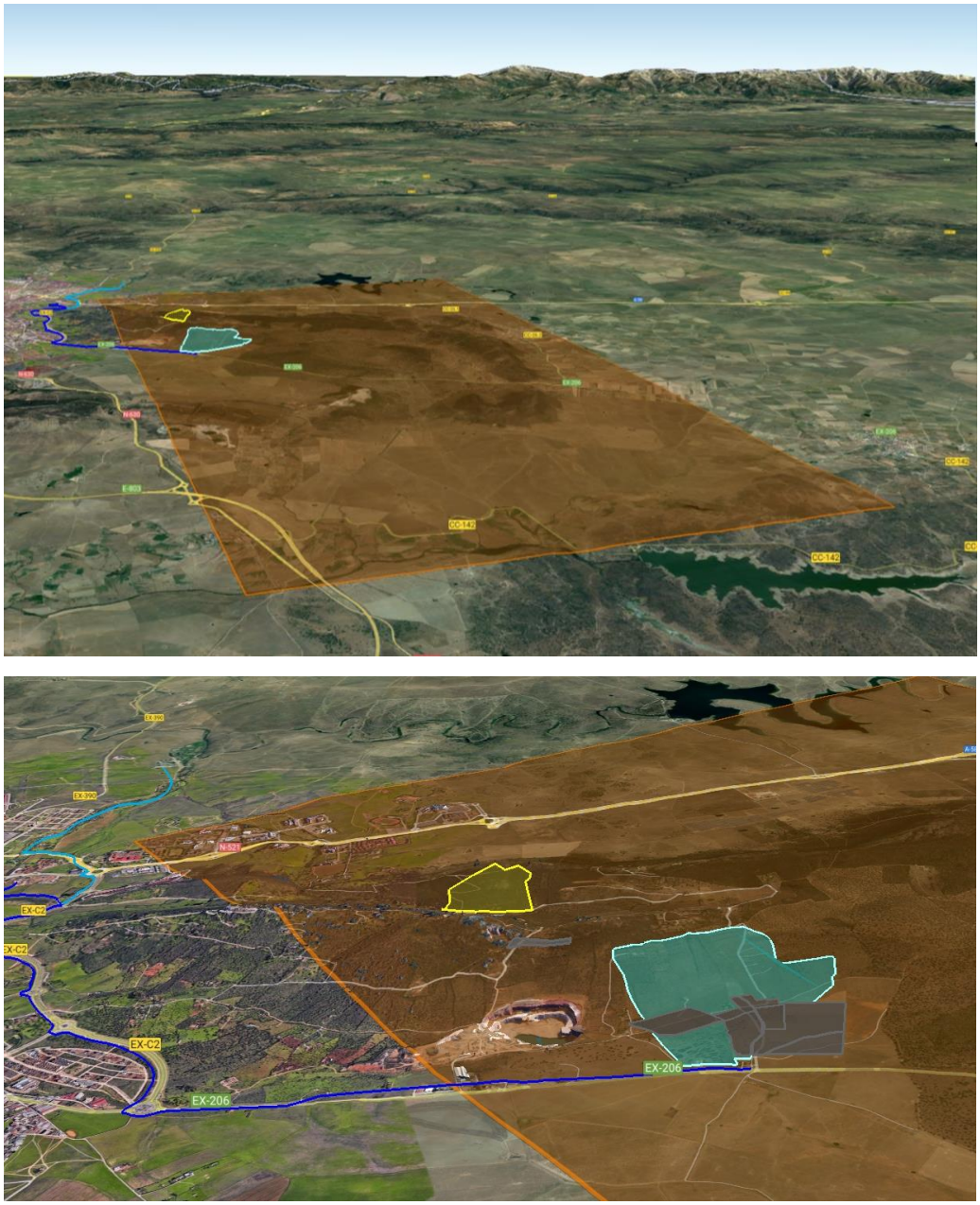

Figure 14: San José Aerial Overviews

Consumables Transport and Logistics

Spain and the EU have an excellent infrastructure network covering transport, water, power, and communications. The ability to move within the EU and not incur customs duty is also an important logistical benefit.

All of the reagents required for San José that are inbound to the site, including consumables, have the potential to be obtained in Spain and trucked to site. Transport infrastructure includes multilane highway within 3km of the Project which has a direct connection to Madrid, major ports and continental Europe. The link road/bypass to the east of the town separates the Project from the town and allows access to the Project from the south (Miajadas Road). The major road network in Spain is expected to be a large part of the logistical solution. Typical transport will be conducted using rigid, 25t capacity haulage vehicles.

In the event maritime shipping is required there is easy access to ports throughout Spain including Algeciras Port, Huelva Port, Valencia and Lisbon (Portugal).

Product Transport and Logistics

LHM is a high value product that requires an airtight transport solution. It is anticipated that product would be transported in sealed sea containers and can be safely transported by road, rail and/or seaborne freight. It is anticipated that product will be sold at the mine gate and transport arranged by the consumers.

GENERAL & ADMINISTRATIVE

A variety of general and administration costs have been included in the operating expenditure estimate including insurances, freight, consultants, tenement fees, communications and office expenses. These estimates have been assumed from relevant Australian and Spanish sources and reflect general mining and location specific circumstances.

LABOUR

The labour costs for the Project have been estimated using an organisation chart for a typical underground mine and processing plant. The estimate is based on the assumption the mine will operate 24 hours per day, 365 days per year, with shifts being 8 hours long. Total workforce requirements are listed below:

Employment	
Processing & Maintenance	279
Management & other	21
Mining	200
Total [(1)]	**500**

Table 7: San José Employment

(1) Internal transport employment estimates a further 200 positions derived from activities related to the Project

PROJECT ECONOMICS

The economic estimates presented in the Study are detailed as below.

CAPITAL EXPENDITURE ESTIMATES

The total capital expenditure required to the first year of production at San José is outlined in Table 8. The capital estimates for the Project are based on the production of up to approximately 33,000tpa of battery grade LHM.

Pre-Production Capital Costs

	€m	US$m
Mining	45	49
Processing	1,147	1,238
Total CAPEX (before contingencies)	**1,192**	**1,287**
Contingencies (20%)	238	257
Total CAPEX (after contingencies)	**1,430**	**1,544**

Table 8: San José Pre-production Capital Costs

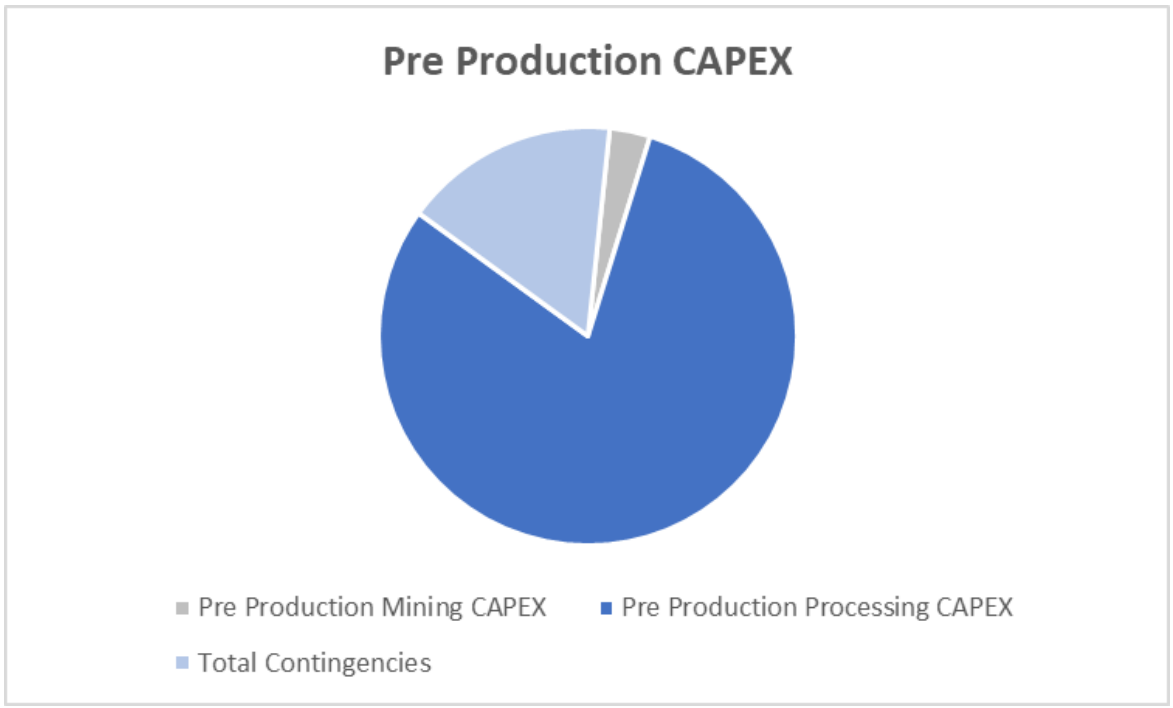

Figure 15: San José Pre-production CAPEX: Mining and Processing / Total Contingencies

OPERATING COSTS ESTIMATES

TOTAL OPEX	€/t LHM	US$/t LHM
Processing	4,368	4,717
Mining	1,306	1,410
Product Transport	15	16
By-Products	(389)	(420)
Total [(1)]	**5,299**	**5,723**

(1) FX: EUR/US 1.08

Table 9: San José OPEX

Processing	€/t LHM	US$/t LHM
Reagents & Consumables	1,522	1,644
Electrical Power	1,127	1,217
Maintenance	618	667
Labour	530	572
Waste	385	416
Other costs	118	127
Water	36	39
Other consumables	32	35
Total	**4,368**	**4,717**

Table 10: San José Processing OPEX

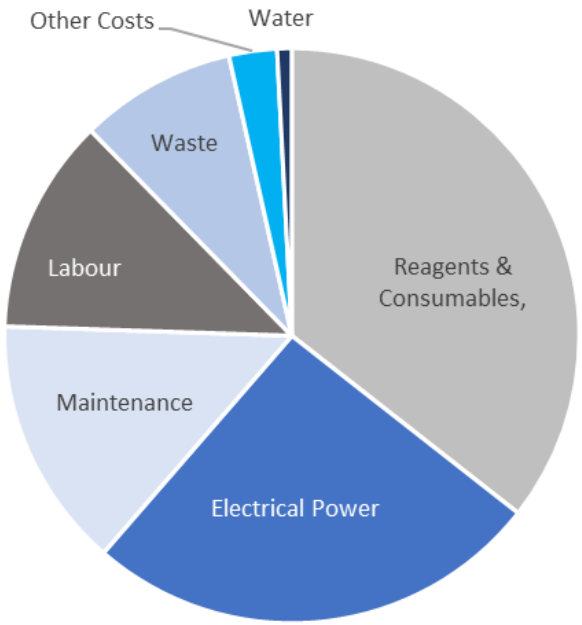

Figure 16: San José Processing OPEX

FINANCIAL ASSUMPTIONS & PROJECT ECONOMICS

LHM Price (1st 10 years production)	US$/t	27,000
LHM Price	US$/t	27,000
Exchange Rate	€ : US$	1.08
Discount Rate (real)	%	8%
Conversion Factor Li_2O : Li_2CO_3	:	2.473
Conversion Factor Li_2CO_3 : LiOH.OH	:	0.880

Table 11: San José Base Case Financial Assumptions

Total Revenue LHM	€m	20,130
Total Operating Costs	€m	4,656
Total EBITDA	€m	15,475
Pre-Production CAPEX (Before Contingencies)	€m	1,192
Pre-Production Capital Intensity (Before Contingencies)	€/t LHM	35,821
Contingencies	%	20%
Pre-Production CAPEX (After Contingencies)	€m	1,430
Pre-Production Capital Intensity (After contingencies)	€/t LHM	42,976
$NPV_{8\%}$ pre-tax	€m	3,811
IRR pre-tax	%	25.8%
$NPV_{8\%}$ post-tax	€m	2,657
IRR post-tax	%	21.3%
Pre-Tax Payback Period (post-tax)	years	4.2

Table 12: San José Base Case Project Economics

PROJECT ECONOMICS SENSITIVITIES

The following table details the operating results from the financial model.

Item	Metric	Base	Scenario 1	Scenario 2
$NPV_{8\%}$ pre-tax	€m	3,811	6,060	4,637
IRR pre-tax	%	25.8%	30.3%	27.0%
$NPV_{8\%}$ post-tax	€m	2,657	4,336	3,274
IRR post-tax	%	21.3%	25.7%	22.7%
Payback period (start of production)	years	4.2	4.1	4.5
Long-term LHM Price Assumption (real)	source	Internal Base	Internal High	Fastmarkets [(1)]
LHM Price (1st 10 years production)	US$/t	27,000	32,200	27,286
LHM Price	US$/t	27,000	35,926	30,778

Total Revenue LHM	€m	20,130	27,578	23,177
Total EBITDA	€m	15,475	22,923	18,521
Total Cash Flow pre-tax	€m	13,750	21,198	16,796
Total OPEX	€m	4,656		
OPEX (steady state - including by-product)	€m/t LMH	5,299		
OPEX LOM (including by-product)	€m/t LMH	5,483		
OPEX C1 Cost	€m/t LMH	5,872		
Total LHM Sales	t	792,871		
Average LHM Production (steady state)	t pa	33,274		
Pre-Production CAPEX (Before Contingencies)	€m	1,192		
Pre-Production Capital Intensity (Before Contingencies)	€/t LHM	35,821		
Contingencies	%	20%		
Pre-Production CAPEX (After Contingencies)	€m	1,430		
LOM	years	26		

Table 13: San José Sensitivities

(1) Fastmarkets Lithium Market Report - European Pricing: 2033f US$35,000 – internal estimate US$32,000 long term average. Refer to Figure 28

(2) Underground mining OPEX includes 20% contingencies

Sensitivity of the Project's post tax NPV to key variables was investigated. Using the post-tax result calculated from the financial model, each of the key variables were changed between ±30% at 10% intervals while holding all other variables constant.

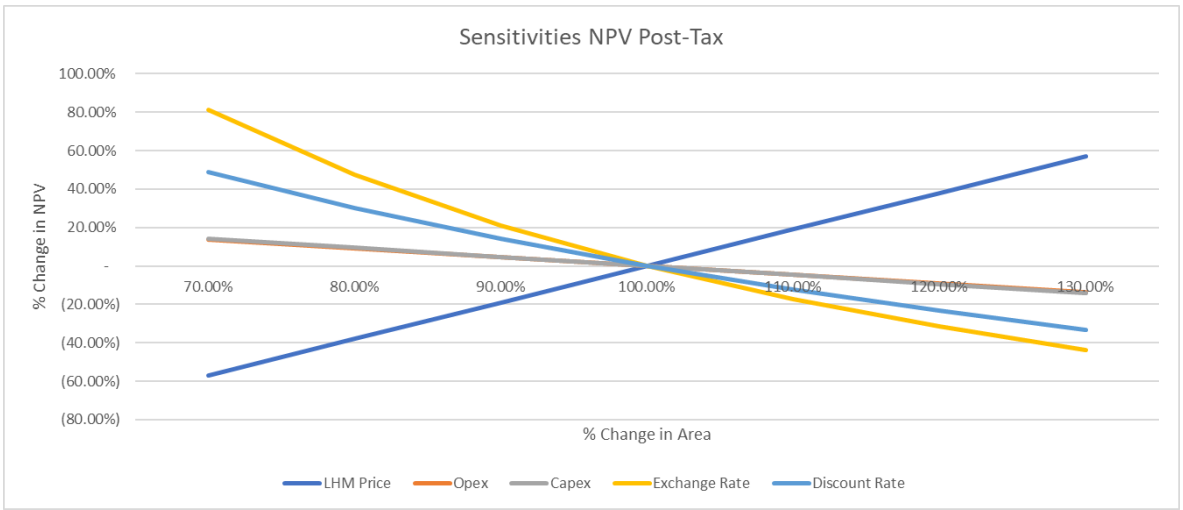

Figure 17: San José Sensitivities: Base Case Post-Tax

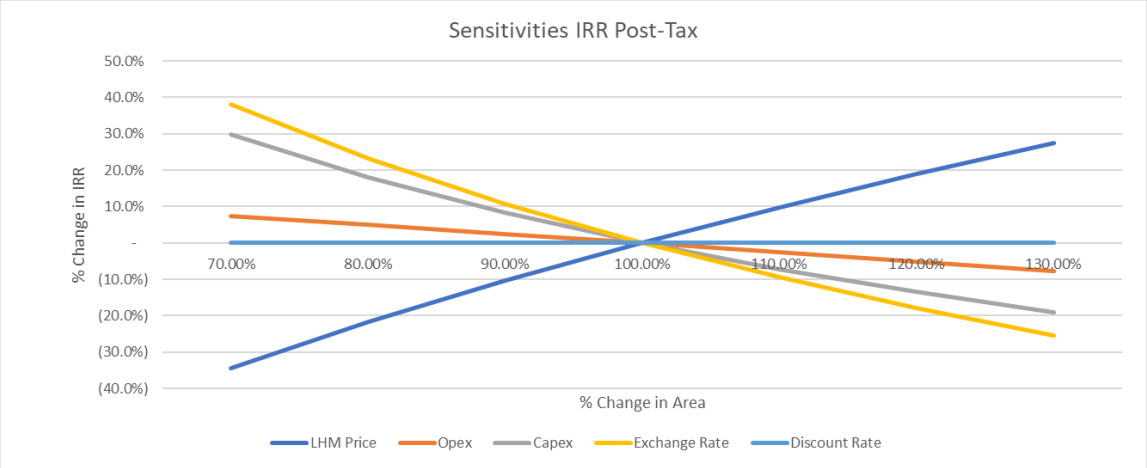

Figure 18: San José Sensitivities: Base Case Post-Tax

Pricing Assumptions: Sensitivities

The Study assumed a long-term average price on a straight-line basis of US$27,000/t LHM over the life of the Project. The forecast price of battery grade LHM has been applied utilising internal high case estimates and data from market leading PRA Fastmarkets (refer to Figure 28). A summary of pricing assumptions used for sensitivity analysis is per Figure 19.

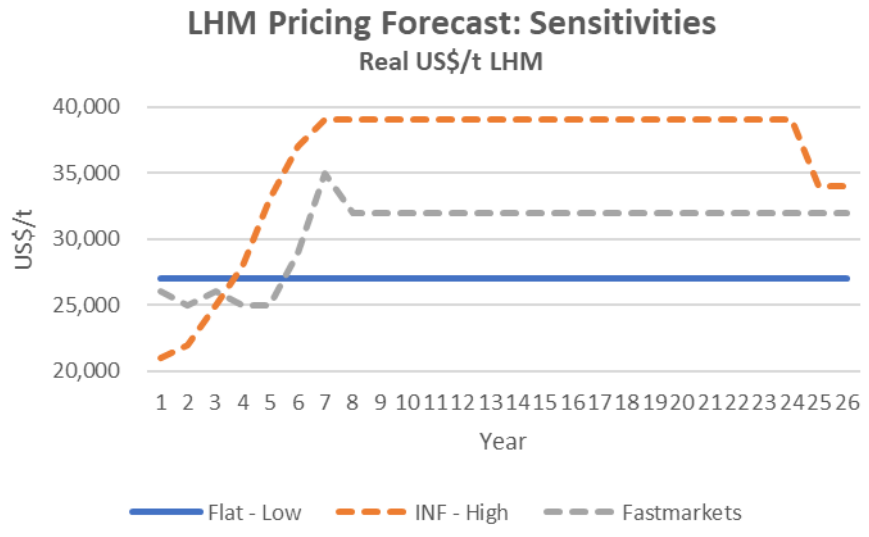

Figure 19: San José Sensitivities: Pricing Assumptions

Sensitivity analysis of the major areas of the Project include:

- LHM Price
- OPEX
- CAPEX
- EUR: USD forex rate
- Discount Rate

TIMELINE TO PRODUCTION

The below timeline is indicative only and is subject to change.

Key Milestone Description	Key Dates
DFS & FEED Commences	January 2024
Test work Program Completion	October 2024
Permit Documents submitted to Authorities for Construction	March 2025
Final Investment Decision	April 2025
Construction Mobilisation & Commencement Milestone	February 2026
Lithium Hydroxide Commissioning Finish	January 2028

Table 14: San José Timeline

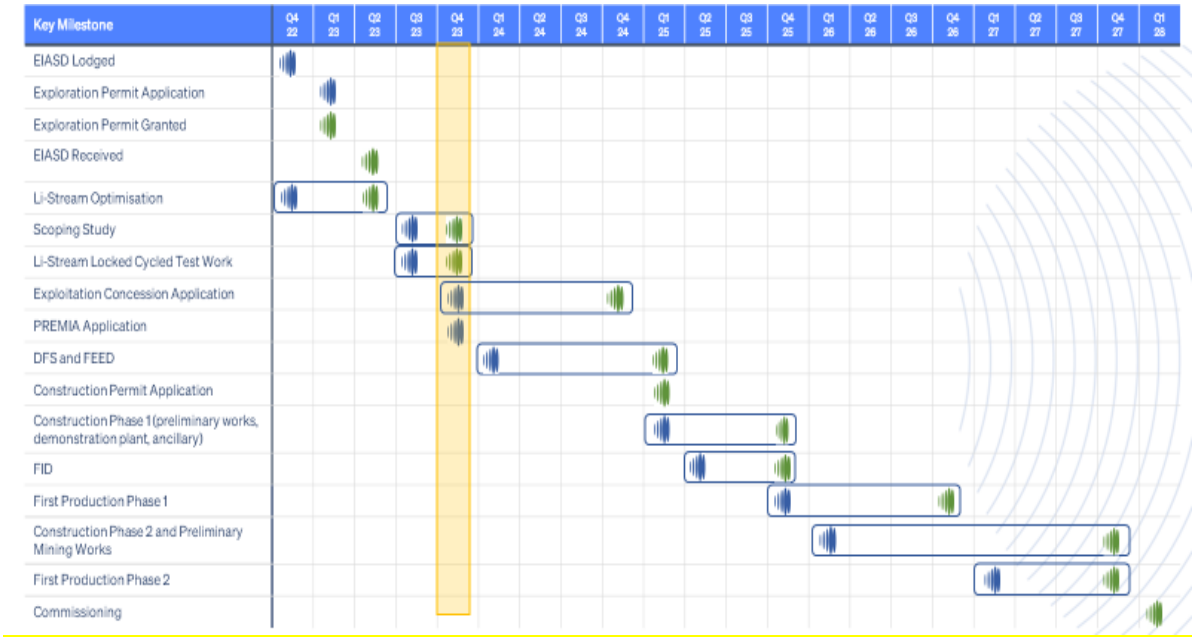

Figure 20: San José Timeline

EIASD: Environmental Impact Assessment Scoping Document

The construction works are proposed to commence in alignment with Phase 1 pilot plant development in Q1. These include other preliminary works and auxiliary services aligned to the commercial production plant. It is proposed that Phase 1 has the potential to produce battery-grade lithium hydroxide by the end of 2026.

PROJECT FUNDING

The Board of Infinity believes there is a reasonable basis to assume the necessary funding for the Project will be completed in time for Final Investment Decision (which, based on the indicative timeline, is expected for April 2025). The critical importance of battery grade lithium chemicals for the European market is evidenced through the substantial investment and commitments aligned downstream to lithium-ion battery production and OEM activities. There is a global race for critical raw materials such as lithium and more importantly the

strategic use of battery grade lithium chemicals. The EU's strong willingness to develop a comprehensive lithium-ion battery value chain in Europe is demonstrated by the development of upstream assets and calls for further development of conversion capacity. The advancement of The Critical Raw Materials ('**CRM**') Act and Net Zero Industry ('**NZI**') Act, following on the resounding success of the US' Inflation Reduction Act, provides the framework for future access to unprecedented levels of funding allocated to critical raw material projects. The CRM Act will recognise projects of strategic importance to the EU and establishes significant targets for EU sourced raw materials and chemical processing. Furthermore, accelerated permitting and fast access to funding are prioritised under the Act. There are limited lithium resources within the EU and the potential to utilise EU lithium resources whilst retaining strategic use of refined lithium chemical products is essential for a lithium-ion battery value chain that is entirely reliant on lithium chemical production from competing markets.

The Project will likely be funded through a combination of debt and equity. The availability of grant funding will positively impact the gross equity funding requirement and potential for strategic partnership investment. European and Asian Export Credit Agency ('**ECA**') debt may also represent a cost competitive source of funding, alongside other low-cost debt aligned to the green energy transition within Europe.

The European Investment Bank ('**EIB**') is one of the world's main financiers of climate action. The European Union is at the forefront of the global fight against greenhouse gas ('**GHG**') emissions in order to adapt to a changing climate. It plays a leading role in implementing the Paris Agreement. The EIB places sustainability at the heart of these EU initiatives, with progressions in mandate providing opportunities for funding aligned to energy transition.

The Regional Government of Extremadura, in response to a determination in the Constitutional Court, has announced stimulus measures aligned to the retention on lithium chemical conversion facilities and activities in Extremadura. The Regional Government of Extremadura has previously provided debt facilities for the advancement of lithium-ion battery production facilities. Grant funding is available at the national level with critical raw materials qualifying under existing frameworks.

There are multiple avenues of funding available to the Company to finance further project studies and subsequent development of the Project. The Company has retained full funding optionality to date and remains committed to pursuing a financing solution that de-risks project development and ultimately maximises value delivered to shareholders. Investors should however note that there is no certainty that the Company will be able to raise the amount of funding required when needed. It is possible that funding may be dilutive to, or otherwise affect the value of the Company's existing shares.

Infinity has appointed Macquarie Capital ('**Macquarie**') to advise the Company on engaging with strategic partners and investors in relation to the financing of the Project. Macquarie is a leading advisor in the development of major lithium projects globally.

NEXT STEPS

- PREMIA project submission
- Submission of Exploitation Concession Application
- Demonstration plant & commercial production
- Commencement of appointment of DFS and allocation to in-country development resources
- Advancement of strategic partnerships in relation to the financing of the Project

LITHIUM MARKET OVERVIEW

Lithium Demand

The forecast demand for lithium and lithium chemicals will be driven primarily by the demand aligned to electrification and electric mobility. Lithium-ion batteries ('**LiB**') and more specifically the relevant chemistries for lithium chemicals used in cathodes will account for a significant portion of future demand for lithium.

Until 2017, the majority of lithium produced was consumed in traditional end-use sectors, such as ceramics, glass, lubricating greases, and others. However, there has been a recent surge in demand for lithium chemical for battery applications - since 2018, demand for lithium from the battery sector has surpassed demand from traditional end-uses.

Price Rating Agency, Fastmarkets estimates that global lithium demand totalled 680kt LCE in 2022, of which 466kt (82%) was used in battery applications. Battery applications have seen an increased market share doubling from 41% in 2016 to 82% in 2022. Traditional applications have also increased, but at more modest rates.

By far the most important demand growth sector for lithium is its use in electric mobility applications. The combination of high electrochemical potential and low weight makes lithium an ideal material for the sector. While electric vehicles are dominated by passenger car sales, eTrucks, eBuses, and electric bikes are also important growth sectors.

Over the next decade, it is widely expected that sales of passenger electric vehicles ('**EVs**') (including fully electric and hybrid vehicles) will continue to grow at a pronounced rate. Fastmarkets forecasts sales of battery electric vehicles ('**BEVs**') will increase at a CAGR of 14% between 2023 and 2033. Plug-in hybrid electric vehicles ('**PHEV**s') have been forecast to be more popular in emerging markets for a longer period due to their affordability and a lack of charging infrastructure, with sales growing at a CAGR of 11% in the same period.

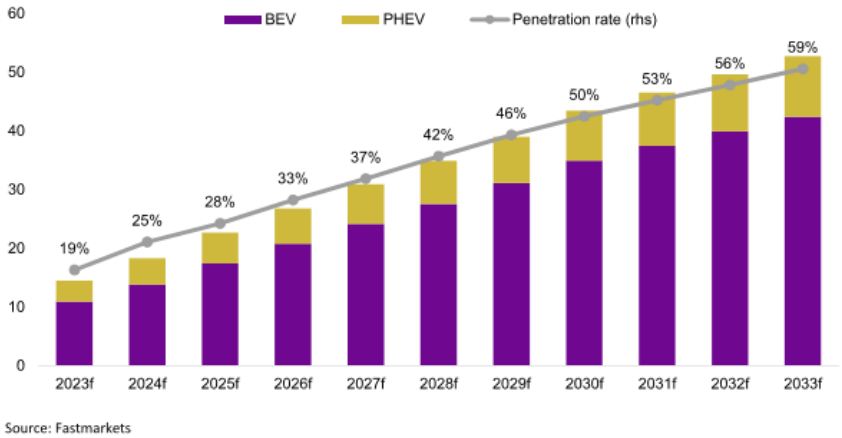

Figure 21: Fastmarkets: Global BEV & PHEV sales forecasts (million units)

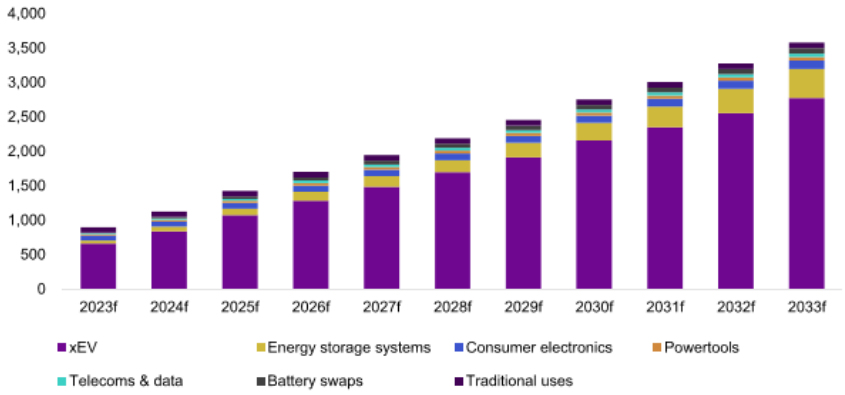

Figure 22: Fastmarkets: Global lithium demand forecast by end user sector forecasts (000's tonnes LCE)

The majority of the refined lithium chemical conversion capacity is currently located in China, reinforcing its dominant position within the EV value chain. As a result, China produced 66% of refined lithium chemical production in 2022. South America produced 31%, the majority of which was exported to Asia and the US. Europe and North America produced just 1% and 2% respectively but will be key areas of growth over the next decade.

Fastmarkets expects China to increase refined lithium chemical conversion capacity from 475,000 tonnes LCE in 2022 to 1.789 million tonnes LCE in 2033. Despite this level of growth, global market share is expected to drop to 53%. By 2033, Europe and North America are forecast to increase production to 422,000 and 235,000 tonnes LCE respectively, representing 12% and 7% of the global total. Australia is forecast to produce 181,000 tonnes of LCE in 2033, 5% of the global total. The RoW includes refined production in Mexico, Japan, South Korea, Indonesia, and Saudi Arabia, amounting to 104,000 tonnes LCE (3%) in 2033.

Fastmarkets expects annual lithium demand in Europe to increase at CAGR 11% between 2023 and 2033, reaching almost 500 kt LCE.

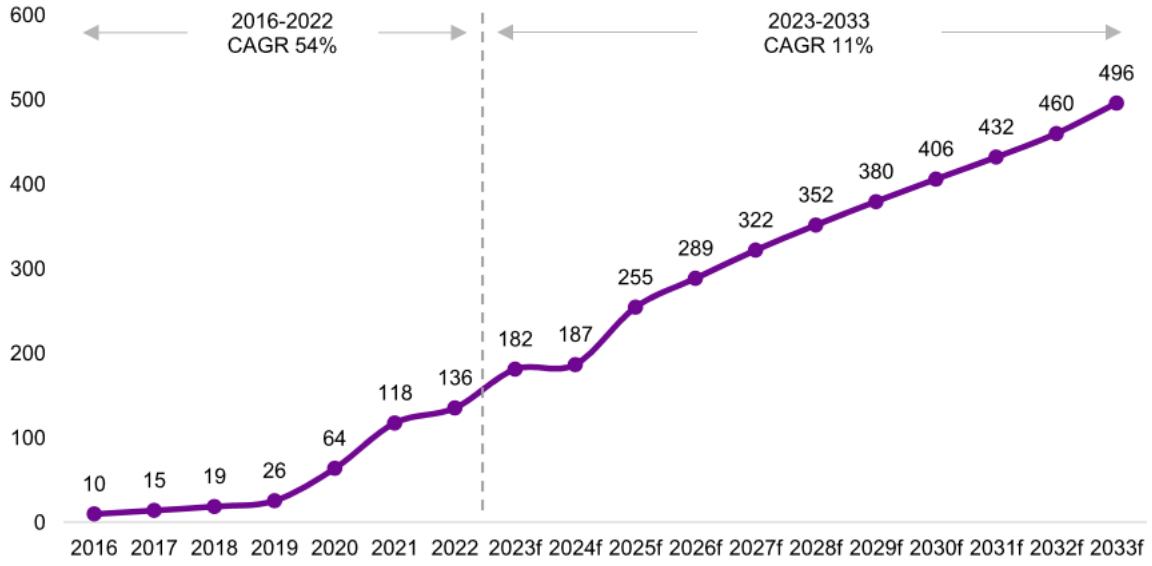

Figure 23: Fastmarkets: European lithium demand forecast (000's tonnes LCE)

As well as the overall demand for lithium, cathode chemistry will affect the preferred ratios of feedstocks – lithium carbonate versus LHM. Lithium carbonate is aligned primarily in the production of LFP and low-nickel NMC batteries, while LHM is aligned to high-nickel content cathodes.

At present demand in Europe is dominated by LHM. In the near to medium term NMC batteries are expected to become increasingly dominant in Europe as longer ranges and greater energy densities are prioritised.

Lithium Supply

Refined lithium production reached 738,000 tonnes LCE in 2022, up from 198,000 tonnes LCE in 2016. Since 2020, the market share of LHM has plateaued despite production increasing by 91%, due to demand for lithium carbonate having increased by 98% in the same period. This is attributable to the growing demand for LFP cathode chemistries (especially in China), therefore lithium converters in China have tailored their production to meet these market targeted chemistries. Furthermore, there has been a slower-than-expected ramp-up at several LHM refineries.

Fastmarkets forecasts significant growth of NCM and high nickel content cathodes outside of China over the outlook period, and therefore companies in these regions are predominantly targeting production of LHM to meet this growing demand. This will result in an increasing forecast market share for LHM, reaching 43% by 2030.

Fastmarkets forecasts lithium carbonate to be the dominant commercial product, settling at a global market share of 56% by 2030. Lithium carbonate production will be dominated by China and South America, while Europe will remain focused on LHM.

Over the next decade, Fastmarkets forecasts annual refined lithium production to grow at CAGR 14% from 915,000 tonnes LCE in 2023 to 3.43 million tonnes LCE in 2033.

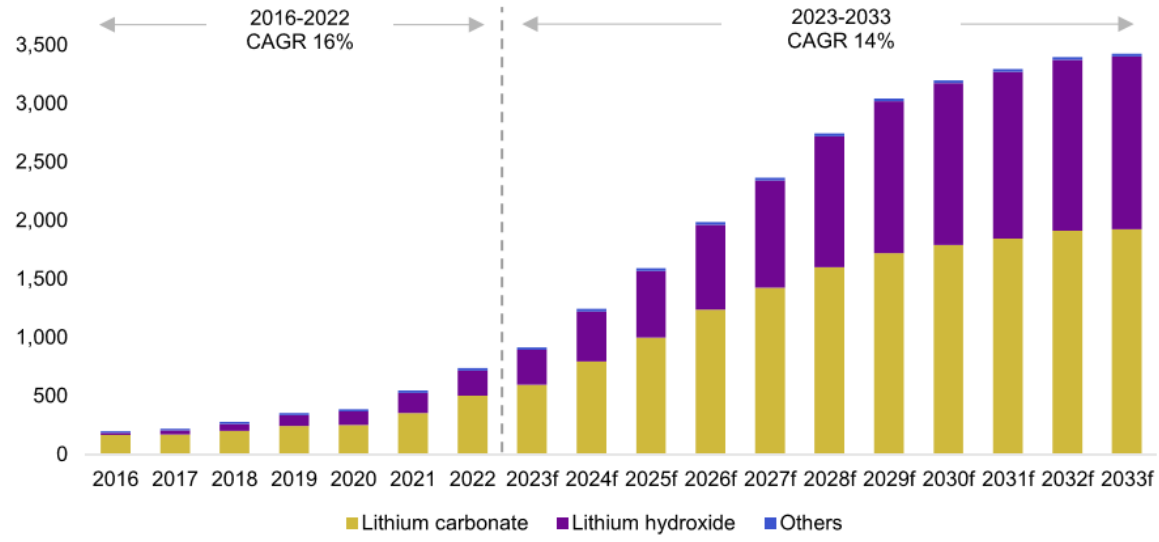

Figure 24: Fastmarkets: Global refined lithium output forecast (000's tonnes LCE)

Fastmarkets expect refined lithium chemical production in Europe to grow from 4,000 tonnes LCE in 2022 to 422,000 tonnes LCE in 2033, of which **84% is forecast to be LHM**. European production of refined lithium chemicals is forecast to account for 12% of global production by 2033.

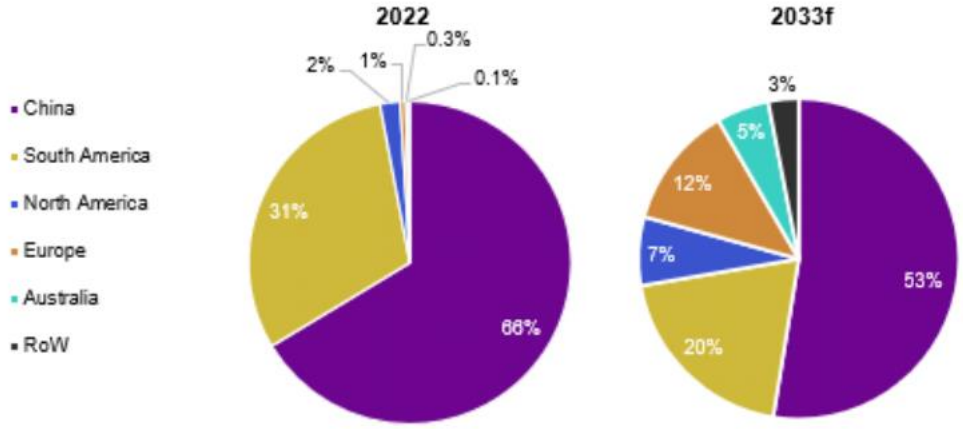

Figure 25: Fastmarkets: Regional refined lithium chemical production forecast (% LCE basis)

The breakdown of regional production highlights the focus for NCM and high nickel content cathode chemistries in Europe and North America, noting refineries are targeting the production of LHM. The forecast for North America is more evenly weighted when compared to Europe due to the large-scale clay projects and integrated brine producers targeting carbonate production, and also the exclusion of touted hydroxide refineries in North America.

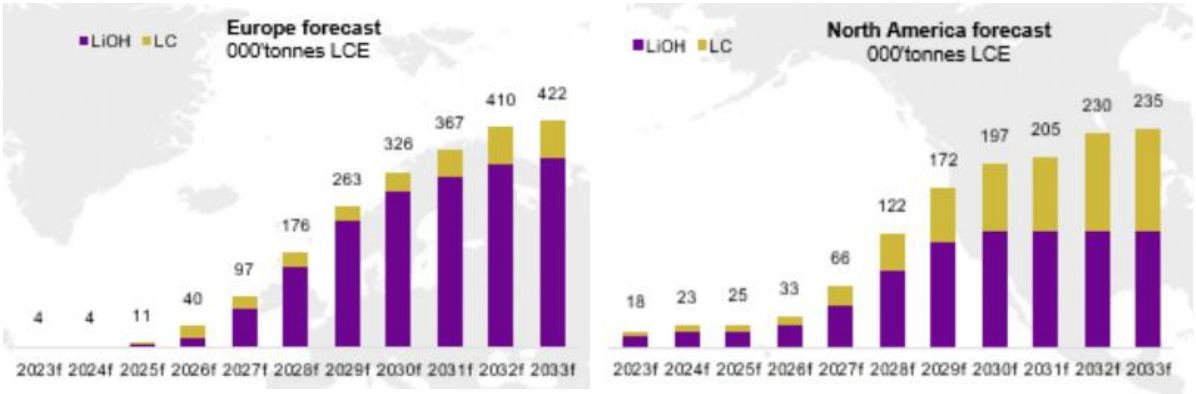

Figure 26: Fastmarkets: Regional refined lithium chemical production forecast Europe and North America (000's tonnes LCE basis)

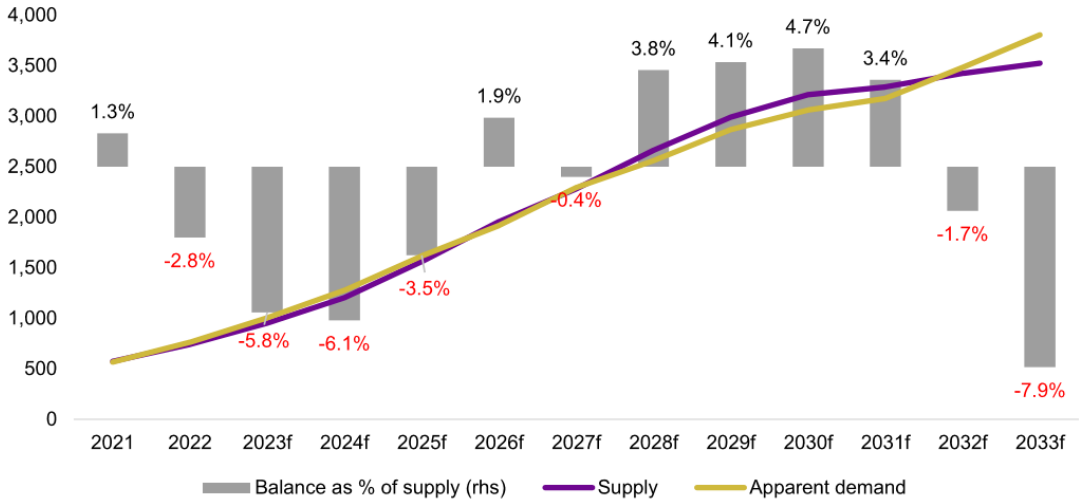

Figure 27: Fastmarkets: Lithium market balance forecast (000's tonnes LCE basis)

Lithium Price Outlook

The European and US markets have historically followed the price movements of the more liquid Asian markets, due to limited demand for spot purchases of lithium chemicals in Europe and the US. There is a trend for slightly higher LHM prices when in the EU and US markets, compared to the Asia seaborne market when averaged across the year.

Fastmarkets began providing a price assessment for European battery-grade lithium carbonate and lithium hydroxide in 2018. For the period before 2018, Fastmarkets gave an indicative annual cost based on import data. It should be noted that trade data exhibits wide ranges in terms of individual transactions – both in spot and contract.

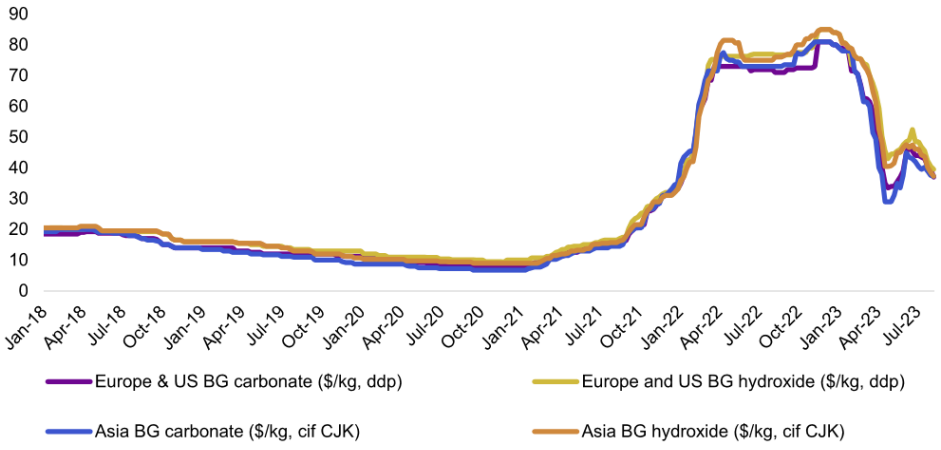

Figure 28: Fastmarkets: Historical lithium prices (US$ 000's / tonne)

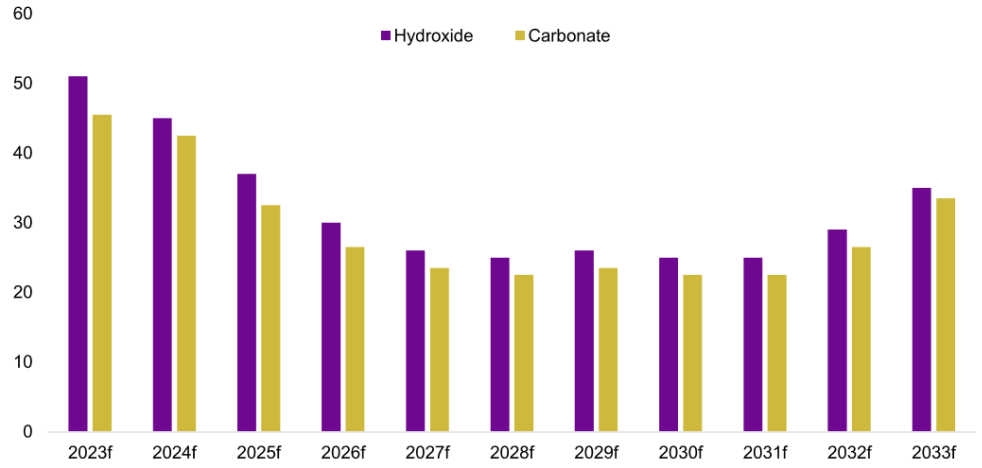

Figure 29: Fastmarkets: European lithium price forecast (spot price, US$ 000's / tonne)

There remains a high degree of variability in forecast market balance and therefore pricing projections.