

# ASX ANNOUNCEMENT

11 DECEMBER 2024

ASX: INF | FRA: 3PM



## SAN JOSÉ AND MARKET UPDATE

### KEY POINTS

- **Mining Licence Application submission continues under regional government review and management.**
- **Request to extend PERTE grant availability term denied by government.**
- **Auto-Industry and battery market conditions in Europe continue to deteriorate.**

Infinity Lithium Corporation Limited (**'Infinity'**, or **'the Company'**) wishes to provide the following update with regards to the progress of its Direct Exploitation Concession Application (**'ECA'**) ('Mining Licence Application') and overall market conditions in the lithium space, specifically in Europe.

#### San José

The Company, through its wholly owned subsidiary Extremadura New Energies, notes the Regional Government of Extremadura's Directorate General of Industry, Energy and Mines (**'DoM'**, or **'Mines Department'**) continues to work on the major project submission lodged on 13 June 2024 (refer to ASX Announcement dated 13 June 2024). The Company awaits feedback on the Mining Licence Application.

The Company notes, and that it has made the government aware of, the constraints that exist in light of the current poor outlook for the automotive industry in Europe and specifically how this is impacting the lithium and battery market.

The Company also noted the current market conditions to the relevant authorities responsible for the grant awarded to the Company for capital development of San José. The Company requested an extension to the time allowable to utilise the grant received in 2023 under PERTE VEC IIb which has been denied.

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## Lithium Market

It is well reported that lithium prices have been significantly impacted over the last 18 months due to new supply coming on stream and a reduced year-on-year growth in demand for lithium chemicals due to slower EV uptake, particularly in western markets.

The impact has seen lithium prices deteriorate by over 80% since their peak in 2022. Although there has been some movement recently, lithium prices have proven to be volatile as it is still a relatively new and emerging market.

As a result of these current conditions, several operations around the world have been placed on care and maintenance and downstream battery and cathode projects have been delayed. Most recently was the filing for bankruptcy protection for Europe's marquee battery manufacturer, **Northvolt** and the withdrawal of the major energy company **Galp** from the Aurora Lithium Project in Portugal following Northvolt's withdrawal from the JV earlier in the year and the company's inability to find a new partner to assist in funding the project. Operations in Australia and Africa have been placed on care and maintenance or administration. It is clear in this environment that it is difficult for any new supply or processing projects to be built.

With low-cost alternatives seen as a requirement for European electric vehicle manufacturers to compete with Chinese products, there is also continued consideration for the most appropriate battery chemistry requirements for the lithium chemicals San José would produce, such as lithium hydroxide or lithium carbonate.

## PERTE VEC IIb

The Company was the beneficiary of 18.8million euros under the PERTE VEC IIb grant program which was announced in November 2023 (refer ASX announcement dated 13 November 2023). Under the regulations of the program, the Company's permitting and financing positions must be such that capital equipment is being purchased and construction commenced prior to November 2028. The Company had requested an extension to the deadline for carrying out actions under the terms of the grant as a conservative measure to account for the rapid deterioration of market and industry conditions, particularly in Europe. This was denied. The grant remains in place but the Company notes there is risk in the project development matching grant availability due primarily to macro-economic effects.

## Next Steps

The Company believes there remains a strong medium and long-term demand for lithium produced in Europe as it continues its energy transition and values energy and industrial security. We believe that San José can be a valuable part of that transition for the benefit of all stakeholders. The leadership of governments in Europe will now be displayed and its actions amongst this significant industry turbulence will be judged in relation to employment, economic success and environmental ambitions.

Against this backdrop, whilst the company maintains a robust cash balance, Infinity continues to consider the short-term status of the project and will work with stakeholders of San José and continue its search for other projects which can be advanced to increase shareholder value whilst San José progresses. It is also noted that based on the macro-economic situation, the project development start date and delivery timeframes may need to be updated from prior announcements to reflect the global economy.

These activities will be considered in unison with the Company's broader and ongoing strategic review, taking into account the current and foreseeable lithium market conditions and its focus on the conservation of working capital as a result.

Infinity is focused on positioning San José to be in the strongest place to take advantage of improved market conditions when the time occurs in order to continue with its ambitions to cornerstone a holistic lithium-ion battery value chain in Europe.

This Announcement was authorised by the board of Infinity. For further enquiries please contact:

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