

# Infinity Lithium Corporation Ltd

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## Infinity Lithium will play part in Europe's push for raw materials sovereignty

Infinity Lithium Corporation Ltd (ASX:INF) (FRA:3PM) is set to play a key role in helping meet the European Commission's goal to secure critical lithium chemicals that are imperative for the economic survival of the continent's large automotive industry.

This comes through the integrated lithium supply strategy being advanced by Infinity and centred on the flagship San José Lithium Project in the Extremadura region of Spain.

Aligned to European stakeholders

Infinity continues to closely align the project to European stakeholders and is evaluating a Bolsa Madrid Exchange listing.

A pre-feasibility study (PFS) for the development of San José estimates that the lithium hydroxide to be produced has a pre-tax valuation of US\$860 million and an attractive IRR of 42% over an extended project life.

This study is based on a 30-year operation life with US\$267.9 million earmarked for pre-production capex.

On the radar

The project is on the radar of various European bodies, including the European Commission whose vice-president Maroš Šef?ovi? has strongly endorsed the requirement for critical raw materials to power the new EU, and step away from fossil fuel reliance.

He recently said: "Infinity Lithium is planning on producing 15,000 tonnes of lithium hydroxide in Spain and is in negotiations with four European industrial players.

"Automakers should be very interested in this project."

New policies

Europe's self-reliance strategy for critical raw materials (CRMs), including lithium, which is also being pursued in the US, incorporates a new pro-mining investment policy, more free trade deals and an incoming 'geopolitical' European Commission.

It is also aimed at creating a circular economy as well as decreasing dependence upon China.

Europe's current assessment numbers its dependency at 62% on China for its 27 critical raw materials. The next assessment, due in spring 2020, is unlikely

**Price:** 0.056

**Market Cap:** \$11.96 m

### 1 Year Share Price Graph



### Share Information

**Code:** INF

**Listing:** ASX

**52 week High Low**  
0.105 0.051

**Sector:** Battery Metals

**Website:** www.infinitylithium.com

### Company Synopsis:

Infinity Lithium Ltd (ASX:INF) is seeking to develop its 75% owned San Jose Lithium Project and produce battery grade lithium hydroxide.

action@proactiveinvestors.com

to see the dependence improved and it is likely that the EU's list of critical raw materials has grown longer.

Šef?ovi?, who was formerly in charge of the Energy Union and is EU Commissioner-designate for foresight, said it was important that the European Union made sure it did not end up as a middle power, caught between the United States and China.

#### Investment in mining needed

He urged EIB board members at a meeting earlier this year to include more mining investment in the energy lending policy as Europe could not "sit idle while China is taking control of all the supply".

"We have identified with the Member States that there are 10 potential mining projects for lithium that, if developed, could allow the EU to move from 1 to 30% of the world production by 2030," Šef?ovi? said.

#### New energy policy

This plea appears to have succeeded with the bank's new energy lending policy the first to include mention of CRMs. As the bank brought down the axe on lending to fossil fuel projects, new investment was set aside for mining operations.

Reflecting the new direction, the EIB has rubber-stamped a shift in their lending policy to this key area, as evidenced by recently committing €300 million to Northvolt.

While cost remains an important factor, other increasing considerations for Europe are the need for ethically sourced raw materials, increasing environmental awareness and regulations, and the importance of selling mining's benefits to the wider community.

#### Resource efficiency is key

Resource efficiency is a key pillar of the EU's raw materials strategy. The upcoming European Green Deal is likely to include incentives to make raw materials life cycles more circular, thereby closing the loop.

As well as sourcing more raw materials within Europe, this will need a system to collect, sort, recycle and reuse recycled raw materials.

Potential mining sites are appearing across Europe, including in Spain, where Infinity's project is sited. There is also lithium potential in Austria, the Czech Republic and Portugal while there are projects involving other CRMs, such as rare earths in Norway and cobalt in Finland.

An ever-increasing hurdle is public perception and mining can be a hard-sell, primarily because the green transition has become associated with less extraction, particularly that of fossil fuels.

#### A 'sunrise industry'

There is increasing desire from the industry to try and change this and in a new

vision paper, the European Mineral Resources Confederation calls on the EU to acknowledge the raw and advanced materials sector as a 'sunrise industry'. This move is also being advanced by an EU funded project Mireu which is surveying European's perceptions of mining.

As well as looking within, Europe will also need to look beyond to projects in other continents, such as Africa, South America and Australia, which will mean investigating exploiting these resources without making environmental or social trade-offs somewhere else down the line.

#### Trade incentives

One way this may be done is through trade agreements which could "incentivise" other countries to higher standards outside of its own jurisdiction. The EU would in this way use its trade policy leverage to get better environmental and social results abroad. Fair trade agreements are being investigated with Australia and Chile which may lead to sizeable amounts of CRMs.

INF has a role to play in this overall 'movement' and is, therefore, focusing on the process of lithium extraction and conversion to lithium chemicals that are urgently required to support the EU's automotive industry's transition into electric mobility. As well as lithium, there are potential tin and boron credits at San José and the company is investigating these.

#### Benefits from project

Infinity's managing director and CEO Ryan Parkin said recently: "The project presents the potential for exceptional multi-decade employment positions and tax revenues that are largely retained within the region of Extremadura, whilst also providing a world-class beacon for complementary activities in lithium-ion battery production and technologies in the region and throughout Spain.

"San José retains unique sustainability characteristics that further complement Europe's aggressive carbon emissions compliance requirements through the implementation of an environmentally advantageous process flowsheet and superior carbon emissions profile for European end markets."

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Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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