



ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Infinity Lithium Corporation Limited (formerly Plymouth Minerals Limited) and controlled entities
ABN 52 147 413 956

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Kevin Tomlinson

MANAGING DIRECTOR

Ryan Parkin

EXECUTIVE DIRECTOR

Adrian Byass

COMPANY SECRETARY

Robert Orr

PRINCIPAL & REGISTERED OFFICE

Level 1, 329 Hay Street
SUBIACO WA 6008
Telephone: (08) 6461 6350
Facsimile: (08) 6210 1872

AUDITOR

PKF Mack
Level 5, 35 Havelock Street
WEST PERTH WA 6005

SHARE REGISTER

Advanced Share Registry Services
2/150 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

SECURITIES EXCHANGE LISTINGS

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: INF

BANKERS

National Australia Bank
1232 Hay Street
WEST PERTH WA 6872

WEBSITE

www.infinitylithium.com

CHAIRMAN'S LETTER

Dear Fellow Shareholder

Thank you for your time and support of Infinity. The Company continues to progress the San Jose Lithium Project at a time where improvements in lithium-ion battery technologies are progressing towards higher energy density compositions. Infinity is pleased to adapt to a broader end market and the strategic value of the San Jose assets will continue to drive value into the future.

As an integrated 'mining-to-production' of battery grade lithium chemicals project as proposed, Infinity is extremely well placed to embrace these fundamental changes shaping our society and economy. These changes are becoming inseparable in our daily lives, whether through interchangeable lithium-ion batteries for power tools consumer electronics, grid storage or electric vehicles. The composition of the lithium-ion batteries continues to evolve however lithium remains the essential component.

Developments in traditional lithium resource locations such as South America and Australia have reinforced the strategic value of San Jose and the unique combination of size, location, infrastructure, and project partners place San Jose to be an integral part of the European and worldwide energy storage solution. Furthermore, the ability to control downstream processing of a fully integrated lithium project has been made possible by the availability of world class infrastructure adjacent to the project tenements.

Infinity's partnership with Valoriza Minería, on the San Jose lithium deposit in Spain has progressed through the earn-in of Infinity to 50% of the joint venture entity's interest in the deposit through the completion of a scoping study and lodgement of a Mining Licence Application in Q4 2017. Additional resource and geotechnical drilling has confirmed the project as a major European lithium deposit. The improvements in geotechnical studies provide the opportunity to potentially make a smaller ground surface disturbance and reduce the impact of the mining operation.

We have a great set of projects which we are diligently progressing in our efforts to add value in a sector which appears to be on the cusp of a turnaround.

Yours sincerely,



Kevin Tomlinson
Non-Executive Chairman

DIRECTORS' REPORT

Your Directors present their report on Infinity Lithium Corporation Limited (the "Company" and "Infinity") and its controlled entities (together the "Consolidated Entity") for the financial year ended 30 June 2018.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Kevin Tomlinson	Non-Executive Chairman
Mr Ryan Parkin	Managing Director (appointed 6 August 2018)
Mr Adrian Byass	Executive Director
Mr Humphrey Hale	Non-Executive Director (resigned 6 August 2018)
Dr Eric Lilford	Non-Executive Director (resigned 6 August 2018)
Mr Christian Cordier	Non-Executive Director (resigned 7 February 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Robert Orr holds the position of Company Secretary. Mr Orr is a Chartered Accountant (CA) and has acted as Chief Financial Officer and Company Secretary for a number of ASX listed companies, with over 20 years' experience in public practice and commerce. He has worked extensively in the resources industry with experience in capital markets, project development, contract negotiation and mining operations.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Consolidated Entity during the financial year was primarily the exploration and evaluation of the Consolidated Entity's lithium assets, with a reduced focus on Companies potash, tungsten and tin holdings. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Operating Results

The consolidated loss of the Consolidated Entity after providing for income tax amounted to \$9,040,990 (2017: \$7,951,532).

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Likely developments and expected results of operations

The Consolidated Entity intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

Review of Operations

Infinity Lithium Corporation Limited (“Infinity”, or the “Company”) is pleased to report on the activities undertaken during the year. The Company reinforced its focus on the San Jose Lithium Project (“San Jose”, or the “Project”) through the renaming of Plymouth Minerals to Infinity Lithium Corporation (ASX: INF) and changes to the Board and management.

San Jose Lithium Project:

A major milestone was achieved at the company’s flagship project – the San Jose lithium-tin deposit. By completing the stage one earn-in to 50% of the project Joint Venture (“JV”) Infinity is a now part of the European battery revolution. This was completed through the delivery of the scoping study in the production of battery grade lithium carbonate. The Mining Licence Application (“MLA”) was lodged in Q4 2017 and independent testing by European based Dorfner Anzaplan confirmed the ability to produce low impurity battery grade lithium carbonate using the chosen, standard process flowsheet. Infinity’s process flowsheet was further reinforced through managements’ observations on the Benchmark Mineral Intelligence China visit in Q2 2018, whereby existing lithium battery chemicals production operations utilising sulphate roast and water leach extraction processes were inspected.

Upgraded mineral resource estimates in Q4 2017 established San Jose as one of Europe’s largest lithium deposits. Further drilling was completed in Q1 2018 with geotechnical data confirming the large JORC resource and some reclassification of resource from the Inferred to Indicated category. There remains scope to modify the pit design through the steepening of pit walls, further lowering the strip ratio and improving project economics. The JORC resource is summarised in the additional information section of this report.

It is apparent in the evolving battery market that in the last year lithium markets have progressed towards higher energy density lithium-ion batteries for the production of electric vehicles. Whilst robust demand will continue for battery grade lithium carbonate products, NCM (nickel, cobalt, manganese) lithium-ion battery compositions are projected to be favoured in electric vehicle markets through moving towards higher nickel content, lithium hydroxide based cathodes. Infinity has the ability to adapt to a broader end user market at a time where lithium hydroxide is gaining increased market share in lithium chemicals markets.

Infinity announced the completion of a lithium hydroxide technical option study in Q2 2018 in response to evolving lithium chemicals demand. The technical option study confirmed the initial aggregate lithium carbonate scoping study operating cost assumptions were materially comparable to lithium hydroxide. The advantageous hard rock process flowsheet and control of consistent feedstock through a fully integrated lithium project can provide value strategically for end users requiring either a lithium carbonate or hydroxide chemical product.

The requirements for the San Jose stage two earn-in to 75% of the project Joint Venture (“JV”) entity will be fulfilled upon delivery of the feasibility study under the JV agreement.

Equatorial Potash Projects - Banio and Mamana:

The 100% owned, world class potash projects provides a logical strategic asset for the seaborne Brazil potash market. Drilling previously undertaken at Banio confirmed a widespread high grade potash mineralisation. Limited further works have been undertaken in the financial year however Infinity remain confident in improved market conditions and recovering Brazil C&F pricing. With the project on care and maintenance over the past year, the strong (+50%) improvement in pricing for MOP (potash) to prices amenable for potential development. The Company believes that the opportune time to realise value for the asset exists now and is actively seeking to do so through a divestment process.

Competent Person Statement: *The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Infinity Lithium Corporation Limited. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

Corporate Activities

On 17 July 2017 the Company exercised a call option with Reabold Resource Plc (Reabold) to acquire the approximately 2% non-controlling share interest (NCI) in the Company's subsidiary Tonsley Mining Pty Ltd it previously sold to Reabold in April 2017. As per the call option agreement the Company transferred back the \$500,000 purchase consideration originally paid by Reabold for the shares. Following the transfer of the shares, the Company once more holds 100% of equity in the subsidiary.

On 8 August 2017 the Company completed a placement of 12,887,529 fully paid ordinary shares of the Company with sophisticated investors. The shares had an issue price of \$0.17 raising \$2,190,880 for working capital.

On 15 August 2017 the Company announced the issue of 460,600 fully paid ordinary shares with an issue price of \$0.18 to Gabonese contractors for work completed and milestones achieved at the Company's Banio Project in Gabon, West Africa.

On 5 October 2017 the Company announced it has entered into an Alliance agreement with Shandong Ruifu Lithium Company ("Shandong Ruifu") of China in relation to the San Jose lithium-tin project (Agreement). The agreement provides for Shandong Ruifu to assist the Company with certain requirements for the San Jose Feasibility Study and also market the lithium carbonate from the Company's San Jose Project. In return the Company has agreed to assist in providing additional lithium feedstock to Shandong Ruifu.

On 11 October 2017 the Company announced that its San Jose Project joint venture partner; Valoriza Minería had confirmed that the Company had satisfied the requirements of Stage 1 of the earn-in agreement on San Jose, and would accordingly transfer the 50% interest in the San Jose lithium-tin project in Spain to the Company.

On 23 November 2017 the Company held its Annual General Meeting of Shareholders and subsequently announced that all resolutions put to the meeting were passed unanimously by a show of hands.

On 5 December 2017 the Company announced the issue of 100,000 fully paid ordinary shares and 3,000,000 shares options. The issue of capital consisted of:

- a) a share based contractual payment to Shandong Ruifu consisting of 100,000 fully paid ordinary shares with a value of \$0.19 p/share, and an option issue of 1,000,000 options with an exercise price of \$0.30 and expiry date of 5 May 2019 and;
- b) an option issue of 2,000,000 options with an exercise price of \$0.32 and an expiry date of 5 December 2020 to K Tomlinson in accordance with his contract and shareholder approval.

On 20 December 2017 the Company announced a placement of 34,587,771 fully paid ordinary with sophisticated investors. The shares had an issue price of \$0.18 raising \$6,225,799, with the funds raised to be utilised in funding the feasibility study activities, optimisation work and advancement of Mining License applications, permitting, environmental, social and regulatory aspects on the San Jose Lithium project in Spain and working capital.

On 29 December 2017 the Company announced that it had issued 3,250,000 fully paid ordinary shares following the exercise of share options. The share options had an exercise price of \$0.14 a share.

On 7 February 2018 the Company announced the resignation from the Board of Directors of Christian Cordier and the appointment of Ryan Parkin to the role of General Manager Corporate Development.

On 28 February 2018 the Company held a General Meeting of Shareholders and subsequently announced that all resolutions put to the meeting were passed unanimously by a show of hands.

On 1 March 2018 the Company announced that the Company had formally changed its name from "Plymouth Minerals Limited" to "Infinity Lithium Corporation Limited" following shareholder approval. The change of name reflects the heightened focus on the San Jose lithium-tin project in Spain.

On 19 March 2018 the Company announced the issue of 11,529,527 share options exercisable at \$0.29 each and with an expiry date of 30 September 2018. The issue was pursuant to the lodgment of a prospectus on 9 March

DIRECTOR'S REPORT (cont.)

2018, granting sophisticated investors whom subscribed and were issued shares in the December 2017 Placement, the right to apply for 1 option for every 3 shares purchased. Options were granted for NIL consideration.

On the same date and in addition to the shareholder options being granted the Company issued a further allotment of 8,000,000 share options to the sponsoring brokers of the original placement in consideration for corporate advisory services provided. The broker options will be exercisable at \$0.234 each on or before 19 March 2020.

On the same date advised that effective from 18 March 2018 the performance hurdle in relation to Milestone A Performance Shares had not been achieved, within 2 years from the date of the Agreement, accordingly the 15,000,000 Milestone A Performance Shares lapsed.

On 26 March the Company announced the issue of 611,112 fully paid ordinary shares (with the value per share being \$0.18) and also an allotment of 203,704 share options exercisable at \$0.29 each and with an expiry date of 30 September 2018. The shares and share options were issued following shareholder approval at the Company's General Meeting on the 28 February 2018. The ordinary shares were purchased pursuant to the December 2017 Placement. The Directors were therefore also entitled to the free option for every 3 shares purchased as per the 9 March 2018 prospectus, hence the further allotment of share options.

On 16 April 2018 the Company's ASX Company code changed from "PLH" to "INF", reflecting the Company's name change in March 2018.

On 2 June 6,000,000 share options allotted to the Company's corporate advisors lapsed. The options had an exercise price of \$0.15.

On 8 June 2018 the Company announced the issue of two allotments of options:

- 6,000,000 share options were issued to the Company's corporate advisors to replace options lapsed on 2 June 2018. The shares have an exercise price of \$0.15 and an expiry of 11 June 2020.
- 1,000,000 share options with an issue price of \$0.15 and an expiry of 11 June 2021 were issued to Ryan Parkin as per his employment agreement.

After reporting date events

On 6 August 2018 the Company announced the appointment of Mr Ryan Parkin to Managing Director, promoted from his role as General Manager Corporate Development. Mr Ryan Parkin takes the reins from Mr Adrian Byass whom assumed the role of Executive Director. The Company also announced the resignation of Mr Humphrey Hale and Dr Eric Lilford from their positions of non-executive director.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Environmental Issues

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

DIRECTOR'S REPORT (cont.)

Information on Directors

Mr Kevin Tomlinson

Qualifications

Experience

– **Non-Executive Chairman**

– MSc Geology, Grad Dip. Finance and Investment, Banking, Corporate, Finance, and Securities Law

– Mr Tomlinson possesses over 30 years' experience in Mining and Finance within the Toronto, Australian and London stock markets.

Mr Tomlinson brings extensive project finance, development and mining experience with previous roles including that of Managing Director at Westwind Partners/Stifel Nicolaus (investment banking) and the Boards of Centamin Plc and Medusa Mining (mining companies). He is also currently the Non-Executive Chairman of ASX-listed Cardinal Resources Limited which is developing a large gold project in Africa.

Interest in Shares and Options

– 166,667 fully paid ordinary shares

55,556 share options exercisable at \$0.29 each expiring 30 September 2018

2,000,000 share options exercisable at \$0.32 expiring 5 December 2020

Length of service:

8 June 2017 to present

Directorships held in other listed entities

– Cardinal Resources Limited from 7 November 2016 to present date

Mr Ryan Parkin

Qualifications

Experience

– **Managing Director (appointed 6 August 2018)**

– B.Com (Acc.Fin), CA ANZ

– Mr Parkin is a Chartered Accountant with over 15 years' experience, with a background in auditing and assurance services, risk management, mergers and acquisitions, financing and corporate development, in both the public and private corporate sectors. Having become a Member of Chartered Accountants Australia and New Zealand whilst at Ernst & Young in 2004, a move to corporate development and finance roles included 4 years with an ASX 200 company. Ryan has extensive experience in working closely with public and private company boards with participation in transactions across a range of industry sectors including infrastructure, technology, resources, agribusiness and property.

Interest in Shares and Options

– 89,182 Fully paid ordinary shares

1,000,000 shares options exercisable at \$0.15 expiring on or before 11 June 2021

Length of service:

6 August 2018 to present

Directorships held in other listed entities

– Nil

DIRECTOR'S REPORT (cont.)

Mr Adrian Byass

Qualifications

– Executive Director

- BSc Hons (Geol), B Econ, FSEG and MAIG
- Mr Byass has over 20 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, and mine development roles for several gold and nickel mining and exploration companies. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals.

Experience

Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies.

Interest in Shares and Options

Mr Byass is a Non-Executive Director of Ferto Limited and Chairman of Galena Mining Limited.

- 6,582,389 fully paid ordinary shares
- 1,500,000 Options exercisable at \$0.35 on or before 30 October 2019
- 129,630 Options exercisable at \$0.29 on or before 29 September 2018

Length of service:

17 June 2011 to present

Directorships held in other listed entities

- Galena Mining Limited from 7 September 2017 to present date
- Corazon Mining Limited from 3 September 2009 to 23 November 2017
- Ferto Limited from 4 September 2013 to present date
- Ironbark Zinc Ltd from 18 April 2006 to 10 November 2016

Dr Eric Lilford

Qualifications

Non-Executive Director (resigned 6 August 2018)

- PhD (Mineral Economics), NHD (Coal Mining), BSc and MSc Eng (Mining), GDE (Mineral Economics)

Experience

- Dr Lilford, a mining engineer and a minerals economist, has acted in the capacity of Managing Director of three ASX listed mining and exploration companies. Prior to this, Dr Lilford held the positions of National Head of Mining for Deloitte Touche Tohmatsu, Australia, and was a partner of Deloitte in the corporate finance division. He has over 25 years' operational and investment banking experience across the global resources sector, notably throughout Africa. During this period, he has gained experience in the completion of both pre-feasibility and feasibility studies in numerous jurisdictions, mine production experience in numerous commodities as well as corporate advisory and debt arranging for mining companies and projects.

Interest in Shares and Options

- 3,307,250 fully paid ordinary shares
- 1,290,000 Performance Milestone shares – Class B
- 750,000 Options exercisable at \$0.35 on or before 30 October 2019

Length of service:

28 April 2016 to 6 August 2018

Directorships held in other listed entities

- Atrum Coal 29 Feb 2012 to 31 Oct 2014
- Naracoota Resources Limited 4 April 2013 to February 2015

DIRECTOR'S REPORT (cont.)

Mr Humphrey Hale

Qualifications

Experience

Non-Executive Director (resigned 6 August 2018)

- BSc (Hons) Exploration and Mining Geology, MAIG
- Mr Hale was the founding Managing Director of leading, emerging tungsten production company Wolf Minerals Limited.

During his time at Wolf Minerals Limited, Mr Hale oversaw its IPO and acquisition of the world class Hemerdon tungsten-tin project in the UK and managed the subsequent delivery of a Definitive Feasibility Study for the project. Mr Hale was involved in the company's subsequent listing on the AIM market of the London Stock Exchange and arranged a complex funding package (~A\$200m) to advance the Hemerdon project into production. Hemerdon is now progressing towards production and is forecast to become one of the western world's largest tungsten mines.

Mr Hale has prior experience across a number of commodities including tungsten, tin, iron-ore, nickel and gold. He previously worked for AngloGold Ashanti as an exploration geologist on the Sunrise Dam project in Western Australia's goldfields, and has also worked in the oil industry in the Gulf of Mexico, Singapore and in the Mediterranean.

Interest in Shares and Options

- 165,556 fully paid ordinary shares
- 750,000 \$0.35 Options exercisable on or before 30 October 2019
- 18,519 Options exercisable at \$0.29 on or before 29 September 2018

Length of service:

16 January 2014 to 6 August 2018

Directorships held in other listed entities

- NIL

Mr Christian Cordier

Qualifications

Experience

Non-Executive Director (resigned 6 February 2018)

- B. Com
- Mr Cordier has had considerable involvement and investments in both public and private mining and exploration companies for over 16 years. His portfolio includes joint ventures with major international mining houses, investments in listed companies in the United Kingdom, Australia and Southern Africa and in private mining operations. He has extensive experience in sourcing natural resource projects and nurturing them through the value curve by packaging and arranging venture funding, managing the permitting and exploration process, negotiating off-take agreements and the formation of a strong management team. Mr Cordier is a qualified accountant with experience as an executive and a non-executive director of listed and private companies.

Interest in Shares and Options

- 3,225,250 fully paid ordinary shares
- 1,290,000 Performance Milestone shares – Class B
- 500,000 \$0.35 Options exercisable on or before 30 October 2019

Length of service:

28 April 2016 to 6 February 2018

Directorships held in other listed entities

- Naracoota Resources Limited 4 April 2013 to March 2015

DIRECTOR'S REPORT (cont.)

Remuneration Report – Audited

This report details the nature and amount of remuneration for each key management person of Infinity, and for the executives receiving the highest remuneration.

Remuneration policy

The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The Board of Infinity believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Entity, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Consolidated Entity is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Options have previously been issued to Directors to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company.

Further options and performance incentives may be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board performance.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

DIRECTOR'S REPORT (cont.)

The employment conditions of the Managing Director, Mr Byass, and other key management personnel are formalised in contracts of employment.

The employment contract states a six-month resignation period. The Company may terminate an employment contract without cause by providing one to six months written notice or making payment in lieu of notice, based on the individual's salary component.

Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:

2018

Key Management Personnel	Position held as at 30 June 2018 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance		
			Non-Salary cash-based incentives %	Shares / Units %	Options /Rights %	Cash based %	Equity based %	Total %
Kevin Tomlinson	Non-Executive Chairman	No fixed term. 3 mths notice required to terminate.	-	-	54	46	-	100
Adrian Byass	Executive Director	No fixed term. 6 mths notice required to terminate.	-	-	-	100	-	100
Eric Lilford	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	-	-	100	-	100
Humphrey Hale	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	-	-	100	-	100
Christian Cordier	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	-	-	100	-	100
Robert Orr	Chief Financial Officer and Company Secretary	No fixed term. 1 mths notice required to terminate.	-	-	-	100	-	100

DIRECTOR'S REPORT (cont.)
2017

Key Management Personnel	Position held as at 30 June 2017 and any change during the year	Contract details (duration and termination)	Proportion of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance		
			Non-Salary cash-based incentives %	Shares / Units %	Options /Rights %	Cash based %	Equity based %	Total %
Kevin Tomlinson	Non-Executive Chairman	No fixed term. 3 mths notice required to terminate.	-	-	-	-	-	-
Adrian Byass	Managing Director	No fixed term. 6 mths notice required to terminate.	-	39	-	61	-	100
Eric Lilford	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	35	-	65	-	100
Humphrey Hale	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	38	-	62	-	100
Christian Cordier	Non-Executive Director	No fixed term. 3 mths notice required to terminate.	-	55	-	45	-	100
Robert Orr	Chief Financial Officer and Company Secretary	No fixed term. 1 mths notice required to terminate.	-	68	-	32	-	100

DIRECTOR'S REPORT (cont.)
Key Management Personnel Remuneration

	Short Term Benefits		Share Based	Post	Total
	Salary and fees	Others	Payments	Employment Benefits	
			Options & Shares	Superannuation	
2018	\$	\$	\$	\$	\$
Kevin Tomlinson	120,000	-	138,960	-	258,960
Adrian Byass	228,500	-	-	21,708	250,208
Eric Lilford	36,000	-	-	-	36,000
Humphrey Hale	179,909	-	-	17,091	197,000
Christian Cordier(a)	28,208	-	-	-	28,208
Robert Orr	49,200	-	-	-	49,200
	<u>641,817</u>	<u>-</u>	<u>138,960</u>	<u>38,799</u>	<u>819,576</u>
2017	\$	\$	\$	\$	\$
Kevin Tomlinson	-	-	-	-	-
Adrian Byass	204,750	-	140,622	19,451	364,823
Eric Lilford	119,834	-	70,311	7,980	198,125
Humphrey Hale	108,045	-	70,311	9,029	187,385
Christian Cordier	38,270	-	46,874	-	85,144
Robert Orr	45,100	-	96,236	-	141,336
	<u>515,999</u>	<u>-</u>	<u>424,354</u>	<u>36,460</u>	<u>976,813</u>

(a) Resigned 6 February 2018

Performance income as a proportion of total income

No bonuses were paid to Executive or Non-Executive Directors during the period.

DIRECTOR'S REPORT (cont.)
(b) Options holdings

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including the personally related parties, is set out below:

2018	Balance 1.7.2017	Granted as Compensation (a)	Granted from rights issue (d)	Options Exercised (b)	Option Expired	Net Change Other (c)	Balance 30.6.2018	Total Vested and Exercisable 30.6.2018	Total Un-exercisable 30.6.2018
Number of options held by key management personnel:	No.	No.		No.	No.	No.	No.	No.	No.
Kevin Tomlinson	-	2,000,000	55,556	-	-	-	2,055,556	2,055,556	-
Adrian Byass	3,500,000	-	129,630	(2,000,000)	-	-	1,629,630	1,629,630	-
Eric Lilford	750,000	-	-	-	-	-	750,000	750,000	-
Humphrey Hale	750,000	-	18,518	-	-	-	768,518	768,518	-
Christian Cordier (c)	500,000	-	-	-	-	(500,000)	-	-	-
Robert Orr	1,000,000	-	-	(250,000)	-	-	750,000	750,000	-
Total	6,500,000	-	203,704	(2,250,000)	-	(500,000)	5,953,704	5,953,704	-

- On 5 December 2017 the Company announced an issue of 2,000,000 share options to Mr Kevin Tomlinson. The options have an exercise price of \$0.32 and expire on 5 December 2020.
- On 29 December 2017 the Company announced that it had issued 3,250,000 fully paid ordinary shares following the exercise of share options, of which 2,250,000 related to key management personnel.
- On 6 February 2018 Christian Cordier resigned.
- On 19 March 2018 the Company announced the issue of 203,704 share options exercisable at \$0.29 each expiring on 30 September 2018. The issue was pursuant to the lodgment of a prospectus on 9 March 2018, granting sophisticated investors (including key personnel) whom subscribed and were issued shares in the December 2017 Placement, the right to apply for 1 option for every 3 shares purchased. Options were granted for NIL consideration.

DIRECTOR'S REPORT (cont.)
(c) Share holdings
Ordinary Fully Paid Shares (ORD)

The number of fully paid ordinary shares in the Company held during the financial year by each Director and other member of key management personnel of the consolidated entities including their personally related parties, is set out below:

	Opening Balance 01.07.17	Share based payment	Options exercised (a)	Net change other(*)/c)	Balance on appointment /resignation (b)	Closing Balance 30.6.2018
Number of shares held by key management personnel:	No.	No.	No.	No.		No.
Kevin Tomlinson	-	-	-	166,667	-	166,667
Adrian Byass	4,193,500	-	2,000,000	388,889	-	6,582,389
Eric Lilford	3,235,250	-	-	72,000	-	3,307,250
Humphrey Hale	110,000	-	-	55,556	-	165,556
Christian Cordier (b)	3,225,000	-	-	-	(3,225,000)	-
Robert Orr	-	-	250,000	-	-	250,000
Total	10,763,750	-	2,250,000	683,112	(3,225,000)	10,471,862

* On-market purchases unless otherwise stated.

- (a) On 29 December 2017 the Company announced that it had issued 3,250,000 fully paid ordinary shares following the exercise of share options.
- (b) On 6 February 2018 Christian Cordier resigned.
- (c) On 26 March the Company announced the issue of 611,112 fully paid ordinary shares to key personnel with a value of \$0.18 per share. The ordinary shares were purchased pursuant to the December 2017 Placement, and ratified at the Company's General Meeting on the 28 February 2018.

Performance Milestone Shares

On 28 April 2016 the Company issued two new classes of share being the "Performance Milestone Shares – Class A" and "Performance Milestone Shares – Class B". The number of performance shares in each class issued to and held during the financial year by each Director and other member of key management personnel of the consolidated entities including their personally related parties, is set out below:

DIRECTOR'S REPORT (cont.)
Performance Milestone Shares – Class A

	Opening Balance 01.07.17 No.	Issue of shares No.	Conversion on milestone achievement No.	Expiry of shares No.	Closing Balance 30.6.2018 No.
Number of shares held by key management personnel:					
Kevin Tomlinson	-	-	-	-	-
Adrian Byass	-	-	-	-	-
Eric Lilford	1,935,000	-	-	(1,935,000)	-
Humphrey Hale	-	-	-	-	-
Christian Cordier	1,935,000	-	-	(1,935,000)	-
Adrian Byass	-	-	-	-	-
Humphrey Hale	-	-	-	-	-
Robert Orr	-	-	-	-	-
	<u>3,870,000</u>	<u>-</u>	<u>-</u>	<u>(3,870,000)</u>	<u>-</u>
Total	3,870,000	-	-	(3,870,000)	-

On the same date advised that effective from 18 March 2018 the performance hurdle in relation to Milestone A Performance Shares had not been achieved, within 2 years from the date of the Agreement, accordingly the 15,000,000 Milestone A Performance Shares lapsed.

Performance Milestone Shares – Class B

	Opening Balance 01.07.17 No.	Issue of shares No.	Conversion on milestone achievement No.	Expiry of shares No.	Closing Balance 30.6.2018 No.
Number of shares held by key management personnel:					
Adrian Byass	-	-	-	-	-
Eric Lilford	1,290,000	-	-	-	1,290,000
Humphrey Hale	-	-	-	-	-
Christian Cordier	1,290,000	-	-	-	1,290,000
Adrian Byass	-	-	-	-	-
Humphrey Hale	-	-	-	-	-
Robert Orr	-	-	-	-	-
	<u>2,580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,580,000</u>
Total	2,580,000	-	-	-	2,580,000

DIRECTOR'S REPORT (cont.)

Meetings of Directors

During the financial year, fourteen meetings of Directors were held. Attendances by each Director during the year were as follows:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Kevin Tomlinson	14	14
Adrian Byass	14	14
Ryan Parkin	-	-
Eric Lilford	14	13
Humphrey Hale	14	14
Christian Cordier	9	9

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$1,167 for the financial year per Director and Officer pro-rated based on proportion of service provided to the Company during the financial period.

- Kevin Tomlinson
- Adrian Byass
- Eric Lilford
- Humphrey Hale
- Christian Cordier
- Robert Orr

Options

At the date of this report, the unissued ordinary shares of Infinity under option are as follows:

Date of Expiry	Exercise Price	Number under Option
	\$	
2 December 2018	\$0.35	3,400,000
30 October 2019	\$0.35	6,875,000
5 May 2019	\$0.30	1,000,000
5 December 2020	\$0.32	2,000,000
19 March 2020	\$0.23	8,000,000
11 June 2020	\$0.15	6,000,000
11 June 2021	\$0.15	1,000,000
30 September 2018	\$0.29	11,732,961
		40,007,961

DIRECTOR'S REPORT (cont.)

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and the objectivity of the auditor; and
- the nature of the services provided to not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid out to PKF Mack Chartered Accountants for non-audit services provided during the year ended 30 June 2018:

Taxation compliance service \$3,350 (2017: \$4,078)

Officers of the company who are former partners of PKF Mack

There are no officers of the company who are former partners of PKF Mack.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 19 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Ryan Parkin
Managing Director

Date: 26 September 2018

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF INFINITY LITHIUM CORPORATION LIMITED

In relation to our audit of the financial report of Infinity Lithium Corporation Limited for the year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK



SHANE CROSS
PARTNER

26 SEPTEMBER 2018
WEST PERTH,
WESTERN AUSTRALIA

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 \$	2017 \$
Other revenue	2	1,446,802	3,064
Administration expenses		(221,079)	(158,855)
Compliance and regulatory expenses		(323,616)	(270,125)
Consultancy expenses		(235,662)	(145,460)
Depreciation expense		(389)	(38,119)
Director's fees		(225,048)	(180,015)
Employee benefits expense		(64,053)	(84,668)
Equity compensation benefits		(167,046)	(736,725)
Exploration expense		-	(4,919,369)
Impairment of capitalised exploration expenditure		(7,206,843)	(1,269,929)
Impairment of joint venture asset	3	(1,699,151)	-
Insurance expense		(22,889)	(18,051)
Occupancy expense		(153,387)	(76,939)
Travel and accommodation expenses		(118,140)	(55,632)
Realised foreign exchange movements		(50,489)	(709)
Loss before income tax expense	3	(9,040,990)	(7,951,532)
Income tax benefit	4	-	-
Loss for the year		(9,040,990)	(7,951,532)
Other comprehensive income/(loss)			
<i>Items that maybe reclassified subsequently to profit and loss</i>			
Exchange differences arising on translation of foreign operations		114,422	(6,571)
Total comprehensive loss for the period		(8,926,568)	(7,958,103)
Loss attributable to:			
Owners of the Parent Entity		(9,037,873)	(7,904,368)
Non-controlling interests		(3,117)	(47,164)
		(9,040,990)	(7,951,532)
Other comprehensive loss attributable to:			
Owners of the Parent Entity		131,317	(4,770)
Non-controlling interests		(16,895)	(1,801)
		114,422	(6,571)
Total comprehensive loss attributable to:			
Owners of the Parent Entity		(8,906,556)	(7,909,138)
Non-controlling interests		(20,012)	(48,965)
		(8,926,568)	(7,958,103)
LOSS PER SHARE			
Basic loss per share (cents)	7	(5.32)	(5.92)
Diluted loss per share (cents)	7	(5.31)	(5.92)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	8	3,905,102	2,817,663
Trade and other receivables	9	463,869	331,230
Other current assets	11	<u>16,874</u>	<u>16,469</u>
TOTAL CURRENT ASSETS		<u>4,385,845</u>	<u>3,165,362</u>
NON CURRENT ASSETS			
Exploration and evaluation expenditure	13	-	2,783,603
Plant and equipment	12	587	976
Other assets	11	<u>47,049</u>	<u>46,932</u>
TOTAL NON CURRENT ASSETS		<u>47,636</u>	<u>2,831,511</u>
TOTAL ASSETS		<u>4,433,481</u>	<u>5,996,873</u>
CURRENT LIABILITIES			
Trade and other payables	15	261,199	972,080
Provisions	16	<u>58,878</u>	<u>37,099</u>
TOTAL CURRENT LIABILITIES		<u>320,077</u>	<u>1,009,179</u>
TOTAL LIABILITIES		<u>320,077</u>	<u>1,009,179</u>
NET ASSETS		<u>4,113,404</u>	<u>4,987,694</u>
EQUITY			
Issued capital	17	24,234,719	16,130,624
Reserves	18	1,705,192	1,424,008
Accumulated losses		<u>(21,530,155)</u>	<u>(12,233,175)</u>
Equity attributable to owners of the Parent Entity		4,409,756	5,321,457
Non-controlling interest	19	<u>(296,352)</u>	<u>(333,763)</u>
TOTAL EQUITY		<u>4,113,404</u>	<u>4,987,694</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to Owners of Parent	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	<u>16,130,624</u>	<u>1,381,527</u>	<u>42,481</u>	<u>(12,233,175)</u>	<u>5,321,457</u>	<u>(333,763)</u>	<u>4,987,694</u>
Loss for the period	-	-	-	(9,037,873)	(9,037,873)	(3,117)	(9,040,990)
<i>Other Comprehensive Income</i>							
Exchange differences arising on translation of foreign operations	-	-	131,317	-	131,317	(16,895)	114,422
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>131,317</u>	<u>(9,037,873)</u>	<u>(8,906,556)</u>	<u>(20,012)</u>	<u>(8,926,568)</u>
<i>Transactions with owners, recorded directly in equity</i>							
Issue of shares	8,526,679	-	-	-	8,526,679	-	8,526,679
Issue of shares on exercise of options	556,807	(101,807)	-	-	455,000	-	455,000
Costs of share issue	(856,299)	-	-	-	(856,299)	-	(856,299)
Share-based payment	101,908	549,990	-	-	651,898	-	651,898
Lapse of options on expiry	-	(297,485)	-	297,485	-	-	-
Lapse of performance shares	(225,000)	-	-	-	(225,000)	-	(225,000)
Initial recognition of non-controlling interest in Tonsley Mining Pty Ltd	-	-	(831)	(556,592)	(557,423)	57,423	(500,000)
Total transactions with owners	<u>8,104,095</u>	<u>150,698</u>	<u>(831)</u>	<u>(259,107)</u>	<u>7,994,855</u>	<u>57,423</u>	<u>8,052,278</u>
Balance at 30 June 2018	<u>24,234,719</u>	<u>1,532,225</u>	<u>172,967</u>	<u>(21,530,155)</u>	<u>4,409,756</u>	<u>(296,352)</u>	<u>4,113,404</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Attributable to Owners of Parent	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	<u>10,160,133</u>	<u>493,225</u>	<u>48,409</u>	<u>(4,952,167)</u>	<u>5,749,600</u>	<u>(246,196)</u>	<u>5,503,404</u>
Loss for the period	-	-	-	(7,904,368)	(7,904,368)	(47,164)	(7,951,532)
<i>Other Comprehensive Income</i>							
Exchange differences arising on translation of foreign operations	-	-	(4,770)	-	(4,770)	(1,801)	(6,571)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(4,770)</u>	<u>(7,904,368)</u>	<u>(7,909,138)</u>	<u>(48,965)</u>	<u>(7,958,103)</u>
<i>Transactions with owners, recorded directly in equity</i>							
Issue of shares	6,600,000	-	-	-	6,600,000	-	6,600,000
Issue of share on exercise of options	32,333	(10,333)	-	-	22,000	-	22,000
Costs of share issue	(711,342)	-	-	-	(711,342)	-	(711,342)
Share-based payment	49,500	982,235	-	-	1,031,735	-	1,031,735
Lapse of options on expiry	-	(83,600)	-	83,600	-	-	-
Initial recognition of non-controlling interest in Tonsley Mining Pty Ltd	-	-	(1,158)	539,760	538,602	(38,602)	500,000
Total transactions with owners	<u>5,970,491</u>	<u>888,302</u>	<u>(1,158)</u>	<u>623,360</u>	<u>7,480,995</u>	<u>(38,602)</u>	<u>7,442,393</u>
Balance at 30 June 2017	<u>16,130,624</u>	<u>1,381,527</u>	<u>42,481</u>	<u>(12,233,175)</u>	<u>5,321,457</u>	<u>(333,763)</u>	<u>4,987,694</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 \$	2017 \$
Cash Flows from Operating Activities			
Payments for administration and corporate costs		(1,585,344)	(839,974)
Payments for exploration and evaluation expenses		(4,851,700)	(5,502,110)
Payments for staff costs		(317,662)	(216,435)
Interest received		<u>42,852</u>	<u>3,064</u>
Net cash flows used in operating activities	23	<u>(6,711,854)</u>	<u>(6,555,455)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		-	(39,095)
Payment of deposits		-	(21,781)
Proceeds from loan from unrelated party		-	6,781
Acquisition of interest in subsidiary	10	<u>(500,000)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(500,000)</u>	<u>(54,095)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		8,981,679	6,622,000
Proceeds from issue of shares to non-controlling interest		-	500,000
Payments for share issue cost		<u>(639,819)</u>	<u>(419,363)</u>
Net cash flows generated from financing activities		<u>8,341,860</u>	<u>6,702,637</u>
Net increase in cash and cash equivalents		1,130,006	93,087
Effect of exchange rates on cash		(42,568)	4,333
Cash and cash equivalents at beginning of financial year		<u>2,817,664</u>	<u>2,720,243</u>
Cash and cash equivalents at end of financial year		<u>3,905,102</u>	<u>2,817,663</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Infinity Lithium Corporation Limited ('Infinity' or the 'Company') for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of Directors on 26 September 2018. The Directors have the power to amend and reissue the financial statements.

This financial report includes the consolidated financial statements and notes of Infinity and controlled entities ('Consolidated Entity' or 'Group').

Infinity is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as appropriate for for-profit oriented entities. The consolidated financial report of the Group comply with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB).

Basis of Measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) *Share based payment transactions*

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model. Refer to note 24 for further details.

(ii) *Impairment of exploration and evaluation assets and investments in and loans to subsidiaries*

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

Impairment tests are carried out if a trigger is evident to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Publicly available comparable transaction values;
- Recent exploration and evaluation results and resource estimates;
- Fundamental economic factors that have an impact on the carrying values of assets and liabilities including current commodity prices and industry conditions.

In addition the Group may decide to impair due to uncertainty over the eventual recoupment of the asset.

Refer to note 13 for further details.

(iii) *Income tax expenses*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to note 4 for further details.

(iv) *Fair value measurement hierarchy*

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability requires judgement.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Infinity as at 30 June 2018 and the results of all controlled entities for the year then ended. Infinity and its controlled entities together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year with exception being the Company's Spanish subsidiaries Castilla Mining S.L. and Morille Mining S.L., which have a 31 March year end for local statutory purposes, however the results of these subsidiaries that are consolidated are for the year ended 30 June 2018.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

A list of controlled entities is contained in note 0 to the Financial Statements.

c. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as

an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

d. Exploration and Evaluation Assets

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

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

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs will be written off if there is uncertainty over the eventual recoupment of costs, or if activities are not yet at a stage where it is reasonable to assume that capitalised costs can be recouped.

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

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

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

e. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operation recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of the other parties' interest in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

f. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the statement of profit or loss and other comprehensive income or revaluation reserves in the period in which the impairment arises.

(ii) Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

(iii) *Non-financial Assets other than Exploration and Evaluation Assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

g. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on either accounting profit or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

Infinity and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

h. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

i. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10–40%
Exploration site equipment	10-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

j. Financial Instruments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date

(ii) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale investments revaluation reserve are recognised in equity in the "available for sale revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss –

measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

k. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

l. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

m. Employee Benefits*(i) Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Equity-settled compensation

Equity-settled and cash-settled share-based compensation benefits are at times provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o. Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured.

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive a dividend has been established.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST receivable from, or payable to, the tax authority.

q. Receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

r. Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

t. Investments

Interests in listed and unlisted securities are initially brought to account at cost.

Controlled entities are accounted for in the consolidated financial statements as set out in Note 1(b).

Other securities are included at fair value at reporting date. Unrealised gains/losses on securities held for short term investment are accounted for as set out in Note 1 (j) (i) financial assets at fair value through profit or loss. Unrealised gains/losses on securities held for long term investment are accounted for as set out in Note 1 (j) (iii) available for sale financial assets.

u. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

v. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

w. Parent Entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent entity is disclosed in note 28.

x. Going Concern

These financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of \$9,040,990 for the year ended 30 June 2018 (2017: \$7,951,532). The cash reserves and net assets of the Group at 30 June 2018 were \$3,905,102 and \$4,113,404 (2017: \$2,817,663 and \$4,987,694).

The ability of the Company and Group to continue to pay its debts as and when they fall due is dependent on the Company and Group successfully raising additional share capital and ultimately developing its mineral properties.

The Directors believe it is appropriate to prepare these financial statements on a going concern basis because:

- The Directors have appropriate plans to raise additional funds as and when required. In light of the Group's current exploration projects, the Directors believe that the additional capital can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if required funding is not available.

These financial statements have been prepared on the basis that the Company and Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

In the event that the Group is unable to satisfy future funding requirements, a material uncertainty would arise that may cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may be required to realise its assets at amounts different from those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations.

y. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

z. Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

aa. Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

	2018 \$	2017 \$
2. OTHER REVENUE		
Operating activities		
Interest received	42,545	3,064
Joint venture expenditure reimbursement	1,404,257	-
	<u>1,446,802</u>	<u>3,064</u>
Total Other Revenue	<u>1,446,802</u>	<u>3,064</u>

3. LOSS BEFORE INCOME TAX EXPENSES

Losses before income tax have been arrived after charging the following specific items:

Directors fees	225,048	180,015
Impairment of exploration expense	7,206,843	6,189,298
Foreign exchange loss/(gain)	50,489	709
Superannuation expenses	3,880	11,639
Impairment of joint venture asset	1,669,151	-
Equity compensation benefits:		
Current year expense – share based payments	282,760	687,225
Reversal in relation to non-vested and lapsed share based payments	(225,000)	-
Current year expenses in relation to shares issued	109,286	49,500
	<u>167,046</u>	<u>736,725</u>
Other share based payments expensed:		
Exploration share based payment expensed	50,750	-
	<u>50,750</u>	<u>-</u>

4. INCOME TAX BENEFIT	2018	2017
	\$	\$
a. Reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(9,040,990)	(7,951,532)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(2,486,272)	(2,186,671)
Increase in income tax due to:		
- Non-deductible expenses	1,672,608	1,919,955
- Current year tax losses not recognised	343,719	259,131
Decrease in income tax due to:		
- Movement in unrecognised temporary differences	469,945	7,585
Income tax attributable to the Company	<u>-</u>	<u>-</u>
b. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 27.5% (2017: 27.5%)		
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	19,815	17,222
Tax revenue losses	1,127,989	784,269
	<u>1,147,804</u>	<u>801,491</u>
c. The reconciliation of deferred taxes is below.		
The following deferred tax balances have not been recognised:		
Deferred Tax Assets at 27.5% (2017:27.5%):		
Accrued interest	108	193
	<u>108</u>	<u>193</u>
Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2018 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.		
These benefits will only be obtained if:		
- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;		
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.		

5. KEY MANAGEMENT PERSONNEL COMPENSATION

a. *Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:*

Kevin Tomlinson	Non-Executive Chairman
Adrian Byass	Executive Director
Eric Lilford	Non-Executive Director (resigned 6 August 2018)
Humphrey Hale	Non-Executive Director (resigned 6 August 2018)
Christian Cordier	Non-Executive Director (resigned 7 February 2018)
Robert Orr	Company Secretary

b. *Key management personnel compensation*

	2018	2017
	\$	\$
The key management personnel compensation comprised:		
Short term employment benefits	641,817	515,999
Post-employment benefits	138,960	36,460
Share based payments	38,799	424,354
	<u>819,576</u>	<u>976,813</u>

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

6. AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by PKF Mack, the auditor of the Group:

Audit or review of financial statements	37,378	25,950
Preparation of tax return	3,350	4,078
	<u>40,728</u>	<u>30,028</u>

7. LOSS PER SHARE

Earnings per share for profit

Loss after income tax attributable to owners of Parent	<u>(9,037,873)</u>	<u>(7,904,368)</u>
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	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	169,983,567	133,461,455

Adjustment to calculation of diluted earnings per share options over ordinary shares	285,698	-
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Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	170,269,535	133,461,455
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There are 10,000,000 milestone performance shares that have also been excluded from the calculation due to the shares unvested conditions.

	2018 \$	2017 \$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	205,102	2,817,663
Short term bank deposits	3,700,000	-
	<u>3,905,102</u>	<u>2,817,663</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>3,905,102</u>	<u>2,817,663</u>
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9. TRADE AND OTHER RECEIVABLES
Current

GST/VAT Receivable	440,920	327,221
Other receivables (after provision for impairment)	22,949	4,009
	<u>463,869</u>	<u>331,230</u>

Provision for Impairment

Opening balance	100,000	100,000
Additional provisions recognised	-	-
Closing balance	<u>100,000</u>	<u>100,000</u>

Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no balances within trade and other receivables that contain assets that are impaired and are past due. Impaired assets are provided for in full.

Refer to note 27 Financial Risk Management for further details.

10. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

	Country of incorporation	Parent Entity		Non-controlling interest	
		2018	2017	2018	2017
		%	%	%	%
Subsidiaries of Company:					
Tonsley Mining Pty Ltd (the Consolidated Entity of "Tonsley") (a)	Australia	100	98	-	2
Castilla Mining S.L. (subsidiary of Tonsley)	Spain	100	98	-	2
Morille Mining S.L. (subsidiary of Tonsley)	Spain	80	78	20	22
Extremadura Mining S.L.(subsidiary of Tonsley)	Spain	100	98	-	2
Equatorial Potash Pty Ltd	Australia	100	100	-	-
Mayumba Potasse SARL	Gabon, West Africa	100	100	-	-

Non-controlling interest

Morille Mining S.L

Aurum Mining P.L.C has a 20% non-controlling interest in the Company's subsidiary Morille Mining S.L. Reabold Resources Plc (Reabold) had an indirect non-controlling interest in the entity of 1.57% (approximately 1.96% of the subsidiary's Parent Entity Tonsley Mining Pty Ltd), however as at 17 July 2017 the Company reacquired the interest from Reabold (see details below).

Tonsley Mining Pty Ltd (Consolidated Entity)

On 17 July 2017 the Company exercised a call option with Reabold Resource Plc (Reabold) to acquire the approximately 2% non-controlling share interest (NCI) in the Company's subsidiary Tonsley Mining Pty Ltd it previously sold to Reabold in April 2017. As per the call option agreement the Company transferred back the \$500,000 purchase consideration originally paid by Reabold for the shares. Following the transfer of the shares, the Company once more holds 100% of equity in the subsidiary.

Non-controlling interest - summarised financial information

Summarised financial information of the Company's subsidiaries, with non-controlling interests that are material to the Consolidated Entity are set out below. This information is based on amounts before intercompany eliminations. The Company holds 100% of the equity in Tonsley as at 30 June 2018.

<i>Summarised statement of financial position</i>	Morille Mining S.L		Tonsley Mining Pty Ltd
	2018	2017	2017
	\$	\$	\$
Assets			
Current assets	17,855	75,468	422,628
Non-current assets	-	-	1,932
Total assets	<u>17,855</u>	<u>75,468</u>	<u>424,560</u>

<i>Summarised statement of financial position</i>	Morille Mining S.L		Tonsley Mining Pty Ltd
	2018	2017	2017
	\$	\$	\$
Liabilities			
Current liabilities	37,899	32,413	61,475
Non-current liabilities	1,461,745	1,424,756	3,568,007
Total liabilities	<u>1,499,644</u>	<u>1,457,169</u>	<u>3,629,482</u>
Net liabilities	<u>(1,481,789)</u>	<u>(1,381,701)</u>	<u>(3,204,922)</u>
Loss attributable to owners of Company	(12,467)	(122,034)	(1,903,993)
Loss attributable to non-controlling interests	(3,117)	(29,622)	(38,857)
Loss for the year	<u>(15,583)</u>	<u>(151,656)</u>	<u>(1,942,850)</u>
Other comprehensive income/(loss) attributable to owners of Company	(55,057)	(1,628)	(4,770)
Other comprehensive income/(loss) attributable to non-controlling interests	<u>(13,764)</u>	<u>691</u>	<u>(1,801)</u>
Other comprehensive income/(loss)	<u>(68,821)</u>	<u>(937)</u>	<u>(6,571)</u>
Summarised cash flow information			
Net cash from/(used in) operating activities	(63,614)	(129,402)	(2,233,493)
Net cash from investing activities	36,990	176,826	1,846,795
Net cash from/(used in) financing activities	-	-	500,000
Net increase/(decrease) in cash and cash equivalents	(26,624)	47,424	113,302
Effect of foreign exchange rates on cash	<u>2,290</u>	<u>41</u>	<u>(110)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(24,334)</u>	<u>47,465</u>	<u>113,192</u>
<i>Other financial information</i>			
Accumulated non-controlling interests at the end of reporting period	(296,352)	(276,340)	(333,763)

11. OTHER ASSETS

Current

Prepayments	<u>16,874</u>	<u>16,469</u>
	<u>16,874</u>	<u>16,469</u>

Non-current

Bank security deposits	<u>47,049</u>	<u>46,932</u>
	<u>47,049</u>	<u>46,932</u>
	<u>63,923</u>	<u>63,401</u>

Refer to note 27 Financial Risk Management for further details.

	2018 \$	2017 \$
12. PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	42,475	39,095
Accumulated depreciation	<u>(41,888)</u>	<u>(38,119)</u>
	<u>587</u>	<u>976</u>

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Reconciliation – Plant and equipment

Balance at 1 July 2017	976	1,624
Additions	-	37,471
Depreciation expense	<u>(389)</u>	<u>(38,119)</u>
Balance at 30 June 2018	<u>587</u>	<u>976</u>

13. EXPLORATION AND EVALUATION EXPENDITURE

	2018 \$	2017 \$
Exploration expenditure capitalised		
- exploration and evaluation phases	<u>-</u>	<u>2,783,603</u>

A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:

<i>Carrying amount at beginning of the period</i>	2,783,603	2,803,266
Additional costs capitalised during period	4,322,785	1,269,929
Foreign exchange movements	100,455	(19,663)
Impairment on exploration expenditure	<u>(7,206,843)</u>	<u>(1,269,929)</u>
<i>Carrying amount at end of the period</i>	<u>-</u>	<u>2,783,603</u>

The value of the exploration expenditure is dependent upon:

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

The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration and Evaluation of Mineral Resources and has recognised an impairment expense of \$7,206,843 (2017: \$1,269,929) which is included under “exploration expenditure” in the statement of profit or loss and other comprehensive income. The majority of this impairment expense recognised is attributable to the Consolidated Entity’s San Jose Project, Banio Potash Project and Morille Tungsten Project which were both conservatively written down. The Morille Project impairment was mainly due to the Company ceasing operations at the tenement, the project however may be recommissioned in the future.

Refer to note 1a (ii) for further details of the key judgements and estimates used in determining the fair value.

14. INTERESTS IN JOINT VENTURE

The Company has an interest in a joint venture held through a 50% (2017: 0%) interest in Tecnolgia Extremena Del Lito, S.L (“TEL”) which is a special purpose vehicle established for the purpose of holding the San Jose tenement in Spain about 200 km from the Company’s other Spanish project the Morille Project.

On 13 June 2016 the Company announced its joint venture agreement with Valoriza Minería SLU (“Valoriza”), a wholly owned subsidiary of one of Spain’s largest companies Sacyr Vallehormoso, SA, to evaluate and potentially develop the advanced San Jose lithium-tin-tungsten deposit in Spain. The agreement enables the Company to acquire up to a 75% interest in TEL through a staged earn-in arrangement with consideration for the acquisition being the funding of joint venture expenditure on the project of up to €4 million during the earn-in period.

On 11 October 2017 the Company announced that Valoriza had confirmed that the Company had satisfied the requirements of Stage 1 of the earn-in agreement (50% interest) including the €1.5 million funding of joint venture expenditure and would accordingly transfer a 50% interest in the San Jose lithium-tin project in Spain to the Company. The 50% interest was transferred to the Group on 31 May 2018. The Company has elected to earn a further 25% by continuing to expend funds in accordance with Stage 2 of the interest earn in agreement. Subject to the JV agreement to date the Company has expended €1,150,512 towards the Stage 2 target joint venture spend being €2.5 million (the Company needs to complete the expenditure within 2 years of completing stage 1, but has an option to extend). Following the final interest transfer (being the further 25%) the Company and Valoriza can then continue on a pro-rata funded joint venture to develop the project.

The exploration and development program is administered jointly, with Valoriza recognised as a Preferred Contractor for the provision of relevant operational services.

The net assets of the joint venture are not material at 30 June 2018 and this entity is funded by the Parent Entity.

	2018 \$	2017 \$
15. TRADE AND OTHER PAYABLES		
Trade payables	118,895	742,565
Sundry payables and accrued expenses	142,304	229,515
	<u>261,199</u>	<u>972,080</u>
Refer to note 27 Financial Risk Management for further details.		

	2018 \$	2017 \$
16. PROVISIONS		
Analysis of total provisions		
Current (annual leave)	58,878	37,099
Non current	-	-
	<u>58,878</u>	<u>37,099</u>

	Employee benefits \$
Opening balance at 1 July 2017	37,099
Addition to provision (annual leave)	21,779
Balance at 30 June 2018	<u>58,878</u>

17. ISSUED CAPITAL

	2018 \$	2017 \$
189,889,104 (2017: 137,992,092) fully paid ordinary shares	26,231,153	17,045,759
15,000,000 (2017: 15,000,000) milestone performance shares (class A)	-	225,000
10,000,000 (2017: 10,000,000) milestone performance shares (class B)	50,000	50,000
Less: capital raising costs (1)	<u>(2,046,434)</u>	<u>(1,190,135)</u>
	<u>24,234,719</u>	<u>16,130,624</u>

(1) \$216,480 of the capital raising costs incurred relate to a share based payment. Refer note 18

	2018 No.	2017 No.
a. Ordinary shares		
At the beginning of reporting period	137,992,092	107,684,093
Shares issued during the year (i)	<u>51,897,012</u>	<u>30,307,999</u>
At reporting date	<u>189,889,104</u>	<u>137,992,092</u>

- i. On 8 August 2017 the Company completed a placement of 12,887,529 fully paid ordinary shares of the Company with sophisticated investors. The shares had an issue price of \$0.17 raising \$2,190,880 for working capital.

On 15 August 2017 the Company announced the issue of 460,600 fully paid ordinary shares (with an issue price of \$0.18 and total value of \$82,908) to Gabonese contractors for work completed and milestones achieved at the Company's Banio Project in Gabon, West Africa.

On 5 December 2017 the Company announced the issue of 100,000 fully paid ordinary shares being a share based contractual payment to Shandong Ruifi. The shares had an issue price of \$0.19 and a total value of \$19,000.

On 20 December 2017 the Company announced a placement of 34,587,771 fully paid ordinary with sophisticated investors. The shares had an issue price of \$0.18 raising \$6,225,799, with the funds raised to be utilised in funding the feasibility study activities, optimisation work and advancement of Mining License applications, permitting, environmental, social and regulatory aspects on the San Jose Lithium project in Spain and working capital.

On 29 December 2017 the Company announced that it had issued 3,250,000 fully paid ordinary shares following the exercise of share options. The share options had an exercise price of \$0.14 a share, raising \$455,000.

On 26 March the Company announced the issue of 611,112 fully paid ordinary shares (with the value per share being \$0.18). The shares were issued following shareholder approval at the Company's General Meeting on the 28 February 2018. The ordinary shares were purchased pursuant to the December 2017 Placement. The shares had an issue value of \$0.18, with the total value raised being \$110,000.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Milestone performance shares

The milestone performance shares were issued to the Vendors of Equatorial Pty Ltd as consideration for the acquisition of their Company. This new form of Company security were issued as two different classes on 28 April 2016. The details of these classes is listed below:

A class milestone performance shares: These shares have been placed in escrow until first milestone condition is achieved being an independently verified evidence of JORC mineral resource at the Mamana/Banio tenement over and above specified parameters within a two year period from acquisition. Once escrow conditions are achieved the shares will be released from escrow and will have all the same participation rights as a normal fully paid ordinary share of the Company.

	2018	2017
	No.	No.
At the beginning of reporting period	15,000,000	15,000,000
Shares issued during the year	<u>(15,000,000)</u>	<u>-</u>
At reporting date	<u>-</u>	<u>15,000,000</u>

The Company advised that effective from 18 March 2018 the performance hurdle in relation to Milestone A Performance Shares had not been achieved, within 2 years from the date of the Agreement, accordingly the 15,000,000 Milestone A Performance Shares lapsed. The accumulated vesting expenditure in relation to these performance shares has been transferred to the statement of profit or loss.

B class milestone performance shares: These shares have been placed in escrow subject to the successful conversion of the A class milestone shares, and an independent expert producing a pre-feasibility study evidencing a viable project at the Mamana/Banio tenement within four years from acquisition. As with Class A milestone performance shares once escrow conditions are achieved the shares will be released from escrow and will have all the same participation rights as a normal fully paid ordinary share of the Company.

	2018	2017
	No.	No.
At the beginning of reporting period	10,000,000	10,000,000
Shares issued during the year	<u>-</u>	<u>-</u>
At reporting date	<u>10,000,000</u>	<u>10,000,000</u>

c. Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price \$	Number under Option
30 September 2018	\$0.29	11,732,961
2 December 2018	\$0.35	3,400,000
30 October 2019	\$0.35	6,875,000
5 May 2019	\$0.30	1,000,000
5 December 2020	\$0.32	2,000,000
19 March 2020	\$0.23	8,000,000
11 June 2020	\$0.15	6,000,000
11 June 2021	\$0.15	1,000,000
		40,007,961

On 5 December 2017 the Company announced this issue of 3,000,000 share options. The issue consisted of:

- a share based contractual payment to Shandong Ruifi of 1,000,000 share options with an exercise price of \$0.30 and expiry date of 5 May 2019 and;
- an option issue of 2,000,000 options with an exercise price of \$0.32 and an expiry date of 5 December 2020 to K Tomlinson in accordance with his contract and shareholder approval.

On 29 December 2017 the Company announced that it had issued 3,250,000 fully paid ordinary shares following the exercise of share options. The share options had an exercise price of \$0.14 a share.

On 19 March 2018 the Company announced the issue of 11,529,527 share options exercisable at \$0.29 each and with an expiry date of 30 September 2018. The issue was pursuant to the lodgment of a prospectus on 9 March 2018, granting sophisticated investors whom subscribed and were issued shares in the December 2017 Placement, the right to apply for 1 option for every 3 shares purchased. Options were granted for NIL consideration.

On the same date and in addition to the shareholder options being granted the Company issued a further allotment of 8,000,000 share options to the sponsoring brokers of the original placement in consideration for corporate advisory services provided. The broker options will be exercisable at \$0.234 each on or before 19 March 2020.

On 26 March 2018 the Company announced the issue of 203,704 share options exercisable at \$0.29 each and with an expiry date of 30 September 2018. Key personnel purchased ordinary shares pursuant to the December 2017 Placement, therefore were entitled to the free option for every 3 shares purchased as per the 9 March 2018 prospectus. The share options were issued following shareholder approval at the Company's General Meeting on the 28 February 2018.

On 2 June 2018 6,000,000 share options allotted to the Company's corporate advisors lapsed. The options had an exercise price of \$0.15.

On 8 June 2018 the Company announced the issue of two allotments of share options:

- 6,000,000 share options were issued to the Company's corporate advisors to replace options lapsed on 2 June 2018. The shares have an exercise price of \$0.15 and an expiry of 11 June 2020.
- 1,000,000 share options with an issue price of \$0.15 and an expiry of 11 June 2021 were issued to Ryan Parkin as per his employment agreement.

d. Capital Management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital to the Company. At reporting date the Company has no external borrowings.

Of the capital raising cost incurred in the current year, \$216,480 relates to a share based payment (note 18).

18. RESERVES

	2018 \$	2017 \$
Share based payments reserve	1,532,225	1,381,527
Foreign exchange translation reserve	172,967	42,481
	<u>1,705,192</u>	<u>1,424,008</u>
a) <u>Share-based payment reserve</u>		
<i>Reserve at beginning of financial period</i>	1,381,527	493,225
Key personnel compensation options issued	-	424,354
Consultant options issued	383,630	557,881
Key personnel options issued	138,960	-
Employee options issued	27,400	-
Exercise of options	(101,807)	(10,333)
Lapse of options	(297,485)	(83,600)
<i>Reserve at end of financial period</i>	<u>1,532,225</u>	<u>1,381,527</u>
b) <u>Foreign exchange translation reserve</u>		
<i>Reserve at beginning of financial period</i>	42,481	48,409
Exchange differences arising on translating the foreign operations	131,317	(4,770)
Exchange difference arising from non-controlling interest in Tonsley Mining Pty Ltd	(831)	(1,158)
<i>Reserve at end of financial period</i>	<u>172,967</u>	<u>42,481</u>

- a) The share based payment reserve records items recognised as expenses, capital raising costs or exploration expenditure on valuation of employee share and consultants' options.

The total share-based expense of \$549,990 is recognised as follows:

	\$
Recognised in profit and loss (note 3)	333,510
Recognised in capital raising costs (note 17)	216,480
	<u>549,990</u>

- b) The foreign exchange translation reserve records the exchange differences relating to the translation of results and net asset of the Company's foreign operation from their functional currencies to the Company's presentation currency (Australian dollars).

19. NON-CONTROLLING INTERESTS

	2018 \$	2017 \$
<i>Balance at the beginning of the period</i>	(333,763)	(246,196)
Share of loss for the year	(3,117)	(47,164)
Share of other comprehensive income	(16,895)	(1,801)
Initial recognition/derecognition of Reabold NCI in the Consolidated Entity of Tonsley Mining (i)	57,423	(38,602)
<i>Balance at the end of period</i>	<u>(296,352)</u>	<u>(333,763)</u>

Aurum Mining PLC

Aurum Mining P.L.C has a non-controlling interest (20%) in the Company's subsidiary Morille Mining S.L.

Reabold Resources Plc

On 17 July 2017 the Company exercised a call option with Reabold Resource Plc (Reabold) to acquire the approximately 2% non-controlling share interest (NCI) in the Company's subsidiary Tonsley Mining Pty Ltd it previously sold to Reabold in April 2017. As per the call option agreement the Company transferred back the \$500,000 purchase consideration originally paid by Reabold for the shares. Following the transfer of the shares, the Company once more holds 100% of equity in the subsidiary.

The fair value of the minorities interest in Reabold at the date of the repayment of the consideration was (\$57,423) and the excess of the retained purchase consideration (less minor foreign exchange impact) over the minorities share of the net liabilities totalling \$556,592 has been allocated to retained earnings.

20. CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments and overseas government bodies. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation.

Capital expenditure commitments contracted for exploration and evaluation expenditure payable for each of the Company's tenements are listed below:

Project	2018		2017	
	Within one year \$	Later than one year but no later than five years \$	Within one year \$	Later than one year but no later than five years \$
<i>Spanish Projects</i>				
Morille Project	-	-	-	-
San Jose	1,571,167	556,021	-	-
<i>Gabonese Projects</i>				
Banio	-	-	-	-
Mamana	-	-	-	-
Total commitments	1,571,167	556,021	-	-

MORILLE PROJECT

The Consolidated Entity does not have any material financial commitments and has met its minimum exploration expenditure in order to maintain rights of tenure of its Morille Project.

The Consolidate Entity is obliged to make an advance royalty payment of Euro 50,000 per annum should production not commence on Morille by January 2016, the obligation is being renegotiated.

SAN JOSE PROJECT

On 13 June 2016 the Company announced its joint venture agreement with Valoriza Minería SLU ("Valoriza"), a wholly owned subsidiary of one of Spain's largest companies Sacyr Vallehormoso, SA, to evaluate and potentially develop the advanced San Jose lithium-tin-tungsten deposit in Spain. The agreement enables the Company to acquire up to a 75% interest in the San Jose Deposit through a staged earn-in arrangement with consideration for the acquisition being the funding of joint venture expenditure on the project of up to €4 million during the earn-in period.

On 11 October 2017 the Company announced that Valoriza had confirmed that the Company had satisfied the requirements of Stage 1 of the earn-in agreement (50% interest) including the €1.5 million funding of joint venture expenditure and would accordingly transfer a 50% interest in the San Jose lithium-tin project in Spain to the Company. The 50% interest was transferred to the Group on 31 May 2018. The Company has elected to earn a further 25% by continuing to expend funds in accordance with Stage 2 of the interest earn in agreement. Subject to the JV agreement to date the Company has expended €1,150,512 towards the Stage 2 target joint venture spend being €2.5 million (the Company needs to complete the expenditure within 2 years of completing stage 1, but has an option to extend). Following the final interest transfer (being the further 25%) the Company and Valoriza can then continue on a pro-rata funded joint venture to develop the project.

BANIO PROJECT

In order to maintain current rights of tenure to Banio Project the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Gabonese government. The Company is expected to spend on exploration XAF575 million over a three year period. The Company has already met this target expending approximately XAF 3,386 million by reporting date. The Company intends to realise value for the asset and is actively seeking to do so through a divestment process.

21. COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018	2017
	\$	\$
Within a year	72,194	57,793
Later than one year but not later than five years	-	57,793
Later than five year	-	-
	<u>72,194</u>	<u>115,586</u>
Commitments not recognized in the financial statements		

The current lease on the premises at 329 Hay Street, Subiaco WA is for two years, ending on 15 June 2019.

22. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Spain. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and Spain. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

<u>2018</u>	<u>Australia</u>	<u>Gabon</u>	<u>Spain</u>	<u>Total</u>
	\$	\$	\$	\$
(i) Segment performance				
Revenue				
<i>Reconciliation of segment revenue to group revenue</i>				
Other revenue	-	-	1,404,257	1,404,257
<u>Unallocated items:</u>				
Interest revenue				42,545
Other revenue				-
Total segment revenue				<u>1,446,802</u>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Exploration expense	-	4,808,697	2,398,146	7,206,843
- Depreciation and amortisation	-	-	-	-
	<u>-</u>	<u>4,808,697</u>	<u>2,398,146</u>	<u>7,206,843</u>
<u>Unallocated items</u>				
Amounts not included in segment result but reviewed by the Board:				
- Other expenses				(3,280,949)
Net loss before tax				<u>(9,040,990)</u>
(ii) Segment assets				
Segment assets at 1 July 2017	-	2,783,603	-	2,783,603
Segment asset increase for the period:				
Exploration expenditure	-	1,924,639	2,398,146	4,322,785
Foreign exchange movement	-	100,455	-	100,455
Exploration expenditure impairment	-	(4,808,697)	(2,398,146)	(7,206,843)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of segment assets to group assets				
<u>Unallocated assets</u>				
Other assets				4,433,481
Total group assets				<u>4,433,481</u>

	Australia \$	Gabon \$	Spain \$	Total \$
(iii) Segment liabilities				
Reconciliation of segment liabilities to group liabilities				
Segment liabilities at 1 July 2017	-	286,980	411,726	698,706
Segment liability decrease for the period:	-	(286,980)	(316,667)	(603,647)
	-	-	95,059	95,059
Reconciliation of segment liabilities to group assets				
<u>Unallocated liabilities</u>				
Other liabilities				225,018
Total group liabilities				320,077

2017

(iv) Segment performance				
Revenue				
<u>Unallocated items:</u>				
Interest revenue				3,064
Total segment revenue				3,064
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Exploration expense	(8,912)	(4,301,155)	(1,879,231)	(6,189,298)
- Depreciation and amortisation	-	(37,471)	-	(37,471)
	(8,912)	(4,338,626)	(1,879,231)	(6,226,769)
<u>Unallocated items</u>				
Amounts not included in segment result but reviewed by the Board:				
- Other expenses				(1,727,827)
Net loss before tax				(7,951,532)
(v) Segment assets				
Segment assets at 1 July 2016	-	2,803,266	-	2,803,266
Segment asset increase for the period:				
Exploration expenditure	8,912	4,301,155	1,879,231	6,189,298
Foreign exchange movement	-	(19,663)	-	(19,663)
Exploration expenditure impairment	(8,912)	(4,301,155)	(1,879,231)	(6,189,298)
	-	2,783,603	-	2,783,603
Reconciliation of segment assets to group assets				
<u>Unallocated assets</u>				
Other assets				3,213,270
Total group assets				5,996,873

(vi) Segment liabilities	Australia \$	Gabon \$	Spain \$
Reconciliation of segment liabilities to group liabilities			
Segment liabilities at 1 July 2016	-	9,117	2,400
Segment liability decrease for the period:	-	277,863	409,326
	<u>-</u>	<u>286,980</u>	<u>411,726</u>
Reconciliation of segment liabilities to group assets			
<u>Unallocated liabilities</u>			
Other liabilities			310,473
Total group liabilities			<u>1,009,179</u>

Segment analysis by geographical region

	Non-current assets	
	2018	2017
Australia	45,587	45,976
Gabon	2,049	2,783,603
Spain	-	1,932
	<u>47,636</u>	<u>2,831,511</u>

2018	2017
\$	\$

23. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

Net loss for the year	(9,040,990)	(7,951,532)
Non cash flows in loss		
Depreciation	389	38,119
Equity compensation benefits	167,046	736,725
Unrealised foreign exchange movements	149,611	7,234
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(132,011)	(243,570)
(Increase)/decrease in prepayments	(406)	(8,072)
(Increase)/decrease in exploration and evaluation	2,834,353	-
Increase/(decrease) in trade payables and accruals	(711,625)	852,295
Increase/(decrease) in provisions	<u>21,779</u>	<u>13,346</u>
Cash flow from operations	<u>(6,711,854)</u>	<u>(6,555,455)</u>

24. SHARE BASED PAYMENTS

The following share-based payment arrangements and payments existed at 30 June 2018:

SHARE OPTIONS

All options granted to key management personnel are options over ordinary shares in the Company, which confer a right of one ordinary share for every option held.

Issue to	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Directors, staff and key personnel	No	\$	No	\$
Outstanding at the beginning of the year	10,125,000	0.28	4,250,000	0.154
Granted (i)	3,000,000	0.26	6,875,000	0.35
Forfeited	-	-	-	-
Exercised	(3,250,000)	0.14	(110,000)	0.20
Expired	-	-	(890,000)	0.20
Outstanding at year end	9,875,000	0.32	10,125,000	0.28
Exercisable at year end	9,875,000	0.32	10,125,000	0.28
Issue to Consultants				
Outstanding at the beginning of the year	9,400,000	0.22	6,000,000	0.15
Granted (ii)	15,000,000	0.20	3,400,000	0.35
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(6,000,000)	0.15	-	-
Outstanding at year end	18,400,000	0.23	9,400,000	0.22
Exercisable at year end	18,400,000	0.23	9,400,000	0.22

- (i) On 5 December 2017 the Company announced this issue of 2,000,000 options with an exercise price of \$0.32 and an expiry date of 5 December 2020 to K Tomlinson in accordance with his contract and shareholder approval.

On 8 June 2018 the Company announced the issue of 1,000,000 share options with an issue price of \$0.15 and an expiry of 11 June 2021 were issued to Ryan Parkin as per his employment agreement.

- (ii) On 5 December 2017 the Company announced this issue of 1,000,000 share options as a share based contractual payment to Shandong Ruifi with an exercise price of \$0.30 and expiry date of 5 May 2019.

On 19 March 2018 the Company issued 8,000,000 share options to the sponsoring brokers of the December 2017 placement in consideration for corporate advisory services provided. The broker options will be exercisable at \$0.234 each on or before 19 March 2020.

On 8 June 2018 the Company announced the issue of 6,000,000 share options to the Company's corporate advisors to replace options lapsed on 2 June 2018. The shares have an exercise price of \$0.15 and an expiry of 11 June 2020.

The options outstanding at 30 June 2018 had a weighted average exercise price of \$0.264 (2017: \$0.254) and a weighted average remaining contractual life of 1.58 years (2017: 1.43 years).

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

The share-based payments made during the current and prior reporting periods are detailed below:

Series	Number Granted No.	Number Vested No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value at Grant Date \$
Directors, staff and key personnel (a)	2,625,000	2,625,000	15/08/2016	30/10/2019	0.35	0.1283
Directors, staff and key personnel (b)	4,250,000	4,250,000	02/12/2016	30/10/2019	0.35	0.0937
Consultant (c)	3,400,000	3,400,000	02/12/2016	02/12/2018	0.35	0.0726
Directors, staff and key personnel (d)	2,000,000	2,000,000	05/12/2017	5/12/2020	0.32	0.0695
Consultants (e)	1,000,000	1,000,000	05/12/2017	5/5/2019	0.30	0.0508
Consultants (f)	8,000,000	8,000,000	19/3/2018	19/03/2020	0.23	0.0271
Consultants (g)	6,000,000	6,000,000	08/06/2018	11/06/2020	0.15	0.194
Directors, staff and key personnel (h)	1,000,000	1,000,000	08/06/2018	11/06/2021	0.15	0.0274
	<u>28,275,000</u>	<u>28,275,000</u>				

Details of factors used in the Black Scholes option valuation calculation for the options granted:

Inputs into the Model	Series (a)	Series (b)	Series (c)	Series (d)
Grant date share price	\$0.23	\$0.19	\$0.19	\$0.19
Exercise price	\$0.35	\$0.35	\$0.35	\$0.32
Expected volatility	100%	100%	100%	75%
Option life	3 years	3 years	2 years	3 years
Risk-free interest rate	1.3%	1.96%	1.805%	1.97%

Inputs into the Model	Series (e)	Series (f)	Series (g)	Series (h)
Grant date share price	\$0.21	\$0.125	\$0.085	\$0.085
Exercise price	\$0.30	\$0.234	\$0.15	\$0.15
Expected volatility	75%	70.72%	70%	70%
Option life	1.4 years	2 years	2 years	3 years
Risk-free interest rate	1.836%	2.103%	2.07%	2.18%

25. RELATED PARTY DISCLOSURES

- i. The ultimate parent entity in the Group is Infinity Lithium Corporation Limited.
- ii. No amounts in addition to those disclosed in the Remuneration Report in the Directors' Report were paid or payable to Directors of the Company at the end of the year.
- iii. There were no loans to key management personnel at the end of the year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Wholly owned group transactions/balances

Intercompany loans

The following intercompany loan balances were in existence at reporting date:

Loans provided from Parent entity

Tonsley Mining Pty Ltd	\$17,353 CR (2017: \$17,607 CR)
Morille Mining S.L.	\$1,479,811 (2017: \$1,434,356)
Extremadura Mining S.L.	\$5,095,644 (2017: \$2,150,818)
Mayumba Mining S.L.	\$6,626,177 (2017: \$4,665,822)
Castilla Mining S.L.	\$NIL (2017: \$441)

Loan provided from Tonsley Mining Pty Ltd.

Infinity Lithium Corporation Limited	\$17,353 (2017: \$17,607)
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Loan provided from Castilla Mining S.L.

Morille Mining S.L.	\$18,066 (2017: \$9,285)
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Joint Venture transactions

The Company has an interest in a joint venture held through a 50% (2017: 0%) interest in Tecnolgia Extremena Del Lito, S.L (“TEL”) which is a special purpose vehicle established for the purpose of holding the San Jose tenement.

The Company provided an invoice for regulatory purposes to TEL for all expenditure incurred on the San Jose Project by the Company. During the current year the Company billed a total of \$1,669,151 to TEL (revenue of \$1,404,257 plus a VAT of \$264,894). The revenue was recognised in ‘other revenue’ on the Company’s profit and loss. Upon satisfaction of the first phase earn in, the outstanding liability was converted as a capital contribution to equity. The corresponding investment by the parent was simultaneously deemed to be impaired and has been recognised in the profit or loss for the year.

26. EVENTS AFTER THE REPORTING DATE

On 6 August 2018 the Company announced the appointment of Mr Ryan Parkin to Managing Director, ascending from his role as General Manager Corporate Development. Mr Ryan Parkin takes the reins from Mr Adrian Byass whom assumed the role of Executive Director. The Company also announced the resignation of Mr Humphrey Hale and Dr Eric Lilford from their positions of non-executive director.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

27. FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group’s financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board’s overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The currencies in which these transactions primarily are denominated are AUD, XAF, USD and EURO.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

Price risk

i Commodity price risk

The Group is not directly exposed to commodity price risk as the operations of the Company are not yet at the production stage.

ii Equity price risk

Equity price risk arises from available-for-sale equity securities held. However at balance date no available-for-sale equity securities were held by the Company

The Group holds the following financial instruments:

	2018	2017
	\$	\$
Financial assets:		
Cash and cash equivalents	3,905,102	2,817,663
Receivables	463,869	331,230
Other assets	47,049	46,932
Total financial assets	<u>4,416,020</u>	<u>3,195,825</u>
Financial liabilities:		
Trade and sundry payables	<u>261,199</u>	<u>972,080</u>
Total financial liabilities	<u>261,199</u>	<u>972,080</u>
	<u>4,154,815</u>	<u>2,223,745</u>
	2018	2017

	\$	\$
Trade and sundry payables are expected to be paid as follows:		
Less than 1 month	<u>261,199</u>	<u>972,080</u>

iii. **Sensitivity analysis**

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. Tax of 27.5% is factored into these sensitivity calculations.

Interest Rate Sensitivity Analysis

	2018	2017
Monetary items exposed to interest rate fluctuations at reporting date	\$	\$
Cash and cash equivalents	3,856,569	131,112
Other assets	<u>30,000</u>	<u>30,000</u>
	<u>3,886,569</u>	<u>161,112</u>

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in loss		
Increase in interest rate by 2% (200 basis points)	56,355	2,336
Decrease in interest rate by 2% (200 basis points)	(56,355)	(2,336)
Change in equity		
Increase in interest rate by 2% (200 basis points)	56,355	2,336
Decrease in interest rate by 2% (200 basis points)	(56,355)	(2,336)

Foreign Currency Risk Sensitivity Analysis

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
Consolidated				
European Euros	27,299	704,009	-	-
Central African Franc	2,201,568	80,687	-	-
United States dollars	-	1,905,727	-	-

EUROPEAN EUROS (EUR)

At 30 June 2018, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the European Euro (EUR) with all other variables remaining constant is as follows:

	2018	2017
	\$	\$
Change in profit		
Improvement in AUD to EUR by 10%	(2,836)	(64,001)
Decline in AUD to EUR by 10%	3,466	78,223
Change in equity		
Improvement in AUD to EUR by 10%	(2,836)	(64,001)
Decline in AUD to EUR by 10%	3,466	78,223

CENTRAL AFRICAN FRANCS (XAF)

At 30 June 2018, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the Central African Franc (XAF) with all other variables remaining constant is as follows:

	2018	2017
	\$	\$
Change in profit		
Improvement in AUD to XAF by 10%	(349)	(7,335)
Decline in AUD to XAF by 10%	426	8,965
Change in equity		
Improvement in AUD to XAF by 10%	(349)	(7,335)
Decline in AUD to XAF by 10%	426	8,965

UNITED STATES DOLLAR

At 30 June 2018, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the United States Dollars (USD) with all other variables remaining constant is as follows:

	2018	2017
	\$	\$
Change in profit		
Improvement in AUD to USD by 10%	-	(173,765)
Decline in AUD to USD by 10%	-	212,380
Change in equity		
Improvement in AUD to USD by 10%	-	(173,765)
Decline in AUD to USD by 10%	-	212,380

iv. Fair value

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

28. PARENT ENTITY DISCLOSURES

Financial position	2018	2017
	\$	\$
Assets		
Current assets	3,923,873	2,665,977
Non-current assets	<u>412,916</u>	<u>6,544,352</u>
Total assets	<u>4,336,789</u>	<u>9,210,329</u>
Liabilities		
Current liabilities	<u>223,385</u>	<u>1,447,634</u>
Total liabilities	<u>223,385</u>	<u>1,447,634</u>
Net assets	<u>4,113,404</u>	<u>7,762,695</u>
Equity		
Issued capital	24,234,718	16,130,624
Reserves	1,532,225	1,381,527
Accumulated losses	<u>(21,653,539)</u>	<u>(9,749,456)</u>
Total equity	<u>4,113,404</u>	<u>7,762,695</u>
Financial performance		
Loss for the year	12,201,568	4,663,522
Other comprehensive income/(loss)	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>12,201,568</u>	<u>4,663,522</u>

Commitments

The commitments of the Parent Entity are consistent with that of the Consolidated Entity (refer to note 21).

Contingent assets, contingent liabilities and guarantees

The contingent assets, contingent liabilities and guarantees of the Parent Entity are consistent with that of the Consolidated Entity (refer to note 30).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following: Investment in subsidiaries are accounted for at cost, less any impairment in the parent entity

29. DIVIDENDS

The Board of Directors have recommended that no dividend be paid.

30. CONTINGENT ASSETS AND LIABILITIES

The Company is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

31. SIGNIFICANT NON CASH TRANSACTIONS

There were several non-cash transactions during the financial year including the issue of options as part of remuneration and in lieu of corporate advisory fees and shares in lieu of payment for fees (refer to note 18 and 24).

32. COMPANY DETAILS

The registered office and principal place of business is:

Infinity Lithium Corporation Limited
Level 1
329 Hay Street
SUBIACO WA 6008

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

The financial statements, notes and additional disclosures included in the Directors' report and designated as audited, are in accordance with the Corporations Act 2001 and:

- a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Consolidated Entity and Company; and
- c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statement.

The Managing Director and Chief Financial Officer have each declared that:

- a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- b) the financial statements and notes for the financial year comply with the Australian Accounting Standards and Interpretations; and
- c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ryan Parkin
Managing Director

Dated this day 26 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INFINITY LITHIUM CORPORATION LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Infinity Lithium Corporation Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Infinity Lithium Corporation Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(x) in the financial report which indicated that the consolidated entity incurred a loss of \$9,040,990 (2017: \$7,951,532). The cash reserves and net assets of the Group at 30 June 2018 were \$3,905,102 and \$4,113,404 (2017: \$2,817,663 and \$4,987,694). These conditions, along with other matters set forth in Note 1(x), indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the company and consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as a going concern.

Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

A key audit matters are matters that, in our professional judgement, was of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed these matters is provided in that context below.

1. Exploration expenditure

Why significant

As noted during the year ended 30 June 2018 the total amount recognised in profit or loss with regards to impairment of capitalised exploration expenditure was \$7,206,843. This balance represents 69% of total expenditure incurred in the year ended 30 June 2018.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1 (a)(ii) and Note 1(d).

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Ensuring the impairment of capitalised exploration expenditure was in accordance with the consolidated entity's accounting policies;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures on Notes 1(a)(ii), 1d, and 13.

2. Share based payments

Why significant

For the year ended 30 June 2018 the value of share based payments issued totalled \$549,990, as disclosed in Note 18. This amount comprises \$216,480 recognised as capital raising costs, and \$333,510 which has been expensed during the year.

The consolidated entity's accounting judgement and estimates in respect of share based payments is outlined in Notes 1(a)(i) and 24. Significant judgement is required in relation to:

- The appropriate valuation model utilised; and
- The assumptions and inputs used within the valuation model.

This is a key audit matter due to the amount being material.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing the independent expert's valuations of options issued, including:
 - ensuring the independence of the independent expert;
 - assessing the credentials of the independent expert;
 - assessing the appropriateness of the valuation method utilised; and
 - assessing the reasonableness of the assumptions and inputs used within the valuation model.
- Reviewing Board meeting minutes and Australian Securities Exchange (ASX) announcements as well as enquiring of relevant personnel to ensure all share based payments had been recognised;
- Assessing the allocation and recognition of the share based payments to ensure reasonable; and
- Assessing the appropriateness of the related disclosures in Notes 1(a)(i), 18 and Note 24.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Letter, Director's Report, Additional Information for Listed Public Companies, Schedule of Interests in Mining Tenements and the Corporate Governance Statement. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

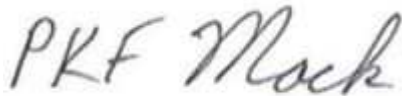
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

Opinion

In our opinion, the Remuneration Report of Infinity Lithium Corporation Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF MACK



SHANE CROSS
PARTNER

26 SEPTEMBER 2018
WEST PERTH
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Ordinary share capital

189,889,104 fully paid shares are held by 961 individual shareholders as at 17 September 2018.

There were no shareholdings held in less than marketable parcels.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

40,007,961 options are held by 156 individual option holders.

Options do not carry a right to vote.

Distribution of holders of equity securities

Category (size of holding)

	Number	
	Fully paid ordinary shares	Options
1 – 1,000	24	0
1,001 – 5,000	58	0
5,001 – 10,000	156	3
10,001 – 100,000	429	117
100,001 – and over	294	36
	<u>961</u>	<u>156</u>

A record of the 20 largest shareholders is as follows:-		Number of Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	11,096,049	5.84
2	ADMAN LANES PTY LTD	7,000,000	3.69
3	VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>	4,983,889	2.62
4	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	3,500,000	1.84
5	PEKING PTY LTD <DIAL A DUMP STF S/F NO 2 A/C>	3,249,000	1.71
6	MRS ELEANOR JEAN REEVES <ELANWI A/C>	3,225,000	1.7
7	ERIC LILFORD	3,225,000	1.7
8	COREKS SUPER PTY LTD <COREKS SUPER FUND A/C>	3,225,000	1.7
9	MR NICHOLAS MCMAHON <MCMAHON FAMILY A/C>	3,166,800	1.67
10	MR MARK STYLES	3,125,000	1.65
11	RLS SUPER INVESTMENTS PTY LTD <THE R L SHIRLEY SUPER A/C>	3,000,000	1.58
12	DENKEY PTY LTD	2,900,000	1.53
13	MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	2,900,000	1.53
14	EVALON INVESTMENTS PTY LTD	2,676,600	1.41

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)

15	WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C>	2,500,000	1.32
16	MR MICHAEL CHARLES MANN + MRS NADA MANN <MCM SUPER FUND A/C>	2,400,000	1.26
17	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	2,150,339	1.13
18	KIANDRA NOMINEES PTY LTD <JK DOWNES FAMILY A/C>	2,000,000	1.05
19	MR BRUCE ALWYN MUNRO	1,750,000	0.92
20	STARLET COURT PTY LTD <MUSGRAVE SUPER FUND A/C>	1,700,000	0.9
		69,772,677	36.74

Unquoted equity security holdings greater than 20%

	Number of Options Held	% Held of Options in an unquoted class
Option exercise price \$0.35, expire at 30/10/2019		
1. VALIANT EQUITY MANAGEMENT PTY LTD <THE BYASS FAMILY A/C>	1,500,000	22%
2. J SANDERS	1,500,000	22%
Option exercise price \$0.35, expire at 2/12/2018		
1 Zenix Nominees Pty Ltd	3,400,000	100%
Option exercise price \$0.30, expire at 2/05/2019		
1 Shandong Ruifu	1,000,000	100%
Option exercise price \$0.32, expire at 05/12/2020		
1 Kevin Tomlinson	2,000,000	100%
Option exercise price \$0.234, expire at 19/03/2020		
1 Zenix Nominees Pty Ltd	4,000,000	50%
1 CG Nominees (Aust) Pty Ltd	4,000,000	50%
Option exercise price \$0.15, expire at 11/06/2021		
1 Ryan Parkin	1,000,000	100%
Option exercise price \$0.15, expire at 11/06/2020		
1 Zenix Nominees Pty Ltd	6,000,000	100%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)

Company Secretary

Mr Robert Orr

Principal registered office

Level 1, 329 Hay Street,

SUBIACO WA 6008.

Telephone +61 (0) 8 6461 6350

Share Registry

Advanced Share Registry Services

110 Stirling Hwy

NEDLANDS WA 6009

Telephone +61 (08) 9389 8033

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)
SCHEDULE OF INTERESTS IN MINING TENEMENTS

	Project	Tenement Number	Location of tenements	% of interest
1.	Valdefl6rez:	10343-00	Spain	50%
2.	Ampliación a Valdefl6rez:	10359-00 (application)	Spain	50%
3.	P.I. Morille	6.634-20	Spain	80%
4.	P.I. Estano Salamanca Fr 2.	6.250-30	Spain	80%
5.	P.I. Tin Nueve	6.250-21	Spain	80%
6.	P.I. Areaszardos	6.634-40	Spain	80%
7.	P.I. Rozados	6.634-30	Spain	80%
8.	Banio	Arrete No 161	Gabon	100%
9.	Mamana	DGPEM No:651 (application)	Gabon	100%

Resources Statement

The MROR was updated in the year ended 30 June 2018. Infinity announced to the ASX on 23 May 2018 information pertaining to the exploration and mineral resource estimates of the San Jose Project in accordance with ASX Listing Rule 5.8 and compliance with the 2012 JORC Code.

The resource estimate for San Jose is shown below in Table 1;

Table 1 San Jose Mineral Resource, reported above 0.1% Li cut-off

Classification	Tonnes (Mt)	Li (%)	Li ₂ O (%)	Sn ppm
Indicated	59.0	0.29	0.63	217
Inferred	52.2	0.27	0.59	193
TOTAL	111.2	0.28	0.61	206

Estimated using Ordinary Kriging methodology. Note: Small discrepancies may occur due to rounding

Snowden Mining estimated the total Mineral Resource for the San Jose 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 5th 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.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (Cont.)

Summary of governance and controls: The mineral resource for the San Jose Project is reported in accordance with the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. This resource was published by Infinity in an announcement to the Australian Securities Exchange dated 23 May 2018. In accordance with requirements determined by the Australian Securities Exchange and the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, a checklist for Assessment and Reporting Criteria is presented in that announcement.

A review of factors was conducted which may affect the MROR. These examined included;

- Sovereign risk
- Commodity prices
- Processing or metallurgical understanding
- Environmental or mineability setting
- Standing of consultants/contractors/technology used in estimation process.

Infinity is not aware of any new information or data that materially affects the information included in this report, 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.

Competent Persons Statement

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves 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 Lithium Corporation Limited. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Targets and Mineral Resources for the San Jose project is based on the information compiled by Mr Jeremy Peters, FAusIMM CP (Mining, Geology). Mr Peters has 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 he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of JORC Code. He has visited the project area and observed drilling, logging and sampling techniques used by Infinity in collection of data used in the preparation of this report. Mr Peters is an employee of Snowden Mining industry Consultants and consents to be named in this release and the report as it is presented.

CORPORATE GOVERNANCE

Infinity Lithium Corporation Limited and its controlled entities (“the Consolidated Entity”) are committed to high standards of corporate governance. Policies and procedures which follow the “Principles of Good Corporate Governance and Best Practice Recommendations” 3rd Edition issued by the Australian Securities Exchange (“ASX”) Corporate Governance Council, to the extent they are applicable to the Consolidated Entity, have been adopted. The Companies corporate governance policies and procedures are disclosed on the Company web site <http://www.infinitylithium.com>.