



# Scheme Booklet

In relation to the proposed scheme of arrangement between Allkem Limited and its shareholders under which Arcadium Lithium plc will acquire all of the fully paid ordinary shares in Allkem Limited, as part of the proposed combination of Allkem Limited and Livent Corporation.

Allkem Limited ACN 112 589 910

# Vote in favour

The Allkem Directors unanimously recommend that you **vote in favour** of the Scheme at the Scheme Meeting, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.<sup>1</sup>

**This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme.** If you are in doubt as to what you should do, you should consult your legal, taxation, financial or other professional adviser. If you have recently sold all your Allkem Shares, please ignore this Scheme Booklet. Allkem has established a Shareholder Information Line, which you should call if you have any questions in relation to the Scheme. The telephone number for the Shareholder Information Line is 1300 367 804 (within Australia) and +61 2 9066 6162 (outside Australia). The Shareholder Information Line is open between Monday and Friday from 9:00am to 5:00pm (AEDT), excluding public holidays.

#### Financial advisors



Morgan Stanley

#### Legal advisor

KING & WOOD  
MALLESONS

<sup>1</sup> Allkem shareholders should have regard to the interests of the Allkem Directors in the outcome of the Scheme, which may differ from those of other Allkem Shareholders. These interests are described in section 4.8 of the Scheme Booklet

# Important Notices

## General

This Scheme Booklet is important. Allkem Shareholders should carefully read this Scheme Booklet (including its Annexures) in its entirety before deciding whether to vote in favour of the Scheme Resolution required to implement the Scheme.

If you require further information or have questions in relation to the Scheme, please contact the Allkem Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) between 9:00am to 5:00pm (AEDT) Monday to Friday, excluding public holidays. If required, you should seek your own legal, financial, taxation or other professional advice.

## Nature and purpose of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme for the purposes of subsection 412(1) of the Corporations Act. This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares by NewCo by way of a scheme of arrangement between Allkem and Allkem Shareholders under Part 5.1 of the Corporations Act, as part of the proposed combination of Allkem and Livent. This Scheme Booklet also sets out the manner in which the Scheme will be considered and Implemented (subject to each Condition to the Scheme being satisfied or waived (where permitted)) and provides such information as is prescribed by applicable law or is otherwise material to the decision of Allkem Shareholders whether to vote in favour of the Scheme. This Scheme Booklet does not constitute or contain an offer to Allkem Shareholders, or a solicitation of an offer from Allkem Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order made by the court under subsection 411(1) of the Corporations Act. Instead, Allkem Shareholders asked to vote on the arrangement at such a meeting must be provided with an explanatory statement as referred to above. If you have sold all of your Allkem Shares, please disregard this Scheme Booklet.

## ASIC, ASX and Canadian Regulatory Authorities

A copy of this Scheme Booklet has been provided to ASIC in accordance with subsection 411(2) of the Corporations Act and registered by ASIC under subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under subsection 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been filed with the TSX and on SEDAR+ with the applicable Canadian securities regulatory authorities. The Scheme has not been approved or disapproved by the TSX or any Canadian securities regulatory authority, nor has the TSX or any Canadian securities regulatory authority passed on the fairness or merits of the Scheme or upon the accuracy or adequacy of the information contained in this Scheme Booklet and any representation to the contrary is unlawful. Neither the TSX nor any of its officers take any responsibility for the accuracy or completeness of this Scheme Booklet.

## Important notice associated with Court order

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened, and has approved the explanatory statement required to accompany the Notice of Scheme Meeting, does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Allkem Shareholders should vote (on this matter, Allkem Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, the explanatory statement.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

## Cautionary Statement Regarding Forward-Looking Statements and Intentions

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward-looking statements or forward looking information, including within the meaning of Australian, Canadian and US securities laws (collectively **forward-looking statements**), including statements about the business, intentions, beliefs and expectations, plans, strategies and objectives of the directors and management of Allkem, Livent and NewCo for Allkem, Livent, NewCo and the Combined Group, the anticipated timing for and outcome and effects of the Scheme (including expected benefits to shareholders of Allkem and Livent), indications of and guidance on synergies, future earnings or financial position or performance, production capacity, anticipated production or construction or development commencement dates, costs or production outputs, capital expenditure and future demand for lithium, market and industry trends, expectations for the ongoing development and growth potential of NewCo and the future operations of Allkem and Livent. Forward-looking statements (such as those above), are not based on historical facts, but rather reflect the current views and expectations of Allkem (in relation to the Allkem Information) or Livent (in relation to the Livent Information) concerning future events and circumstances. While NewCo, Livent and Allkem consider that the expectations, assumptions, estimates and projections respectively stated by them are reasonable, based on the assumptions made by and information currently available to the management of NewCo, Livent and Allkem respectively, such statements (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will or are likely to occur. You should be aware that such statements are only opinions held as at the date of this Scheme Booklet and are subject to inherent risks and uncertainties, including (among other things) risks relating to funding requirements, lithium and other commodity prices, exploration, development and operating risks (including unexpected capital or operating cost increases), production risks, competition and market risks, regulatory restrictions (including environmental regulations and associated liability, changes in regulatory restrictions or regulatory policy and potential title disputes) and other risks associated with general economic conditions. These risks are discussed in Section 8 (Risk Factors).

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement contained in this Scheme Booklet and deviations are both normal and to be expected. There can be no assurance that the Scheme will be Implemented or that plans of the directors and management of Allkem and Livent for the Combined Group will proceed as currently expected or will ultimately be successful. You are strongly cautioned not to place undue reliance on forward-looking statements, including in respect of the financial or operating outlook for Allkem, Livent or the Combined Group (including the realisation of any expected synergies), particularly in light of the current economic climate. The mentioned list of risks, uncertainties and other factors is not exhaustive. You should carefully consider these risks, uncertainties and other factors as well as the other risks, uncertainties and other factors that affect the parties' businesses, including those described in Section 8, and information contained in this Scheme Booklet. To the maximum extent permitted by law, none of Allkem, Livent, NewCo or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements and information in this Scheme Booklet will actually occur.

Subject to any continuing obligations under the ASX Listing Rules, the Corporations Act, Canadian securities laws or other applicable law or stock or securities exchange listing rules, Allkem, Livent, NewCo and their respective officers, directors, employees and advisers disclaim any obligation or undertaking to provide any additional or updated information or to update any forward looking information after the date of this Scheme Booklet, whether as a result of new information, future events or results, or otherwise. Nothing in this Scheme Booklet will, under any circumstance (including by reasons of this Scheme Booklet remaining available and not being superseded or replaced by a supplementary Scheme Booklet or any announcement, presentation or publication with respect to Allkem, Livent or the Combined Group, or the subject matter of this Scheme Booklet), create an implication that there has been no change in the affairs of Allkem or Livent since the date of this Scheme Booklet. See also information relating to certain specific forward-looking statements in this Scheme Booklet in section 10.11.

## Past performance

You should note that past performance metrics and figures (including any data about past share price performance of Allkem and Livent) in this Scheme Booklet are given for illustrative purposes only and cannot be relied upon as an indicator of (and provide no guidance as to) future performance, including future share price performance of the Combined Group. Any such historical information is not represented as being, and is not, indicative of Allkem's or Livent's view on their future financial condition and/or performance, nor the future financial condition or performance of the Combined Group.

## Responsibility statement

Allkem has prepared, and is responsible for, the Allkem Information. Neither of Livent nor NewCo, nor any of their respective affiliates, officers, directors, employees or advisers assumes any responsibility for the accuracy or completeness of such information. Livent has prepared, and is responsible for, the Livent Information. Neither Allkem nor any of its affiliates, officers, directors, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Kroll Australia Pty Ltd (**Kroll**), as Independent Expert, has prepared the Independent Expert's Report (and has commissioned Behre Dolbear Australia Pty Ltd (**Behre Dolbear**) to prepare the Independent Technical Expert's Report). None of Allkem, Livent nor NewCo, nor any of their respective affiliates, officers, directors, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report or in the Independent Technical Expert's Report. The Independent Expert's Report is set out in Annexure A, and the Independent Technical Expert's Report is set out in Annexure B.

Ernst & Young Strategy and Transactions Limited (**Ernst & Young Strategy and Transactions**), as Investigating Accountant, has prepared the Independent Limited Assurance Report and takes responsibility for that report. None of Allkem, Livent nor NewCo, nor any of their respective affiliates, officers, directors, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Limited Assurance Report. The Independent Limited Assurance Report is set out in Annexure C.

## Not investment advice

The information contained in this Scheme Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Allkem Shareholder or any other person. Before making any decision (including a decision in relation to the Scheme or in relation to Allkem

generally), you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

## Foreign jurisdictions

Except to the extent provided in section 10.7 of this Scheme Booklet, no action has been taken to register or qualify the NewCo Shares or NewCo CDIs to be issued as Scheme Consideration or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

This Scheme Booklet has been prepared in accordance with the laws and regulations of Australia, and the information contained in this Scheme Booklet may not be the same as the information that would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

This Scheme Booklet does not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Scheme Booklet may not be distributed to any person and no NewCo CDIs nor NewCo Shares may be offered or sold, in any country outside Australia, except to the extent provided in section 10.7.

Nominees, custodians and other Allkem Shareholders who hold Allkem Shares on behalf of a beneficial owner resident outside Australia or any jurisdiction set out in section 10.7 may not forward this Scheme Booklet (or any accompanying document) to anyone outside those countries without the consent of Allkem.

## Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure G of this Scheme Booklet.

## Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting.

Any Allkem Shareholder may appear at the Second Court Hearing, which is expected to be held at 2.15pm on Wednesday, 20 December 2023 at the Federal Court of Australia at the Peter Durack Commonwealth Law Courts Building, 1 Victoria Avenue, Perth WA 6000.

Any Allkem Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Allkem a notice of appearance in the prescribed form, together with any affidavit on which the Allkem Shareholder proposes to rely.

## Tax implications of the Scheme

If the Scheme becomes Effective and is Implemented, there may be tax consequences for Scheme Shareholders. For further detail about the general Australian tax consequences of the Scheme, refer to section 9 of this Scheme Booklet. For completeness, the Australian tax implications of the Scheme for Scheme Shareholders outlined in section 9 of this Scheme Booklet do not apply to Ineligible Overseas Shareholders.

The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances. Accordingly, Allkem Shareholders should seek independent professional tax advice in relation to their particular circumstances.

## Privacy

Allkem, Livent and NewCo may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of Allkem Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Allkem to conduct the Scheme Meeting and Allkem, Livent and NewCo to Implement the Scheme.

The information may be disclosed to Allkem, Livent, NewCo and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme.

Allkem Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Allkem Shareholders may contact Computershare Investor Services Pty Limited (Allkem's Share Registry) if they wish to exercise these rights.

If the information outlined above is not collected, Allkem may be hindered in, or prevented from, conducting the Scheme Meeting or Implementing the Scheme. Allkem Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

## External websites

Unless expressly stated otherwise, the content of Allkem's website, Livent's website and any other websites referred to in this Scheme Booklet are for information purposes and do not form part of this Scheme Booklet and Allkem Shareholders should not rely on any such content.

## Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 11 of this Scheme Booklet, or otherwise in the sections in which they are used. Section 11 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

## Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Scheme Booklet. All numbers are rounded, unless otherwise indicated.

## Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

## Implied value

Any reference to the implied value of the Scheme Consideration should not be taken as an indication that Allkem Shareholders will receive cash. The implied value of the NewCo Securities is not fixed. The implied value of the NewCo Securities will vary with the market price of NewCo Securities, and there can be no guarantee of that price. This also applies to Ineligible Overseas Shareholders, who will receive the Net Proceeds of the sale of the Ineligible Consideration CDIs in accordance with the process described in section 3.4.

Any cash remitted to Ineligible Overseas Shareholders under this arrangement will depend on the market price of NewCo Securities at the time of sale by the Sale Nominee and any applicable brokerage, stamp duty and other taxes and charges, and selling costs deducted from the proceeds of sale.

## Financial data

The financial amounts in this Scheme Booklet are expressed in US dollars (US\$, USD or \$), unless otherwise stated. Where applicable, this Scheme Booklet discloses the assumed exchange rate used to convert US dollars into Australian dollars (A\$ or AUD). The actual Australian dollar equivalent of these amounts from time to time will depend on the prevailing USD/AUD exchange rate.

Investors should be aware that financial data in this Scheme Booklet includes “non-IFRS financial information” under ASIC Regulatory Guide 230 “Disclosing non-IFRS financial information” published by ASIC.

Allkem and Livent have included this non-IFRS financial information because they believe that it provides Allkem Shareholders with additional relevant information. The non-IFRS financial information does not have a standardised meaning prescribed by the Australian Accounting Standards, International Financial Reporting Standards or US GAAP and therefore may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards, International Financial Reporting Standards or US GAAP. You are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Scheme Booklet.

## Lithium Carbonate Equivalent

The production volumes stated in this Scheme Booklet are expressed in lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) equivalent units (LCE) unless otherwise stated. The conversion of different lithium molecules to a common measurement is standard practice when referring to production volumes from assets with differing end lithium products.

Unless otherwise specified, in this Scheme Booklet the conversion (or stoichiometric) factor used to convert lithium metal to LCE is 5.323, lithium oxide ( $\text{Li}_2\text{O}$ ) to LCE is 2.473 and the factors used to convert spodumene concentrate to lithium metal and LCE are:

Spodumene concentrate	Conversion factor	
	Lithium metal	LCE
Spodumene concentrate at 5.5% $\text{Li}_2\text{O}$	0.0255	0.136
Spodumene concentrate at 6% $\text{Li}_2\text{O}$	0.0278	0.148

## Foreign exchange rates used for mineral resource and ore reserve reporting

Unless otherwise specified, in this Scheme Booklet the foreign exchange rates used for Mineral Resource and ore reserve reporting are AUD/USD of 0.70 and CAD/USD of 1.33. For Argentina, all estimates are expressed in US dollars because Allkem and its Subsidiaries use US dollars as both reporting currency and functional currency. The Argentine Peso is used as a transactional currency for local payments within the country.

## Livent estimates and reserves

The estimated resources and reserves for Livent’s mining properties in this Scheme Booklet are presented in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (**NI 43-101**), and the resources and reserves for each property are based upon a technical report for such property prepared by qualified persons pursuant to the requirements of NI 43-101. The presentation of the resources and reserves for Livent’s mining properties may therefore not be directly comparable to Allkem’s mining properties or to the presentation that would have resulted from the application of the JORC Code in certain respects.

## Production Capacity

All references to LCE production, production and production capacity of Allkem and NewCo in this Scheme Booklet are on an 100% interest basis unless otherwise stated. Sections 1.1(c) and 7.2(d)(iii) contemplate the attributable equity interest in each product and the associated attributable production.

## Competent and Qualified Persons Statements

See section 10.11 for the Competent and Qualified Persons Statements and disclosures in relation to Technical Information and Forward-Looking Statements, and other disclosures required under the ASX Listing Rules, in respect of all Mineral Resource and Ore Reserve data contained in this Scheme Booklet.

## Times and dates

All times referred to in this Scheme Booklet are references to the prevailing time in Sydney, New South Wales (being Australian Eastern Standard Time (AEST) or Australian Eastern Daylight Time (AEDT), unless otherwise stated. All dates following the Scheme Meeting referred to in this Scheme Booklet are indicative only and, among other things, are subject to each Condition being satisfied or waived (where permitted).

## Date of this Scheme Booklet

This Scheme Booklet is dated 9 November 2023.

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# Important Dates

Date / time	Event
9 November 2023	Date of this Scheme Booklet
10:30am (AWST) / 1:30pm (AEDT) on 17 December 2023	Latest time and date for receipt of proxy forms for Scheme Meeting
7:00pm (AEDT) on 17 December 2023	Time and date for determining eligibility to vote at the Scheme Meeting
10:30am (AWST) / 1:30pm (AEDT) on 19 December 2023	<b>Scheme Meeting</b>
19 December 2023 (New York time)	<b>Livent Stockholder Meeting</b>

## If the Scheme is approved by Allkem Shareholders (and the US Merger is approved by Livent Stockholders)

20 December 2023	<b>Second Court Date</b> for approval of the Scheme
Principal Register Shareholders: 5:00pm (AEDT) on 20 December 2023  Canadian Register Shareholders: 5:00pm (Toronto time) / 10:00pm (UTC) on 20 December 2023	<b>Election Date</b>  The latest time and date by which Election Forms (or Election Withdrawal Forms, if applicable) must be received by the Allkem Share Registry from: <ul style="list-style-type: none"> <li>▪ Eligible Principal Register Shareholders who wish to receive NewCo Shares, rather than NewCo CDIs, as Scheme Consideration; and</li> <li>▪ Eligible Canadian Register Shareholders who wish to receive NewCo CDIs, rather than NewCo Shares, as Scheme Consideration.</li> </ul>
21 December 2023	NewCo admitted to the official list of ASX
21 December 2023	<b>Effective Date</b> Scheme Order is lodged with ASIC and Scheme becomes Effective Last day of trading in Allkem Shares on ASX
Close of trading on 21 December 2023 (AEDT)	Suspension of Allkem Shares from trading on ASX
4:00pm (Toronto time) / 9:00pm (UTC) on 21 December 2023	Suspension of Allkem Shares from trading on TSX
22 December 2023	NewCo CDIs to commence trading on ASX on a deferred settlement basis
7:00pm (AEDT) on 27 December 2023	<b>Record Date</b> for determining entitlements to receive Scheme Consideration
4 January 2024	<b>Scheme Implementation Date</b> Scheme Consideration issued to Eligible Shareholders
4 January 2024 (New York time)	<b>US Merger Effective Time</b> NewCo Shares issued to Livent Stockholders after this time
4 January 2024	Last day of deferred settlement trading for NewCo CDIs
9:30am (New York time) on 4 January 2024	NewCo Shares anticipated to commence trading on the NYSE
5 January 2024	Dispatch of holding statements for NewCo CDIs
10:00am (AEDT) on 5 January 2024	NewCo CDIs to commence trading on ASX on a normal settlement basis
Close of trading on 5 January 2024 (AEDT)	Expected date for Allkem to be delisted from ASX
Close of trading on 5 January 2024 (Toronto time)	Expected date for Allkem to be delisted from TSX
9 January 2024	First settlement of deferred settlement and normal settlement trading of NewCo CDIs

All references to time in this Scheme Booklet are references to AEDT (Sydney time), unless otherwise specified.

The date of the Livent Stockholder Meeting and all dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and other Governmental Entities (including, in the case of the Livent Stockholder Meeting, the Form S-4 becoming effective under the Securities Act) and the satisfaction or permissible waiver of all other applicable closing conditions. Allkem reserves the right to vary the times and dates set out above. Any changes to the above timetable (which may include an earlier Second Court Hearing) will be announced through ASX, filed under Allkem's profile on SEDAR+ and notified on [www.allkem.co](http://www.allkem.co).

# Letter from the Chairman of Allkem

## Dear Allkem Shareholders

On behalf of the Board of Allkem Limited (**Allkem**), I am pleased to provide you with this Scheme Booklet, which contains important information about the proposed combination of Allkem and Livent Corporation (**Livent**), to create a leading global lithium chemicals producer. The combination is proposed to be effected by establishing a new holding company, Arcadium Lithium plc (**NewCo**), which will, if the transaction proceeds, acquire:

- all of the shares in Allkem in return for the issue of NewCo Securities to Allkem Shareholders;<sup>2</sup> and
- all of the shares in Livent in return for the issue of NewCo Shares to Livent Stockholders.<sup>3</sup>

NewCo will have a primary listing on the NYSE (with NewCo Shares expected to trade on the NYSE) and a Foreign Exempt Listing on ASX (with NewCo CDIs expected to trade on ASX). On completion of the combination, former Allkem Shareholders will own approximately 56% of NewCo Securities and former Livent Stockholders will own approximately 44% of NewCo Securities.<sup>4</sup>

The combination of Allkem and Livent is proposed to be brought into effect by way of two separate (but parallel) legal processes – namely, the Scheme and the US Merger (collectively, the **Transaction**). On Implementation of the Scheme, NewCo will acquire all of the Allkem Shares, and Allkem will become a wholly-owned subsidiary of NewCo. On closing of the US Merger, an entity that will, at the time of the US Merger, be an indirect wholly-owned subsidiary of NewCo, will merge with Livent with Livent surviving the merger (and thereby Livent will become an indirect wholly-owned subsidiary of NewCo). In addition to other regulatory and Court approvals, the Scheme must be approved by Allkem Shareholders, and the US Merger must be approved by Livent Stockholders. The Scheme and the US Merger are expected to occur on the same date and in the order described above. See section 3.1 of this Scheme Booklet for an overview of the Transaction, including the corporate structures, both prior to and immediately following implementation of the Transaction.

Livent is a vertically integrated lithium producer, headquartered in Philadelphia, Pennsylvania, USA and listed on the NYSE. Livent has mining interests in Argentina and Canada and operations globally. Further information about Livent is set out in section 6 of this Scheme Booklet.

The Allkem Board recommends you support this combination, subject to no Superior Proposal in relation to Allkem emerging, and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

## The Transaction

The Transaction will combine two global lithium companies and bring together their highly complementary range of assets, growth projects and operating skills across extraction and processing under a vertically integrated business model, with the scale and expertise to meet the rapidly growing demand for lithium chemical products. The Combined Group (resulting from the combination of the Allkem Group and the Livent Group under NewCo) will have a significant portfolio of lithium assets diversified across key geographies, products and customers. Cost synergies and capital expenditure savings, in addition to other anticipated commercial synergies, are expected to be realised from the opportunity to co-develop and de-risk future expansion projects and operations.<sup>5</sup>

If the Transaction proceeds, in exchange for your Allkem Shares, you will receive the Scheme Consideration which is referred to further below and also summarised in question 17 in section 2 of this Scheme Booklet. Information about NewCo CDIs (the Scheme Consideration that most Allkem Shareholders are expected to receive in exchange for their Allkem Shares if the Transaction proceeds) is included in question 18 in section 2 of this Scheme Booklet.

The NewCo Board will consist of 6 directors from the Allkem Board, and 6 from the current Livent Board and I will serve as the Chair. Paul Graves, the current Chief Executive Officer of Livent will serve as NewCo's Chief Executive Officer, and Livent's current Chief Financial Officer, Mr. Gilberto Antoniazzi, and Livent's current General Counsel, Ms. Sara Ponessa, will serve as the Chief Financial Officer and General Counsel, respectively, of NewCo. The chair roles for the key committees will be allocated equally between Allkem and Livent. Further information about the Board and management structure of NewCo is set out in section 7.5 of this Scheme Booklet.

<sup>2</sup> Other than Allkem Shareholders in certain ineligible jurisdictions. For further information about the Net Proceeds payable to Ineligible Overseas Shareholders, refer to section 3.4.

<sup>3</sup> NewCo will acquire all of the issued and outstanding shares of common stock of Livent by way of a merger between US Merger Sub and Livent. See section 3.1 for more details.

<sup>4</sup> On a fully diluted basis assuming all 2025 Notes and convertible securities (in respect of Allkem and Livent equity compensation arrangements, which are described in sections 10.2 and 6.12, respectively) are converted into shares prior to completion of the Transaction.

<sup>5</sup> Refer to sections 1.1(e) and 7.3 for further information about the potential synergies and their value and section 8.3(d) for further information about the risks associated with realising anticipated synergies (in whole or part).

## Merger rationale and reasons to vote in favour of the Scheme

The Transaction is logical and highly compelling, with strong strategic rationale and significant synergies that are expected to drive value for Allkem Shareholders. The all-scrip nature of the Transaction ensures that Allkem Shareholders gain exposure to Livent's lithium operations and are able to share in the anticipated benefits from the creation of the Combined Group, which include the following:

1. creates a leading global lithium chemicals producer with enhanced business-critical scale and greater capacity to meet growing customer demand;
2. highly complementary and vertically integrated business model to enhance operational flexibility and reliability which is expected to result in lower costs and greater value capture across the lithium value chain;
3. greater capacity to de-risk and accelerate growth with a deeper pool of technical, capital and projects expertise;
4. the Combined Group will have an attractive geographic footprint;
5. expected delivery of significant synergies;
6. enhanced value proposition for shareholders, customers, employees and local communities, with a firm commitment to sustainability and responsible growth;
7. the Scheme Consideration delivers Allkem Shareholders meaningful ownership in the Combined Group, plus what the Allkem Directors consider to be a suitable premium for Allkem Shares (in the context of a merger of equals); and
8. various other benefits as outlined in section 1.1 of this Scheme Booklet.

In determining to unanimously recommend the Scheme, your Allkem Directors also considered the potential disadvantages of the Transaction, including that:

1. you may disagree with your Allkem Directors' unanimous recommendation or the Independent Expert's conclusion that the Scheme is in the best interests of Allkem Shareholders;
2. you may find it difficult to identify or invest in an alternative business with similar characteristics to that of Allkem on a standalone basis;
3. although no Superior Proposal for Allkem has emerged since the Scheme was announced on 10 May 2023, you may believe that a Superior Proposal for Allkem may emerge in the future, if Allkem were to continue as a standalone entity;

<sup>6</sup> Allkem Shareholders should note that Allkem Directors will receive certain benefits in connection with the Scheme. In particular, (1) each Non-Executive Director will receive a special exertion fee to recognise the time and effort spent in connection with the evaluation, design and negotiation of the Transaction, (2) certain of the Non-Executive Directors are proposed to be appointed Directors of NewCo upon implementation of the Transaction, and (3) Mr Pérez de Solay will receive certain benefits in connection with the Scheme (~US\$2.84m), comprising accelerated vesting of performance rights (consistent with the rights of other holders of performance rights) (~US\$1.46m), a pro rata payment of Mr Pérez de Solay's contractual STI entitlement (~US\$402k), redundancy payments under Mr Pérez de Solay's employment arrangements (~US\$473k), and a one-off Transaction Completion Bonus (US\$500k). Each of the Allkem Directors considers that it is appropriate for them to make a recommendation in relation to the Scheme, as each of them believes that the benefits are not of such materiality to them that they impact their consideration of the Scheme or their ability to make a recommendation to Allkem Shareholders. Further details of the potential benefits (including the value of them) are outlined in section 4.8 of this Scheme Booklet.

4. the tax consequences that will be triggered for you on the disposal of your Scheme Shares if the Scheme is Implemented may not suit your current financial position or particular circumstances;
5. the future trading price of the NewCo Shares and NewCo CDIs that form the Scheme Consideration is not certain; and
6. NewCo Shares and NewCo CDIs will confer different rights and protections than those applicable to Allkem Shares, and you may consider some of those differences disadvantageous.

The detailed advantages and disadvantages of the Scheme are set out in sections 1.1 and 1.2 of this Scheme Booklet.

## Key risks

Details of risks in relation to the Transaction (both general and specific) are set out in Section 8 of this Scheme Booklet. Key new or heightened risks arising from the Transaction and the issue of NewCo Securities under it include:

- the failure to realise the cost savings, synergies and other benefits that the parties expect to achieve from the Transaction may materially and adversely affect NewCo's future results and the market value of NewCo Securities following the Transaction;
- the integration of the businesses of Livent and Allkem may be more difficult, costly or time-consuming than expected, which may materially and adversely affect NewCo's future results and negatively affect the value of the NewCo Securities following the Transaction;
- NewCo's growth depends upon the continued growth in demand for high performance lithium compounds, as well as the Combined Group's ability to deliver on its production expansion objectives; and
- demand and market prices for lithium will greatly affect the value of NewCo's investment in its lithium resources and its ability to develop them successfully.

## Your Directors' recommendation<sup>6</sup>

Your Allkem Board considers that the Scheme is in the best interests of Allkem Shareholders. The Allkem Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders. In reaching its recommendation, the Allkem Board has considered a range of factors, including the advantages and disadvantages of the Scheme, the value of the

Scheme Consideration and the ability for Allkem Shareholders to share in the benefits resulting from the creation of the Combined Group.

Each Allkem Director intends to vote in favour of the Scheme in relation to all Allkem Shares held or controlled by them, in the absence of a Superior Proposal in relation to Allkem and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

### Independent Expert's Opinion

The Independent Expert, Kroll, has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem. The full report of the Independent Expert is set out in Annexure A of this Scheme Booklet.

### Implementation of the Scheme

Under the terms of the Transaction:

- pursuant to the Scheme:
  - NewCo will acquire all fully paid ordinary shares in Allkem;
  - Eligible Principal Register Shareholders will receive one NewCo CDI (or, if they provide a valid Share Election, one NewCo Share) for each Allkem Share held;<sup>7</sup> and
  - Eligible Canadian Register Shareholders will receive one NewCo Share (or, if they provide a valid CDI Election, one NewCo CDI) for each Allkem Share held; and
- pursuant to the US Merger:
  - NewCo will acquire all of the issued and outstanding shares of common stock of Livent by way of a merger between US Merger Sub<sup>8</sup> and Livent; and
  - Livent Stockholders will receive 2.406 NewCo Shares for each Livent Share held.

As discussed above, if the Scheme is Implemented, and the US Merger closes, NewCo will own all of the assets of both Allkem and Livent, and eligible shareholders of each company will exchange their existing shares for NewCo Securities.

The Scheme is subject to a number of conditions, including Court approval, the approval of Allkem Shareholders at the Scheme Meeting and the approval of the US Merger by Livent Stockholders.

I encourage you to read this Scheme Booklet (including the report of the Independent Expert) carefully and in full and, if required, to seek your own legal, taxation, financial or other professional advice.

At the Scheme Meeting, Allkem Shareholders will be asked to approve the Scheme. The Scheme Meeting will be held at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100, on 19 December 2023 commencing at 10:30am (AWST) / 1:30pm (AEDT). Allkem Shareholders can also attend the Scheme Meeting online via a live webcast, further details of which are contained in the Notice of Scheme Meeting contained in this Scheme Booklet.

Your vote is important. I strongly encourage you to vote either by attending the Scheme Meeting (in person or online) or by completing and returning the accompanying Proxy Form so that it is received by 10:30am (AWST) / 1:30pm (AEDT) on 17 December 2023.

Allkem Shareholders who have any questions about the Scheme should contact the Shareholder Information Line on 1300 367 804 (for callers within Australia) or +61 2 9066 6162 (for callers outside Australia) between 9:00am and 5:00pm (AEDT) Monday to Friday, excluding public holidays.

### Conclusion

On behalf of the Allkem Board, I would like to thank you for your ongoing support of Allkem. We believe the Transaction is an exciting opportunity to create a global leader in lithium chemicals and deliver meaningful value to all Allkem Shareholders. We look forward to your participation at the Scheme Meeting and subject to the qualifications mentioned,<sup>9</sup> encourage you to vote in favour of the Scheme.

Yours sincerely

**Peter Coleman**  
Chairman  
Allkem Limited

<sup>7</sup> Allkem Shareholders in certain ineligible jurisdictions will not receive NewCo Shares or NewCo CDIs under the Scheme and instead their Allkem Shares will be transferred to the Sale Nominee prior to Implementation, and those Allkem Shareholders will receive their share of the net cash proceeds from the sale of the NewCo CDIs that would have otherwise been issued to all of the Ineligible Overseas Shareholders under the Scheme. Refer to section 3.4 for further information.

<sup>8</sup> Although US Merger Sub is not currently owned by NewCo, NewCo will – following Implementation of the Scheme and prior to completion of the US Merger – acquire all of the issued stock in Irish IntermediateCo (which will be the sole stockholder of US Merger Sub prior to completion of the Merger), and will therefore be the ultimate holding company of US Merger Sub as at the US Merger Effective Time.

<sup>9</sup> in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Allkem Shareholders.

Section 1

# Matters relevant to your vote on the Scheme



# 1 Matters relevant to your vote on the Scheme

## Reasons to vote in favour of the Scheme

- Creates a leading global lithium chemicals producer with enhanced business-critical scale and greater capacity to meet growing customer demand
- Highly complementary and vertically integrated business model to enhance operational flexibility and reliability, which is expected to result in lower costs and greater value capture across the lithium value chain
- Greater capacity to de-risk and accelerate growth with a deeper pool of technical, capital and projects expertise
- The Combined Group will have an attractive geographic footprint
- Expected delivery of unique and significant synergies
- Enhanced value proposition for shareholders, customers, employees and local communities, with a firm commitment to sustainability and responsible growth
- The Scheme Consideration delivers Allkem Shareholders meaningful ownership in the Combined Group, plus what the Allkem Directors consider to be a suitable premium for Allkem Shares (in the context of a merger of equals)
- Stronger financial profile better positions the Combined Group to deliver growth
- Expected greater liquidity for investors, and more diversified shareholder base
- The Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem
- The Allkem Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders<sup>10</sup>

Reasons to vote in favour of the Scheme are discussed in more detail in section 1.1 of this Scheme Booklet.

## Reasons why you may choose to vote against the Scheme

- You may disagree with your Allkem Directors' unanimous recommendation or the Independent Expert's conclusion that the Scheme is in the best interests of Allkem Shareholders
- You may find it difficult to identify or invest in an alternative business with similar characteristics to that of Allkem on a standalone basis
- Since the Scheme was announced on 10 May 2023, no Superior Proposal has emerged for Allkem, but you may believe that a Superior Proposal for Allkem may emerge in the future, if Allkem were to continue as a standalone entity
- The tax consequences that will be triggered for you on the disposal of your Scheme Shares if the Scheme is Implemented may not suit your current financial position or particular circumstances
- The future trading price of the NewCo Shares and NewCo CDIs that form the Scheme Consideration is not certain
- NewCo Shares and NewCo CDIs will confer different rights and protections than those applicable to Allkem Shares, and you may consider some of those differences disadvantageous

Reasons why you may not want to vote in favour of the Scheme are discussed in more detail in section 1.2 of this Scheme Booklet.

<sup>10</sup> Allkem Shareholders should note that Allkem Directors will receive certain benefits in connection with the Scheme. In particular, (1) each Non-Executive Director will receive a special exertion fee to recognise the time and effort spent in connection with the evaluation, design and negotiation of the Transaction, (2) certain of the Non-Executive Directors are proposed to be appointed Directors of NewCo upon implementation of the Transaction, and (3) Mr Pérez de Solay will receive certain benefits in connection with the Scheme (~US\$2.84m), comprising accelerated vesting of performance rights (consistent with the rights of other holders of performance rights) (~US\$1.46m), a pro rata payment of Mr Pérez de Solay's contractual STI entitlement (~US\$402k), redundancy payments under Mr Pérez de Solay's employment arrangements (~US\$473k), and a one-off Transaction Completion Bonus (US\$500k). Each of the Allkem Directors considers that it is appropriate for them to make a recommendation in relation to the Scheme, as each of them believes that the benefits are not of such materiality to them that they impact their consideration of the Scheme or their ability to make a recommendation to Allkem Shareholders. Further details of the potential benefits (including the value of them) are outlined in section 4.8 of this Scheme Booklet.

## 1.1 Reasons to vote for the Scheme

### a. Creates a leading global lithium chemicals producer with enhanced business-critical scale and greater capacity to meet growing customer demand

The Transaction will establish a Combined Group with a large and high-quality asset footprint with a presence in key lithium regions in three continents. NewCo expects that the benefits that are realisable from geographically adjacent asset portfolios in Argentina and North America will enable NewCo to enhance its production and project execution efficiency. Further, the Combined Group's lithium chemical manufacturing facilities will be located in close proximity to key lithium customers in North America and Asia, enabling it to meet the growing demand of those customers and further integrate into the lithium chemicals value chain in North America which benefit from the US Federal Inflation Reduction Act (Inflation Reduction Act).<sup>11</sup>

### b. Highly complementary and vertically integrated business model to enhance operational flexibility and reliability, which is expected to result in lower costs and greater value capture across the lithium value chain

The Transaction enables greater vertical integration across the lithium value chain than Allkem or Livent

have on a standalone basis. The Combined Group is expected to have a broad product offering that will be highly scalable across both resource and production assets. This is anticipated to enhance operational flexibility and reliability, and to result in lower costs and greater value capture across the lithium value chain. The Combined Group will also bring together complementary expertise in hard rock, brine and lithium chemical processing, with proven ability to produce high-quality products that are sought after by leading battery manufacturers and EV original equipment manufacturers.

### c. Greater capacity to de-risk and accelerate growth with a deeper pool of technical, capital and projects expertise

Allkem and Livent believe that their complementary expertise in hard rock mining and conventional and direct lithium extraction-based brine processes will enable the Combined Group to accelerate, and reduce the risks associated with, development of Allkem's and Livent's respective pipelines of growth projects. This creates the potential for NewCo to achieve lithium production capacity of approximately 250 ktpa per annum of LCE by the end of 2027.

The graphic below depicts the anticipated evolution and stage of development of the Combined Group's growth projects, along with the expected growth of its combined production capacity on a net attributable basis.

Figure 1.1.1 Estimated Combined Attributable Annual Lithium Production Capacity (LCE)



The information in this Scheme Booklet relating to production targets of the Combined Group (or other forward-looking statements of that nature) is derived from Allkem's ASX announcement on 10 May 2023 titled "Allkem and Livent to Create a Leading Global Integrated Lithium Chemicals Producer", which is available to view at [www.allkem.co](http://www.allkem.co), [www.asx.com.au](http://www.asx.com.au), and [www.sedarplus.ca](http://www.sedarplus.ca) (Transaction Investor Presentation).

<sup>11</sup> The Inflation Reduction Act provides tax credits where a percentage of minerals in an electric vehicle battery is extracted from (or processed in) countries that have free-trade deals with the US (including Australia, Canada and the US). NewCo's global industrial footprint, which is concentrated in these countries, is considered well positioned to benefit from this initiative.

The Transaction Investor Presentation outlines, for the purposes of ASX Listing Rule 5.16, the material assumptions underpinning the production targets (or other forward-looking statements of that nature), and in doing so cross-refers to material assumptions derived from other market announcements released by Allkem. Certain of those market announcements have since been superseded by more recent technical reports (which have also been disclosed on ASX), as part of a recent process undertaken by Allkem to update Allkem’s Mineral Resource and Ore Reserve estimates for each of its material projects.<sup>12</sup> Allkem confirms, however, that all material assumptions underpinning the production targets of the Combined Group (or other forward-looking information of that nature) outlined in the Transaction Investor Presentation, as required by ASX Listing Rule 5.16, continue to apply and have not materially changed.

See sections 7.2(d)(iii) and 10.11(b) of this Scheme Booklet for further information in relation to the production targets of the Combined Group (and other forward looking information of that nature). Refer also to section 8.5 (Risk factors relating to the business and operations of the Combined Group), in particular section 8.5(b) (Production expansion efforts are complex projects that will require significant capital expenditures and are subject to significant risks and uncertainties) and 8.5(f) (NewCo’s inability to obtain mineral resources to be used in production (through exploration projects, acquisitions or otherwise) may have an adverse effect on NewCo’s financial performance), for risks of specific relevance to the Combined Group’s ability to deliver on its expectations for future production.

**d. The Combined Group will have an attractive geographic footprint**

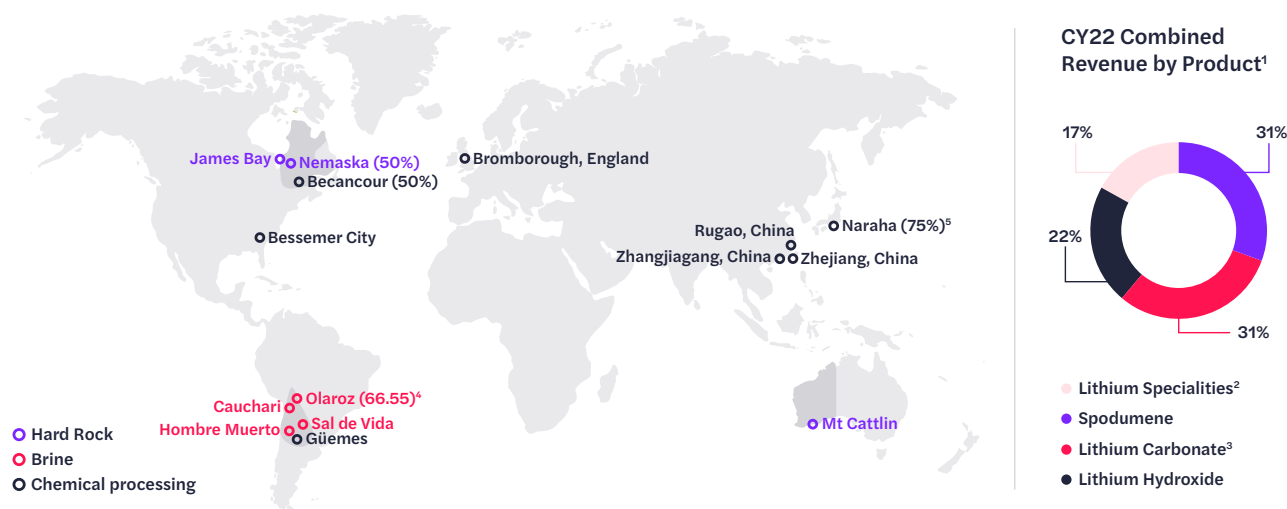
NewCo will have a presence in three major lithium extraction geographies, including the South American “Lithium Triangle”, Western Australia and Canada. NewCo’s geographically diverse assets are expected to position it to meet the anticipated growth in demand for lithium products globally. NewCo’s geographic presence following the completion of the Transaction, reflecting the Combined Group’s production and chemical processing assets in key lithium regions globally, is illustrated below.

**e. Expected delivery of significant synergies**

The Combined Group’s business will bring together teams with extensive expertise in project development, as well as product innovation and marketing, which is anticipated to result in enhanced business capabilities for NewCo through the sharing of technological expertise, improved flexibility in product flows, plant optimisation and enhanced marketing efficiencies. Through the expected vertical integration of Allkem’s and Livent’s asset portfolios and supply chains, NewCo is also expected to benefit from operational synergies in Argentina and Canada and logistics and procurement synergies across its operations. The combination of these is expected to contribute substantially to achieving NewCo’s projected savings.

Specifically, approximately \$125 million of annual pre-tax operating cost synergies are estimated for NewCo by 2027 (excluding the impact of approximately \$40 million in estimated non-recurring costs to achieve these synergies), realisable from

**Figure 1.1.2 NewCo Global Presence**



<sup>1</sup> Excludes tantalum sales, which were minimal in the year ended 31 December 2022.

<sup>2</sup> Lithium specialties includes butyllithium (BuLi), high purity lithium metal, lithium phosphate, pharmaceutical-grade lithium carbonate, high purity lithium chloride, and specialty organics.

<sup>3</sup> Includes minimal lithium chloride (LiCl) sales in the year ended 31 December 2022.

<sup>4</sup> Remaining ownership split between Toyota Tsusho Corporation (TTC) (25.0%) and Jujuy Energia y Minería Sociedad del Estado (JEMSE) (8.5%).

<sup>5</sup> Remaining 25% economic interest owned by TTC.

<sup>12</sup> See further at section 10.11(a) of this Scheme Booklet for information about Allkem’s most recent technical reports.



selling, general and administrative expense, asset optimisation and logistics and procurement savings. A significant portion of the synergies are expected to be realised through removing other duplicate costs, improving procurement, site management, transport and logistics functions in Argentina and Québec, and closely integrating operations. The majority of the annual run-rate pre-tax operating cost synergies are expected to be realised within three years from completion of the Transaction.

In addition to operating synergies, NewCo is expected to realise approximately \$200 million in one-time capital expenditure savings, driven by consolidating infrastructure, streamlining construction and procurement operations and leveraging complementary engineering work in Argentina and Canada given asset proximity.

For further detail on the expected synergies, see section 7.3.

**f. Enhanced value proposition for shareholders, customers, employees, and local communities, with a firm commitment to sustainability and responsible growth**

Together, Livent and Allkem expect to create a global lithium chemicals producer with scale and global capabilities to better serve customers. The Combined Group will have a significant footprint of assets diversified across key geographies, products and customers to provide an enhanced value proposition to its customers, shareholders, employees and local communities, while maintaining a firm commitment to sustainability and responsible growth.

**g. The Scheme Consideration delivers Allkem Shareholders meaningful ownership in the Combined Group, plus what the Allkem Directors consider to be a suitable premium for Allkem Shares (in the context of a merger of equals)**

The Transaction is expected to result in Allkem Shareholders owning approximately 56% of NewCo, compared to the 53% proportion that was implied by the volume-weighted average market prices of Allkem Shares and Livent Shares over the one-month period preceding the signing of the Transaction Agreement.<sup>13</sup> This implies a premium of approximately 14% in favour of Allkem Shareholders over that same period, which the Allkem Directors consider is appropriate in the context of both this particular Transaction and a merger of equals concept.

**h. Stronger financial profile better positions the Combined Group to deliver growth**

On Implementation, NewCo will have a strong balance sheet with pro forma historical cash and cash equivalents of US\$983.1 million and US\$517.0 million in pro forma historical long-term debt (including current position) of the Combined Group as at 30 June 2023.<sup>14</sup> Further, cash flow generation from existing operations is expected to provide a more robust financial base from which to accelerate and sustain the growth strategy for the Combined Group, when compared to Allkem's ability to pursue and de-risk development of its projects and product lines on a standalone basis.<sup>15</sup>

**i. Expected greater liquidity for investors, and more diversified shareholder base**

NewCo is expected to deliver greater liquidity for investors, compared to Allkem on a standalone basis, through its primary listing on the NYSE and Foreign Exempt Listing on ASX.

The US capital markets are the largest and most liquid capital markets in the world. Following Implementation, the Combined Group's enlarged share base (comprising the existing Livent and Allkem shareholders), as well as its primary listing on NYSE, is expected to deliver greater liquidity for holders of NewCo Securities (across both exchanges) than is available for Allkem Shares listed on ASX. This greater liquidity is also expected to allow NewCo to access a larger pool of capital available in the US, which should provide improved financial flexibility.

The Combined Group will seek inclusion in key S&P indexes in the US and, on implied combined market capitalisation, inclusion in the S&P / ASX 200 index in Australia (through pro rata CDI inclusion) based on the implied combined market capitalisation of Livent and Allkem as well as other factors.

**j. The Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem**

Allkem appointed Kroll as the Independent Expert to provide an opinion as to whether the Scheme is in the best interests of Allkem Shareholders.

The Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem. As the US Merger is conditional only on the Scheme being implemented, Kroll has considered the

<sup>13</sup> Measured using the VWAP of both Allkem Shares and Livent Shares over the one-month period starting on 10 April 2023 and ending on 9 May 2023 (i.e. the final trading day before announcement of the Transaction). The premium is calculated assuming Allkem Shareholders contribute their shares to NewCo at an implied price of A\$13.54 per Allkem Share, calculated using the Livent one-month VWAP over the same period (US\$21.81), the Merger exchange ratio of 2.406 NewCo Shares per Livent Share, and the daily USD/AUD foreign exchange rates applicable over the period. The exchange ratio was determined having regard to each of Allkem's and Livent's respective contribution to risk-adjusted net asset value (before any allocation of expected synergies).

<sup>14</sup> See section 7.14 for more information about the pro forma historical financial information for the Combined Group. See section 7.8 for discussion of the capital structure and convertible debt of the Combined Group and sections 5.10 and 6.8 for discussion of existing debt and financing arrangements of Allkem and Livent, respectively.

<sup>15</sup> Information about the existing debt facilities available to each of Allkem and Livent are described in sections 5.10 and 6.8, respectively.

implications of the Transaction as a whole in arriving at its conclusion. A full copy of the Independent Expert's Report is included as Annexure A. The Allkem Directors recommend that Allkem Shareholders read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme Resolution.

**k. The Allkem Directors unanimously recommend that you vote in favour of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders**

In the absence of a Superior Proposal in relation to Allkem and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders, each of the Allkem Directors intends to vote all Allkem Shares held or controlled by them in favour of the Scheme Resolution.

## 1.2 Reasons why you may choose to vote against the Scheme

**a. You may disagree with your Allkem Directors' unanimous recommendation or the Independent Expert's conclusion**

Despite the unanimous recommendation of the Allkem Directors, and the conclusion of the Independent Expert, you may believe that the Scheme is not in your best interests. In reaching their decision and providing their recommendation, the Allkem Directors:

- i. have made various judgements and assumptions based on estimated future business conditions, circumstances and events; and
- ii. as part of that analysis, have formed the view that the potential benefits of the Transaction are likely to outweigh the potential risks arising from it (including those outlined in section 8 of this Scheme Booklet) and that the Transaction has the potential to deliver greater benefits to Allkem Shareholders than any other alternative currently available (including Allkem continuing as a standalone entity),

where none of these matters can be predicted with certainty and which may prove to be inaccurate.

Allkem Shareholders may choose to disagree with the unanimous recommendation of the Allkem Directors and/or the conclusion of the Independent Expert.

**b. You may find it difficult to identify or invest in an alternative business with similar characteristics to that of Allkem on a standalone basis**

You may prefer to retain your Allkem Shares for a number of reasons, including to maintain your investment in a public company with the specific characteristics of Allkem on a standalone basis, including the risk and return characteristics.

You may consider that it would be difficult to identify and invest in alternative investments that have the same or a similar profile to Allkem.

In addition, despite the risks that apply to Allkem's future operations on a standalone basis (including those in section 8.6), you may consider that Allkem may be able to generate greater returns for its assets and investments as a standalone entity, or by exploring alternative corporate transactions (other than the Transaction) in the future instead.

Given the Transaction provides former Allkem Shareholders with a combined, proportionate ownership of approximately 56% in the Combined Group, Allkem Shareholders will not participate directly in the full upside potential from future financial performance and any growth of the Allkem business, but rather participate in a diluted manner along with all NewCo Shareholders.

**c. You may believe that a Superior Proposal for Allkem may emerge in the future, if Allkem were to continue as a standalone entity**

You may believe that there is the potential for a Superior Proposal for Allkem to be made in the foreseeable future and perhaps beyond the timing for completion of the Transaction, such as a takeover bid or an alternative control proposal that is ultimately more favourable to Allkem Shareholders as a whole.

As at the date of this Scheme Booklet, no Superior Proposal has emerged in relation to Allkem and the Allkem Directors are not aware of any Superior Proposal that is likely to emerge for Allkem. If a Superior Proposal were to emerge in relation to Allkem, this would be announced to ASX and the Allkem Directors would carefully consider and inform Allkem Shareholders of their recommendation.

**d. The tax consequences that will be triggered for you on the disposal of your Scheme Shares if the Scheme is Implemented may not suit your current financial position or particular circumstances**

If the Scheme is Implemented, there will be tax consequences for Scheme Shareholders, which may include tax being payable on any gain on disposal of Scheme Shares.

Please refer to section 9 for further details about the general Australian tax consequences for both Australian and foreign tax resident Scheme Shareholders (who are not Ineligible Overseas Shareholders). Section 9 is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Scheme Shareholder.

**e. The future trading price of the NewCo Shares and NewCo CDIs that form the Scheme Consideration is not certain**

The future trading price of NewCo Shares and/or NewCo CDIs cannot be guaranteed. NewCo Shares may perform differently to NewCo CDIs as a result of idiosyncratic market dynamics relevant to the respective exchanges upon which they are listed.

Some Allkem Shareholders may elect to receive NewCo Shares instead of NewCo CDIs, and NewCo CDI holders may independently transmute or convert their investment into NewCo Shares at any time. As a result, the number of NewCo CDIs available to be traded on ASX may be reduced and this, in turn, would reduce the liquidity of NewCo CDIs on ASX.

**f. NewCo Shares and NewCo CDIs will confer different rights and protections than those applicable to Allkem Shares, and you may consider some of those differences disadvantageous**

Allkem Shareholders' rights are currently governed by the laws of Australia, the ASX Listing Rules and the constitution of Allkem. In comparison, the rights of holders of NewCo CDIs or NewCo Shares will be governed by the laws of Jersey and NewCo's memorandum and articles of association. US federal securities laws and the listing rules of NYSE will also apply to NewCo. NewCo will apply for a Foreign Exempt Listing on ASX and, if approved, will be subject to a limited number of ASX Listing Rules. As a result, if the Scheme is Implemented, the rights of, and protections for, holders of NewCo CDIs and NewCo Shares will differ to those applicable to Allkem Shareholders.

In addition, unless they elect otherwise (or are Eligible Canadian Register Shareholders who do not elect to receive NewCo CDIs), Allkem Shareholders will receive NewCo CDIs if the Scheme is Implemented. Although NewCo CDI holders receive all of the economic benefits of actual ownership of the underlying shares, there are a number of differences between holding a CDI and holding the underlying share, some of which could be viewed as disadvantageous. For example, holders of NewCo CDIs will need to act through CHES Depositary Nominees Pty Limited (**CDN**) for the purposes of voting the underlying shares and exercising shareholder rights attaching to the underlying shares (although CDN is required to comply with the instructions of the NewCo CDI holder in exercising shareholder rights available to CDN as the holder of NewCo Shares over which CDIs are issued).

Allkem Shareholders should consider the detail included in this Scheme Booklet about the rights and entitlements attaching to NewCo CDIs, as well as NewCo Shares (in section 3.6) and the comparison of shareholder rights and corporate laws applicable in respect of Allkem and NewCo in Annexure H.

## 1.3 Other relevant considerations

You should also take into account the following additional considerations in deciding whether to vote in favour of the Scheme.

**a. The Scheme may be Implemented even if you do not vote, or vote against the Scheme**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be Implemented if it is approved by the Requisite Majorities of Allkem Shareholders and by the Court. If this occurs, your Allkem Shares will be dealt with under the Scheme even though you did not vote on, or voted against, the Scheme.

**b. Costs of the Scheme**

Transaction-related costs of approximately US\$21.1 million are expected to be incurred by Allkem irrespective of whether or not the Scheme is ultimately Implemented. Further details of the estimated fees and expenses in relation to the Transaction are set out in section 10.8.

**c. Termination Fees**

In certain circumstances, a Termination Fee (of US\$64,600,000) may be payable:

- i. to Allkem by Livent (**the Livent Termination Fee**); or
- ii. to Livent by Allkem (**the Allkem Termination Fee**).

The Allkem Termination Fee is payable to Livent in circumstances including where:

- iii. Allkem terminates the Transaction Agreement prior to Allkem Shareholder Approval of the Scheme due to the Allkem Board withdrawing its support for the Scheme in response to:
  - A. a Superior Proposal in relation to Allkem emerging, following the matching right process under the Transaction Agreement;
  - B. an Intervening Event; or
  - C. the Independent Expert ceasing to conclude that the Scheme is in the best interests of Allkem Shareholders, where that change in opinion is caused by the existence of an Allkem Competing Proposal; or
- iv. Livent terminates the Transaction Agreement prior to Allkem Shareholder Approval of the Scheme due to either:
  - A. the Allkem Board withdrawing its support for the Scheme (except where the Independent Expert ceases to conclude that the Scheme is in the best interests of Allkem Shareholders); or
  - B. an intentional and material breach by Allkem of the requirement under the Transaction Agreement to, in accordance with applicable law and as promptly as reasonably practicable:

- aa. apply for an order of the Court pursuant to the Corporations Act to direct Allkem to convene the Scheme Meeting;
  - ab. as soon as reasonably practicable after such order is made by the Court, request ASIC to register the Scheme Booklet; and
  - ac. cause the Scheme Meeting to be duly called and held in accordance with such order of the Court as promptly as reasonably practicable following the mailing of the Scheme Booklet for the purposes of obtaining the Allkem Shareholder Approval; or
- v. Allkem or Livent terminates the Transaction Agreement in certain circumstances that would not otherwise entitle Livent to an Allkem Termination Fee (including, in the case of either party, due to the Scheme not becoming Effective before the End Date or due to Allkem Shareholders not approving the Scheme by the Requisite Majorities, and, in the case of Livent only, due to an intentional and material breach by Allkem) but before it does, an Allkem Competing Proposal is publicly made and either that Allkem Competing Proposal is consummated, or Allkem enters into a definitive agreement in respect of it, within 12 months of the relevant party's termination of the Transaction Agreement. A payment of the same quantum will be payable by Livent to Allkem in reciprocal circumstances, except there is no equivalent termination right for a relevant change in the Independent Expert's conclusion in favour of Livent.

A payment of the same quantum will be payable by Livent to Allkem in reciprocal circumstances, except there is no equivalent termination right for a relevant change in the Independent Expert's conclusion in favour of Livent.

The full circumstances in which the Transaction Agreement may be terminated are set out in paragraph 4 of Annexure D.

**d. Warranties by Scheme Shareholders about their Scheme Shares and no encumbrances over Scheme Shares**

Under the Scheme, each Scheme Shareholder (and the Sale Nominee) is taken to have warranted to Allkem and NewCo (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), and to have appointed and authorised Allkem as its attorney and agent to warrant to NewCo (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), that:

- i. all their Allkem Shares (including any rights and entitlements attaching to their Allkem Shares) that are transferred under the Scheme will, at the time of their transfer, be fully paid and free from all:

- A. encumbrances, security interests (including a security interest that is subject to the *Personal Property Securities Act 2009* (Cth)), mortgages, pledges, liens, easements, restrictive covenants, caveats and interests of third parties of any kind, whether legal or otherwise; and
  - B. restrictions on transfer of any kind;
- ii. they have full power and capacity to transfer their Allkem Shares to NewCo (or, in the case of Ineligible Overseas Shareholders, to the Sale Nominee), together with any rights and entitlements attaching to those shares; and
  - iii. as at the Record Date, they have no existing right to be issued any other Allkem Shares or any other form of securities in Allkem.

Allkem undertakes in favour of each Scheme Shareholder (and, in the case of an Ineligible Overseas Shareholder, for the Sale Nominee) that it will provide such warranty to NewCo as agent and attorney of each Scheme Shareholder.

Section 2

# Frequently asked questions



## 2 Frequently asked questions

No.	Question	Further information
<b>An overview of the Scheme</b>		
1	<b>Why have I received this Scheme Booklet?</b> <p>You have received this Scheme Booklet because you are an Allkem Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.</p> <p>You may disregard this Scheme Booklet if you have transferred or disposed of all of your Allkem Shares, as you will not be entitled to vote at the Scheme Meeting unless you are an Allkem Shareholder at the Voting Eligibility Cut-Off Time.</p>	<b>Section 4</b>
2	<b>What is the Transaction?</b> <p>The Transaction is the proposed combination of Allkem and Livent, to create a global lithium chemicals producer. The “all-stock” merger of equals is proposed to be effected by establishing a new holding company, NewCo, which will, if the Transaction proceeds acquire:</p> <ul style="list-style-type: none"><li>• all of the shares in Allkem in return for the issue of NewCo Securities to Allkem Shareholders,<sup>16</sup> and</li><li>• all of the shares in Livent in return for the issue of NewCo Securities to Livent Stockholders.</li></ul> <p>The combination of Allkem and Livent is proposed to be brought into effect by way of two separate (but parallel) legal processes; namely, the Scheme (explained further in question 3 below) and the US Merger (explained further in question 4 below).</p>	<b>Section 3</b>
3	<b>What is the Scheme?</b> <p>The Scheme is a scheme of arrangement between Allkem and Allkem Shareholders. A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a meeting of shareholders of the company the subject of the scheme (i.e. Allkem). The resolution must be passed by the specified majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the <b>Requisite Majorities</b> (as defined in section 11).</p> <p>If the Scheme is Implemented:</p> <ul style="list-style-type: none"><li>• NewCo will acquire 100% of Allkem Shares;</li><li>• each Eligible Principal Register Shareholder will receive one NewCo CDI (or, if they provide a valid Share Election, one NewCo Share) for each Allkem Share held; and</li><li>• each Eligible Canadian Register Shareholder will receive one NewCo Share (or, if they provide a valid CDI Election, one NewCo CDI) for each Allkem Share held.</li></ul> <p>Ineligible Overseas Shareholders will not receive any NewCo Securities under the Scheme and will instead receive their share of the Net Proceeds from the sale by the Sale Nominee of the NewCo CDIs they would have otherwise received under the Scheme.</p>	<b>Section 3 and Annexure E</b>

<sup>16</sup> Other than Ineligible Overseas Shareholders. For further information about the effect of the Transaction on Ineligible Overseas Shareholders, refer to section 3.4.

No.	Question	Further information
4	<p><b>What is the US Merger?</b></p> <p>Pursuant to the US Merger, NewCo, through US Merger Sub,<sup>17</sup> will acquire all of the issued and outstanding shares of common stock of Livent by way of merger, and Livent Stockholders will receive 2.406 NewCo Shares for each Livent Share held.</p> <p>Allkem and Livent have agreed to combine under the terms of the Transaction Agreement. The Transaction Agreement provides that, if the Scheme is approved by Allkem Shareholders, the US Merger is approved by Livent Stockholders, and the other conditions to the Transaction are satisfied or waived (where permitted), US Merger Sub (an entity that will, at the time of the US Merger, be an indirectly wholly-owned subsidiary of NewCo) will merge with Livent, with Livent surviving the merger as a wholly-owned Subsidiary of NewCo, and with Livent Shares being converted into the right to receive new fully paid ordinary shares in NewCo.</p> <p>Following Implementation of the Scheme and closing of the US Merger, former Allkem Shareholders are expected to own approximately 56% of NewCo (either directly through NewCo Shares or through NewCo CDIs) and former Livent Stockholders are expected to own approximately 44% of NewCo (through NewCo Shares).<sup>18</sup></p>	<p><b>Sections 3.1, 3.3, and Annexure D</b></p>
5	<p><b>Why is there both a Scheme and a US Merger?</b></p> <p>The proposed combination of Livent and Allkem will be brought into effect by way of two separate legal processes; namely, the Scheme and the US Merger. These separate, but parallel, processes will result in Allkem Shareholders and Livent Stockholders, respectively, exchanging all of their respective shares in each company for securities in NewCo.</p> <p>These separate but parallel processes are necessary to bring each of Livent and Allkem under a new holding company, incorporated in Jersey and intended to be listed on the NYSE and on ASX as a Foreign Exempt Listing (i.e. NewCo), and to issue both sets of shareholders with NewCo Securities as part of that.</p> <p>See section 3.1 for a structure diagram of the proposed combination of Allkem and Livent, assuming that the Scheme and the US Merger proceed.</p> <p>As noted above, the Scheme is conditional on Merger Closing being capable of occurring and reasonably expected to occur promptly after Implementation, and the US Merger is conditional on Implementation of the Scheme having occurred. Practically speaking, it is expected that the US Merger will be completed shortly after Implementation of the Scheme. In addition, the Livent Stockholder Meeting to vote on the adoption and approval of the Transaction Agreement and the US Merger is expected to be held on or around the same date as the Scheme Meeting.</p>	<p><b>Section 3.1</b></p>

<sup>17</sup> Although US Merger Sub is not currently owned by NewCo, NewCo will – following implementation of the Scheme and prior to completion of the US Merger – acquire all of the issued stock in Irish IntermediateCo (which will be the sole stockholder of US Merger Sub prior to the completion of the US Merger), and will therefore be the ultimate holding company of US Merger Sub as at the US Merger Effective Time.

<sup>18</sup> On a fully diluted basis assuming all 2025 Notes and convertible securities (in respect of Allkem and Livent equity compensation arrangements) are converted into shares prior to completion of the Transaction.

No.	Question	Further information
6	<b>What do the Allkem Directors recommend?</b>	Sections 3.9 and 4.8
	<p>The Allkem Board unanimously recommends that Allkem Shareholders vote in favour of the Scheme at the Scheme Meeting, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.<sup>19</sup></p> <p>The decision of Allkem Directors to recommend the Scheme follows a comprehensive assessment by Allkem of Livent and consideration of potential benefits and risks of the Scheme. Your Allkem Directors consider that the Scheme has the potential to deliver greater benefits to Allkem Shareholders than any other alternative currently available, including Allkem continuing as a standalone entity.</p> <p>Section 1.1 of this Scheme Booklet provides a summary of the reasons why your Allkem Directors consider that Allkem Shareholders should vote in favour of the Scheme, again subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.</p>	
7	<b>How are the Allkem Directors intending to vote?</b>	Section 3.9
	<p>Each Allkem Director who holds Allkem Shares intends to vote his or her Allkem Shares in favour of the Scheme, in the absence of a Superior Proposal in relation to Allkem and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.</p> <p>Details of your Allkem Director's interests in Allkem Shares are set out in section 10.1.</p>	
8	<b>What is the Independent Expert's opinion of the Scheme?</b>	Annexure A
	<p>The Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem.</p> <p>As the US Merger is conditional only on the Scheme being implemented, Kroll has considered the implications of the Transaction as a whole in arriving at its conclusion.</p> <p>The reasons why the Independent Expert reached this conclusion is set out in the Independent Expert's Report, a copy of which is included in Annexure A. The Allkem Board encourages you to read this Scheme Booklet in its entirety (including the Independent Expert's Report) before deciding how to vote on the Scheme.</p> <p>If the Independent Expert changes its conclusion, this will be announced to ASX. In such circumstances, the Allkem Board will consider the revised opinion and advise Allkem Shareholders of its recommendation.</p> <p>If, prior to Allkem Shareholders voting in favour of the Scheme Resolution at the Scheme Meeting, the Allkem Board changes its recommendation following the Independent Expert ceasing to conclude that the Scheme is in the best interest of Allkem, Allkem may be entitled to terminate the Transaction Agreement.</p> <p>Depending on the circumstances in which the Independent Expert makes that conclusion, Allkem may be liable to pay the Allkem Termination Fee in connection with that termination (see section 1.3(c) and paragraph 4 of Annexure D for further information).</p>	

<sup>19</sup> Allkem Shareholders should note that Allkem Directors will receive certain benefits in connection with the Scheme. In particular, (1) each Non-Executive Director will receive a special exertion fee to recognise the time and effort spent in connection with the evaluation, design and negotiation of the Transaction, (2) certain of the Non-Executive Directors are proposed to be appointed Directors of NewCo upon implementation of the Transaction, and (3) Mr Pérez de Solay will receive certain benefits in connection with the Scheme (~US\$2.84m), comprising accelerated vesting of performance rights (consistent with the rights of other holders of performance rights) (~US\$1.46m), a pro rata payment of Mr Pérez de Solay's contractual STI entitlement (~US\$402k), redundancy payments under Mr Pérez de Solay's employment arrangements (~US\$473k), and a one-off Transaction Completion Bonus (US\$500k). Each of the Allkem Directors considers that it is appropriate for them to make a recommendation in relation to the Scheme, as each of them believes that the benefits are not of such materiality to them that they impact their consideration of the Scheme or their ability to make a recommendation to Allkem Shareholders. Further details of the potential benefits (including the value of them) are outlined in section 4.8 of this Scheme Booklet.



No.	Question	Further information
9	<p data-bbox="272 241 644 264"><b>What will be the effect of the Scheme?</b></p> <p data-bbox="272 282 587 304">If the Scheme becomes Effective:</p> <ul data-bbox="272 322 1117 678" style="list-style-type: none"> <li data-bbox="272 322 1117 510">▪ all of your Allkem Shares will be transferred to NewCo; <ul data-bbox="296 367 1117 510" style="list-style-type: none"> <li data-bbox="296 367 1117 510">– in exchange, you will receive one NewCo CDI or one NewCo Share for each Allkem Share that you hold as at the Record Date (unless you are an Ineligible Overseas Shareholder, in which case you will ultimately receive your share of the Net Proceeds from the sale of the NewCo CDIs by the Sale Nominee, determined in accordance with the formula in section 3.4); and</li> <li data-bbox="296 519 903 542">– Allkem will become a wholly-owned subsidiary of NewCo; and</li> </ul> </li> <li data-bbox="272 564 1117 678">▪ the US Merger will occur as promptly as practicable following Implementation of the Scheme and, following Merger Closing, Allkem Shareholders will own approximately 56% of NewCo Shares (either directly or through NewCo CDIs) and former Livent Stockholders will own approximately 44% of NewCo Shares.<sup>20</sup></li> </ul>	Section 3.1
10	<p data-bbox="272 707 927 730"><b>What are the prospects of receiving a Superior Proposal for Allkem?</b></p> <p data-bbox="272 748 1007 804">Since the Scheme was announced on 10 May 2023, no Superior Proposal has emerged for Allkem.</p> <p data-bbox="272 822 1042 900">Given the time that has elapsed since the announcement of the Scheme, your Allkem Directors' view is that a Superior Proposal for Allkem is unlikely to emerge prior to the Scheme Meeting.</p> <p data-bbox="272 918 1109 1055">It is possible that, if Allkem were to continue as an independent, standalone company, a Superior Proposal for Allkem may emerge in the future. However, your Allkem Directors are of the view that a number of the synergies and benefits listed in section 1.1 might only be realisable through the specific combination of Allkem and Livent under the Transaction.</p>	—
11	<p data-bbox="272 1084 1023 1106"><b>How has the Allkem Board pursued the best interests of Allkem Shareholders?</b></p> <p data-bbox="272 1124 1082 1270">The terms of the Transaction Agreement were negotiated between Allkem and Livent, with the Allkem Directors seeking to ensure that the final Transaction Agreement reflected the best achievable outcome for Allkem Shareholders. The decision of the Allkem Directors to recommend the Scheme follows a comprehensive assessment by Allkem of Livent and consideration of the potential benefits and risks of the Scheme.</p> <p data-bbox="272 1288 1109 1364">Your Allkem Directors consider that the Scheme has the potential to deliver greater benefits to Allkem Shareholders than any other alternative currently available, including Allkem continuing as a standalone entity.</p>	—

<sup>20</sup> On a fully diluted basis assuming all 2025 Notes and convertible securities (in respect of Allkem and Livent equity compensation) are converted into shares prior to completion of the Transaction.

No.	Question	Further information
12	<p data-bbox="272 241 820 264"><b>What are the risks for me if the Scheme is Implemented?</b></p> <p data-bbox="272 282 1093 338">Eligible Shareholders who receive NewCo Securities under the Scheme may be subject to certain risks, as detailed in sections 8.3, 8.4 and 8.5.</p> <p data-bbox="272 353 1050 409">Allkem Shareholders are already exposed to certain of these risks, because of their existing investment in Allkem and its businesses and operations.</p> <p data-bbox="272 425 1034 481">Key new or heightened risks arising from the Transaction and the issue of NewCo Securities under it include:</p> <ul data-bbox="272 497 1093 1041" style="list-style-type: none"> <li data-bbox="272 497 1050 575">▪ the rights attaching to NewCo Securities will be different to those attaching to Allkem Shares, and the rights attaching to NewCo CDIs will be different to those attaching to NewCo Shares (see sections 8.3(b) and 8.3(c));</li> <li data-bbox="272 591 1093 703">▪ the failure to realise the cost savings, synergies and other benefits that the parties expect to achieve from the Transaction may materially and adversely affect NewCo's future results and the market value of NewCo Securities following the Transaction (see section 8.3(d));</li> <li data-bbox="272 719 1075 824">▪ the integration of the businesses of Livent and Allkem may be more difficult, costly or time-consuming than expected, which may materially and adversely affect NewCo's future results and negatively affect the value of the NewCo Securities following the Transaction (see section 8.3(e));</li> <li data-bbox="272 840 1093 952">▪ NewCo's growth depends upon the continued growth in demand for high performance lithium compounds (see section 8.5(a)), as well as the Combined Group's ability to deliver on its production expansion objectives (see sections 8.5(b), 8.5(c) 8.5(f) and 8.5(g)); and</li> <li data-bbox="272 967 1034 1041">▪ demand and market prices for lithium will greatly affect the value of NewCo's investment in its lithium resources and its ability to develop them successfully (section 8.5(h)).</li> </ul>	Sections 8.3, 8.4 and 8.5
13	<p data-bbox="272 1077 756 1099"><b>If I want to support the Scheme, what should I do?</b></p> <p data-bbox="272 1115 1093 1193">If you want to support the Scheme, you should vote in favour of the Scheme Resolution at the Scheme Meeting. See section 4 for details about the Scheme Meeting, directions on how to vote and important voting information generally.</p> <p data-bbox="272 1209 1034 1355">If you are a registered Allkem Shareholder and you are unable to attend the Scheme Meeting in person (either physically or online), you may be entitled to vote by proxy, corporate representative or attorney. You can lodge a vote online at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> and follow the instructions provided (Control Number: 133122).</p> <p data-bbox="272 1370 1075 1393">You will need your SRN or HIN, and the Control Number as shown on your Proxy Form.</p> <p data-bbox="272 1408 1093 1496">You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submission carefully before you lodge your proxy.</p>	Section 4
14	<p data-bbox="272 1532 890 1554"><b>What are the consequences of the Scheme not being approved?</b></p> <p data-bbox="272 1570 1093 1675">If the Scheme is not approved by the Requisite Majorities of Allkem Shareholders or by the Court, the Scheme will not become Effective and will not be Implemented. In these circumstances, Allkem will remain a standalone company and you will remain an Allkem Shareholder.</p> <p data-bbox="272 1691 1050 1747">The consequences of the Scheme not being Implemented in these circumstances include (but are not limited to) the following:</p> <ul data-bbox="272 1762 1093 2027" style="list-style-type: none"> <li data-bbox="272 1762 986 1818">▪ you will retain your Allkem Shares and continue to be exposed to the risks associated with an investment in Allkem;</li> <li data-bbox="272 1834 740 1856">▪ you will not receive the Scheme Consideration;</li> <li data-bbox="272 1872 1093 1895">▪ the Allkem Board and Allkem's management will continue to operate Allkem's business;</li> <li data-bbox="272 1910 1075 1933">▪ the expected benefits of the Scheme (set out in section 1.1) will not be realised; and</li> <li data-bbox="272 1948 1093 2027">▪ the price of Allkem Shares traded on ASX and TSX may fall to the extent that the market price of Allkem Shares reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty).</li> </ul> <p data-bbox="272 2042 1050 2092">Further information about the implications and risks for Allkem Shareholders if the Scheme is not Implemented is set out in sections 3.13, 8.2 and 8.6.</p>	Sections 3.13, 8.2 and 8.6

No.	Question	Further information
15	<b>Can I attend the Court and oppose the Court approval of the Scheme?</b>	Section 3.2(c)
	<p>If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on Allkem, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Allkem at least one day before the Second Court Date.</p>	
16	<b>What are the conditions to the Scheme?</b>	Section 3.5
	<p>For the Scheme to become Effective and be Implemented, each of the Conditions must be satisfied or waived (where permitted) (as applicable).</p> <p>The Conditions include, but are not limited to, Allkem Shareholder Approval, Court approval and other regulatory approvals. If the Conditions are not satisfied or waived (where permitted) (if applicable), the Scheme will not proceed.</p> <p>A summary of the key Conditions and their status is set out in section 3.5.</p>	
<b>The Scheme Consideration</b>		
17	<b>What is the Scheme Consideration?</b>	Sections 3.2(h), 3.2(g), 3.4, 3.6 and Annexure H
	<p>If the Scheme is Implemented (and you are not an Ineligible Overseas Shareholder), you will receive one NewCo CDI or one NewCo Share for each Allkem Share that you hold as at the Record Date.</p> <p>Refer to:</p> <ul style="list-style-type: none"> <li>▪ section 3.2(h) for the Scheme Consideration you will receive under the Scheme; and</li> <li>▪ section 3.2(g) for further information in relation to how to make an Election.</li> </ul> <p>Ineligible Overseas Shareholders who hold Allkem Shares on the Record Date will not receive any NewCo Securities, and will instead receive their share of the Net Proceeds from the sale of the NewCo CDIs by the Sale Nominee (determined in accordance with the formula in section 3.4).</p> <p>Refer to section 3.4 for further information in relation to the consideration for Ineligible Overseas Shareholders.</p>	
18	<b>What are NewCo CDIs?</b>	Section 3.6(a) and Annexure H
	<p>CDIs, or CHES Depositary Interests, are a type of depositary receipt that allow investors to obtain all the economic benefits of owning securities without actually holding legal title to them. CDIs were developed by ASX to facilitate the clearing and settlement of transactions in securities through CHES where the issuing entity is domiciled in a country whose laws do not recognise uncertified holdings or electronic transfer of title.</p> <p>Each NewCo CDI will represent a beneficial ownership interest (but not legal title) in one NewCo Share. The holders of NewCo CDIs will have all the economic benefits and other rights associated with NewCo Shares (such as dividends, participation in takeover offers, the right to participate in corporate actions and the right to vote) as if they were the legal owners of NewCo Shares. Importantly, the holders of NewCo CDIs will be able to trade them on ASX.</p>	
19	<b>What are NewCo Shares?</b>	Section 3.6(b) and Annexure H
	<p>NewCo Shares are fully paid ordinary shares in NewCo, that are expected to be quoted on the NYSE and will be traded in US dollars. If the Scheme is Implemented, it is expected that NewCo Shares will trade on the NYSE. You will not be able to trade NewCo Shares on ASX, but interests in NewCo Shares will be quoted and traded on ASX in the form of NewCo CDIs.</p>	

No.	Question	Further information
20	<p><b>What is the difference between NewCo Shares and NewCo CDIs?</b></p> <p>NewCo Shares will be fully paid ordinary shares in the capital of NewCo. If the Scheme is Implemented, it is expected that NewCo Shares will trade on the NYSE.</p> <p>NewCo CDIs will have rights that are economically equivalent to the rights attaching to NewCo Shares and are expected to be quoted and traded on ASX (through a foreign exempt listing on ASX).</p> <p>The major differences between NewCo CDIs and NewCo Shares are that:</p> <ul style="list-style-type: none"> <li>▪ holders of NewCo CDIs will not have legal title in the underlying NewCo Shares (instead, the underlying NewCo Shares will be held on behalf of holders by CHES Depository Nominees); and</li> <li>▪ holders of NewCo CDIs are not able to vote directly as shareholders, and instead can either direct the nominee to vote the underlying NewCo Shares in accordance with their instructions, or to appoint the holder of the NewCo CDIs (or another person) as the proxy in relation to those NewCo Shares.</li> </ul>	<b>Section 3.6 and Annexure H</b>
21	<p><b>Can I elect to receive NewCo Shares or NewCo CDIs as my Scheme Consideration?</b></p> <p>Eligible Shareholders may make an Election to receive (as their Scheme Consideration):</p> <ul style="list-style-type: none"> <li>▪ in the case of Eligible Principal Register Shareholders, NewCo Shares instead of NewCo CDIs; and</li> <li>▪ in the case of Eligible Canadian Register Shareholders, NewCo CDIs instead of NewCo Shares.</li> </ul> <p>Elections by Eligible Principal Register Shareholders may be made by contacting the Shareholder Information Line on or before the Election Date to request an Election Form, and validly completing and returning it to the address specified in the Election Form, so that it is received by the Allkem Share Registry in Australia (and not withdrawn) by no later than 5:00pm (AEDT) on the Election Date.</p> <p>Canadian Register Shareholders will be mailed an Election Form, and Elections may be made by validly completing and returning it to the address specified in the Election Form, so that it is received by the Allkem Share Registry in Canada (and not withdrawn) by no later than 5:00pm (Toronto time) / 10:00pm (UTC) on the Election Date.</p> <p>Eligible Shareholders who do not make a valid election will receive as Scheme Consideration by default:</p> <ul style="list-style-type: none"> <li>▪ in the case of Eligible Principal Register Shareholders, one NewCo CDI for each Allkem Share held on the Record Date; and</li> <li>▪ in the case of Eligible Canadian Register Shareholders, one NewCo Share for each Allkem Share held on the Record Date.</li> </ul> <p>Neither the Sale Nominee nor Ineligible Overseas Shareholders may make an Election.</p>	<b>Section 3.2(g)</b>
22	<p><b>Does the Election apply to additional Allkem Shares that I subsequently acquire?</b></p> <p>Yes, an Election will apply to all Allkem Shares you hold on the Record Date. Accordingly, if you acquire additional Allkem Shares after submitting your Election and you hold those additional Allkem Shares at the Record Date, any Election you make will apply in respect of those Allkem Shares also.</p>	<b>Section 3.2(g)</b>
23	<p><b>Can I convert my NewCo CDIs to NewCo Shares (and vice versa)?</b></p> <p>Prior to the Election Date, Eligible Shareholders may make an election between NewCo Shares and NewCo CDIs. Further detail is set out in section 3.2(g).</p> <p>Following Implementation, NewCo CDIs can be converted into NewCo Shares, and vice versa, at any time following the Scheme Implementation Date, by contacting the NewCo Share Registry or NewCo CDI Registry (as applicable).</p> <p>For further detail about the conversion of NewCo CDIs to NewCo Shares (and vice versa) see section 3.6(a).</p>	<b>Section 3.6(a)</b>

No.	Question	Further information
24	<p data-bbox="272 241 810 264"><b>When and how will I receive my Scheme Consideration?</b></p> <p data-bbox="272 282 1023 338">If the Scheme becomes Effective, on the Scheme Implementation Date, you will (provided that you are an Eligible Shareholder):</p> <ul data-bbox="272 353 1066 600" style="list-style-type: none"> <li data-bbox="272 353 911 376">▪ be issued your NewCo CDIs or NewCo Shares (as applicable); and</li> <li data-bbox="272 392 1066 443">▪ if you are issued NewCo CDIs, have your name entered in the NewCo CDI Register as the holder of the NewCo CDIs issued to you; or</li> <li data-bbox="272 459 1066 600">▪ if you are issued NewCo Shares in Direct Registration System (DRS) form, you will have your name entered into the NewCo Register as the holder of the NewCo Shares directly issued to you or (if your Allkem Shares were held in the US or Canadian central securities depositories) the NewCo Shares will be credited to your account held with a participant.</li> </ul> <p data-bbox="272 616 1090 730">Following the listing of NewCo on the NYSE, NewCo Shares will be traded on the NYSE. For those issued NewCo Shares in the Direct Registration System, upon receipt of the evidence of registration and ownership of NewCo Shares in DRS form after the Implementation Date, you will be able to trade your NewCo Shares.<sup>21</sup></p> <p data-bbox="272 745 1125 824">If you are an Ineligible Overseas Shareholder, your share of the Net Proceeds from the sale of the NewCo CDIs by the Sale Nominee will be paid to you in accordance with the process explained in section 3.4.</p>	<b>Important Dates and Section 3.2(h)</b>
25	<p data-bbox="272 857 1050 880"><b>What are the Australian tax implications of the Scheme for Allkem Shareholders?</b></p> <p data-bbox="272 898 1070 1012">If the Scheme becomes Effective, there may be tax consequences for Scheme Shareholders. In summary, and subject to confirmation by way of a Class Ruling from the Australian Taxation Office (ATO), the key Australian tax implications for Scheme Shareholders (who are not Ineligible Overseas Shareholders) include:</p> <ul data-bbox="272 1028 1082 1236" style="list-style-type: none"> <li data-bbox="272 1028 1082 1140">▪ for Australian resident Scheme Shareholders, any capital gain arising from the disposal of their Allkem Shares in exchange for NewCo CDIs or NewCo Shares (as applicable) should be disregarded where the Scheme Shareholder chooses rollover relief under Subdivision 124-M of the Australian Tax Act; and</li> <li data-bbox="272 1155 1082 1236">▪ for Scheme Shareholders who are non-residents of Australia, any Australian capital gain or capital loss arising from the disposal of their Allkem Shares should generally be disregarded.</li> </ul> <p data-bbox="272 1252 1106 1395">A summary of the general Australian tax consequences for certain Scheme Shareholders who participate in the Scheme is set out in section 9. However, Allkem recommends that Scheme Shareholders seek their own independent tax advice regarding the specific tax consequences of the Scheme, which may differ depending on the nature or characteristics of each Scheme Shareholder.</p>	<b>Section 9</b>
26	<p data-bbox="272 1429 603 1451"><b>Will I be entitled to rollover relief?</b></p> <p data-bbox="272 1469 1114 1547">Scheme Shareholders who are residents of Australia and who would otherwise make a capital gain from the disposal of their Allkem Shares should be eligible to choose rollover relief, provided certain conditions are satisfied.</p> <p data-bbox="272 1563 1090 1619">The availability of rollover relief, which is addressed in further detail in Section 9 of this document, is subject to confirmation by way of a Class Ruling from the ATO.</p>	<b>Section 9</b>

<sup>21</sup> In order for your NewCo Shares (issued directly on the Register in book entry form in the DRS) to become publicly tradeable, such NewCo Shares must be moved to a US-based or other acceptable brokerage account electronically through a DRS transfer performed by your broker, or alternatively can be sold through the DRS sale facility provided by the Transfer Agent, Computershare. NewCo Shares received by Allkem Canadian Register Shareholders, which are held with participants in the US and Canadian central securities depositories, will be publicly tradeable on the Scheme Implementation Date.

No.	Question	Further information
27	<p data-bbox="272 241 831 264"><b>Can I choose to receive cash instead of NewCo Securities?</b></p> <p data-bbox="272 282 1082 333">No. There is no option for Scheme Shareholders to elect to receive cash in place of the Scheme Consideration.</p> <p data-bbox="272 351 1094 521">If a Scheme Shareholder is an Ineligible Overseas Shareholder, the Allkem Shares held by those Ineligible Overseas Shareholders will be transferred to the Sale Nominee after the Record Date and prior to the Scheme Implementation Date, such that the Sale Nominee will participate in the Scheme as the holder of those Allkem Shares, with the NewCo CDIs issued to the Sale Nominee in respect of those Allkem Shares to be sold by the Sale Nominee.</p> <p data-bbox="272 539 1121 618">Ineligible Overseas Shareholders will receive their share of the Net Proceeds from the sale of the NewCo CDIs by the Sale Nominee (i.e. in cash, determined in accordance with the formula in section 3.4).</p>	Section 3.4
28	<p data-bbox="272 651 810 674"><b>Who is classified as an Ineligible Overseas Shareholder?</b></p> <p data-bbox="272 692 1107 891">A Scheme Shareholder will be an Ineligible Overseas Shareholder for the purposes of the Scheme if, on the Record Date, their address as shown in the Allkem Register is in a jurisdiction other than Australia, Argentina, British Virgin Islands, Canada, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States, or any other jurisdictions agreed by Allkem, Livent and NewCo in writing as lawful and not unduly impracticable or onerous for the purposes of NewCo offering and/or issuing NewCo Shares or NewCo CDIs.</p>	Section 3.4
29	<p data-bbox="272 925 995 947"><b>What happens if the market price of Allkem Shares increases or decreases?</b></p> <p data-bbox="272 965 1075 1043">The implied value of the Scheme Consideration may increase or decrease prior to the Scheme Implementation Date based on movements in the price of Allkem Shares and of Livent Shares.</p> <p data-bbox="272 1061 1075 1200">Irrespective of movements in the price of Allkem Shares or Livent Shares, on the Scheme Implementation Date, you (or the Sale Nominee, if you are an Ineligible Overseas Shareholder) will receive the Scheme Consideration, being one NewCo CDI or one NewCo Share (as applicable) for every Allkem Share held as at the Record Date, or in the case of the Sale Nominee, held immediately prior to Implementation.</p> <p data-bbox="272 1218 1007 1296">Allkem Shareholders should note that NewCo Securities have not previously traded (publicly or otherwise), and so there is no previous trading information for NewCo Securities.</p>	Section 8.3(a)

No.	Question	Further information
30	<p><b>What warranties do I give under the Scheme?</b></p> <p>Under the Scheme, each Scheme Shareholder (and the Sale Nominee) is taken to have warranted to Allkem and NewCo (and in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), and to have appointed and authorised Allkem as its attorney and agent to warrant to NewCo (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), that:</p> <ul style="list-style-type: none"> <li>▪ all their Allkem Shares (including any rights and entitlements attaching to their Allkem Shares) that are transferred under this Scheme will, at the time of their transfer, be fully paid and free from all: <ul style="list-style-type: none"> <li>– encumbrances, security interests (including a security interest that is subject to the <i>Personal Property Securities Act 2009</i> (Cth)), mortgages, pledges, liens, easements, restrictive covenants, caveats and interests of third parties of any kind, whether legal or otherwise; and</li> <li>– restrictions on transfer of any kind;</li> </ul> </li> <li>▪ they have full power and capacity to transfer their Allkem Shares to NewCo (or, in the case of Ineligible Overseas Shareholders, to the Sale Nominee), together with any rights and entitlements attaching to those shares; and</li> <li>▪ as at the Record Date, they have no existing right to be issued any other Allkem Shares or any other form of securities in Allkem.</li> </ul> <p>Allkem undertakes in favour of each Scheme Shareholder (and, in the case of an Ineligible Overseas Shareholder, for the Sale Nominee) that it will provide such warranty to NewCo as agent and attorney of each Scheme Shareholder.</p> <p>See section 3.11 for further information.</p>	Sections 1.3(d) and 3.11

### The Scheme Meeting and voting details

31	<p><b>Can I vote at the Scheme Meeting?</b></p> <p>Each Allkem Shareholder who is registered on the Allkem Register at the Voting Eligibility Cut-Off Time (being 7:00pm (AEDT) on 17 December 2023) is entitled to attend and vote at the Scheme Meeting.</p>	Section 4.5 and Annexure G
32	<p><b>When and where will the Scheme Meeting be held?</b></p> <p>The Scheme Meeting will be held at 10:30am (AWST) / 1:30pm (AEDT) on 19 December 2023, at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100.</p> <p>Allkem Shareholders (or their appointed proxies, attorneys, or corporate representatives) will also be able to attend the Scheme Meeting online via an online platform.</p> <p>Details of how to access the online platform are contained in the Notice of Scheme Meeting at Annexure G.</p> <p>Additional details about the proceedings at the Scheme Meeting are set out in section 3.2 and in the Notice of Scheme Meeting contained in Annexure G of this Scheme Booklet.</p>	Section 4.4 and Annexure G
33	<p><b>What am I being asked to vote on?</b></p> <p>You are being asked to vote on whether to approve the Scheme, by voting on the Scheme Resolution.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure G of this Scheme Booklet.</p>	Annexure G

No.	Question	Further information
34	<p><b>What vote is required to approve the Scheme?</b></p> <p>For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities, which are:</p> <ul style="list-style-type: none"> <li>▪ <b>(headcount test)</b> unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Allkem Shareholders present and voting at the Scheme Meeting (either in person or by proxy); and</li> <li>▪ <b>(voting test)</b> at least 75% of the total number of votes cast on the Scheme Resolution by Allkem Shareholders.</li> </ul> <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to the approval of the Court (and any other Conditions still outstanding at the time of the Scheme Meeting).</p>	<p><b>Section 3.2(b) and Annexure G</b></p>
35	<p><b>How do I vote?</b></p> <p>Allkem Shareholders can vote:</p> <ul style="list-style-type: none"> <li>▪ <b>in person:</b> by attending the Scheme Meeting in person or online via the online platform;</li> <li>▪ <b>by proxy:</b> by appointing one or two proxies to attend the Scheme Meeting in person or online via the online platform and vote on your behalf, such appointment to be made via one of the following methods: <ul style="list-style-type: none"> <li>– <b>online:</b> <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> and follow the instructions provided (Control Number: 133122).</li> </ul> <p>You will need your SRN or HIN, and the Control Number as shown on your Proxy Form. You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submission carefully before you lodge your proxy.</p> <li>– <b>mobile:</b> Scan the QR Code on your Proxy Form and follow the prompts.</li> <li>– <b>mail:</b> Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia</li> <li>– <b>custodian voting:</b> for Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions.</li> </li></ul> <li>▪ <b>by attorney:</b> an Allkem Shareholder may appoint a person (whether an Allkem Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.</li> <p>An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Allkem Directors may prescribe or accept. To lodge a power of attorney with the share registry, please attach a certified photocopy of the power of attorney in conjunction with the Proxy Form and submit it by mail to Computershare Investor Services Pty Limited at the following address:</p> <p>GPO Box 242 Melbourne VIC 3001 Australia</p> <ul style="list-style-type: none"> <li>▪ <b>by corporate representative:</b> To vote in person at the Scheme Meeting, an Allkem Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.</li> </ul> <p>Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Allkem Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.</p> <p>A certificate, with or without the seal of the body corporate Allkem Shareholder, signed by two directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.</p> <p>Further information about how to appoint proxies, attorneys and corporate representatives is contained in the Notice of Scheme Meeting attached as Annexure G of this Scheme Booklet.</p>	<p><b>Section 4.6 and Annexure G</b></p>



No.	Question	Further information
36	<p><b>Is voting compulsory?</b></p> <p>Voting is not compulsory. However, your vote is important in determining whether the Scheme Resolution will be passed, as only those votes cast by Allkem Shareholders on the Scheme will be counted in determining whether the Scheme has been approved by Requisite Majorities of Allkem Shareholders.</p> <p>Your Allkem Directors unanimously recommend that you vote in favour of the Scheme, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.</p>	Section 4
37	<p><b>What happens if I do not vote?</b></p> <p>If the Scheme is approved and implemented, even if you did not vote or you voted against the Scheme:</p> <ul style="list-style-type: none"> <li>▪ your Allkem Shares will be transferred to NewCo and you will receive the Scheme Consideration for your Allkem Shares (unless you are an Ineligible Overseas Shareholder, in which case you will receive your share of the Net Proceeds);</li> <li>▪ Allkem will become a wholly owned subsidiary of NewCo; and</li> <li>▪ Allkem will request that ASX remove Allkem from the official list of ASX and that TSX delist the Allkem Shares on or shortly after the Scheme Implementation Date.</li> </ul> <p>If the Scheme does not become Effective, Allkem will remain an independent, standalone company and you will remain an Allkem Shareholder.</p>	Section 3.13
38	<p><b>What happens if I vote against the Scheme Resolution?</b></p> <p>If you vote against the Scheme Resolution at the Scheme Meeting, the Scheme may nevertheless become Effective if the Scheme Resolution is approved by the Requisite Majorities of Allkem Shareholders and each other Condition is satisfied or waived (where permitted).</p> <p>If the Scheme becomes Effective, on the Scheme Implementation Date:</p> <ul style="list-style-type: none"> <li>▪ Eligible Shareholders' Allkem Shares will be transferred to NewCo; and</li> <li>▪ NewCo will issue the Scheme Consideration to Eligible Shareholders.</li> </ul> <p>In addition, if the Scheme becomes Effective:</p> <ul style="list-style-type: none"> <li>▪ the Allkem Shares held by Ineligible Overseas Shareholders will be transferred to the Sale Nominee prior to Implementation and the Sale Nominee will participate in the Scheme in respect of such shares;</li> <li>▪ the Sale Nominee will sell the NewCo CDIs issued under the Scheme within 15 Business Days after the Scheme Implementation Date; and</li> <li>▪ the Net Proceeds from the sale of such NewCo CDIs will be paid to Ineligible Overseas Shareholders (in accordance with the process described in section 3.4).</li> </ul> <p>This will occur even if you voted against the Scheme Resolution at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majorities of Allkem Shareholders, or the Court, or any other Condition to the Scheme is not satisfied or waived (where permitted), Allkem will remain a standalone entity and you will remain an Allkem Shareholder. You will not receive the Scheme Consideration in these circumstances.</p> <p>Further information about the implications and risks for Allkem Shareholders if the Scheme is not implemented is set out in section 3.13, 8.2 and 8.6.</p>	Section 4.2
39	<p><b>How will voting at the Scheme Meeting be conducted?</b></p> <p>Voting at the Scheme Meeting will be conducted by way of a poll. This means that every Allkem Shareholder at the Scheme Meeting who is present in person or online, or by proxy, attorney or corporate representative, will have one vote for each Allkem Share held by them.</p>	Section 4.6 and Annexure G
40	<p><b>When will the result of the Scheme Meeting be available?</b></p> <p>The results of the Scheme Meeting will be announced to ASX and filed on SEDAR+ under Allkem's profile shortly after its conclusion and will also be made available on Allkem's website at <a href="http://www.allkem.co">www.allkem.co</a>.</p>	—

No.	Question	Further information
<b>Voting considerations</b>		
41	<p><b>Why might I vote in favour of the Scheme?</b></p> <p>Reasons why you might vote in favour of the Scheme are set out in section 1.1 of this Scheme Booklet.</p> <p>Your Allkem Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.1) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.2).</p>	<b>Section 1.1</b>
42	<p><b>Why might I vote against the Scheme?</b></p> <p>Reasons why you might vote against the Scheme are set out in section 1.2 of this Scheme Booklet.</p> <p>Your Allkem Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.1) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.2).</p>	<b>Section 1.2</b>
43	<p><b>What happens if a Competing Proposal for Allkem emerges?</b></p> <p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited acquisition proposals for Allkem.</p> <p>If at any time prior to the receipt of the Allkem Shareholder Approval of the Scheme Resolution, Allkem receives a written, unsolicited bona fide Allkem Competing Proposal (which did not result from a breach of the non-solicitation restrictions, summarised in paragraph 3 of Annexure D) that the Allkem Board determines:</p> <ul style="list-style-type: none"> <li>▪ in good faith after consultation with its financial advisors and outside legal counsel that is, or could reasonably be considered to become, a Superior Proposal for Allkem; and</li> <li>▪ that failing to engage with respect to the Allkem Competing Proposal would likely breach the statutory or fiduciary duties of the Allkem Board,</li> </ul> <p>the Allkem Board may choose (if certain other requirements under the Transaction Agreement are met, including giving written notice to Livent and making itself available to negotiate adjustments or revisions to the Transaction Agreement as would permit the Allkem Board to maintain its recommendation in favour of the Scheme), to:</p> <ul style="list-style-type: none"> <li>▪ change its recommendation in respect of the Scheme;</li> <li>▪ approve, endorse or recommend or publicly disclose an intention to approve, endorse or recommend the Competing Proposal;</li> <li>▪ enter into any agreement in respect of the Competing Proposal; and</li> <li>▪ terminate the Transaction Agreement.</li> </ul> <p>If the Transaction is terminated in these circumstances, Allkem must pay the Allkem Termination Fee to Livent (either prior to or concurrent with terminating the Transaction Agreement). Allkem may also be required to pay the Allkem Termination Fee if Allkem or Livent terminates the Transaction Agreement for reasons that would not otherwise entitle Livent to the Allkem Termination Fee but, before the relevant party does, an Allkem Competing Proposal is received and is ultimately consummated or the subject of a definitive agreement within 12 months of that termination.</p> <p>If Allkem receives an Allkem Competing Proposal, the Allkem Directors will carefully consider the proposal and keep you informed of any material developments.</p> <p>Further details about the non-solicitation provisions in the Transaction Agreement are set out in paragraph 3 of Annexure D, and details about the circumstances in which the Allkem Termination Fee is payable are set out in section 1.3(c) and paragraph 4 of Annexure D.</p>	<b>Annexure D</b>

No.	Question	Further information
<b>Conditions and implementation</b>		
44	<p><b>What are the Conditions of the Scheme?</b></p> <p>The Scheme is subject to a number of Conditions, some of which remain outstanding as at the date of this Scheme Booklet. A summary of the Conditions is set out in section 3.5 and Annexure D of this Scheme Booklet.</p>	Section 3.5 and Annexure D
45	<p><b>Is the US Merger conditional on the Scheme?</b></p> <p>Yes. The only condition to the obligations of Allkem, Livent and NewCo to effect the US Merger is Implementation of the Scheme having occurred.</p>	Section 3.5 and Annexure D
46	<p><b>When will the Scheme become Effective?</b></p> <p>If:</p> <ul style="list-style-type: none"> <li>the Scheme is approved by the Requisite Majorities of Allkem Shareholders at the Scheme Meeting;</li> <li>the Court makes the Scheme Order at the Second Court Hearing (or following any Appeal); and</li> <li>all of the other Conditions are satisfied or waived (where permitted), the Scheme will become Effective on the date on which the Scheme Order is lodged with ASIC (this is the Effective Date).</li> </ul> <p>This is currently expected to occur on 21 December 2023.</p>	Section 3.2(d)
47	<p><b>What happens if the Scheme is not Implemented?</b></p> <p>If the Scheme is not Implemented:</p> <ul style="list-style-type: none"> <li>you will not receive the Scheme Consideration; and</li> <li>you will retain your Allkem Shares and continue to have exposure to the benefits and risks associated with an investment in Allkem,</li> </ul> <p>and, in the absence of an Allkem Competing Proposal:</p> <ul style="list-style-type: none"> <li>Allkem will continue to operate as a standalone entity and remain listed on ASX and TSX; and</li> <li>the price of Allkem Shares traded on ASX and TSX may fall to the extent that the market price for Allkem Shares reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty).</li> </ul>	Sections 3.13, 8.2 and 8.6
48	<p><b>Can the Transaction Agreement be terminated?</b></p> <p>The Transaction Agreement may be terminated in certain circumstances. These are summarised in paragraph 4 of Annexure D.</p> <p>If the Transaction Agreement is terminated, the Scheme will not proceed.</p> <p>In certain circumstances where the Transaction Agreement is terminated, a Termination Fee of US\$64,600,000 may be payable by Allkem or Livent to the other.</p> <p>Further details about the circumstances in which a Termination Fee is payable by Allkem and Livent are set out in section 1.3(c) and paragraph 4 of Annexure D.</p>	Paragraph 4 of Annexure D
49	<p><b>Is there a termination fee or break fee payable?</b></p> <p>Under the Transaction Agreement, a Termination Fee (of US\$64,600,000) may become payable by Allkem to Livent, or Livent to Allkem if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities in and of itself, absent other circumstances, will not trigger the payment of the Termination Fee by Allkem.</p> <p>The circumstances in which Termination Fees are payable by Allkem and Livent are set out section 1.3(c) and in paragraph 4 of Annexure D.</p>	Section 1.3(c) and paragraph 4 of Annexure D

**Information about Livent**

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|----|---|--------------|
| 50 | <p><b>Who is Livent?</b></p> <p>Livent, a Delaware corporation formed in 2018, is a fully integrated lithium company, with a long, proven history of producing performance lithium compounds. Its primary products, namely battery-grade lithium hydroxide, lithium carbonate, butyllithium and high purity lithium metal are critical inputs used in various performance applications.</p> <p>Livent’s strategy is to focus on supplying high performance lithium compounds to the fast-growing EV and broader battery markets, while continuing to maintain its position as a leading global producer of butyllithium and high purity lithium metal.</p> <p>Headquartered in Philadelphia, Pennsylvania, Livent has a combined workforce of approximately 1,350 full-time, part-time, temporary, and contract employees and operates manufacturing sites in the US, England, China, and Argentina.</p> <p>Livent Shares are listed on the NYSE under the symbol “LTHM.”</p> | Section 6    |
| 51 | <p><b>Does the Livent Group own Allkem Shares?</b></p> <p>As at the date of this Scheme Booklet, no member of the Livent Group holds any Allkem Shares.</p>   | Section 6.16 |

**Information about NewCo and the combined group**

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|----|---|-------------|
| 52 | <p><b>Who is NewCo?</b></p> <p>NewCo, a public limited company incorporated under the laws of the Bailiwick of Jersey and an Irish tax resident, was incorporated on 5 May 2023, originally as Lightning-A Limited, a private limited company incorporated under the laws of the Bailiwick of Jersey.</p> <p>As of the date of this Scheme Booklet, NewCo’s outstanding shares are held by two Livent employees, who hold the shares in their personal capacity and not on behalf of Allkem or Livent.</p> <p>Upon completion of the Transaction, Livent and Allkem will each become a wholly owned subsidiary of NewCo and NewCo will continue as the holding company of the Combined Group. Following the Transaction, former Livent Stockholders will be holders of NewCo Shares and former Allkem Shareholders will be holders of NewCo Shares or NewCo CDIs (excluding Ineligible Overseas Shareholders who will instead receive their share of the Net Proceeds).</p> <p>NewCo has no assets and has not carried on any activities or operations to date, except for those activities incidental to its formation or undertaken in connection with the Transaction. There is currently no established public trading market for NewCo Shares, but NewCo Shares are expected to trade on the NYSE under the symbol “ALTM” and the NewCo CDIs are expected to be quoted on ASX under the symbol “LTM” upon consummation of the Transaction.</p> | Section 7   |
| 53 | <p><b>What will the Combined Group look like if the Scheme is Implemented and the US Merger completes?</b></p> <p>Information on the Combined Group is contained in section 7.</p>  | Section 7   |
| 54 | <p><b>Who will be on the Board of Directors of the Combined Group?</b></p> <p>The NewCo Board as of completion of the Transaction will be comprised of the following individuals, which consists of six Livent nominees from Livent’s current Board of Directors (including the current Chief Executive Officer of Livent) and six Allkem nominees from the current Allkem Board (including the current Chairman of the Allkem Board): Michael Barry, Peter Coleman (Chair designate of NewCo), Alan Fitzpatrick, Paul Graves (Chief Executive Officer designate of NewCo), Florencia Heredia, Leanne Heywood, Christina Lampe-Önnerud, Pablo Marcet, Steven T. Merkt, Robert C. Pallash, Fernando Oris de Roa and John Turner.</p>   | Section 7.5 |

No.	Question	Further information
55	<p><b>Who will be on the senior management team of the Combined Group?</b></p> <p>Livent's current Chief Executive Officer, Mr. Paul Graves, Livent's current Chief Financial Officer, Mr. Gilberto Antoniazzi, and Livent's current General Counsel, Ms. Sara Ponessa, will serve as the Chief Executive Officer, Chief Financial Officer and General Counsel, respectively, of NewCo.</p> <p>Pursuant to the Transaction Agreement, the parties have also since mutually selected the broader senior management team of NewCo; consisting of an approximately equal split of employees from each of Allkem and Livent, and including Mr Christian Cortes (Allkem's Acting Chief Financial Officer), who will assume the role of Chief Integration Officer.</p> <p>Further details about the key management team members for the NewCo group are set out in section 7.5.</p>	Section 7.5
56	<p><b>What will the Combined Group be called?</b></p> <p>The name of NewCo is Arcadium Lithium plc. The Combined Group will be known by that name.</p>	Section 7.4(a)
57	<p><b>Are there any differences between the shareholder rights and corporate laws applicable in respect of Allkem and NewCo?</b></p> <p>A summary of some of the key differences between the shareholder rights and corporate laws applicable in respect of Allkem and NewCo is set out in Annexure H.</p>	Section 7.13 and Annexure H
58	<p><b>Are there any differences between NewCo Shares and NewCo CDIs?</b></p> <p>A summary of the key differences between holding NewCo Shares and NewCo CDIs is set out in section 3.6(c), and also in the response to Question 20 of these Frequently Asked Questions.</p>	Section 3.6
<b>Additional information</b>		
59	<p><b>Can I sell my Allkem Shares now?</b></p> <p>You can sell your Allkem Shares on market at any time before close of trading on ASX and TSX (as applicable) on the Effective Date at the then prevailing market price.</p> <p>Allkem intends to apply to ASX for Allkem Shares to be suspended from official quotation on ASX from close of trading of ASX on the Effective Date (which is currently expected to be 21 December 2023). Allkem also intends to apply to suspend trading of Allkem Shares on TSX from close of trading on TSX on the Effective Date.</p> <p>You will not be able to sell your Allkem Shares on market after this time. If you sell your Allkem Shares on market prior to this time, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Allkem Shares until the Scheme is Implemented.</p>	Section 3.2(f)
60	<p><b>Will Scheme Shareholders have to pay brokerage or stamp duty?</b></p> <p>Scheme Shareholders will not incur any brokerage or stamp duty on the acquisition of NewCo Shares or NewCo CDIs and transfer of their Scheme Shares under the Scheme.</p> <p>Ineligible Overseas Shareholders will not incur any stamp duty on the transfer of their Allkem Shares to the Sale Nominee.</p> <p>If you dispose of your Allkem Shares before the Record Date, brokerage fees may be payable.</p>	Section 9
61	<p><b>Is there a number that I can call if I have more questions about the Scheme?</b></p> <p>If, after reading this Scheme Booklet, you have any questions about the Scheme, please contact the Shareholder Information Line on 1300 367 804 (inside Australia) or +61 2 9066 6162 (outside Australia) between 9:00am and 5:00pm (AEDT) Monday to Friday, excluding public holidays.</p>	—

Section 3

# Details of The Scheme



# 3 Details of the Scheme

## 3.1 Overview of the Transaction

On 10 May 2023, Allkem and Livent announced that they had entered into a Transaction Agreement with NewCo, under which it is proposed that Allkem and Livent will combine under NewCo. NewCo intends to have a primary listing on the NYSE (with NewCo Shares expected to be traded on the NYSE) and a Foreign Exempt Listing on ASX (with NewCo CDIs expected to be traded on ASX).

The proposed combination of Livent and Allkem will be brought into effect by way of two separate (but parallel) legal processes; namely, the Scheme and the US Merger.

In particular:

- if the Scheme is Implemented:
  - NewCo will acquire all of the Allkem Shares held by Allkem Shareholders; and
  - Allkem will become a wholly-owned subsidiary of NewCo; and
- if the US Merger closes, US Merger Sub, an entity that will, at the time of the US Merger, be an indirect, wholly-owned subsidiary of NewCo, will merge with Livent, with Livent surviving the merger (and thereby Livent will become a wholly owned Subsidiary of NewCo).

If the Scheme is Implemented, and the US Merger closes, immediately upon completion of the Transaction, Allkem Shareholders will own approximately 56% of NewCo Securities and Livent Stockholders will own approximately 44% of NewCo Securities.<sup>22</sup>

A simplified<sup>23</sup> diagrammatic representation of the Transaction is set out below.

The Scheme is conditional on (among other things) the Merger Closing being capable of occurring and reasonably expected to occur promptly after Implementation of the Scheme, and the US Merger is conditional on (and only on) Implementation of the Scheme having occurred.

Practically speaking, it is intended that:

- completion of the US Merger will occur as promptly as practicable after Implementation of the Scheme; and
- neither Implementation of the Scheme, nor closing of the US Merger, will occur unless both are going to proceed.

The Scheme (and the US Merger, by virtue of the US Merger being conditional on Implementation of the Scheme) is subject to various Conditions, including (among other things) approval of the Scheme by the Requisite Majorities of Allkem Shareholders at the Scheme Meeting, and approval of the Scheme by the Court pursuant to subsection 411(4)(b) of the Corporations Act at the Second Court Hearing. For further details of the Conditions to the Scheme, please see the summary of the Transaction Agreement in Annexure D (in particular, paragraph 1).

If the Scheme becomes Effective, NewCo will provide the Scheme Consideration to Eligible Shareholders on the Scheme Implementation Date. Ineligible Overseas Shareholders will not receive NewCo Securities under the Scheme, and will instead receive their share of the Net Proceeds from the NewCo CDIs sold by the Sale Nominee – see section 3.4 for more information.

Figure 3.1.1 Immediately prior to the Transaction

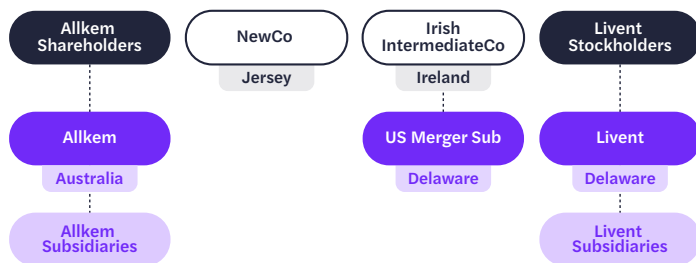
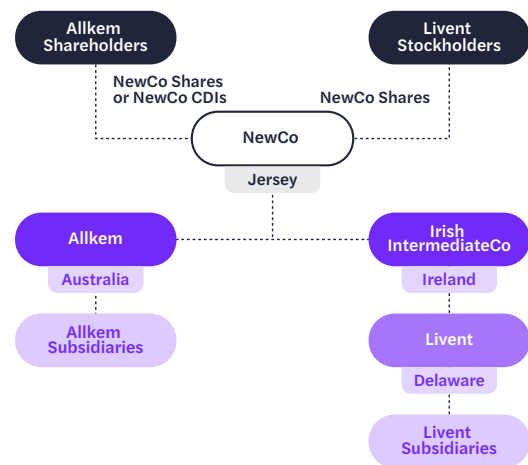


Figure 3.1.2 Immediately following completion of the Transaction



<sup>22</sup> On a fully diluted basis assuming all 2025 Notes and convertible securities (in respect of Allkem and Livent equity compensation arrangements) are converted into shares prior to completion of the Transaction.

<sup>23</sup> Diagram shows registered securityholders, and does not reflect any custodial arrangements or beneficial ownership relationships that exist for example within the Depository Trust Company (a US central securities depository).

The Transaction Agreement was amended on 2 August 2023, to amend the default scheme consideration for Canadian Register Shareholders to NewCo Shares rather than NewCo CDIs and the number of directors proposed to be included on the Board of NewCo, as set out in this Scheme Booklet.

A summary of the key terms of the Transaction Agreement is included in Annexure D. A full copy of the Transaction Agreement, excluding the amendment deed referred to in the paragraph above, was lodged with ASX on 10 May 2023 and can be obtained from [www.asx.com.au](http://www.asx.com.au) or from [www.allkem.co](http://www.allkem.co). A full copy of the Scheme is also contained in Annexure E of this Scheme Booklet.

## 3.2 Steps for Implementing the Scheme

The key steps to Implement the Scheme are as follows:

### a. Deed Poll

On 5 November 2023, NewCo executed the Deed Poll, under which NewCo covenants in favour of each Eligible Shareholder and Ineligible Overseas Shareholder that it will (among other things):

- i. provide the Scheme Consideration to each Eligible Shareholder on the Scheme Implementation Date; and
- ii. undertake and perform all other actions and obligations, and give each covenant, attributed to it or otherwise contemplated of it under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

A copy of the Deed Poll is also included in Annexure F.

### b. Scheme Meeting and Allkem Shareholder Approval

At the First Court Hearing, the Court made orders that:

- the Scheme Meeting be convened; and
- this Scheme Booklet (containing the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act and the Notice of Scheme Meeting) be despatched to Allkem Shareholders.

The Scheme Meeting is scheduled to occur at 10:30am (AWST) / 1:30pm (AEDT) on 19 December 2023, at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100, and Allkem Shareholders will be able to attend in person or via an online platform.

The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure G of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in section 4.4.

At the Scheme Meeting, Allkem Shareholders will be asked to approve the Scheme by voting on the Scheme Resolution. The Requisite Majorities of Allkem Shareholders required to approve the Scheme Resolution are:

- **(headcount test)** unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Allkem Shareholders present and voting at the Scheme Meeting (either in person (including online), or by proxy, attorney or corporate representative); and
- **(voting test)** at least 75% of the total number of votes cast on the Scheme Resolution by Allkem Shareholders (either in person (including online), or by proxy, attorney or corporate representative).

Voting on the Scheme Resolution will be conducted by way of a poll. Allkem Shareholders (who are present in person (including online), or by proxy, attorney or corporate representative) will have one vote for each Allkem Share that they hold at the Voting Eligibility Cut-Off Time (refer to the Important Dates section of this Scheme Booklet).

The Court has the power to waive the requirement for the headcount test to be passed.

Guidance on eligibility for voting, and instructions on how to participate in and vote at the Scheme Meeting, are set out in section 4 and in the Notice of Scheme Meeting in Annexure G of this Scheme Booklet. Voting is not compulsory. However, your vote is important, and your Allkem Directors encourage you to vote by attending the Scheme Meeting in person (either physically or online) or alternatively by appointing a proxy, attorney or corporate representative in accordance with the instructions in section 4.6.

The results of the Scheme Meeting will be made available on Allkem's ASX announcements platform and under Allkem's profile on SEDAR+ as soon as possible after the conclusion of the Scheme Meeting. Please note that the Scheme Meeting may be postponed or adjourned including where the Livent Stockholder Meeting is postponed or adjourned. Any postponement or adjournment of the Scheme Meeting will be announced to ASX and filed under Allkem's profile on SEDAR+.

### c. Second Court Hearing and Approval of Scheme

If:

- i. the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting; and
- ii. all of the other Conditions that are capable of satisfaction or waiver (where permitted) by the Second Court Date have been satisfied or waived by that time,

Allkem will apply to the Court for an order approving the Scheme (known in this Scheme Booklet as the **Scheme Order**).



Allkem's application for the Court to grant the Scheme Order will be heard by the Court at the Second Court Hearing. The Second Court Hearing is expected to take place on 20 December 2023 (referred to in this Scheme Booklet as the **Second Court Date**). The Court has a broad discretion whether or not to approve the Scheme under subsection 411(4)(b) of the Corporations Act, and may therefore refuse to approve the Scheme (even if the Scheme Resolution is approved by the Requisite Majorities of Allkem Shareholders).

ASIC has been requested to issue a written statement indicating that it has no objection to the Scheme. Typically, ASIC provides this statement shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme, provided it is satisfied that subsection 411(17)(a) of the Corporations Act is satisfied.

Any Allkem Shareholder and, with the Court's permission, any other interested person, has a right to seek leave to appear at the Second Court Hearing to oppose the approval of the Scheme by the Court, or to make submissions to the Court in relation to the Scheme. If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing, you may do so by filing with the Court, and serving on Allkem, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Allkem at least one Business Day prior to the Second Court Date.

If the Court refuses to make orders approving the Scheme, Allkem and Livent must:

- consult with each other in good faith as to whether to appeal the Court's decision; and
- appeal the Court's decision unless Allkem and Livent agree otherwise or an independent senior counsel opines that, in their view, an appeal would have no reasonable prospect of success (this is referred to in this Scheme Booklet as an Appeal).

Please note that the Second Court Hearing may be postponed or adjourned, including if satisfaction of a Condition is delayed, or where the Livent Stockholder Meeting is postponed or adjourned. Any postponement or adjournment of the Second Court Hearing will be announced to ASX and filed under Allkem's profile on SEDAR+.

#### **d. Effective Date and Suspension of Trading in Allkem Shares**

If the Court makes the Scheme Order at the Second Court Hearing (or following any Appeal), Allkem will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Scheme will become Effective and binding on Allkem, NewCo, the Sale Nominee and

each Scheme Shareholder (the date of lodgement of the Scheme Order with ASIC is referred to in this Scheme Booklet as the **Effective Date**).

If the Scheme becomes Effective:

- i. Allkem will notify ASX and TSX of that fact; and
- ii. it is expected that trading in Allkem Shares on ASX and TSX will be suspended from close of trading (on ASX and TSX, respectively) on the Effective Date.

If the Scheme Order is made (and the Second Court Hearing occurs on the expected date), the Effective Date is expected to be 21 December 2023.

Once the Scheme becomes Effective, each Scheme Shareholder (and the Sale Nominee), without the need for any further act, irrevocably appoints Allkem and each of its directors and officers, jointly and severally, as its attorney and agent to:

- execute any document or do any other act necessary, expedient, or incidental to give full effect to the Scheme and the transactions contemplated by it (including executing a proper instrument of transfer in respect of a Scheme Shareholder's Scheme Shares); and
- enforce the Deed Poll against NewCo.

#### **e. Deferred settlement trading of NewCo CDIs**

NewCo will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such later date as ASX requires), the NewCo CDIs to be issued as Scheme Consideration will be listed for quotation on the official list of ASX.

The NewCo CDIs issued as Scheme Consideration are expected to commence trading on ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Scheme Implementation Date (or such later date as ASX requires), on a normal (T+2) settlement basis.

It is the responsibility of each Eligible Shareholder who will receive NewCo CDIs under the Scheme to confirm their holdings of NewCo CDIs before they trade them, to avoid the risk of committing to sell more than will be issued to them.

Allkem Shareholders who sell NewCo CDIs before they receive their holding statements or confirm their holdings of NewCo CDIs do so at their own risk. Neither Allkem nor NewCo takes any responsibility for such trading.

Allkem Shareholders should be aware that NewCo Shares will not trade on a deferred settlement basis on the NYSE. Accordingly, Eligible Shareholders who will receive NewCo Shares under the Scheme (being Eligible Canadian Register Shareholders who do not validly elect to receive NewCo CDIs, and Eligible Principal Register Shareholders who validly elect to

receive NewCo Shares) will not be able to trade their Scheme Consideration until after commencement of trading of NewCo Shares on the NYSE (which is expected to commence at 9:30am (New York time) on the Implementation Date). If the NewCo Shares are issued to you directly on the NewCo Register in book-entry form in DRS they will not be immediately publicly tradeable. In order for your new NewCo shares, issued in DRS form, to become publicly tradeable, such NewCo Shares must be moved to a US-based or other acceptable brokerage account electronically through a DRS transfer performed by your broker, or alternatively can be sold through the DRS sale facility service provided by the transfer agent, Computershare. NewCo Shares received by Allkem Canadian Register Shareholders that are held with participants in the US and Canadian central securities depositories will be publicly tradeable on the Scheme Implementation Date after 9:30am (New York Time).

#### f. Record Date and Entitlement to Scheme Consideration

Those Allkem Shareholders who are recorded on the Allkem Register on the Record Date (currently expected to be 7:00pm (AEDT) on 27 December 2023) are referred to in this Scheme Booklet as Scheme Shareholders and, other than those Scheme Shareholders<sup>24</sup> who are Ineligible Overseas Shareholders, will be entitled to receive the Scheme Consideration in respect of the Allkem Shares they hold at that time.

#### i. Dealings in Allkem Shares on or prior to the Record Date

For the purposes of determining the persons who are Scheme Shareholders (i.e. an Allkem Shareholder on the Record Date), dealings in Allkem Shares will only be recognised if:

- A. in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Allkem Register as the holder of the relevant Allkem Shares as at the Record Date; and
- B. in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Allkem Share Registry at or before the Record Date.

Allkem will not accept for registration, nor recognise for any purpose (except a transfer to NewCo pursuant to the Scheme and any subsequent transfer to NewCo or its successors in title, or a transfer to the Sale Nominee in accordance with the Scheme), any transfer or transmission application or other request in respect of Allkem Shares received after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

#### ii. Dealings in Allkem Shares after the Record Date

If the Scheme becomes Effective, each Scheme Shareholder (and any person claiming through any Scheme Shareholder) must not dispose of or transfer, or purport or agree to dispose of or transfer, any Scheme Share or any interest in a Scheme Share after the Record Date, other than pursuant to the Scheme, and any such disposal or transfer, purported disposal or transfer, or attempted disposal or transfer will be void and of no legal effect whatsoever, and Allkem must (subject to the terms of the Scheme) disregard any disposal, transfer or transmission application in respect of Scheme Shares received after the Record Date.

In order to determine entitlements to the Scheme Consideration, Allkem must maintain the Allkem Register in its form as at the Record Date until the Scheme Consideration has been paid to the Scheme Shareholders and NewCo has been entered into the Allkem Register as the holder of the Scheme Shares. The Allkem Register in this form will solely determine entitlements to the Scheme Consideration.

After the Record Date:

- A. all holding statements and certificates for Allkem Shares will cease to have effect as documents relating to title in respect of shares (except in relation to holding statements in favour of the Sale Nominee or in favour of NewCo); and
- B. each entry on the Allkem Register will cease to have effect other than as evidence of an entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

#### g. Elections (for NewCo CDIs or NewCo Shares)

Pursuant to the Scheme:

- i. Eligible Principal Register Shareholders will receive NewCo CDIs by default, but may elect to receive NewCo Shares (**Share Election**);<sup>25</sup> and
- ii. Eligible Canadian Register Shareholders will receive NewCo Shares by default, but may elect to receive NewCo CDIs (**CDI Election**),

(each an **Election**).

Eligible Principal Register Shareholders may request an Election Form by contacting the Shareholder Information Line on or before the Election Date. Canadian Register Shareholders will be mailed an Election Form.

<sup>24</sup> See section 3.4 for further information about the treatment of Ineligible Overseas Shareholders.

<sup>25</sup> Other than the Sale Nominee, who cannot make a Share Election.

To make an Election, Eligible Shareholders must validly complete an Election Form and return it to the address specified in the Election Form so that it is received:

- in the case of Share Elections, by the Computershare Investor Services Pty Limited (Allkem’s principal Australian share registry) by no later than 5:00pm (AEDT) on the Election Date; and
- in the case of CDI Elections, by Computershare Investor Services Inc. (Allkem’s Canadian branch share registry) by no later than 5:00pm (Toronto time) / 10:00pm (UTC) on the Election Date.

Eligible Shareholders (other than the Sale Nominee) may only make an Election in relation to all (i.e. not only some) of the Scheme Consideration to which they would otherwise be entitled under the Scheme. Neither the Sale Nominee nor any Ineligible Overseas Shareholder may make an Election.

Eligible Shareholders who have made an Election may withdraw their Election by lodging an Election Withdrawal Form so that it is received by Computershare Investor Services Pty Limited (Allkem’s principal Australian share registry) by no later than 5:00pm (AEDT) on the Election Date (in the case of Share Elections) or Computershare Investor Services Inc. (Allkem’s Canadian branch share registry) by no later than 5:00pm (Toronto time) / 10:00pm (UTC) on the Election Date (in the case of CDI Elections).

An Eligible Shareholder (other than the Sale Nominee, who may not make an Election) who holds one or more parcels of Allkem Shares as trustee or nominee for, or otherwise on account of, another person, may not make separate elections in relation to each of those parcels of Allkem Shares. If some of the underlying beneficiaries prefer that the Scheme Consideration is received in the form of NewCo Shares or NewCo CDIs (as applicable):

- in the case of Principal Register Shareholders, the trustee or nominee must, prior to a Share Election Form being submitted, establish separate and distinct holdings in the principal Allkem Register in respect of each parcel of Allkem Shares in order to allow the trustee or nominee to make separate elections in respect of each parcel of Allkem Shares. Accordingly, trustees and nominees should only provide one Share Election Form for each registered shareholding of Allkem Shares; and
- in the case of Canadian Register Shareholders who hold their Allkem Shares within the Canadian Depository for Securities (CDS), the underlying beneficial owners will need to instruct their CDS participant broker to withdraw their position from CDS, and become an Allkem Shareholder registered on Allkem’s Canadian branch register, prior to making (and in order to make) a valid CDI Election.

All items and documents (including Election Forms and Election Withdrawal Forms) sent to, from, by or on behalf of Allkem Shareholders are sent entirely at the Allkem Shareholders’ risk. Allkem will determine, in its sole discretion, all questions as to the correct completion of an Election Form or Election Withdrawal Form, and time of receipt of such form. Allkem is not required to communicate with any Allkem Shareholder prior to making this determination. The determination of Allkem will be final and binding on the Allkem Shareholder.

Please refer to the graphic below for a summary of the elections that Allkem Shareholders can make:

#### What will Allkem Shareholders receive?

		NewCo CDIs traded on ASX	NewCo Shares traded on NYSE	Net Proceeds from the sale of NewCo CDIs by the Sale Nominee
Eligible Principal Register Shareholders	Default	✓		
	Makes a Share Election		✓	
Eligible Canadian Register Shareholders	Default		✓	
	Makes a CDI Election	✓		
Ineligible Overseas Shareholders				✓

**h. Form and Provision of Scheme Consideration**

If the Scheme is Implemented, Eligible Shareholders will be entitled to receive the Scheme Consideration from NewCo, as follows:

- i. Eligible Principal Register Shareholders will receive one NewCo CDI for each Allkem Share held at the Record Date<sup>26</sup> as the Scheme Consideration by default, but may elect to receive NewCo Shares instead; and
- ii. Eligible Canadian Register Shareholders will receive one NewCo Share for each Allkem Share held at the Record Date as the Scheme Consideration by default, but may elect to receive NewCo CDIs instead.

Further information in relation to how to make an Election is set out in section 3.2(g).

Ineligible Overseas Shareholders will not receive a NewCo Security, and will instead receive their share of the Net Proceeds from the sale of NewCo CDIs by the Sale Nominee (refer to section 3.4 for further information in relation to the treatment of Ineligible Overseas Shareholders).

Eligible Shareholders will not receive, and are not entitled to receive, the Scheme Consideration in the form of cash.

In the case of any Scheme Shares held in joint names, any NewCo Securities will be issued to and registered in the names of the joint holders. See sections 3.6(a) and 3.6(b) for more information regarding the rights attaching to NewCo CDIs and NewCo Shares.

**i. Implementation**

The Scheme Implementation Date for the Scheme is (unless otherwise agreed in writing by Allkem and Livent) expected to be the fifth ASX trading day after the Record Date. On the Scheme Implementation Date, NewCo must:

- i. provide to each Eligible Shareholder the applicable Scheme Consideration;
- ii. in the case of Scheme Consideration provided to Eligible Shareholders in the form of NewCo Shares, procure that the name and address of each relevant Eligible Shareholder is entered in NewCo Register as the holder of those NewCo Shares; and
- iii. in the case of Scheme Consideration provided to Eligible Shareholders in the form of NewCo CDIs:
  - A. issue to CDN (or a custodian), to be held on trust, that number of NewCo Shares that will enable NewCo to issue NewCo CDIs to each relevant Eligible Shareholder;
  - B. procure that the name and address of CDN (or its custodian, as applicable) is entered into the NewCo Register in respect of the NewCo Shares underlying the NewCo CDIs;

- C. NewCo issues to each relevant Eligible Shareholder the number of NewCo CDIs to which it is entitled;
- D. procure that the name and address of each relevant Eligible Shareholder is entered in the NewCo CDI Register, as the holder of the NewCo CDIs issued to that Eligible Shareholder;
- E. in the case of each Eligible Shareholder who held Scheme Shares on the CHES subregister, procure that the NewCo CDIs are held on the CHES subregister; and
- F. in the case of each Eligible Shareholder who held Scheme Shares on the issuer sponsored subregister, procure that the NewCo CDIs are held on the issuer sponsored subregister.

**j. Dispatch of securities holding statement or allotment confirmation**

No later than six Business Days after the Scheme Implementation Date, NewCo must send or procure the dispatch to each Eligible Shareholder, to their registered address as at the Record Date (or, in the case of the Sale Nominee, as specified in the Ineligible Share Transfer), a DRS statement, holding statement or allotment confirmation representing the NewCo Shares or NewCo CDIs (as applicable) issued to that Eligible Shareholder.

**3.3 Steps for Implementing the US Merger**

The key steps to implement the US Merger are as follows:

The US Merger closing will take place as promptly as practicable following Implementation of the Scheme. At the Merger Closing, US Merger Sub, an entity that will, at the time of the US Merger, be an indirect, wholly-owned subsidiary of NewCo, will merge with and into Livent and each:

- a. Livent Share issued and outstanding immediately prior to the US Merger Effective Time, other than certain excluded shares, will automatically be converted into the right to receive 2.406 NewCo Shares;
- b. holders of Livent Shares who would otherwise have been entitled to receive a fraction of a NewCo Share will receive its proportionate cash entitlement from the sale by an exchange agent of NewCo Shares to which those fractional interests relate; and
- c. each US Merger Sub share will be automatically converted into 1 fully paid share of Livent (as the surviving corporation in the US Merger) and such shares will constitute the only outstanding shares of Livent as the surviving entity.

As a result of the US Merger, Livent will become an indirect, wholly-owned subsidiary of NewCo, and the former Livent Stockholders will become holders of NewCo Shares.

<sup>26</sup> Other than the Sale Nominee, whose entitlement to the Scheme Consideration will be calculated by reference to the number of Allkem Shares held immediately prior to Implementation.

### 3.4 Ineligible Overseas Shareholders

A Scheme Shareholder will be an Ineligible Overseas Shareholder for the purposes of the Scheme if, on the Record Date, their address as shown in the Allkem Register is in a jurisdiction other than Australia, Argentina, British Virgin Islands, Canada, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States, or any other jurisdictions agreed by Allkem, Livent and NewCo in writing as lawful and not unduly impracticable or onerous for the purposes of NewCo offering and/or issuing NewCo Shares or NewCo CDIs.

If you are an Ineligible Overseas Shareholder and the Scheme is Implemented, you will not be issued NewCo Securities under the Scheme.

Instead:

- a. all of the Allkem Shares that you hold at the Record Date, together with all rights and entitlements attaching to those Allkem Shares, will be transferred to the Sale Nominee after the Record Date and before the Scheme Implementation Date;
- b. the Sale Nominee will participate in the Scheme as the holder of all Allkem Shares transferred to it by Ineligible Overseas Shareholders;
- c. the Sale Nominee will sell the NewCo CDIs issued under the Scheme within 15 Business Days after the Scheme Implementation Date, and (through Allkem) pay to each Ineligible Overseas Shareholder their share of the Net Proceeds from the sale of such NewCo CDIs in accordance with the formula set out below (rounded down to the nearest cent).

$$A = (B/C) \times D$$

**A** = the proportion of the Net Proceeds to which that Ineligible Shareholder is entitled;

**B** = the number of Ineligible Shares transferred to the Sale Nominee in respect of that Ineligible Shareholder;

**C** = the total number of Ineligible Shares that were transferred to the Sale Nominee; and

**D** = the Net Proceeds.

The Net Proceeds will be payable to Ineligible Overseas Shareholders in Australian dollars.

None of Allkem, Livent, NewCo or the Sale Nominee give any assurance as to the price that will be achieved for the sale of the NewCo CDIs or the applicable foreign exchange rate. The sale of the NewCo CDIs by the Sale Nominee will be in the manner and on the terms that the Sale Nominee determines in good faith, and at the risk of the Ineligible Overseas Shareholders.

Payment of the Net Proceeds to Ineligible Overseas Shareholders (in their pro rata proportions) will be made by:

- a. where an Ineligible Overseas Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Allkem Share Registry to receive dividend payments from Allkem by electronic funds transfer, to a bank account nominated by the Ineligible Overseas Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
- b. by Global Wire Payment Service, if an Ineligible Overseas Shareholder has elected to receive payments electronically in their local currency using the Allkem Registry's Global Wire Payment Service<sup>27</sup>; or
- c. dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Overseas Shareholder by prepaid post to their address as shown in the Allkem Register (as at the Record Date), such cheque being drawn in the name of the Ineligible Overseas Shareholder (in the case of joint holders, the cheque will be drawn in the name of the joint holders).

Payment of the Net Proceeds to each Ineligible Overseas Shareholder (in their pro rata proportions) in the manner set out above satisfies in full NewCo's obligations to the Ineligible Overseas Shareholder under the Scheme in respect of the Scheme Consideration.

For completeness, the Australian tax implications of the Scheme for Scheme Shareholders outlined in section 9 of this Scheme Booklet do not apply to Ineligible Overseas Shareholders. Accordingly, we recommend that Ineligible Overseas Shareholders seek independent professional tax advice in relation to their particular circumstances.

<sup>27</sup> The amount received by Ineligible Overseas Shareholders in their local currency through the Global Wire Payment Service will depend on the prevailing currency exchange rate and the spread applied by the service provider making payments in the local currency.

## 3.5 Conditions

Pursuant to the Transaction Agreement:

- a. the parties' obligations to effect the Scheme are subject to a number of Conditions; and
- b. the parties' obligations to effect the US Merger are conditional only on Implementation of the Scheme having occurred.

The Scheme will not proceed unless each Condition is satisfied or waived (where permitted) in accordance with the Transaction Agreement.

The key Conditions to Implementation of the Scheme include (without limitation) the following:

**Table 3.5.1 Status of the key Conditions to Implementation of the Scheme**

Condition	Status (as at the Last Practicable Date)
<b>Key Conditions to the parties' obligations with respect to Implementation of the Scheme</b>	
1 (Court approval) the Scheme is approved by the Court pursuant to subsection 411(4)(b) of the Corporations Act.	N/A - can only be satisfied after the Scheme Meeting.
2 (Order lodged with ASIC) an office copy of the order by the Court approving the Scheme under subsection 411(4)(b) of the Corporations Act is lodged by Allkem with ASIC.	N/A - can only be satisfied after the Scheme Meeting.
3 (US Merger closing) the Merger Closing is capable of occurring and would be reasonably expected to occur, as promptly as practicable following Implementation.	To be confirmed prior to the Second Court Hearing. As at the Last Practicable Date, Allkem is not aware of any reason why this Condition will not be satisfied.
4 (Shareholder approval) Allkem Shareholder Approval is obtained at the Scheme Meeting (or at any adjournment or postponement), and Livent Stockholder Approval is obtained at the Livent Stockholder Meeting (or at any adjournment or postponement).	Outstanding. To be sought at the Scheme Meeting.
5 (NYSE and ASX Listings) <ol style="list-style-type: none"> <li>i. the listing of NewCo Shares is approved by the NYSE, subject to official notice of issuance; and</li> <li>ii. approval for the admission of NewCo as a foreign exempt listing to the official list of ASX and approval for the quotation of CDIs (whether or not such approval is subject to conditions) is given by ASX.</li> </ol>	The relevant applications for: <ul style="list-style-type: none"> <li>▪ listing of NewCo Shares on the NYSE; and</li> <li>▪ admission of NewCo to the official list of ASX (as a Foreign Exempt Listing), and quotation of NewCo CDIs on ASX,</li> </ul> are expected to be lodged after the date of this Scheme Booklet.
6 (Government consents) all applicable governmental consents under specified Antitrust Laws and Investment Screening Laws with respect to the Scheme and the US Merger are: <ol style="list-style-type: none"> <li>i. obtained or made (as applicable); and</li> <li>ii. remain in full force and effect, and all applicable waiting periods (including any extensions by agreement or operation of law) have expired, lapsed or been terminated (as applicable).</li> </ol>	Refer to Table 3.5.2 below.
7 (Form S-4 effective) the Form S-4 becoming effective under the Securities Act and is not subject to any stop order (which has not been withdrawn) or proceedings initiated by the SEC seeking any stop order.	Outstanding.
8 (Government Intervention) no Governmental Entity: <ol style="list-style-type: none"> <li>i. of a competent jurisdiction has issued any Order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the consummation of the US Merger or the Scheme; and</li> <li>ii. having jurisdiction over any party to the Transaction Agreement has adopted any Law that is in effect and makes consummation of the US Merger or the Scheme illegal or otherwise prohibited.<sup>28</sup></li> </ol>	To be confirmed prior to the Second Court Hearing. As at the Last Practicable Date, no intervention of the kind contemplated by this Condition has occurred.

<sup>28</sup> If any such Law relates to Antitrust Laws or Investment Screening Laws, the presence of such Law will only amount to a failure to meet this condition to the extent the Law constitutes a Material Restraint.

Condition

Status (as at the Last Practicable Date)

Key Conditions to Allkem's obligations with respect to Implementation of the Scheme

<p>9 (Material Adverse Effect) no Material Adverse Effect in respect of Livent having occurred.</p>	<p>To be confirmed prior to the Second Court Hearing.</p> <p>As at the Last Practicable Date, Allkem is not aware of any Material Adverse Effect in respect of Livent having occurred, and Allkem is not aware of any reason why this Condition will not be satisfied.</p>
<p>10 (Independent Expert's Report) the Independent Expert has issued the Independent Expert's Report, which concludes that the Scheme is in the best interests of Allkem Shareholders, and that conclusion is not changed, withdrawn or qualified in any written update to its Independent Expert's Report and the Independent Expert does not withdraw the Independent Expert's Report.</p>	<p>As at the date of this Scheme Booklet, the Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem.</p> <p>A full copy of the Independent Expert's Report is included as Annexure A.</p>
<p>11 (Tax confirmation) receipt by Allkem of confirmation (verbal or otherwise) from the Australian Tax Office that either:</p> <ul style="list-style-type: none"> <li>i. there are no material impediments to or material issues to be resolved which may prevent the ATO from issuing the Class Ruling; or</li> <li>ii. the ATO is prepared to issue the Class Ruling,</li> </ul> <p>confirming that qualifying Australian resident Allkem Shareholders will be eligible to choose rollover relief to the extent to which they receive NewCo Shares or NewCo CDIs in exchange for their Allkem Shares in connection with the Scheme, or if the Class Ruling is not available for all qualifying Australian resident Allkem Shareholders, a confirmation that qualifying Australian resident Allkem Shareholders who hold their shares on capital account are eligible to claim rollover relief will be acceptable to Allkem.</p>	<p>Allkem has applied for the Class Ruling, but the confirmations the subject of this Condition have not yet been received.</p>

Key Conditions to Livent's and NewCo's obligations with respect to Implementation of the Scheme

<p>12 (Material Adverse Effect) no Material Adverse Effect in respect of Allkem having occurred.</p>	<p>To be confirmed prior to the Second Court Hearing.</p> <p>As at the Last Practicable Date, no Material Adverse Effect in respect of Allkem has occurred, and Allkem is not aware of any reason why this Condition will not be satisfied.</p>
<p>13 (Tax confirmation) receipt by Livent of an opinion from Davis Polk &amp; Wardwell LLP (or, if Davis Polk &amp; Wardell is unable or unwilling, Sidley Austin LLP), dated as of the Second Court Date, to the effect that (on the basis of facts, representations and assumptions referred to in the opinion) either:</p> <ul style="list-style-type: none"> <li>i. the US Merger should qualify as a "reorganization" under Section 368(a) of the Code; or</li> <li>ii. the US Merger and the Scheme, taken together, should qualify as an exchange described in Section 351(a) of the Code,</li> </ul> <p>and the transfer of Livent Eligible Shares (as the term is defined in the Transaction Agreement) by Livent Stockholders pursuant to the US Merger (save for certain exceptions) should qualify for an exception to Section 367(a) (1) of the Code.</p>	<p>It is expected that this opinion will be obtained immediately prior to the Second Court Hearing.</p> <p>An opinion has already been provided to Livent, as referred to in section 8.4(b), that addresses the issues (as well as other issues) that are required to be addressed in the opinion to be delivered immediately prior to the Second Court Date to satisfy this Condition.</p>

If the Conditions noted in items 6 and 8 above are not satisfied or waived (where permitted) prior to the End Date (being 10 February 2024), and would not be satisfied on such date if the Effective Date were to occur on that date, the End Date will be extended to a date which is 12 months after the execution of the Transaction Agreement (being 10 May 2024) if elected by either of Allkem or Livent in writing prior to the original End Date.

However, the End Date may not be extended by a party to the Transaction Agreement where that party's material breach (or, in the case of Livent, NewCo's, US Merger Sub's or Irish IntermediateCo's material breach) of such party's obligations to use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things necessary, proper or advisable on its part to consummate and make effective the Scheme and US Merger as promptly as reasonably practicable, among other things, has been the principal cause of the failure of the Effective Date to be consummated by the original End Date.

The status of the required government consents as at the Last Practicable Date is set out below.

**Table 3.5.2 Status of government consents**

Approval	Status (as at the Last Practicable Date)
<b>Antitrust/competition laws</b>	
Australia	N/A
Canada	Received
China	Received
Japan	Received
South Korea	Received
United States	Received
<b>Investment screening/foreign investment laws</b>	
Australia	FIRB approval is still outstanding (but is currently expected to be received before the date of the Scheme Meeting)
United Kingdom	Received
United States	Received

#### Argentinian Antitrust Authority approval

Following Implementation of the Transaction, and pursuant to the Argentinian Merger Control Regulations, NewCo will be required to notify the Argentinian Antitrust Authority of the Transaction, and seek its approval. The notification must be provided no later than one week after the Transaction is Implemented. NewCo will notify the Argentinian Antitrust Authority of the Transaction as soon as practicable within that timeframe.

Unlike the government consents described above, Implementation of the Transaction is not conditional upon or otherwise subject to the parties obtaining the approval of the Argentinian Antitrust Authority. For further information about the risks associated with this approval, see section 8.3(p).

## 3.6 NewCo Securities

### a. NewCo CDIs

#### CHES Depositary Interests

CHES Depositary Interests (such as the NewCo CDIs) are instruments quoted on ASX that represent a beneficial interest in the underlying securities of a foreign company (such as the NewCo Shares).

CHES Depositary Interests have been created because ASX's electronic settlement system, known as CHES, cannot be used directly to hold, transfer or settle the trading of securities of issuers incorporated in countries whose laws do not recognise CHES as a system to record uncertificated holdings or to electronically transfer legal title.

Each NewCo CDI represents a beneficial interest in one NewCo Share, and has rights that are economically equivalent to the rights attaching to a NewCo Share, except for the differences noted in section 3.6(c) below. Unlike NewCo Shares, each NewCo CDI can be held, transferred and settled electronically through CHES (and therefore traded on ASX).

Following closing of the Transaction, the legal title to NewCo Shares to which any NewCo CDIs relate will be held by Cede & Co (being the registered nominee of the US central securities depository), with CHES Depositary Nominees Pty Ltd (ABN 75 071 346 506), a wholly owned subsidiary of ASX, referred to as the Depositary Nominee, holding the beneficial title under a custodian arrangement to those NewCo Shares on behalf of holders of NewCo CDIs.

Further detail about the difference in rights between Allkem Shares and NewCo CDIs is set out in Annexure H.

#### Conversion of NewCo CDIs into NewCo Shares

Holders of NewCo CDIs may at any time (following the Implementation Date) request to convert their NewCo CDIs into NewCo Shares listed on NYSE by contacting:

- the NewCo CDI Registry, if their NewCo CDIs are held directly on the NewCo CDI issuer sponsored subregister. NewCo CDI holders will be provided with a CDI cancellation request form for completion and return to the NewCo CDI Registry; or
- their sponsoring participant (usually their broker), if their NewCo CDIs are held on the NewCo CDI CHES subregister. In this case, the sponsoring broker will arrange for completion of the relevant form and its return to the NewCo CDI Registry.

The NewCo CDI Registry will then arrange for the transfer of NewCo Shares from CDN to the former NewCo CDI holder and, depending on the request made, issue the NewCo Shares to the former NewCo CDI holder in book-entry form directly on the US share register or deliver to their account held with a participant within The Depository Trust Company, the US central securities depository. Trading on ASX will no longer be possible.



No trading of the underlying NewCo Shares can take place on NYSE until the conversion process has been completed. The decision whether to convert NewCo CDIs to NewCo Shares will depend on your individual circumstances. You should seek advice from your own independent and appropriately licensed financial, legal and taxation advisers before deciding whether to convert NewCo CDIs to NewCo Shares.

#### **b. NewCo Shares**

NewCo Shares will be fully paid ordinary shares with a par value of \$1.00 each in the capital of NewCo, a public company incorporated in the Bailiwick of Jersey with Irish tax residency. NewCo Shares will be listed and traded on NYSE in US dollars. NewCo Shares are the underlying securities for NewCo CDIs.

The material terms of the NewCo Shares are set out in the NewCo Organisational Documents and the material provisions of the laws of the Bailiwick of Jersey. Further detail is set out in section 7.13 and Annexure H.

#### **Conversion of NewCo Shares into NewCo CDIs**

Holders of NewCo Shares may at any time (following the Implementation Date) convert those NewCo Shares into NewCo CDIs by contacting the NewCo Share Registry.

In this instance, underlying NewCo Shares will be transferred to CDN and a holding statement for the NewCo CDIs will be issued to the relevant securityholder. No trading in NewCo CDIs on ASX can take place until this conversion process is complete.

The decision whether to convert NewCo Shares to NewCo CDIs will depend on your individual circumstances. You should seek advice from your own independent and appropriately licensed financial, legal and taxation adviser before deciding whether to convert NewCo Shares to NewCo CDIs.

#### **c. Principal differences between holding NewCo CDIs and NewCo Shares**

There are a number of differences between holding NewCo CDIs and NewCo Shares. The major differences are that:

- holders of NewCo CDIs do not have legal title in the underlying NewCo Shares to which the CDIs relate;
- holders of NewCo CDIs are not able to vote directly as shareholders at a meeting of NewCo. Instead, holders of CDIs are provided with a voting instruction form which will enable them to instruct the Depositary Nominee in relation to the exercise of voting rights. In addition, a holder of CDIs is able to request the Depositary Nominee to appoint the CDI holder or a third party nominated by the CDI holder as its proxy so that the proxy so appointed may exercise the votes attaching to the NewCo Shares; and

- holders of CDIs will not be directly entitled to certain other rights conferred on holders of NewCo Shares, including the right to apply to a Bailiwick of Jersey court for an order on the grounds that the affairs of NewCo are being conducted in a manner which is unfairly prejudicial to the interests of NewCo Shareholders; and the right to apply to the Jersey Financial Services Commission (**JFSC**) to have an inspector appointed to investigate the affairs of NewCo.

As described in section 3.6(a) above, holders will be able to convert their NewCo CDIs into NewCo Shares (or vice versa) at any time.

### **3.7 Commencement of trading of NewCo Securities**

Deferred settlement trading of NewCo CDIs is expected to commence on ASX from 22 December 2023. Further detail is set out in section 3.2(e). Trading of NewCo CDIs on a normal settlement basis on ASX is expected to commence on 5 January 2024.

Trading on NYSE of NewCo Shares is expected to commence on 4 January 2024 (New York time).

### **3.8 Independent Expert's conclusion**

Your Allkem Directors have appointed Kroll as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem. As the US Merger is conditional only on the Scheme being implemented, Kroll has considered the implications of the Transaction as a whole in arriving at its conclusion.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet.

Your Allkem Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.

### 3.9 Allkem Directors' recommendations and voting intentions

Your Allkem Directors unanimously recommend that Allkem Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal for Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.<sup>29</sup>

Each Allkem Director intends to vote all the Allkem Shares held or controlled by them in favour of the Scheme at the Scheme Meeting, subject to those same qualifications. As at the Last Practicable Date, your Allkem Directors held Relevant Interests in an aggregate of 4,030,274 Allkem Shares, comprising approximately 0.63% of the issued capital in Allkem. See section 10.1 of this Scheme Booklet for more information about the interests of your Allkem Directors in Allkem Shares.

Your Allkem Directors believe that the reasons for you to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. Some of these reasons, and other relevant considerations for Allkem Shareholders, are set out in section 1 of this Scheme Booklet.

### 3.10 Delisting from ASX and TSX

Allkem will apply for removal of Allkem from the official list of ASX and termination of the official quotation of Allkem Shares on ASX with effect from the close of trading on the trading day immediately following the Scheme Implementation Date, or such other date agreed in writing with Livent, following consultation with ASX.

Allkem will also apply to TSX for the delisting of Allkem from TSX with effect on or about the close of trading on the trading date immediately following Implementation, or such other date agreed in writing with Livent, following consultation with TSX.

### 3.11 Deemed warranties by Scheme Shareholders

The Scheme provides that each Scheme Shareholder (and the Sale Nominee) is taken to have warranted to Allkem and NewCo (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), and to have appointed and authorised Allkem as its attorney and agent to warrant to NewCo (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), that:

- a. all their Allkem Shares (including any rights and entitlements attaching to their Allkem Shares) that are transferred under this Scheme will, at the time of their transfer, be fully paid and free from all:
  - i. encumbrances, security interests (including a security interest that is subject to the *Personal Property Securities Act 2009* (Cth), mortgages, pledges, liens, easements, restrictive covenants, caveats and interests of third parties of any kind, whether legal or otherwise; and
  - ii. restrictions on transfer of any kind;
- b. they have full power and capacity to transfer their Allkem Shares to NewCo (or, in the case of Ineligible Overseas Shareholders, to the Sale Nominee), together with any rights and entitlements attaching to those shares, under the Scheme; and
- c. as at the Record Date, they have no existing right to be issued any other Allkem Shares or any other form of securities in Allkem.

Allkem undertakes in favour of each Scheme Shareholder (and, in the case of an Ineligible Overseas Shareholder, for the Sale Nominee) that it will provide such warranty to NewCo as agent and attorney of each Scheme Shareholder.

<sup>29</sup> Allkem Shareholders should note that Allkem Directors will receive certain benefits in connection with the Scheme. In particular, (1) each Non-Executive Director will receive a special exertion fee to recognise the time and effort spent in connection with the evaluation, design and negotiation of the Transaction, (2) certain of the Non-Executive Directors are proposed to be appointed Directors of NewCo upon implementation of the Transaction, and (3) Mr Pérez de Solay will receive certain benefits in connection with the Scheme (~US\$2.84m), comprising accelerated vesting of performance rights (consistent with the rights of other holders of performance rights) (~US\$1.46m), a pro rata payment of Mr Pérez de Solay's contractual STI entitlement (~US\$402k), redundancy payments under Mr Pérez de Solay's employment arrangements (~US\$473k), and a one-off Transaction Completion Bonus (US\$500k). Each of the Allkem Directors considers that it is appropriate for them to make a recommendation in relation to the Scheme, as each of them believes that the benefits are not of such materiality to them that they impact their consideration of the Scheme or their ability to make a recommendation to Allkem Shareholders. Further details of the potential benefits (including the value or amount of them) are outlined in section 4.8 of this Scheme Booklet.

### 3.12 Existing instructions to the Share Registry

All instructions, notifications or elections made by the Scheme Shareholder or the Sale Nominee to Allkem (binding or deemed to be binding between the Scheme Shareholder and Allkem) relating to Allkem or its securities (except for tax file numbers), including in relation to:

- a. whether distributions or dividends are to be paid by cheque or into a specific account or regarding notices; or
- b. notices or other communications with Allkem,

will, to the extent reasonably practicable and not prohibited by law, be deemed from the Scheme Implementation Date (except to the extent determined otherwise by NewCo in its sole discretion), by reason of the Scheme, to be made by the person to NewCo until that instruction, notification or election is revoked or amended by the person in writing to the NewCo Share Registry or NewCo CDI Registry (as applicable). Eligible Shareholders should note that, if they receive NewCo Shares under the Scheme (either by default or due to submitting a valid Election), certain instructions, notifications and elections (including payment instructions) may not be carried over to the NewCo Share register, and such persons may be required to notify the NewCo Share Registry of such preferences.

For further details on NewCo Securities, see section 3.6.

### 3.13 Implications if the Scheme is not Implemented

If the Scheme is not Implemented:

- a. unless Allkem Shareholders choose to sell their Allkem Shares on ASX or TSX, Allkem Shareholders will continue to hold their Allkem Shares and will be exposed to risks with respect to Allkem, including those set out in sections 8.2 and 8.6 of this Scheme Booklet;
- b. Allkem Shareholders will not receive the Scheme Consideration;
- c. if the Scheme is not implemented, the advantages of the Scheme described in section 1.1 “Reasons to vote for the Scheme” will not be realised;
- d. a termination fee of US\$64,600,000 may be payable by Allkem to Livent in certain circumstances. Those circumstances do not include the failure by Allkem Shareholders to approve the Scheme at the Scheme Meeting in and of itself, absent other circumstances. Further information regarding termination fees and the parties’ rights to terminate the Transaction Agreement is set out in section 1.3(c) and paragraph 4 of Annexure D;
- e. transaction-related costs of approximately US\$21.1 million are expected to be incurred by Allkem irrespective of whether or not the Scheme is ultimately Implemented. Further details of the estimated fees and expenses in relation to the Scheme are set out in section 10.8;
- f. Allkem will continue to operate as a standalone, ASX-listed and TSX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to the Announcement Date; and
- g. the price of Allkem Shares traded on ASX and TSX may fall, to the extent that the market price of Allkem Shares reflects an assumption that the Transaction will close (although this is difficult to predict with any degree of certainty).

Further information about the risks to Allkem Shareholders if the Scheme is not Implemented is set out in sections 8.2 and 8.6.

## Section 4

# Your choices as an Allkem Shareholder and how to vote



# 4 Your choices as an Allkem Shareholder and how to vote

## 4.1 What you should do

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme. Allkem Shareholders should refer to sections 1.1 and 1.2 of this Scheme Booklet for further guidance on the reasons you may choose to vote for or against the Scheme, and to section 1.3 for other important considerations relating to your vote.

As noted elsewhere in this document, this Scheme Booklet does not take into account the investment objectives, financial situation or particular needs of any individual Allkem Shareholder.

Section 2 of this Scheme Booklet contains answers to key questions Allkem expects may be asked in relation to the Scheme or the Transaction.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Shareholder Information Line on 1300 367 804 (for callers within Australia) or +61 2 9066 6162 (for callers outside Australia) between 9:00am and 5:00pm (AEDT) Monday to Friday, excluding public holidays.

If you require further advice in relation to the Scheme, you should contact your legal, financial, taxation or other professional adviser.

Anyone entitled to attend the Scheme Meeting may obtain a free electronic copy of this Scheme Booklet from Allkem's website ([www.allkem.co](http://www.allkem.co)) or a free paper copy upon request to Morrow Sodali through the Shareholder Information Line.

## 4.2 Your choices as an Allkem Shareholder:

As an Allkem Shareholder, you have four choices currently available to you, which are as follows:

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### Vote in favour of the Scheme

Each Allkem Director who holds or controls Allkem Shares intends to vote all Allkem Shares held or controlled by them in favour of the Scheme, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

In addition, the Independent Expert has concluded that the Scheme is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem.

To follow your Allkem Directors' unanimous recommendation<sup>30</sup> (and consistent with the Independent Expert's conclusion), you can vote in favour of the Scheme Resolution at the Scheme Meeting.

For a summary of how to vote on the Scheme Resolution, please refer to section 4.6 and the Notice of Scheme Meeting contained in Annexure G of this Scheme Booklet.

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### Vote against the Scheme

If, despite your Allkem Directors' unanimous recommendation and the Independent Expert's conclusion that the Transaction, including the Scheme, is in the best interests of Allkem Shareholders, in the absence of a Superior Proposal in relation to Allkem, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.

However, if the Scheme becomes Effective, the Scheme will bind all Allkem Shareholders, including those who voted against the Scheme Resolution at the Scheme Meeting and those who did not vote at all.

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<sup>30</sup> Allkem Shareholders should note that Allkem Directors will receive certain benefits in connection with the Scheme. In particular, (1) each Non-Executive Director will receive a special exertion fee to recognise the time and effort spent in connection with the evaluation, design and negotiation of the Transaction, (2) certain of the Non-Executive Directors are proposed to be appointed Directors of NewCo upon implementation of the Transaction, and (3) Mr Pérez de Solay will receive certain benefits in connection with the Scheme (~US\$2.84m), comprising accelerated vesting of performance rights (consistent with the rights of other holders of performance rights) (~US\$1.46m), a pro rata payment of Mr Pérez de Solay's contractual STI entitlement (US\$402k), redundancy payments under Mr Pérez de Solay's employment arrangements (~US\$473k), and a one-off Transaction Completion Bonus (US\$500k). Each of the Allkem Directors considers that it is appropriate for them to make a recommendation in relation to the Scheme, as each of them believes that the benefits are not of such materiality to them that they impact their consideration of the Scheme or their ability to make a recommendation to Allkem Shareholders. Further details of the potential benefits (including the value or amount of them) are outlined in section 4.8 of this Scheme Booklet.

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**Sell your Allkem Shares on ASX**

The Scheme does not preclude you from selling some or all of your Allkem Shares on market, for cash – provided you do so before close of trading on ASX or TSX (as applicable) on the Effective Date (currently expected to be 21 December 2023), at which time it is currently expected that trading in Allkem Shares on ASX and TSX (respectively) will be suspended.

If you are considering selling some or all of your Allkem Shares:

- you should have regard to the prevailing trading prices of Allkem Shares. You may ascertain the current trading prices of Allkem Shares through ASX website ([www.asx.com.au](http://www.asx.com.au)) or TSX website ([www.tmx.com](http://www.tmx.com)). For more information on the closing price and daily trading volume of Allkem Shares over the last 12 months up to the Last Practicable Date, see section 5.14; and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

Allkem Shareholders who sell some or all of their Allkem Shares on market before trading in Allkem Shares ends:

- may receive payment (which may vary from the ultimate value of the Scheme Consideration) for the sale of their Allkem Shares sooner than they would receive the Scheme Consideration under the Scheme;
- may incur a brokerage charge;
- may be subject to capital gains tax (CGT), or may otherwise be required to include an amount in respect of the disposal in their assessable income (as applicable); and
- will not be able to participate in the Scheme or, if one emerges, a Superior Proposal for Allkem, in respect of those Allkem Shares they have sold.

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**Do nothing**

Allkem Shareholders who elect not to vote at the Scheme Meeting and do not sell their Allkem Shares on market will:

- if the Scheme is Implemented – have their Allkem Shares transferred to NewCo by operation of the Scheme and receive the Scheme Consideration; or
  - if the Scheme is not Implemented – retain their Allkem Shares.
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### 4.3 Your vote is important

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting.

Your Allkem Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

If you are unable to attend the Scheme Meeting (physically or online), your Allkem Directors recommend that you complete and return, in the provided reply-paid envelope, the personalised Proxy Form provided to you, or lodge your Proxy Form online at [www.investorvote.com.au](http://www.investorvote.com.au).

### 4.4 Details of the Scheme meeting

The Scheme Meeting will be held at 10:30am (AWST) / 1:30pm (AEDT) on 19 December 2023, at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100.

Allkem Shareholders (or their appointed proxies, attorneys, or corporate representatives) will also be able to attend the Scheme Meeting online via an online platform. Details of how to access the online platform are contained in the Notice of Scheme Meeting at Annexure G. Additional details about the proceedings at the Scheme Meeting are set out in section 3.2 and in the Notice of Scheme Meeting contained in Annexure G of this Scheme Booklet.

Please note that the Scheme Meeting may be postponed or adjourned if satisfaction or waiver of a Condition (where permitted) is delayed, or where the Livent Stockholder Meeting is postponed or adjourned. Any postponement or adjournment of the Scheme Meeting will be announced to ASX and filed under Allkem's profile on SEDAR+.

## 4.5 Entitlement to vote

Each Allkem Shareholder who is registered on the Allkem Register at the Voting Eligibility Cut-Off Time (being 7:00pm (AEDT) on 17 December 2023) is entitled to attend and vote at the Scheme Meeting.

In the case of jointly held Allkem Shares, only one of the joint shareholders is entitled to vote. If more than one Allkem Shareholder votes in respect of jointly held Allkem Shares, only the vote of the Allkem Shareholder whose name appears first on the Allkem Register will be counted. Details about the permitted methods of voting are set out in section 4.6 and in the Notice of Scheme Meeting contained in Annexure G of this Scheme Booklet.

## 4.6 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll. Allkem Shareholders (who are present in person (including online) or by proxy, attorney or corporate representative) will have one vote for each Allkem Share that they hold at the Voting Eligibility Cut-Off Time (being 7:00pm (AEDT) on 17 December 2023). If you are an Allkem Shareholder entitled to vote at the Scheme Meeting, you may vote:

- a. **in person:** by attending the Scheme Meeting in person or online via the online platform;
- b. **by proxy:** by appointing one or two proxies to attend the Scheme Meeting in person (including online via the online platform) and vote on your behalf, such appointment to be made via one of the following methods:
  - i. **online:** [www.investorvote.com.au](http://www.investorvote.com.au) and follow the instructions provided (Control Number: 133122).  
  
You will need your SRN or HIN, and the Control Number as shown on your Proxy Form.  
  
You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submission carefully before you lodge your proxy.
  - ii. **mobile:** Scan the QR Code on your Proxy Form and follow the prompts.
  - iii. **mail:** Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia
  - iv. **custodian voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

- c. **by attorney:** An Allkem Shareholder may appoint a person (whether an Allkem Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Allkem Directors may prescribe or accept.

- d. **by corporate representative:** To vote in person at the Scheme Meeting, an Allkem Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Allkem Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A certificate, with or without the seal of the body corporate Allkem Shareholder, signed by two directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.

Further information on how to appoint proxies, attorneys and corporate representatives is contained in the Notice of Scheme Meeting attached as Annexure G of this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme Resolution. The Scheme will not be Implemented unless the Scheme Resolution is approved by the Requisite Majorities of Allkem Shareholders.

## 4.7 How to ask questions

Allkem Shareholders attending the Scheme Meeting online will have a reasonable opportunity to ask questions during the Scheme Meeting via the online platform.

Allkem Shareholders may also ask questions in real time during the Scheme Meeting by attending the Scheme Meeting in person.

Allkem Shareholders who prefer to register questions in advance of the Scheme Meeting are invited to do so by submitting questions by email to [scheme.meeting@allkem.co](mailto:scheme.meeting@allkem.co) before 10:30am (AWST) / 1:30pm (AEDT) on Tuesday, 12 December 2023 (being five Business Days before the Scheme Meeting).

The chairman of the Scheme Meeting will endeavour to address as many of the questions as possible during the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to Allkem Shareholders.

## 4.8 Directors' recommendation and potential benefits in relation to the Scheme

As set out in this Scheme Booklet, your Allkem Directors believe that the Scheme is in the best interests of Allkem Shareholders. This aligns with the Independent Expert's view that the Scheme is in the best interests of Allkem Shareholders.

Accordingly, your Allkem Board unanimously recommends that Allkem Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

Your Allkem Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in section 1. Reasons that Allkem Shareholders may consider voting against the Scheme are set out in section 1.2.

Allkem Shareholders should note that certain Allkem Directors have interests in the outcome of the Scheme Resolution that may differ from those of other Allkem Shareholders, as described below.

### a. Martín Pérez de Solay

In connection with Implementation of the Scheme and otherwise as a result of the Transaction, Mr Pérez de Solay may be entitled to certain payments and other benefits. Some of these payments and other benefits would have become payable to Mr Pérez de Solay in the ordinary course

(that is, regardless of the Transaction), but will be accelerated and pro-rated because of the Transaction and the timing for Implementation.

Mr Pérez de Solay's entitlements to these payments and other benefits have been determined by the Allkem Board having regard to (1) his contractual and other legal entitlements; and (2) ensuring that Mr Pérez de Solay is treated in a manner consistent with the treatment of other Allkem personnel (including by application of the specific redundancy program outlined in section 7.7(c) of this Scheme Booklet and the exercise of the Allkem Board's discretion under the PROP outlined in section 10.2).

They are as follows:

- i. under Allkem's existing Management Short Term Incentive (**STI**) program, Mr Pérez de Solay is currently entitled to a STI payment for FY24 equivalent to up to 100% of his current base salary (which is US\$946,361). The Allkem Board can determine to satisfy the STI entitlement in either cash or equity and, in light of the Transaction, has determined to pay all STI entitlements in cash.

Ordinarily, Mr Pérez de Solay's actual STI entitlement would be determined by reference to his and Allkem's FY24 KPIs and payable at the end of FY24. Assuming, for illustration, that Mr Pérez de Solay's personal performance score against his FY24 KPIs is 85%, that no corporate scorecard weighting is applied and that Implementation occurs on or about 4 January 2024 (such that his total STI entitlement is to be pro-rated to reflect 6 months of service in FY24), Mr Pérez de Solay would be entitled to be paid US\$402,200 on or about completion of the Transaction;<sup>31</sup>

- ii. 238,772 of the outstanding and unvested Allkem Performance Rights held by Mr Pérez de Solay (as at the Effective Date) will vest in accordance with the framework described in section 10.2, and 238,772 Allkem Shares will be issued to Mr Pérez de Solay as a result. For completeness, this entitlement has been calculated as follows:
  - A. as at the Last Practicable Date, Mr Pérez de Solay held 277,126 Performance Rights, of which a maximum of 220,447 of those Performance Rights will vest as a result of the Transaction; and
  - B. subject to the receipt of shareholder approval at the Allkem 2023 Annual General Meeting, a further 109,955 Performance Rights (FY24 LTI Performance Rights) will be issued to Mr Pérez de Solay, of which a maximum of 18,325 may vest on an accelerated basis in connection with the Transaction;

<sup>31</sup> These figures are for illustration only; with the maximum STI payment to which Mr Pérez de Solay may be entitled being (the applicable pro-rated portion of) US\$946,361.



- iii. in each case, the accelerated vesting of these Performance Rights is in accordance with their terms of issue and was determined by applying the same methodology to Mr Pérez de Solay's Performance Rights as the Allkem Board has applied to all Allkem Performance Rights currently on issue (and to be issued in respect of FY24), as set out in section 10.2. It is not reasonably practicable for Allkem to determine the actual value of the "benefit" delivered through the acceleration of Mr Pérez de Solay's Performance Rights (as Allkem believes that a number of the Performance Rights would have likely vested in any event at the end of the applicable performance period). However, the maximum benefit (assuming that no Performance Rights would have vested in the ordinary course) would be approximately US\$1.46m (being the total number of Performance Rights multiplied by the USD value of Allkem Shares at close of trading on 3 November 2023);
- iv. in connection with Mr Pérez de Solay stepping down from his role as Managing Director and CEO of Allkem, Mr Pérez de Solay will be entitled to receive a one-off redundancy payment in accordance with applicable laws, Allkem policy and the specific redundancy program referred to in section 7.7(c). The redundancy payment is expected to be approximately US\$473,180 (in addition to remuneration and other accrued entitlements required to be paid to Mr Pérez de Solay in accordance with relevant laws and his existing contractual arrangements) and will be paid at the end of his 9-month notice period;
- v. a one-off Transaction Completion Bonus of US\$500,000, and a one-off Retention Bonus of US\$187,500,<sup>32</sup> will be payable to Mr Pérez de Solay at the end of his 9-month notice period; and
- vi. Mr Pérez de Solay may be entitled to further STI and LTI payments earned during his notice period, subject to the satisfaction of the relevant performance conditions and otherwise in accordance with his existing contractual entitlements. These STI and LTI cash payments are not expected to exceed US\$709,771 and US\$236,590, respectively, with:
  - A. both the STI and the LTI entitlements determined from a starting point of up to 100% of Mr Pérez de Solay's current base salary (of US\$946,361); and
  - B. the STI and LTI amounts available to Mr Pérez de Solay (subject to satisfaction of the applicable performance conditions) pro-rated to reflect the continuation of service through his 9-month notice period (that is, 9/12 months in the case of the STI entitlement and 9/36 months in the case of the LTI entitlement).

Allkem considers that the total potential benefits that may be received by Mr Pérez de Solay (in connection with Implementation of the Scheme and otherwise as a result of the Transaction) to be

approximately US\$2.84 million (excluding salary and ongoing incentive arrangements payable to Mr Pérez de Solay during his 9-month notice period). This is an illustrative figure only and is derived from Allkem's share price at the Last Practicable Date, and assumptions made about Mr Pérez de Solay's expected personal performance score against his FY24 KPIs (see section 4.8(a)(i)). Necessarily, this figure inflates the value of those potential benefits that are directly attributable to the Transaction because, as mentioned above, some of these payments and other benefits (1) would likely have become payable to Mr Pérez de Solay in the ordinary course (that is, regardless of the Transaction); and (2) are benefits to which Mr Pérez de Solay is entitled due to the operation of contractual entitlements that respond to the circumstances of the Transaction only because Mr Pérez de Solay's role will be made redundant as a consequence of the Transaction. Mr Pérez de Solay will also be paid his salary, a retention bonus and receive incentives (subject to satisfaction of applicable performance conditions), in the ordinary course, during Mr Pérez de Solay's 9-month notice period (as set out in sections 4.8(a)(v) and 4.8(a)(vi)).

Mr Pérez de Solay considers that these matters are not of such materiality to him - especially because of the loss of his role with Allkem following Implementation and his existing entitlements to certain of the potential benefits described above - that they impact on his consideration of the Scheme or his ability to make a recommendation to Allkem Shareholders about how to vote on the Scheme Resolution, especially given that most of these payments and other benefits would likely have been paid to Mr Pérez de Solay regardless (that is, in the ordinary course and in the absence of the Transaction).

Mr Pérez de Solay considers that it is appropriate for him to make a recommendation in relation to the Scheme.

#### **b. Peter Coleman**

If the Scheme is Implemented, it is intended that Mr Peter Coleman, who is the Non-Executive Chairman of Allkem, will be appointed as the Non-Executive Chairman of NewCo. The precise terms of Mr Coleman's appointment have not yet been confirmed; however, see section 7.5(a) for a brief discussion about indemnity arrangements for all members of the NewCo Board.

Under the Company's Constitution, the Allkem Board may remunerate a Director in connection with the performance of additional or special duties for the Company. The Allkem Board is empowered to determine the quantum of that remuneration for additional or special duties, and whether that

<sup>32</sup> The Retention Bonus amount payable to Mr Pérez de Solay has been determined on the basis that all Allkem executives who fit the criteria outlined in section 10.4(c) will be entitled to receive a bonus of up to US\$250,000 assuming a full 12-month period of retention. Mr Pérez de Solay's entitlement is pro-rated to reflect cessation of service on completion of his 9-month notice period.

remuneration is in addition to, or in substitution for, the Director's annual remuneration.

The Allkem Board has determined that, upon dispatch of this Scheme Booklet to Allkem Shareholders, Mr Coleman will be entitled to receive a special exertion fee of \$65,000. The special exertion fee was approved by the Allkem Board to recognise the significant time and effort spent by the non-executive members of the Allkem Board in connection with the evaluation, design and negotiation of the Transaction.

Mr Coleman considers that these arrangements are not of such materiality to him that they impact on his consideration of the Scheme or his ability to make a recommendation to Allkem Shareholders about how to vote on the Scheme Resolution.

Mr Coleman considers that it is appropriate for him to make a recommendation in relation to the Scheme.

**c. Fernando Oris de Roa, Leanne Heywood, Alan Fitzpatrick, John Turner and Florencia Heredia**

If the Scheme is Implemented, it is intended that Mr Fernando Oris de Roa, Ms Leanne Heywood, Mr Alan Fitzpatrick, Mr John Turner and Ms Florencia Heredia, who are Non-Executive Directors of Allkem, will be appointed as Non-Executive Directors of NewCo. Again, see section 7.5(a) for a brief discussion about indemnity arrangements for all members of the NewCo Board.

Having regard to this discretion, the Allkem Board has determined that, upon dispatch of this Scheme Booklet to Allkem Shareholders:

- i. Ms Heywood and Mr Turner will each be entitled to receive a special exertion fee of \$40,000; and
- ii. Mr Oris de Roa, Ms Heredia and Mr Fitzpatrick will each be entitled to receive a special exertion fee of \$30,000.

The special exertion fee was approved by the Allkem Board to recognise the significant time and effort spent by the non-executive members of the Allkem Board in connection with the evaluation, design and negotiation of the Transaction.

Messrs Oris de Roa, Fitzpatrick and Turner, and Mesdames Heywood and Heredia, each consider that these arrangements are not of such materiality to them that they impact on their consideration of the Scheme or their respective ability to make a recommendation to Allkem Shareholders about how to vote on the Scheme Resolution. Each of Messrs Oris de Roa, Fitzpatrick and Turner, and Mesdames Heywood and Heredia consider that it is appropriate for them to make a recommendation in relation to the Scheme.

**d. Richard Seville**

Upon dispatch of this Scheme Booklet to Allkem Shareholders, Mr Richard Seville will be entitled to receive a special exertion fee of \$40,000. The special exertion fee was approved by the Allkem Board to recognise the significant time and effort spent by the non-executive members of the Allkem Board in connection with the evaluation, design and negotiation of the Transaction.

Mr Seville considers that these arrangements are not of such materiality to him that they impact on his consideration of the Scheme or his ability to make a recommendation to Allkem Shareholders about how to vote on the Scheme Resolution.

Mr Seville considers that it is appropriate for him to make a recommendation in relation to the Scheme.

These arrangements are disclosed in this Scheme Booklet to allow Allkem Shareholders to consider these arrangements in the context of the unanimous recommendation of your Allkem Board that you should vote in favour of the Scheme, subject to no Superior Proposal in relation to Allkem emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

Allkem Shareholders should have regard to these arrangements when considering the recommendations and intentions of the Allkem Directors in relation to the Scheme.

Section 5

# Information on Allkem



# 5 Information on Allkem

## 5.1 Introduction

The information contained in this section 5 has been prepared by Allkem. The information concerning Allkem, and the intentions, views and opinions contained in this section 5 are the responsibility of Allkem. Livent and NewCo do not assume any responsibility for the accuracy or completeness of the information in this section 5.

## 5.2 Business overview

Allkem, an ASX-listed Australian public company limited by shares, is a lithium company with a global portfolio of lithium chemical and spodumene concentrate operations and projects. Allkem Shares are quoted on ASX under the symbol “AKE” and listed on the TSX under the symbol “AKE.”

Allkem’s registered office is in Brisbane, Australia and its headquarters are in Buenos Aires, Argentina. Allkem was formed by the merger of Galaxy Resources Limited (**Galaxy**) and Orocobre Limited (**Orocobre**), which was implemented in August 2021 (**Galaxy/Orocobre Merger**).

Allkem produces and develops lithium products in Australia, Argentina and Japan, and its portfolio includes lithium brine operations in Argentina, a hard rock lithium operation in Australia and a lithium hydroxide conversion facility in Japan. In addition, Allkem has new project developments underway in Canada and Argentina that are aimed at enhancing Allkem’s ability to meet the growth in market demand that is expected as part of a global transition to a net zero carbon future.

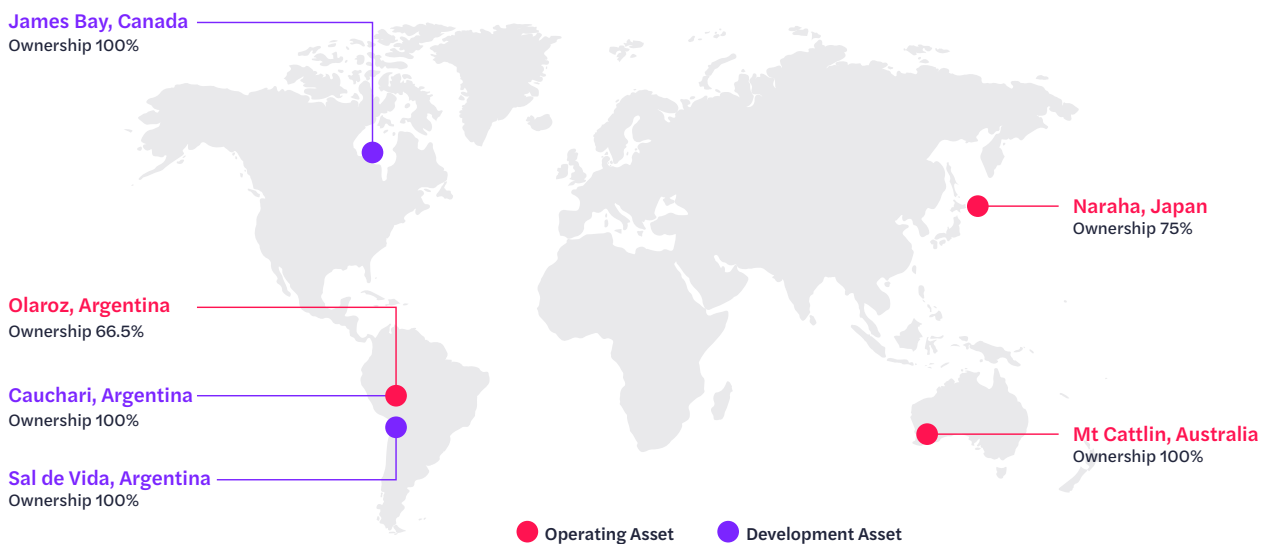
Allkem has a track record in developing and operating lithium mines and chemical processing facilities.

Allkem’s key assets include the:

- a. Mt Cattlin lithium spodumene mine in Ravensthorpe, Western Australia;
- b. Olaroz lithium facility in Jujuy Province, Argentina (of which Allkem owns a 66.5% equity interest);
- c. Cauchari lithium brine project in Jujuy Province, Argentina;
- d. Sal de Vida lithium brine project in Catamarca Province, Argentina;
- e. James Bay lithium spodumene project located in Québec, Canada; and
- f. Naraha lithium hydroxide plant in Naraha, Japan (of which Allkem owns a 75% economic interest).

Allkem believes its development pipeline will position Allkem to supply the growing lithium market as the world migrates to lower emissions transport and energy solutions. Allkem’s vertically integrated production base allows Allkem to service multiple markets and customers.

Figure 5.2.1 Global lithium operations



## 5.3 Overview of Allkem's assets, divisions and operations

Allkem operates primarily in Argentina, Western Australia, Canada and Japan. Allkem's primary focus is on the following assets:

### a. Mt Cattlin

Mt Cattlin is a hard rock, open pit mine that produces spodumene concentrate utilising conventional extraction and processing techniques. Mt Cattlin is wholly owned by Allkem and is located two kilometres north of the town of Ravensthorpe in Western Australia. The processing plant for Mt Cattlin is located immediately to the west of the mining area, with the spodumene concentrate (with a grade up to 6.0% Li<sub>2</sub>O) produced at Mt Cattlin trucked to the Port of Esperance for export to customers in Asia.

The processing plant also generates by-product tantalite concentrates from the open pit mining of the pegmatite ore deposit. Tantalite by-product concentrate is bagged on site and freighted to the nearby Global Advanced Metals Greenbushes operation.

Mt Cattlin has capacity to process up to 1.8 Mt of ore per year, having been subject to a series of upgrades since the original 1 Mt per year capacity facility when it was commissioned in 2010.

Information about the Mineral Resources and Ore Reserves for Mt Cattlin is set out in section 5.5(a).

A summary of recent key production and sales statistics achieved at Mt Cattlin is included below:

**Table 5.3.1 Mt Cattlin key production and sales**

Metric	Units	Q1 CY22	Q2 CY22	Q3 CY22	Q4 CY22	Q1 CY23	Q2 CY23	FY22	FY23
<b>Production</b>									
Recovery	%	58%	42%	25%	37%	60%	67%	56%	49%
Concentrate produced	dmt	48,562	24,845	17,606	16,404	38,915	58,059	193,563	130,984
Grade of concentrate produced	% Li <sub>2</sub> O	5.4%	5.3%	5.3%	5.3%	5.3%	5.3%	5.6%	5.3%
<b>Sales</b>									
Concentrate shipped	dmt	66,011	37,837	21,249	15,702	21,553	46,787	231,560	105,291
Grade of concentrate shipped	% Li <sub>2</sub> O	5.6%	5.4%	5.4%	5.3%	5.2%	5.3%	5.6%	5.3%
Realised price	US\$/dmt CIF	2,178	4,992	5,026	5,284	5,702	4,297	2,017	4,879
Revenue	US\$ million	143.8	188.9	106.8	83.0	122.9	201.0	467.0	513.7
<b>Cost of production</b>									
Cash cost of production	US\$/t FOB	349	803	796	1,016	1,033	830	401	909

## b. Olaroz

Allkem holds a 66.5% interest in the Olaroz joint venture (see section 5.4(b) below for details of the joint venture), which operates the Olaroz lithium facility. Olaroz is an established lithium brine evaporation and processing operation, located in the Jujuy Province of northern Argentina, 230 kilometres northwest of the capital city San Salvador de Jujuy. Olaroz produces lithium carbonate chemicals for the battery, technical and chemical markets.

The joint venture holds mineral properties that cover the majority of the Salar de Olaroz, including tenements covering 47,615 ha and two exploration properties (“cateos”) and consisting of 33 mining concessions.

In addition to its stake in SDJ, Allkem also owns 100% of six properties immediately to the north of Olaroz, which contribute an additional 9,575 ha. The properties in the far north of the salar and over gravel sediments of the Rosario River delta and surrounding alluvial material are interpreted to overlie a deeper extension of the salar. In addition to those six properties, Allkem has also acquired the Maria Victoria property in the north of Olaroz.

Allkem commenced exploration at Olaroz in 2008 and has been extracting lithium since 2013 and producing lithium carbonate since 2015 from the Stage 1 operations of Olaroz. Further, in July of 2023, Allkem achieved first production of wet lithium carbonate cake at the filter presses of the Stage 2 expansion of Olaroz, and is scheduled to commence production from Stage 2 in the second half of 2023 with production ramp up planned to take one year.

Stage 2 comprises additional evaporation ponds and an additional standalone processing facility with 25,000 tpa of technical grade lithium carbonate production capacity (in addition to the Stage 1 production capacity of 17,500 tpa). Olaroz Stage 1 and 2’s cumulative site lithium carbonate production capacity is 42,500 tpa.

Olaroz is fully permitted for Stage 1 and 2 production, and Sales de Jujuy S.A. (SDJ), the operating company for the joint venture, has received the relevant permissions for Olaroz development and operating activities from both provincial and federal agencies.

Information about the Mineral Resources for Olaroz is set out in section 5.5(b).

A summary of recent key production and sales statistics achieved at Olaroz Stage 1 is included below.

**Table 5.3.2 Olaroz key production and sales**

Metric	Units	Q1 CY22	Q2 CY22	Q3 CY22	Q4 CY22	Q1 CY23	Q2 CY23	FY22	FY23
Production	tonnes	2,972	3,445	3,289	4,253	4,102	5,059	12,863	16,703
Sales	tonnes	3,157	3,440	3,721	3,131	2,904	3,430	12,512	13,186
Average price received	US\$/tonne	27,236	41,033	40,317	46,706	52,738	38,054	23,398	43,981
Third party price received	US\$/tonne	27,236	41,033	43,237	53,013	53,175	38,062	23,398	46,172
Cash costs of goods sold	US\$/tonne	3,811	4,301	4,563	4,682	4,924	5,882	4,282	5,014
Revenue	US\$ million	86	141	150	151	159	132	293	592
Gross cash margin (avg. price)	US\$/tonne	23,425	36,732	35,754	42,024	47,814	32,172	19,116	38,967
Gross cash margin	%	86%	90%	89%	90%	91%	85%	82%	89%

**c. Cauchari**

Cauchari, which is located immediately south of, and has similar brine characteristics to, Olaroz, is wholly owned by Allkem. Cauchari is located in the Puna region, 230 kilometres west of the city of San Salvador de Jujuy in Jujuy Province of northern Argentina and is at an altitude of 3,900 meters above sea level. The Cauchari tenements cover approximately 28,906 ha and consist of 22 mining concessions. Cauchari was acquired by Orocobre Limited (as Allkem was formerly known) in 2020 following the completion of a statutory plan of arrangement with Advantage Lithium Corporation.

Once fully operational, Cauchari will be a lithium brine evaporation and processing operation. The operation may include infrastructure and facilities that are being supported by the neighbouring Olaroz site.

Cauchari will include the design and installation of production wells, evaporation ponds and a processing plant with production capacity of 25,000 tpa of lithium carbonate.

Information about the Mineral Resources and Ore Reserves for Cauchari is set out in section 5.5(c).

**d. Sal de Vida**

Sal de Vida is wholly owned by Allkem and is located on the Salar del Hombre Muerto in the Province of Catamarca in northwest Argentina, approximately 200 kilometres from Olaroz in the Puna region at approximately 4,000 metres above sea level. Sal de Vida is designed to primarily produce battery grade lithium carbonate through an evaporation and processing operation.

Sal de Vida tenements are held by Allkem and comprise 31 mining concessions over an area of 26,253 ha. As of the date of this Scheme Booklet, all concessions are in good standing with all statutory annual payments (mining canon) and reporting obligations up to date.

The salar system in the Hombre del Muerto basin is considered to be typical of a mature salar in Argentina, containing relatively high concentrations of lithium brine due to the presence of lithium-bearing rocks and local geothermal waters associated with Andean volcanic activity. Sal de Vida's brine chemistry has a high lithium grade and low levels of magnesium, calcium and boron impurities.

Development is planned to be delivered in two stages with Stage 1 currently in construction targeting 15,000 tpa lithium carbonate production capacity and Stage 2 targeting 30,000 tpa lithium carbonate production capacity. Both stages will include the design and installation of production wells, evaporation ponds and processing infrastructure.

Information about the Mineral Resources and Ore Reserves for Sal de Vida is set out in section 5.5(d).

#### e. James Bay

James Bay is wholly owned by Allkem and is located in Québec, Canada, approximately 130 kilometres east of James Bay and the Cree Nation of Eastmain community. James Bay is located in proximity to the North American EV market and has access to key infrastructure in the region, including clean, renewable energy. Allkem is proposing to develop James Bay as a hard rock operation, maximising the usage of renewable energy and utilising spodumene expertise gained from its Mt Cattlin operations.

The James Bay pegmatite deposit will be mined by conventional open pit methods. All material will require drilling and blasting and will be removed using mining excavators and haul trucks. Mining is scheduled to achieve low waste stripping in the initial years with a gradual increase later in the mine life. The average strip ratio for the life of mine plan is 3.54:1.

The process design is based on an annual throughput of 2 Mt of ore to produce a final product grade of 6.0%  $\text{Li}_2\text{O}$ , with operational flexibility to increase recovery by reducing concentrate grade to 5.6%  $\text{Li}_2\text{O}$ . The selected process is similar to that currently utilised at Mt Cattlin, which incorporates a similar flowsheet based on crushing, screening and dense media separation (DMS) stages. Processing involves a conventional three-stage crushing circuit, followed by a DMS plant. Similar to Mt Cattlin, crystal sizes are coarse and, therefore, grinding and flotation methods are not necessary, contributing to lower operating costs.

Information about the Mineral Resources and Ore Reserves for James Bay is set out in section 5.5(e).

#### f. Naraha Lithium Hydroxide Plant

Naraha is owned by TLC, a Japanese incorporated joint venture between TTC and Allkem. Further information about the Naraha joint venture is included in section 5.4(c) below. Naraha is designed to convert lithium carbonate feedstock sourced from Olaroz into battery grade lithium hydroxide.

TTC, on behalf of TLC, operates the Naraha Lithium Hydroxide Plant with input from Allkem personnel. Technical and marketing committees of Allkem and TTC personnel are in place to ensure appropriate technical and commercial oversight, and reporting practices. The project was delivered by a turnkey engineering, procurement, and construction contract with Veolia.

Naraha construction was completed during 2022, with successful commissioning resulting in first production of lithium hydroxide in late October 2022. Since then, expected product quality and volumes continue to be achieved enabling approximately 670 tonnes of technical grade lithium hydroxide to be sold to third party customers during the March quarter of 2023.

Operational focus continues to be on progressively increasing the product quality and consistency to allow commencement of customer qualification testing for battery grade hydroxide. This is being done in preference to a focus on volume, as high utilisation rates have already been indicated in testing.

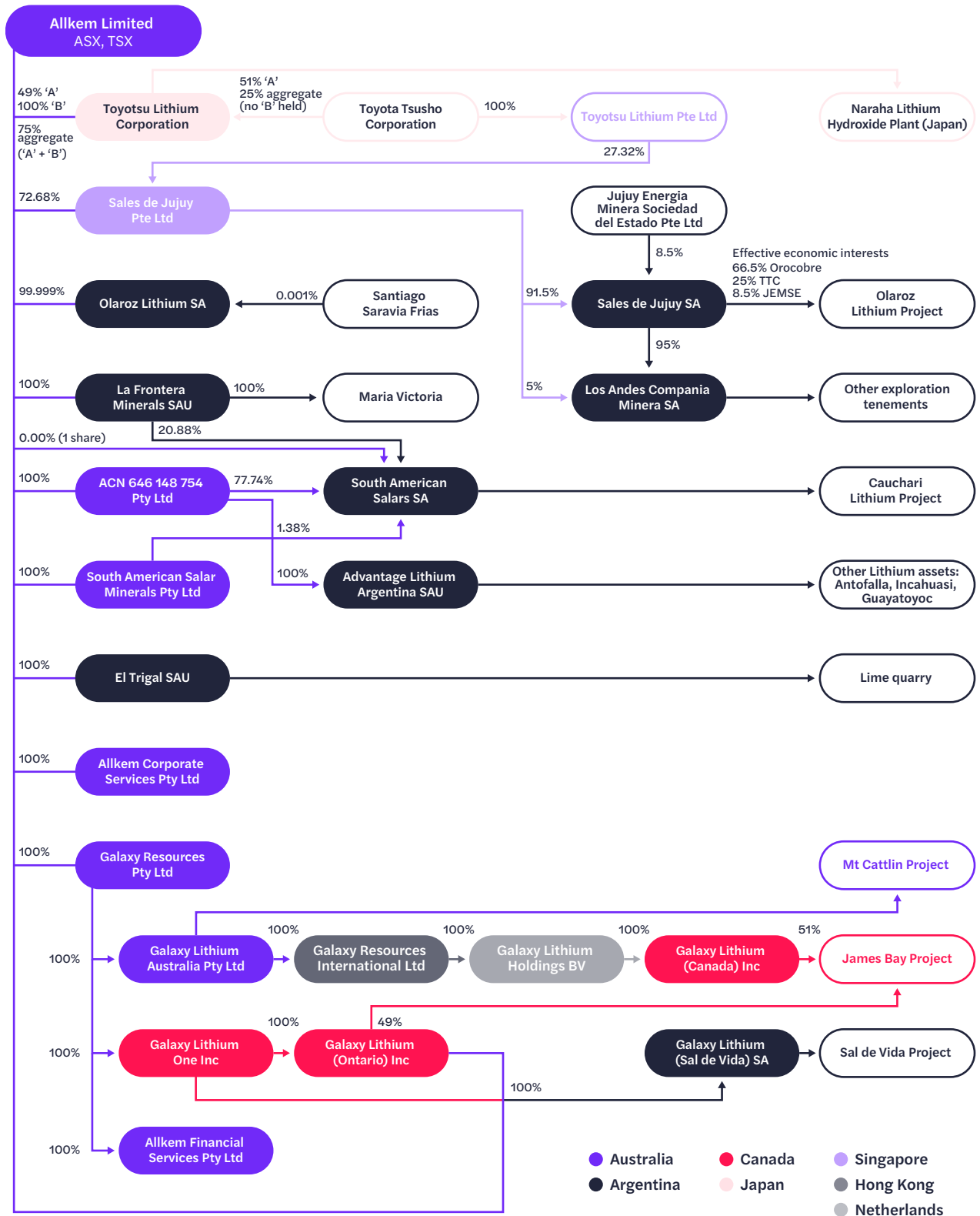


## 5.4 Corporate Structure of Allkem

### a. Allkem Group

The corporate structure of Allkem and its wholly owned or controlled entities is set out below. If the Scheme is Implemented, Allkem will become a wholly-owned subsidiary of NewCo alongside Livent.

Figure 5.4.1 Allkem Corporate Structure



**b. Olaroz Joint Venture**

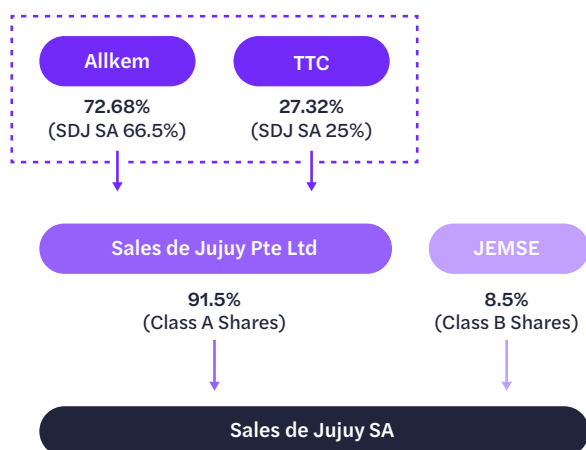
Olaroz is held through SDJ, which is indirectly owned 66.5% by Allkem, 25% by TTC and 8.5% by JEMSE.

Allkem’s and TTC’s interests in SDJ are held via Sales de Jujuy Pte Ltd, a Singapore incorporated company. To date, Allkem has funded JEMSE’s pro rata contributions to the funding of developments at Olaroz. JEMSE’s funding contribution for Stage 1 of Olaroz is to be repaid to Allkem from future dividends from SDJ as agreed. JEMSE is not contributing funding to Stage 2.

Allkem, on behalf of SDJ, manages and operates Olaroz with input from TTC.

TTC has the sole and exclusive rights to market and sell all lithium products produced by SDJ from Stage 1 and Stage 2 for 20 years from the commencement of production from Stage 2, subject to oversight from a joint marketing committee comprised of an equal number of TTC and Allkem representatives.

**Figure 5.4.2 Olaroz Joint Venture structure**



**c. Naraha Lithium Hydroxide Plant Joint Venture**

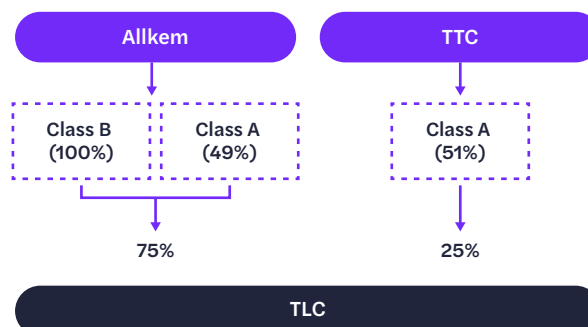
Naraha is owned by TLC, a Japanese incorporated joint venture between TTC and Allkem.

TTC is the appointed manager of Naraha and holds 51% of the Class A shares in TLC, and Allkem holds 49% of the Class A and 100% of the Class B shares in TLC. Class B shares have no voting rights, but full participation rights in dividends and distributions. This structure results in an economic ownership of 75% for Allkem and 25% for TTC in Naraha; but means that Allkem cannot carry a majority of votes and therefore control voting decisions of the incorporated joint venture in its own right.

TTC, on behalf of TLC, manages the operation of Naraha with input from Allkem technical personnel and oversight from a technical oversight committee of Allkem and TTC personnel.

TTC has the sole and exclusive rights to market and sell all lithium products produced by TLC, subject to oversight from a joint marketing committee comprised of an equal number of TTC and Allkem representatives.

**Figure 5.4.3 Naraha Lithium Hydroxide Plant Joint Venture structure**



**Table 5.4.4 Breakdown of classes of shares**

Shareholder	Class A Shares (%)	Class B Shares (%)	Class A + B Shares (% Total Economic Interest)
	(Carry Voting & Economic Rights)	(Carry Economic Rights Only; No Voting Rights)	
TTC	51%	0%	25%
Allkem	49%	100%	75%

## 5.5 Mineral Resources and Ore Reserves

The following sections provide a summary of Allkem's Mineral Resources and Ore Reserves effective 30 June 2023. Mineral Resources are reported inclusive of Ore Reserves, and not "in addition to", unless stated otherwise.

### a. Mt Cattlin

Table 5.5.1 Mt Cattlin Mineral Resources

Classification	Location	Ore Tonnes (Mt)	Grade Li <sub>2</sub> O (%)	Grade Ta <sub>2</sub> O <sub>5</sub> (ppm)	Contained Metal ('000 t Li <sub>2</sub> O)	Contained Metal ('000 lbs Ta <sub>2</sub> O <sub>5</sub> )	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
<b>1 Mt Cattlin Mineral Resource Update as at 30 June 2023, depleted for mining</b>							
Measured	In-situ	0.2	1.0%	172	2	75	5
Indicated	In-situ	8.8	1.4%	165	121	3,197	299
<b>Total Measured and Indicated In-Situ</b>		<b>9.0</b>	<b>1.4%</b>	<b>165</b>	<b>123</b>	<b>3,272</b>	<b>304</b>
Inferred	In-situ	1.3	1.3%	181	17	518	42
Indicated	Stockpiles	1.8	0.8%	95	13	396	32
<b>2 Mt Cattlin Mineral Resource Update as at 30 June 2023, depleted for mining, within a RPEEE shell USD 1,500</b>							
Measured	In-situ	0.2	1.0%	171	2	44	5
Indicated	In-situ	7.2	1.4%	147	98	2,221	242
<b>Total Measured and Indicated In-Situ</b>		<b>7.4</b>	<b>1.4%</b>	<b>148</b>	<b>100</b>	<b>2,265</b>	<b>247</b>
Inferred	In-situ	0.2	1.1%	133	2	48	5
Indicated	Stockpiles	1.8	0.8%	95	13	396	32

**Notes:** 1 Global In-situ Mineral Resource as at 30 June 2023. COG 0.3% lithia. Depleted for mining 1.2Mt @1.2% lithia January-June 2023. 2 RPEEE optimisations were conducted on a 0.4% Li<sub>2</sub>O cut-off grade and are reported above a marginal cut-off grade of 0.3% Li<sub>2</sub>O. Estimates have been rounded to a maximum of two significant figures, thus sum of columns may not equal. A Competent Persons Statement and other information required by the ASX Listing Rules for Mt Cattlin Mineral Resources is set out in section 10.11.

Table 5.5.2 Mt Cattlin Ore Reserves

Classification	Location	Tonnage (Mt)	Grade (% Li <sub>2</sub> O)	Grade Ta <sub>2</sub> O <sub>5</sub> (ppm)	Contained Metal ('000 t Li <sub>2</sub> O)	Contained Metal ('000 lbs Ta <sub>2</sub> O <sub>5</sub> )
Proved	In-situ	0.2	0.9	120	1	45
Probable	In-situ	5.2	1.3	130	69	1,500
	Stockpiles	1.8	0.8	95	13	396
<b>Total</b>		<b>7.1</b>	<b>1.2</b>	<b>120</b>	<b>84</b>	<b>1,900</b>

**Notes:** Ore Reserves mine designs were conducted on a 0.4% Li<sub>2</sub>O cut-off grade and Ore Reserves are reported above a marginal cut-off grade of 0.3% Li<sub>2</sub>O. Estimates have been rounded to a maximum of two significant figures, thus sum of columns may not equal. A Competent Persons Statement and other information required by the ASX Listing Rules for Mt Cattlin Ore Reserves is set out in section 10.11.

b. Olaroz

Table 5.5.3 Olaroz Mineral Resources

Classification	Brine Volume (m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li ('000 t)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
Measured	3.3 x 10 <sup>9</sup>	659	2,170	11,540
Indicated	1.2 x 10 <sup>9</sup>	592	720	3,840
<b>Total Measured and Indicated</b>	<b>4.5 x 10<sup>9</sup></b>	<b>641</b>	<b>2,890</b>	<b>15,380</b>
Inferred	2.2 x 10 <sup>9</sup>	609	1,360	7,250

Notes: Comparison of values may not add up due to rounding or the use of averaging methods. Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.323. The cut-off grade used to report Olaroz Mineral Resources is 300 mg/L. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability, there is no certainty that any or all of the Mineral Resources can be converted into Ore Reserves after application of the modifying factors. A Competent Persons Statement and other information required by the ASX Listing Rules for Olaroz Mineral Resources is set out in section 10.11.

There is no measured Ore Reserve for Olaroz.

Table 5.5.4 Olaroz Mineral Resources estimates by company

Category	Brine Volume (m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li ('000 t)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t)
<b>Measured</b>	<b>3.3 x 10<sup>9</sup></b>	<b>659</b>	<b>2,170</b>	<b>11,540</b>
SDJ JV (66.5% Allkem owned)	2.7 x 10 <sup>9</sup>	664	1,796	9,561
Olaroz Lithium (100% Allkem owned)	2.0 x 10 <sup>8</sup>	700	142	756
La Frontera Minerals (100% Allkem owned)	3.8 x 10 <sup>8</sup>	595	229	1,219
<b>Indicated</b>	<b>1.2 x 10<sup>9</sup></b>	<b>592</b>	<b>720</b>	<b>3,840</b>
SDJ JV (66.5% Allkem owned)	1.1 x 10 <sup>9</sup>	591	659	3,508
Olaroz Lithium (100% Allkem owned)	4.2 x 10 <sup>7</sup>	645	27	144
La Frontera Minerals (100% Allkem owned)	5.9 x 10 <sup>7</sup>	573	34	181
<b>Measured &amp; Indicated</b>	<b>4.5 x 10<sup>9</sup></b>	<b>641</b>	<b>2,890</b>	<b>15,380</b>
SDJ JV (66.5% Allkem owned)	3.8 x 10 <sup>9</sup>	645	2,455	13,069
Olaroz Lithium (100% Allkem owned)	2.4 x 10 <sup>8</sup>	691	169	900
La Frontera Minerals (100% Allkem owned)	4.4 x 10 <sup>8</sup>	592	263	1,400
<b>Inferred</b>	<b>2.2 x 10<sup>9</sup></b>	<b>609</b>	<b>1,360</b>	<b>7,250</b>
SDJ JV (66.5% Allkem owned)	1.2 x 10 <sup>9</sup>	623	764	4,067
Olaroz Lithium (100% Allkem owned)	2.4 x 10 <sup>8</sup>	650	154	820
La Frontera Minerals (100% Allkem owned)	7.3 x 10 <sup>8</sup>	608	443	2,358

### c. Cauchari

**Table 5.5.5 Cauchari Mineral Resources**

Classification	Brine Volume (m <sup>3</sup> )	Average Lithium Grade (mg/L)	In-situ Lithium ('000 t Li)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
Measured	6.5 x 10 <sup>8</sup>	527	345	1,850
Indicated	1.1 x 10 <sup>9</sup>	452	490	2,600
<b>Total Measured and Indicated</b>	<b>1.8 x 10<sup>9</sup></b>	<b>476</b>	<b>835</b>	<b>4,450</b>
Inferred	6.0 x 10 <sup>8</sup>	473	285	1,500

*Notes: Comparison of values may not add up due to rounding or the use of averaging methods. Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.323. The cut-off grade used to report Cauchari Mineral Resources is 300 mg/L. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability, there is no certainty that any or all of the Mineral Resources can be converted into Ore Reserves after application of the modifying factors. A Competent Persons Statement and other information required by the ASX Listing Rules for Cauchari Mineral Resources is set out in section 10.11.*

**Table 5.5.6 Cauchari Ore Reserves**

Classification	Year	Brine Volume (m <sup>3</sup> )	Average Lithium Grade (mg/L)	In-situ Lithium ('000 t Li)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
Proved	1-7	7.6 x 10 <sup>7</sup>	571	43	231
Probable	8-30	3.5 x 10 <sup>8</sup>	485	169	897
<b>Total</b>	<b>1-30</b>	<b>4.2 x 10<sup>8</sup></b>	<b>501</b>	<b>212</b>	<b>1,128</b>

*Notes: Comparison of values may not add up due to rounding or the use of averaging methods. Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.323. The cut-off grade used to report Cauchari Mineral Resources is 300 mg/L. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability, there is no certainty that any or all of the Mineral Resources can be converted into Ore Reserves after application of the modifying factors. The Lithium Ore Reserve estimate represents the lithium contained in the brine produced by the wellfields as input to the evaporation ponds. Brine production initiates in Year 1 from wells located in the NW Sector. In Year 9, brine production switches across to the SE Sector of the Project. Approximately 25% of M&I Mineral Resources are converted to Total Ore Reserves. Potential environmental effects of pumping have not been comprehensively analysed at the PFS stage. Additional evaluation of potential environmental effects will be done at the next stage of evaluation. Additional hydrogeological test work will be required in the next stage of evaluation to adequately verify the quantification of hydraulic parameters in the Archibarca fan area and in the Lower Sand unit as indicated by the sensitivity analysis carried out on the model results. Ore Reserves are derived from and included within the M&I Mineral Resources in the Mineral Resource Table 5.5.5. A Competent Persons Statement and other information required by the ASX Listing Rules for Cauchari Ore Reserves is set out in section 10.11.*

d. Sal de Vida

Table 5.5.7 Sal de Vida Mineral Resources

Classification	Brine Volume (m <sup>3</sup> )	Average Lithium Grade (mg/L)	In-situ Li ('000 t Li)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
Measured	8.8 x 10 <sup>8</sup>	752	661	3,516
Indicated	7.6 x 10 <sup>8</sup>	742	564	3,004
<b>Total Measured and Indicated</b>	<b>1.6 x 10<sup>9</sup></b>	<b>747</b>	<b>1,225</b>	<b>6,520</b>
Inferred	2.2 x 10 <sup>8</sup>	556	122	652

Notes: Cut-off grade: 300 mg/L lithium. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. A Competent Persons Statement and other information required by the ASX Listing Rules for Sal de Vida Mineral Resources is set out in section 10.11.

Table 5.5.8 Sal de Vida Ore Reserves

Classification	Wellfield	Year	Brine Volume (m <sup>3</sup> )	Average Lithium Grade (mg/l)	In-situ Li ('000 t Li)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000 t LCE)
Proved	Stage 1	1-7	3.9 x 10 <sup>7</sup>	785	31	163
Proved	Stage 2	3-9	6.6 x 10 <sup>7</sup>	807	53	282
<b>Total Proved</b>		<b>1-9</b>	<b>1.1 x 10<sup>8</sup></b>	<b>799</b>	<b>84</b>	<b>445</b>
Probable	Stage 1	8-40	2.0 x 10 <sup>8</sup>	726	147	780
Probable	Stage 2	10-40	3.1 x 10 <sup>8</sup>	763	237	1,261
<b>Total Probable</b>		<b>8-40</b>	<b>5.1 x 10<sup>8</sup></b>	<b>748</b>	<b>383</b>	<b>2,041</b>
<b>Total</b>		<b>40</b>	<b>6.2 x 10<sup>8</sup></b>	<b>757</b>	<b>467</b>	<b>2,486</b>

Notes: Assumed 300 mg/L Li cut-off grade. A Competent Persons Statement and other information required by the ASX Listing Rules for Sal de Vida Ore Reserves is set out in section 10.11.

e. James Bay

Table 5.5.9 James Bay Mineral Resources

Classification	Ore Tonnage (Mt)	Grade (% Li <sub>2</sub> O)	Contained Lithium Oxide ('000 t Li <sub>2</sub> O)	Li <sub>2</sub> CO <sub>3</sub> Equivalent ('000) t LCE
Measured	—	—	—	—
Indicated	54.3	1.30	706	1,750
<b>Total Measured and Indicated</b>	<b>54.3</b>	<b>1.30</b>	<b>706</b>	<b>1,750</b>
Inferred	55.9	1.30	724	1,790

*Notes: The Mineral Resource estimate has been reported within a conceptual pit shell at a cut-off grade of 0.50% Li<sub>2</sub>O. The conceptual pit shell used to constrain the Mineral Resource estimate has been defined using a spodumene concentrate price of US\$1,500 per tonne, an exchange rate of CAD:USD of 1.33, a total ore-based cost of CA\$33.92 per tonne, a mining cost of CA\$4.82 per tonne, a concentrate transport cost of CA\$86.16 per tonne and a metallurgical recovery of 70.1%. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. The Competent Persons are not aware of any problem related to the environment, permits or mining titles, or related to legal, fiscal, socio-political, commercial issues, or any other relevant factor that could have a significant impact on this Mineral Resource estimate. The number of tonnes has been rounded to the nearest 100,000 tonnes, with any discrepancies observed in the totals due to rounding effects. All tonnages reported are dry metric tonnes. A Competent Persons Statement and other information required by the ASX Listing Rules for James Bay Mineral Resources is set out in section 10.11.*

Table 5.5.10 James Bay Ore Reserves

Classification	Tonnage (Mt)	Grade (% Li <sub>2</sub> O)	Contained Metal ('000 t Li <sub>2</sub> O)
Proved	—	—	—
Probable	37.3	1.27	474
<b>Total</b>	<b>37.3</b>	<b>1.27</b>	<b>474</b>

*Notes: Ore Reserves are estimated using the following metal prices (Li<sub>2</sub>O Conc = US\$1,500/t Li<sub>2</sub>O at 6.0% Li<sub>2</sub>O) and an exchange rate of CAD:USD 1.33. A minimum mining width of 5 m was used. A cut-off grade of 0.62% Li<sub>2</sub>O was used. The bulk density of ore is variable, is outlined in the geological block model, and averages 2.7 g/cm<sup>3</sup>. The average strip ratio is 3.6:1. The average mining dilution factor is 8.7% at 0.42% Li<sub>2</sub>O. Numbers may not add due to rounding. A Competent Persons Statement and other information required by the ASX Listing Rules for James Bay Ore Reserves is set out in section 10.11.*

## 5.6 Allkem Board and senior management

### a. Allkem Board

As at the date of this Scheme Booklet, the Allkem Board comprised:

Name	Position and biography
<b>Peter Coleman</b>	<b>Independent Non-Executive Chairman</b>  Mr. Peter Coleman is currently the Chair of the Allkem Board. Mr. Coleman is the former Chief Executive Officer and Managing Director of Woodside Energy Group Limited (Australia's largest independent gas producer) having served in that role from 2011 until his retirement in June 2021. Prior to joining Woodside, Mr. Coleman spent 27 years with the ExxonMobil group in a variety of roles, including Vice President-Asia Pacific from 2010 to 2011 and Vice President-Americas from 2008 to 2010. Mr. Coleman has been a non-executive director of SLB (a NYSE listed oilfield services company) since 2021. Since 2012, Mr. Coleman has been an adjunct professor of corporate strategy at the University of Western Australia Business School, is a member of the Singapore Energy International Advisory Panel and has chaired the Australia Korea Foundation since 2016. He is the recipient of an Alumni Lifetime Achievement Award from Monash University and a Fellowship from the Australian Academy of Technological Sciences and Engineering. Mr. Coleman has been awarded Honorary Doctoral degrees in Law and Engineering from Monash and Curtin Universities respectively, and was awarded the Heungin Medal for Diplomatic Service by the Republic of South Korea. Mr. Coleman holds a Bachelor of Engineering (Civil and Computing) and an MBA.
<b>Martín Pérez de Solay</b>	<b>Managing Director &amp; Chief Executive Officer</b>  Mr. Martín Pérez de Solay was appointed to the Allkem Board as Managing Director on 18 January 2019. At the same time, Mr. Pérez de Solay formally commenced his duties as Chief Executive Officer.  Mr. Pérez de Solay has a career spanning engineering, operational improvement, banking, finance and executive management in banking and energy.  Mr. Pérez de Solay is an Industrial Engineer (Ieng), with qualifications from Instituto Tecnológico de Buenos Aires and Universidad Austral, Buenos Aires, and experience with the Harvard Kennedy School.
<b>Fernando Oris de Roa</b>	<b>Independent Non-Executive Director</b>  Mr. Fernando Oris de Roa is currently a member of the Allkem Board. Mr. Oris de Roa previously served as a director of Orocobre Limited from 2010 until the Galaxy/Orocobre Merger. Mr. Oris de Roa previously served as Ambassador of Argentina to the United States in 2018 and 2019. Mr. Oris de Roa is a highly successful business leader with a history of developing and operating large enterprises within Argentina and a reputation for upholding integrity and social responsibility in his business practices. Mr. Oris de Roa holds a Masters Degree from the Harvard Kennedy School of Government.
<b>Leanne Heywood</b>	<b>Independent Non-Executive Director</b>  Ms. Leanne Heywood OAM (Order of Australia Medal) is currently a member of the Allkem Board. Ms. Heywood previously served as a director of Orocobre Limited from 2016 until the Galaxy/Orocobre Merger. Ms. Heywood previously held a senior position at Rio Tinto Group, from 2005 to 2015. Since 2019, Ms. Heywood has been a director of Midway Limited (a public company processing and exporting woodfibre) and Quickstep Holdings Limited (a public company developing and manufacturing defense technology). She has also served on the board of Symbio Holdings Limited (a public Australian cloud communications software company) and Snowy Hydro Limited (an Australian private government business entity) since 2022. Ms. Heywood's experience includes strategic marketing, business finance (as Fellow of CPA Australia) and compliance and she has led organisational restructurings, dispositions and acquisitions. Additionally, Ms. Heywood has deep experience in international customer relationship management, stakeholder management (including with respect to governments and investment partners) and executive leadership in Asia, the Americas and Europe.



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**Alan Fitzpatrick****Independent Non-Executive Director**

Mr. Alan Fitzpatrick is currently a member of the Allkem Board. Mr. Fitzpatrick previously served as a director of Galaxy Resources Limited from 2019 until the Galaxy/Orocobre Merger, and from 2013 to present has served as a consultant and business owner of Alan Fitzpatrick Consulting. Throughout his career, Mr. Fitzpatrick has held senior positions with BHP Group Limited (a public Australian multinational mining and metals company), Gold Fields Limited (a public South African gold mining company), Newmont Corporation (a public American gold mining company) and Bechtel Corporation (an engineering, construction and project management company). Mr. Fitzpatrick holds a Bachelor of Science in Mechanical Engineering from Gippsland Institute of Advanced Education.

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**John Turner****Independent Non-Executive Director**

Mr. John Turner is currently a member of the Allkem Board and a partner of Fasken Martineau DuMoulin LLP, a law firm with offices in Canada, the UK, South Africa and China, where he has practised as a partner of the firm since 1997 and serves as the leader of the Global Mining Group and Chair of the Capital Markets and Mergers & Acquisitions Group. Mr. Turner has been involved in many of the leading corporate finance and merger and acquisition deals in the resources sector. Mr. Turner previously served as a director of Galaxy Resources Limited from 2017 until the Galaxy/Orocobre Merger. Mr. Turner has also been the non-executive Chairman of GoGold Resources, Inc., a TSX-listed gold and silver mining company, since 2019.

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**Florencia Heredia****Independent Non-Executive Director**

Ms. Florencia Heredia is currently a member of the Allkem Board and a senior partner of Allende & Brea, an Argentine legal firm, where she heads the energy and natural resources practice and co-heads the ESG and sustainability practice. Ms. Heredia has been a senior partner of Allende & Brea since 2017. Ms. Heredia has a long-standing experience of 31 years in the mining industry. Ms. Heredia previously served as a director of Galaxy Resources Limited from 2018 until the Galaxy/Orocobre Merger. Ms. Heredia serves as Chair of SEERIL (Section of Energy, Environment, Natural Resources and Infrastructure Law) of the International Bar Association, has been a Trustee and Secretary of the Board to the Foundation of Natural Resources and Energy Law (former Rocky Mountain Mineral Law Foundation) and is a member of the International Affairs Committee of PDAC (Prospectors and Developers Association of Canada), the Argentinean-Canadian Chamber of Commerce and the Board of the Argentinean-British Chamber of Commerce, the Executive Committee of the International Women Forum (Argentinean Chapter) and the Academic Board of RADHEM in Argentina. Ms. Heredia regularly teaches courses in mining and environmental law topics at the Universidad Catolico de Cuyo, the Universidad Catolica Argentina and as guest lecturer at Dundee University. Since 2018, she has been a member of the Advisory Board to the Law School of Universidad Torcuato di Tella in Argentina. For the past 20 years, she has been repeatedly cited as a leading practitioner in Natural Resources law by, among others, Chambers & Partners, Who's Who Legal and Legal 500 including being named "Mining Lawyer of the Year" in 2013, 2015, 2016, 2018, 2019, 2020 and 2021.

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**Richard Seville****Non-Executive Director**

Mr. Richard Seville is a mining geologist and geotechnical engineer with over 40 years' experience in the resources sector including over 25 years' experience as either Managing Director or Executive Director of various ASX, TSX or AIM listed companies.

As Managing Director and Chief Executive Officer, Mr. Seville led the company to its Initial Public Offering in 2007, and held that position for twelve years until 2019 when he stepped down.

In terms of listed company positions, Mr. Seville is currently the Non-Executive Chairperson of Agrimin Limited (since August 2019) and was previously a Non-Executive Director of Oz Minerals Limited (November 2019 – May 2023). He is also Executive Chairman of Advanced Energy Minerals Inc, a private Canadian based producer of high purity alumina.

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## b. Allkem senior management

As at the date of this Scheme Booklet, Allkem's senior management comprised:

Name	Position
Martín Pérez de Solay	Managing Director & Chief Executive Officer
Christian Cortes	Acting Chief Financial Officer
Ileana Freire	Chief Human Resources Officer
John Sanders	Chief Legal Officer and Company Secretary
Rick Anthon	Chief Corporate Development Officer
Karen Vizental	Chief Sustainability and External Affairs Officer
Christian Barbier	Chief Sales & Marketing Officer
Robert Edwardes	Chief Projects Officer
James Connolly	Chief Technical Officer
Hersen Porta	Head of Argentina Operations
Denis Couture	Head of Canadian Operations
Liam Franklyn	Head of Australian Operations

If the Scheme does not proceed, the current senior management of Allkem will remain. If the Scheme is Implemented, the intentions of NewCo in relation to its management are set out in section 7.5(b), and its intentions in relation to employees generally are set out in section 7.7.

## 5.7 Allkem securities and capital structure

### a. Allkem securities on issue

As at the Last Practicable Date, the capital structure of Allkem comprised the following securities:

Table 5.7.1 Allkem securities

Allkem securities	Number on issue
Allkem Shares	639,321,293
Allkem Performance Rights	3,317,768
<b>Fully diluted shares outstanding</b>	<b>642,504,458<sup>33</sup></b>

### b. Substantial shareholders

As at the Last Practicable Date, the shareholders described below had publicly disclosed the following shareholding information by way of substantial holding notices issued in accordance with section 671B of the Corporations Act:

Table 5.7.2 Substantial shareholders

Substantial shareholder(s)	Shares owned	% ownership <sup>34</sup>
State Street Corporation and certain subsidiaries	35,185,964	5.50%
Toyota Tsusho Corporation	39,296,636	6.15%

<sup>33</sup> The "fully diluted shares outstanding" figure presented excludes 134,603 Allkem Shares currently held by the ESS Trustee to cover vested but unexercised Allkem Performance Rights (123,707 Allkem Shares) and a small surplus (10,896 Allkem Shares) to cover future vesting of Allkem Performance Rights.

<sup>34</sup> The percentage of ownership has been calculated by dividing the number of shares owned by the substantial shareholder (as declared in the most recent substantial shareholder notice) by the number of Allkem Shares on issue on the Last Practicable Date.

## 5.8 Allkem incentive and equity arrangements

### a. Performance Rights and Option Plan

Allkem currently operates a Performance Rights and Options Plan (**PROP**) which was most recently updated and approved by Allkem Shareholders at Allkem's annual general meeting held in November 2022, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)). The PROP is an at-risk equity incentive plan that allows Allkem to provide performance rights to assist in the reward and motivation of eligible participants as well as the recruitment of new employees to the Allkem Group. The Allkem Board may invite any employee, or other person as determined by the Allkem Board (other than Non-Executive Directors, who are not eligible to participate in the PROP) to participate in the PROP in its sole and absolute discretion. Performance rights are supported by the Allkem Employee Share Scheme Trust; which has been established to facilitate and manage the issue or acquisition of shares on the settlement of vested Allkem Performance Rights. The Allkem Board views the operation of the PROP as an important tool for retaining eligible employees and aligning their interests with the creation of shareholder value.

All Allkem Performance Rights currently on issue were issued under the PROP. Each Allkem Performance Right entitles the participant to receive one Allkem Share for nil consideration if the Allkem Performance Right vests.

A summary of the terms of the PROP is contained in Allkem's notice of annual general meeting for 2023, which was released on ASX on 6 October 2023 (and is available at [www.asx.com](http://www.asx.com)).

On and subject to Implementation of the Scheme, it is proposed that the PROP will be discontinued and that no further invitations or offers will be made under it.

Detail of the proposed treatment of Allkem Performance Rights is set out in section 10.2, and details of the proposed incentive arrangements for NewCo are set out in section 7.9.

### b. Non-Executive Director Share Plan

Allkem's Non-Executive Director Share Plan (**NED SRP**) was approved by Allkem Shareholders at Allkem's 2022 annual general meeting. To date, no share rights have been issued under the NED SRP.

A summary of the material terms of the NED SRP is contained in Allkem's notice of annual general meeting for 2022, which was released on ASX on 14 October 2022 (and is available at [www.asx.com](http://www.asx.com)).

On and subject to Implementation of the Scheme, it is proposed that the NED SRP will be discontinued and that no further invitations or offers will be made under it.

## 5.9 People and culture and health and safety

### a. People and culture overview

As at 30 June 2023, the Allkem Group employed over 1,350 people, spread across Australia, Argentina, Canada and Japan.

Allkem is committed to striving to conduct its business activities in accordance with the following values and behaviours, which are intended to underpin Allkem's work culture and how personnel work together to achieve Allkem's vision:

- **Respect:** Allkem fosters trusted relationships with its collaborators, the different communities in which it operates and its business partners;
- **Inclusion:** Allkem promotes a working environment where everyone is treated with respect and differences are considered and celebrated;
- **Empowerment:** Allkem encourages all of its collaborators to live to their fullest potential and to be proud of the role they play;
- **Commitment:** Allkem keeps its promises, reinforcing its reputation as a trustworthy and qualified partner; and
- **Integrity:** Allkem is consistent with its core values in all of its tasks and in its interactions with others.

Allkem continues to promote an inclusive culture, celebrating diversity in all areas where Allkem operates. Attracting and retaining quality employees is of particular importance to Allkem, considering the relatively isolated regions where Allkem operates and the increasingly competitive environment in the lithium sector. Allkem's objectives include being an employer of choice and for its employees to be proud of the company they work for. Allkem is a values-based organisation where "how" matters and where there is an organisational culture based on mutual respect which embraces diversity and inclusivity, providing opportunities for professional development and competitive benefits.

### b. Health and safety overview

Allkem is committed to achieving excellence in its sustainability practices ensuring the safety, health and wellbeing of its employees, and responsibly managing the impacts to the communities and the environment within which it operates.

In particular, following completion of the Galaxy/Orocobre Merger, Allkem made it a priority to implement a consistent approach to health and safety at each of its operations and projects across its diverse portfolio. This commitment has assisted Allkem in achieving year-on-year improved safety performance since completion of the Galaxy/Orocobre Merger.

Allkem’s strategic improvement programs during FY23 focused on crisis and emergency management, and critical control management. In addition, a behavioural based safety program was initiated at Allkem’s Olaroz and Sal de Vida sites to increase active participation in the detection and correction of potential safety incidents.

Safety performance across the Allkem Group is an agenda item at every meeting of Allkem’s Sustainability Committee and Board, and material health and safety risks are incorporated into Allkem’s risk framework, which is reviewed at least annually by Allkem’s Audit and Risk Committee.

Allkem’s Total Recordable Injury Frequency Rates (**TRIFR**) and Lost Time Injury Frequency Rates (**LTIFR**) for FY23, including employees and contractors, for each site is set out below.

**Table 5.9.1 Allkem’s FY23 TRIFR and LTIFR**

FY23	Mt Cattlin	Olaroz	Sal de Vida	James Bay	Total
TRIFR	7.70	1.23	1.33	0.0	<b>1.98</b>
LTIFR	0.0	0.49	1.33	0.0	<b>0.62</b>

A detailed breakdown of safety performance metrics is included in Allkem’s annual sustainability reporting, which is available on Allkem’s website at [www.allkem.co/sustainability/sustainability-reporting](http://www.allkem.co/sustainability/sustainability-reporting).

## 5.10 Financing Arrangements

Allkem has entered into a number of debt facilities and loans, as described further below. As of the Last Practicable Date, Allkem was in compliance with all of its debt facility and loan covenants. As at the date of this Scheme Booklet, Allkem continues to be in compliance with all of its debt facility and loan covenants.

### a. Project Loan and Financing Facilities

SDJ entered into a project loan facility with Mizuho Bank related to the Olaroz joint venture (the **Project Loan Facility**):

- The Project Loan Facility for Stage 1 of Olaroz provides for a total of \$191.9 million. The Stage 1 loan had an outstanding principal balance of \$28.5 million as of 30 June 2023. The interest rate for the Stage 1 loan is Term SOFR + 0.80%. The interest rate related to 88.6% of the loan was hedged in 2014 with such rate to be at 4.896% until the last repayment in September 2024. Sales de Jujuy Pte Ltd (the entity through which Allkem and TTC own their shares in SDJ) has provided security in favour of Mizuho Bank over the shares it owns in SDJ and the Japan Organization for Metals and Energy Security, which covers 82.35% of the outstanding principal amount.
- The Project Loan Facility for Stage 2 of Olaroz provides for a total of \$180 million. The Stage 2 loan had an outstanding balance of \$162 million as of 30 June 2023. The interest rate for the Stage 2 loan is fixed at 2.5119% per annum until September 2023 and then 2.6119% per annum until expiration in March 2029.

Galaxy Lithium (Sal de Vida) S.A., which is owned 100% by Allkem, entered into a project financing facility on 25 July 2023 with the International Finance Corporation related to the Sal de Vida Project (the **Project Financing Facility**):

- The Project Financing Facility provides a total of \$130 million in limited recourse, sustainability-linked green project financing facility that matures in March 2033, with repayment commencing in March 2026. The Project Financing Facility bears interest at Term SOFR+ 4.8% with adjustments of up to +/- 0.25% based on the performance against agreed sustainability targets, as measured at 30 June 2026, 2028, and 2030. The Project Financing Facility is supported by a parent guarantee until physical and financial completion conditions are satisfied and subject to affirmative and negative covenants, including a requirement to hedge 75% of the floating rate exposure of the facility by financial completion of the Sal de Vida project.
- Allkem is in discussions with another lender to increase the Project Financing Facility by a further \$50 million, for a total financing package of \$180 million. As at the date of this Scheme Booklet, those discussions are ongoing and securing that additional funding would be subject to the relevant approvals.

### b. Working Capital Facilities

Allkem has two working capital facilities:

- The pre-export facility with Bank Macro provides for a facility limit of \$13 million as of 30 June 2023. Subsequent to 30 June 2023, the facility limit was increased to \$20 million. The pre-export facility bears interest at 6% and expires on 30 July 2024 (pursuant to an extension sought subsequent to 30 June 2023). No amounts have been drawn through and as of 30 June 2023.

- The working capital facility with HSBC Australia Limited (**HSBC**) provides for a facility limit of A\$5 million as of 30 June 2023. The working capital facility currently bears interest at 5.75% (a variable reference rate set and updated periodically by HSBC for their loan products, less margin of 5.2%) and is an on-demand facility. No amounts have been drawn through and as of 30 June 2023. This is the only Australian based debt.

#### c. TTC and Affiliate Loans

SDJ has entered into the following loans with TTC, which are related to the Olaroz joint venture:

- A loan that provides for a total of \$5.1 million. The loan had an outstanding balance of \$5.1 million as of 30 June 2023. The loan bears interest at SOFR + 6% per annum and will be payable prior to July 2024.
- A loan that provides for a total of \$50.1 million. The loan had an outstanding balance of \$39.5 million as of 30 June 2023. The loan bears interest at SOFR + 6% per annum and will be payable prior to July 2028.
- A loan that provides for a total of \$39.1 million. The loan had an outstanding balance of \$39.1 million as of 30 June 2023. The loan bears interest at SOFR + 6% per annum and will be payable prior to July 2030.
- A loan that provides for a total of \$0.3 million. The loan had an outstanding balance of \$0.3 million as of 30 June 2023. The loan bears interest at SOFR + 0.75% per annum and will be payable prior to July 2029.

## 5.11 Historical financial information of Allkem

### a. Overview

This section 5.11 contains the historical financial information of the Allkem Group (the **Allkem Historical Financial Information**), being the:

- Allkem historical consolidated statements of profit or loss for the years ended 30 June 2023 (**FY23**), 30 June 2022 (**FY22**) and 30 June 2021 (**FY21**) (**Allkem Historical Statements of Operations**);
- Allkem historical consolidated statement of financial position as at 30 June 2023 (**Allkem Historical Balance Sheet**); and
- Allkem historical consolidated statements of cash flows for FY23, FY22 and FY21 (**Allkem Historical Statements of Cash Flows**).

The Allkem Historical Financial Information has been reviewed by Ernst & Young Strategy and Transactions (as Investigating Accountant), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report, included in Annexure C. Allkem Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

The Allkem Group's full year consolidated financial statements for FY23, FY22 and FY21, including all notes to those consolidated financial statements and a full description of Allkem's accounting policies, were filed with ASX on 6 October 2023 (**Allkem Financial Accounts**), and are available from Allkem's website at [www.allkem.co/investors/asx-announcements](http://www.allkem.co/investors/asx-announcements), ASX's website at [www.asx.com.au](http://www.asx.com.au) and SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Allkem Shareholders should note that the Allkem Financial Accounts are consistent with Allkem's Appendix 4E and Annual Report filed with ASX for each respective financial year, save that the consolidated financial statements for FY21 and FY22 were updated in the Allkem Financial Accounts to reflect the disposal by Allkem of Borax Argentina S.A. on 16 December 2022. Borax Argentina S.A. became a discontinued operation upon completion of such disposal.<sup>35</sup>

This section should be read in conjunction with the risks to which Allkem is subject and the risks associated with the Scheme (and the Transaction more broadly), as set out in section 8.

### b. Basis of preparation

The Allkem Historical Financial Information included in this section 5.11 is intended to present Allkem Shareholders with information to assist them in understanding the historical financial performance, financial position and cash flows of the Allkem Group. The Allkem Board is responsible for the preparation and presentation of the Allkem Historical Financial Information.

The Allkem Historical Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Allkem Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards

<sup>35</sup> The adjustment for FY22 was reflected in the comparative information in the Allkem FY23 Annual Report, but was not reflected in the Allkem FY22 Annual Report (which preceded completion of the disposal).

Board (IASB). The accounting policies used in the preparation of the Allkem Historical Financial Information are consistent with those set out in the Allkem Financial Accounts.

The Allkem Historical Financial Information for FY23, FY22 and FY21 has been derived from Allkem Financial Accounts. The Allkem Financial Accounts were prepared in accordance with AAS, which are consistent with IFRS, and were audited by Allkem's independent auditor, Ernst & Young, in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions on these consolidated financial statements.

Allkem Shareholders should note that while the Allkem Financial Accounts were presented in USD, rounded to the nearest thousands, the Allkem Historical Financial Information contained in this Scheme Booklet is presented in USD and, unless otherwise noted, rounded to the nearest hundred thousand for consistency. Consequently, there are certain instances where tables presented below do not reconcile exactly due to rounding.

The Allkem Historical Financial Information contained in this section 5.11 is presented in an abbreviated form insofar as it does not include all the presentation, disclosure, statements or comparative information that is required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### c. Allkem Historical Statements of Operations

Allkem Historical Statements of Operations for FY23, FY22 and FY21 are set out in Table 5.11.1 below.

**Table 5.11.1 Allkem Historical Statements of Operations**

	FY23	FY22	FY21
	US\$ millions	US\$ millions	US\$ millions
Revenue	1,207.8	744.7	66.4
Cost of sales	(142.0)	(144.5)	(25.0)
Gross profit	1,065.8	600.2	41.4
Other income	66.0	31.7	1.7
Corporate and administrative expenses	(66.5)	(43.5)	(16.9)
Merger and acquisition costs	(9.9)	(12.8)	(1.2)
Selling expenses	(89.6)	(57.0)	(3.0)
Depreciation and amortisation expense	(98.8)	(63.3)	(18.8)
Asset impairment and write-downs	—	(0.2)	—
Share of net loss of associate	(2.1)	(3.0)	(1.7)
Foreign currency loss	(83.3)	(10.3)	(3.6)
Profit/(loss) before interest and income tax	781.7	441.8	(2.0)
Finance income	72.3	6.0	1.6
Finance costs	(24.1)	(20.2)	(22.7)
Profit/(loss) before income tax	829.9	427.6	(23.1)
Income tax expense	(305.3)	(92.9)	(67.9)
<b>Profit/(loss) after taxation from continuing operations</b>	<b>524.6</b>	<b>334.7</b>	<b>(91.0)</b>
Discontinued operations			
(Loss)/profit after tax for the year from discontinued operations	(3.3)	2.5	1.6
<b>Profit/(loss) for the year</b>	<b>521.3</b>	<b>337.2</b>	<b>(89.5)</b>
Profit/(loss) for the year attributable to:			
Owners of the parent entity	441.7	305.7	(59.6)
Non-controlling interests	79.6	31.5	(29.8)
Profit/(loss) for the year	521.3	337.2	(89.5)

#### d. Allkem Historical Balance Sheet

Allkem Historical Balance Sheet as at 30 June 2023 is set out in Table 5.11.2 below.

**Table 5.11.2 Allkem Historical Balance Sheet**

	<b>As at 30 June 2023</b>
	US\$ millions
<b>Current assets</b>	
Cash and cash equivalents	821.4
Trade and other receivables	142.9
Inventory	126.5
Prepayments	30.9
<b>Total current assets</b>	<b>1,121.7</b>
<b>Non-current assets</b>	
Other receivables	42.7
Inventory	86.7
Financial assets at fair value through other comprehensive income	3.5
Other financial assets	21.4
Property, plant and equipment	2,943.5
Intangible assets	520.5
Exploration and evaluation assets	467.6
Investment in associates	4.0
Other non-current assets	2.7
Deferred tax assets	3.1
<b>Total non-current assets</b>	<b>4,095.5</b>
<b>Total assets</b>	<b>5,217.2</b>
<b>Current liabilities</b>	
Trade and other payables	137.4
Loans and borrowings	42.5
Provisions	13.9
Lease liabilities	13.3
Income tax payable	176.2
Other liabilities	62.6
<b>Total current liabilities</b>	<b>445.8</b>
<b>Non-current liabilities</b>	
Other payables	29.0
Loans and borrowings	231.8
Provisions	47.5
Lease liabilities	39.9
Deferred tax liability	849.4
<b>Total non-current liabilities</b>	<b>1,197.6</b>
<b>Total liabilities</b>	<b>1,643.4</b>
<b>Net assets</b>	<b>3,573.8</b>
<b>Equity</b>	
Issued capital	2,686.1
Treasury shares	(2.3)
Reserves	(5.8)
Retained earnings	725.1
Equity attributable to the owners of Allkem	3,403.2
Equity attributable to non-controlling interests	170.6
<b>Total equity</b>	<b>3,573.8</b>

#### e. Allkem Historical Statements of Cash Flows

Allkem Historical Statements of Cash Flows for FY23, FY22 and FY21 are set out in Table 5.11.3 below.

**Table 5.11.3 Allkem Historical Statements of Cash Flows**

	FY23	FY22	FY21
	US\$ millions	US\$ millions	US\$ millions
<b>Cash flows from operating activities</b>			
Receipts from customers	1,200.8	730.3	89.2
Payments to suppliers and employees	(371.7)	(284.2)	(97.1)
Interest received	55.0	6.0	2.0
Interest paid	(14.1)	(10.5)	(12.4)
Income tax paid	(79.1)	–	–
<b>Net cash provided by/(used in) operating activities</b>	<b>790.9</b>	<b>441.6</b>	<b>(18.4)</b>
<b>Cash flows from investing activities</b>			
Cash acquired from business combination	–	209.5	–
Payments for exploration and evaluation assets	(40.5)	(22.7)	(1.1)
Proceeds from the sale of assets	–	1.5	2.5
Purchase of property, plant and equipment	(493.7)	(238.7)	(96.5)
Loans provided to related party	(15.5)	(18.7)	–
Proceeds from financial instruments	66.4	32.0	2.7
Proceeds from financial assets	–	–	0.8
Payment for deposits	(5.0)	–	–
Payments for investment in associate	(5.7)	–	–
Cash disposed from disposal of subsidiary	(14.5)	–	–
Proceeds on disposal of subsidiary	0.2	–	–
<b>Net cash used in investing activities</b>	<b>(508.3)</b>	<b>(37.1)</b>	<b>(91.6)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of transaction costs)	–	(0.6)	119.4
Payments of treasury shares	(17.9)	–	–
Payments of lease liabilities	(9.3)	(9.4)	(3.3)
Proceeds from borrowings	–	44.8	114.0
Proceeds from minority interests	0.8	1.9	–
Repayment of borrowings	(36.1)	(33.7)	(31.0)
Dividends paid to non-controlling interests	(3.7)	–	–
<b>Net cash (used in)/provided by financing activities</b>	<b>(66.2)</b>	<b>3.0</b>	<b>199.0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>216.4</b>	<b>407.5</b>	<b>88.9</b>
Cash and cash equivalents, net of overdrafts, at the beginning of the year	663.5	258.3	171.8
Effect of exchange rates on cash holdings in foreign currencies	(58.5)	(2.3)	(2.4)
<b>Cash and cash equivalents, net of overdrafts, at the end of the year</b>	<b>821.4</b>	<b>663.5</b>	<b>258.3</b>



#### f. Non-IFRS financial measures

In addition to profit/(loss) for the year, as determined in accordance with AAS and IFRS, Allkem evaluates operating performance using certain non-IFRS measures, including **EBITDAIX**, which Allkem defines as earnings or losses from continuing operations before interest, tax, depreciation & amortisation, merger and acquisition costs, purchase price allocation amortisation and adjustments, other income, foreign currency losses, share of loss of associate, and impairments/(writebacks).

Allkem's management believes the use of these non-IFRS measures allows management and investors to compare more easily the historical financial performance of Allkem's business from period to period.

The non-IFRS information provided may not be comparable to similar measures disclosed by other companies because of differing methods used by other companies in calculating EBITDAIX. EBITDAIX should not be considered as a substitute for profit/(loss) or other measures of performance or liquidity reported in accordance with AAS and IFRS.

The following table reconciles EBITDAIX from profit/(loss) for the year.

**Table 5.11.4 Reconciliation of EBITDAIX from profit/(loss) for the year**

		FY23	FY22	FY21
	Notes	US\$ millions	US\$ millions	US\$ millions
<b>Total profit/(loss) for the year</b>		<b>521.3</b>	<b>337.2</b>	<b>(89.5)</b>
Discontinued operations		3.3	(2.5)	(1.6)
<b>Total profit/(loss) for the year – continuing operations</b>		<b>524.6</b>	<b>334.7</b>	<b>(91.0)</b>
Add: Income tax expense		305.3	92.9	67.9
<b>Profit/(loss) for the year before tax</b>		<b>829.9</b>	<b>427.6</b>	<b>(23.1)</b>
Add merger and acquisition costs	(a)	9.9	12.8	1.2
Add amortisation of customer contracts due to purchase price allocation	(b)	–	13.4	–
Add inventory adjustment due to purchase price allocation	(b)	–	12.4	–
Less other income	(c)	(66.0)	(31.7)	(1.7)
Add foreign currency (gains)/losses	(d)	83.3	10.3	3.6
Add share of loss of associate, net of tax	(e)	2.1	3.0	1.7
Add impairment/write-downs (writebacks)	(f)	–	0.2	(18.1)
Add interest (income)/costs		(48.2)	14.2	21.1
Add depreciation & amortisation		98.8	49.9	18.8
<b>EBITDAIX</b>		<b>909.8</b>	<b>512.0</b>	<b>3.4</b>

(a) Merger and acquisition costs (FY23: US\$9.9 million, FY22: US\$12.8 million, FY21: US\$1.2 million) are excluded from EBITDAIX because they are nonrecurring.

(b) In FY22, US\$12.4 million related to the realisation of inventory at a value in excess of the cost of production and US\$13.4 million related to the amortisation of customer contract assets acquired as a part of the Galaxy/Orocobre Merger and are excluded from EBITDAIX because they are nonrecurring and relate to non-cash valuation adjustments arising from the Galaxy/Orocobre Merger.

(c) Represents primarily gain from financial instruments and is excluded from EBITDAIX because it does not relate to operations.

(d) Represents realised and unrealised losses on AUD denominated balances in corporate entities, with a USD functional currency, Argentine Peso denominated balances in entities based in Argentina and USD balances in Canadian entities. These amounts are excluded from the calculation of EBITDAIX because they primarily relate to income tax, cash and other transactional tax balances or as associated with long-term capital projections, which are expected to impact operations in future periods.

(e) Represents the share of loss on the 75% economic interest in TLC and is excluded from EBITDAIX because TLC is constructing a plant that is still in either the development or commissioning phase.

(f) Represents impairment of assets and inventory write-down reversals and is excluded from EBITDAIX because the loss (or reversal) is nonrecurring.

## 5.12 Material changes in Allkem's financial position

Other than as disclosed in this Scheme Booklet or announced to ASX by Allkem, within the knowledge of the Allkem Board, as at the date of this Scheme Booklet, the financial position of Allkem has not materially changed since 30 June 2023, being the latest date of the statement of financial position available for Allkem as disclosed in its consolidated financial statements for the year ended 30 June 2023.

See section 5.16 for further information about how you can obtain a copy of the Allkem FY23 Annual Report, the Allkem Financial Accounts (as well as Allkem Group's other periodic reports).

## 5.13 Allkem Directors' intentions for the business

The Corporations Regulations require the Allkem Directors to provide a statement about their intentions regarding Allkem's business.

If the Scheme is Implemented, Allkem will become a wholly-owned subsidiary of NewCo, and NewCo and the entities owned and/or controlled by NewCo (including Allkem and Livent) will be the Combined Group. If the Scheme is Implemented, the NewCo Board will be constituted as described in section 7.5.

It will be for the Combined Group – and the NewCo Board, in particular – to determine its intentions as to:

- the continuation of the business of Allkem;
- any major changes to be made to the business of Allkem, including any redeployment of the fixed assets of Allkem; or
- the future employment of the present employees of Allkem.

Accordingly, it is not instructive to Allkem Shareholders for the current Allkem Directors to provide a statement about the above matters.

The intentions of the NewCo Board (which will ultimately include directors who will be appointed to the NewCo Board if the Scheme is Implemented and may include current Allkem Directors), are set out in section 7.7.

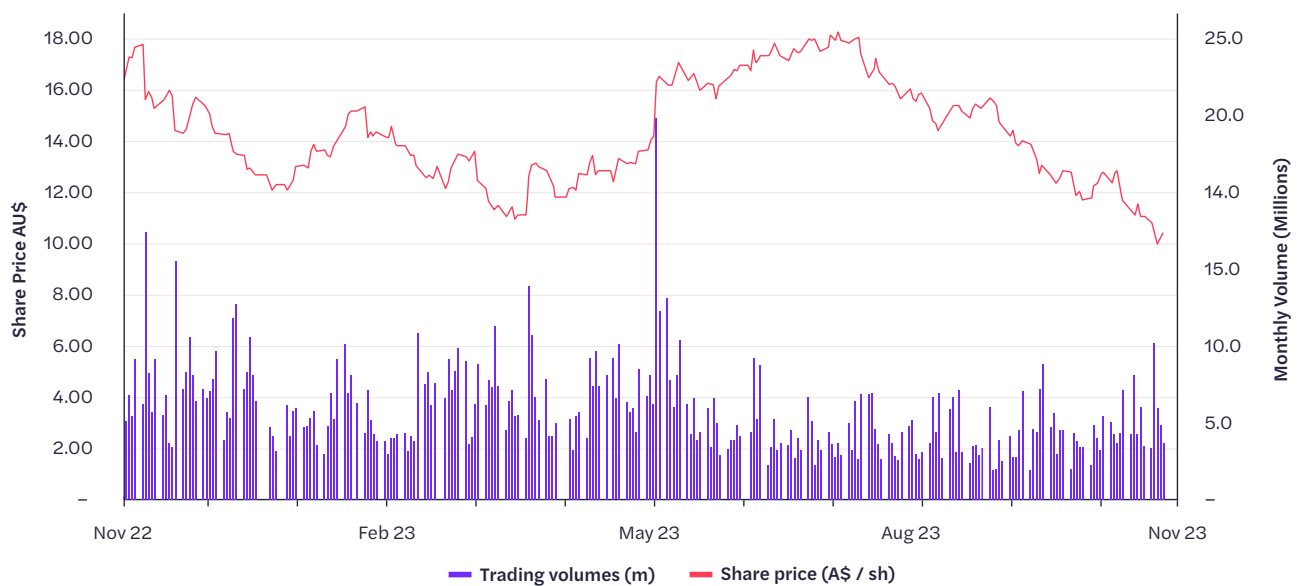
If the Scheme is not Implemented, the current intentions of the Allkem Board are to continue to operate the Allkem Group in the ordinary course of business and in accordance with the previously stated strategy of Allkem.

## 5.14 Recent Allkem Share price performance

Allkem Shares are listed on ASX under ASX code 'AKE'.

The following chart shows the closing Allkem Share price and corresponding daily volume traded over the last 12 months up to and including the Last Practicable Date.

**Figure 5.14.1 Allkem Share price and trading volume over the 12 months before the Last Practicable Date**  
(source: IRESS, 5 November 2023)



**Table 5.14.2 Price of Allkem Shares as at the Last Practicable Date and other periods**

<b>As at the Last Practicable Date</b>	<b>A\$ per share</b>
The last recorded traded price	\$9.54 (3 November 2023)
The highest recorded traded price of Allkem Shares in the previous three month period	\$14.70 (7 August 2023)
The lowest recorded traded price of Allkem Shares in the previous three month period	\$9.17 (1 November 2023)
The highest recorded traded price of Allkem Shares in the previous twelve month period	\$16.73 (13 July 2023)
The lowest recorded traded price of Allkem Shares in the previous twelve month period	\$9.17 (1 November 2023)
The closing price of Allkem Shares on 10 May 2023 (the last trading day prior to announcement of the Transaction)	\$12.91

Source: IRESS as at 5 November 2023

## 5.15 Allkem dividend policy

No dividends have been proposed, declared or paid by Allkem since Allkem's incorporation. Allkem does not currently have a dividend policy.

## 5.16 Publicly available information about Allkem for inspection

Allkem is a listed disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Allkem to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Allkem is also required to prepare and lodge with ASIC and ASX both annual and half-year consolidated financial statements.

Allkem is also subject to certain Canadian disclosure requirements and standards as a result of its secondary listing on the TSX, including the requirements of NI 43-101. Copies of documents filed with the Canadian Securities Administrators are available under Allkem's profile on SEDAR+.

Further announcements concerning Allkem will continue to be made available on ASX's website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from Allkem's website at [www.allkem.co](http://www.allkem.co), or free of charge following a request in writing to Allkem at any time before the Scheme Meeting. Copies of documents filed with ASX may also be obtained from ASX's website at [www.asx.com.au](http://www.asx.com.au). Copies of the documents lodged with ASIC in relation to Allkem may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at [www.asicconnect.gov.au](http://www.asicconnect.gov.au), including at ASIC's self-service kiosks at ASIC's service centres, or obtained from Allkem following a request to Morrow Sodali through the Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia) between 9:00am and 5:00pm (AEDT) Monday to Friday, excluding public holidays, at any time before the Scheme Meeting.

A list of announcements made by Allkem to ASX from the date of lodgement of the Allkem FY23 Annual Report on 22 August 2023 to the Last Practicable Date is included below:

**Table 5.16.1 Recent Allkem ASX announcements**

<b>Date</b>	<b>Announcement</b>
4 September 2023	Application for quotation of securities - AKE
6 September 2023	Notification of cessation of securities - AKE
12 September 2023	Change in substantial holding
15 September 2023	Notification regarding unquoted securities - AKE
19 September 2023	Notification of cessation of securities – AKE
20 September 2023	Annual General Meeting Information
25 September 2023	Cauchari Mineral Resource, Ore Reserve and Project Update
25 September 2023	James Bay Update Confirms Strong Project Economics
25 September 2023	Sal de Vida Delivers Improved Economics, Resources, Reserves
25 September 2023	Olaroz Mineral Resource and Stage 1 & 2 Operations Update
25 September 2023	Allkem confirms material growth profile underpinned by 40 Mt
28 September 2023	Update in relation to merger with Livent Corporation
28 September 2023	Update in relation to merger with Livent Corporation - revised
6 October 2023	Additional financial reports - proposed Livent merger
6 October 2023	Notice of Annual General Meeting/ Proxy Form
6 October 2023	Additional financial reports update
6 October 2023	Notification regarding unquoted securities - AKE
6 October 2023	Change of Director’s Interest Notice
10 October 2023	Notification of cessation of securities - AKE
17 October 2023	September Quarter Results Briefing
26 October 2023	September quarterly activities report

## 5.17 Litigation

At the date of this Scheme Booklet, Allkem is not involved in any material legal disputes and is not party to any material litigation.

Section 6

# Information on Livent



# 6 Information on Livent

## 6.1 Introduction

The information contained in this section 6 has been prepared by Livent. The information concerning Livent, and the intentions, views and opinions contained in this section 6, are the responsibility of Livent. Allkem and NewCo do not assume any responsibility for the accuracy or completeness of the information in this section 6.

## 6.2 Business Overview

Livent, a Delaware corporation formed in 2018 as a result of a demerger of the lithium business from former parent company FMC Corporation, is a fully integrated lithium company, with a proven track record of producing performance lithium compounds. Its primary products, namely battery-grade lithium hydroxide, lithium carbonate, butyllithium and high purity lithium metal, are critical inputs used in various performance applications.

Livent produces battery-grade lithium hydroxide that is primarily used to produce high nickel content cathode materials for use in electric vehicle (EV) batteries and other energy storage applications. High nickel content cathodes enable the production of higher energy density batteries, allowing vehicles to achieve greater driving range between charges for the same battery weight. Livent uses the lithium carbonate it produces mainly for the production of lithium hydroxide as well as certain energy storage and medical applications. Livent's butyllithium is used in the manufacturing of synthetic rubber and other polymers and as a chemical reagent in the synthesis of organic compounds for certain pharmaceutical, agrochemical and electronic materials, as well as other industries. One of the primary applications for synthetic rubber is in the production of fuel-efficient "green" tires. Livent's high purity lithium metal is used mainly in non-rechargeable batteries and in the production of lightweight materials for aerospace applications.

Livent's strategy is to focus on supplying high performance lithium compounds to the fast-growing EV and broader battery markets, while continuing to maintain its position as a leading global producer of butyllithium and high purity lithium metal. Livent produces lithium compounds such as battery-grade lithium hydroxide for use in applications that have specific and constantly changing performance requirements. Livent believes the demand for its compounds will continue to grow as the electrification of transportation accelerates, and as the use of high nickel content cathode materials increases in the next generation of battery technology products.

Livent's performance lithium compounds are frequently produced to meet specific customer application and performance requirements. Livent has developed its capabilities in producing performance lithium compounds through decades of interaction with its customers, and its products are key inputs into their production processes. Livent's customer relationships provide Livent with first-hand insight into customers' production objectives and future needs, which Livent in turn uses to further develop its products.

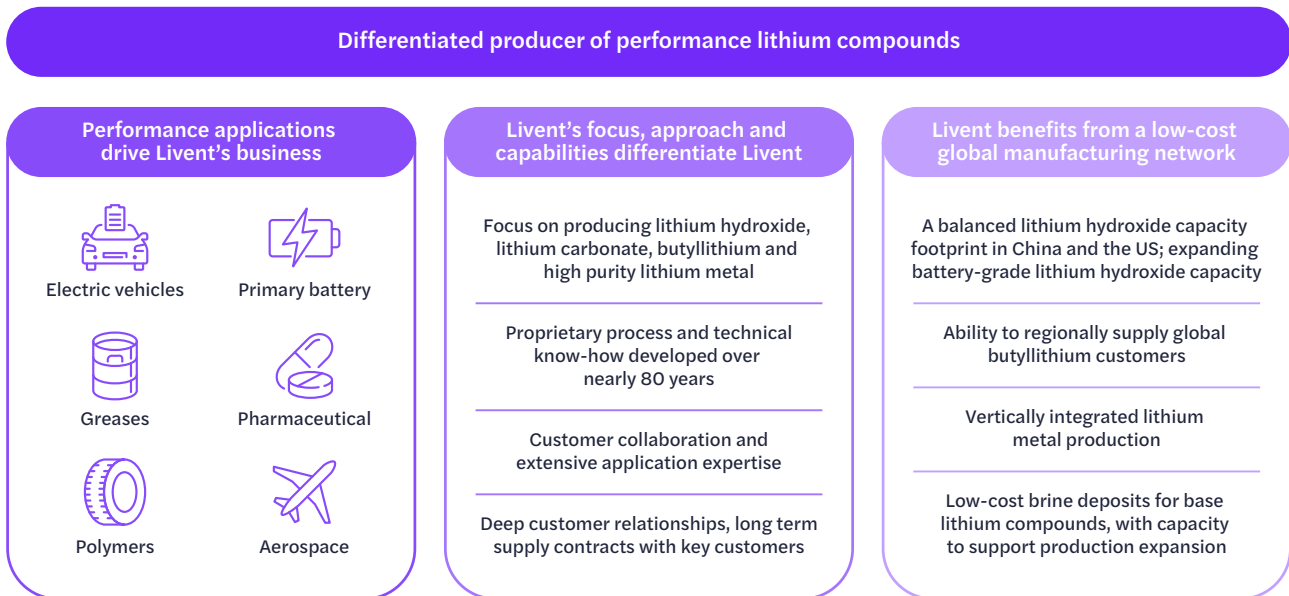
Livent sells its performance lithium compounds worldwide. Most markets for lithium compounds are global, with significant growth occurring in Asia, eventually expected to follow in Europe and the US. This is being driven primarily by the development and manufacturing of cathode active material for lithium-ion batteries. Cathode material capacity and production is currently concentrated in Asia, particularly China, Japan and Korea. Over the next few years, significant cathode material capacity and production is expected to come online in Europe and North America while capacity and production in China, Japan, Korea also increases. Livent's lithium operations in Salar del Hombre Muerto, Argentina, are an established long life, competitive producer of high purity lithium carbonate with significant expansion potential. Additionally, as the EV supply chain gradually regionalizes to Europe and North America, Livent's lithium resource in Argentina, downstream capabilities in the US and the development of the Whabouchi Mine and lithium hydroxide conversion facility in Bécancour through its investment in Nemaska Lithium Inc. (**Nemaska Lithium or NLI**) in Canada, position Livent well for partnering with leading automakers for their regional electrification roadmaps. An example of this partnership includes the multi-year fixed-price sourcing agreement that Livent and General Motors Co (**GM**) have entered into, pursuant to which Livent will supply GM with battery-grade lithium hydroxide made primarily from lithium extracted at Livent's brine-based operations in South America over a six-year period beginning in 2025.

Headquartered in Philadelphia, Pennsylvania, Livent has a combined workforce as of 31 December 2022 of approximately 1,350 full-time, part-time, temporary, and contract employees and has manufacturing sites in the US, England, China, and Argentina.

## 6.3 Overview of Livent's assets, divisions, and operations

Livent is a pure-play, fully integrated lithium company with a proven track record of producing lithium compounds. With extensive global capabilities, nearly 80 years of continuous production experience, applications and technical expertise, long standing customer relationships and a favourable sustainability profile, the Livent Board believes that Livent is well positioned to capitalise on the accelerating trends of vehicle electrification and renewable energy adoption.

Figure 6.3.1 Differentiated Producer of Performance Lithium Compounds



### a. Salar del Hombre Muerto

The SdHM project is a production stage property, which has been operated since 1997. It is primarily located in the Western Subbasin of the Salar del Hombre Muerto, a salt pan (salar) located in northwest Argentina, in the north eastern portion of Catamarca province on the border with Salta Province.

Livent obtains the substantial majority of its lithium from its SdHM project in Argentina. Livent conducts its Argentine operations through Minera del Altiplano S.A. (**MdA**), Livent's Argentine operating Subsidiary. Livent extracts lithium from naturally occurring lithium-rich brines located in the Andes Mountains in Northwest Argentina in part of a region known as the "lithium triangle", through a proprietary selective adsorption and solar evaporation process. Livent then processes the brine into lithium carbonate at its co-located manufacturing facility in Fénix, Argentina and into lithium chloride at its nearby manufacturing facility in Güemes, Argentina. Livent then transports the processed lithium carbonate and lithium chloride by truck to ports in Argentina and Chile, where it is shipped by vessel to Livent's manufacturing facilities and customers.

In 1991, MdA entered into an ongoing agreement, for so long as Livent's mineral concession is valid, with the Argentine federal government and the Catamarca province in connection with the development of the SdHM property exploration site. Following legislative and constitutional reforms in 1993 and 1994, the Argentine federal government assigned all of its rights and obligations under the agreement to the Catamarca province. The agreement governs limited matters relating to Livent's production activities and grants to the Catamarca province an immaterial minority ownership stake in MdA consisting of two shares in a class that entitle it to certain governance rights, which enables the province to receive certain dividends and to appoint two of MdA's ten-member Board of Directors and one of MdA's three-member audit committee. The term of the agreement expires when MdA ceases to extract and produce lithium compounds from the SdHM property. MdA holds title to mineral concession rights for its extraction activities on the SdHM property. These mineral concession rights cover an area of approximately 327 square kilometres and were granted to MdA pursuant to the Argentine Mining Code. Pursuant to the Argentine Mining Code, MdA's mineral concession rights are valid until the deposit is depleted of all minerals. The concession rights may be rescinded

if Livent fails to pay fees or does not actively extract minerals for a period lasting more than four years. The mineral concession rights granted to MdA include a total of 144 mining concessions, with 143 being in the Western Subbasin and one being in the Eastern Subbasin. On 29 December 2021, the mining authority of Catamarca approved the formation of the Salar del Hombre Muerto mining group (i.e. a single mining property constituted from multiple adjoining existing mines), combining 141 of the 144 mining properties into one mining property.

MdA is required to pay the Catamarca province an immaterial semi-annual “canon” fee pursuant to the Argentine Mining Code and monthly royalties equal to 3% of the pithead value of the minerals extracted by MdA (i.e. the value of the unprocessed minerals as at the time of extraction) pursuant to the Argentine Mining Investment Law and Catamarca provincial law. Pithead value is calculated based on the daily arithmetic average price in the international market using the official exchange rate of the dollar and discounting internal and external transport costs (100%), processing costs (100%) and all other costs and depreciation of investments after exploitation of the mineral. Separately, under an amendment entered into on 25 January 2018 to its long-term agreement with Catamarca, MdA agreed to pay the Catamarca province:

- i. an additional monthly contribution equal to 2% of sales of products by MdA from the SdHM operations, in a given month, and measured at the higher of (1) MdA’s average invoice price or (2) an average export price for similar products from Chile and Argentina, net of tax in either case, less the 3% monthly royalty (the **MdA Contractual Price**), provided that the amount payable by MdA will not exceed 2% of sales of products at the MdA Contractual Price in a given month; and
- ii. to make corporate social responsibility (**CSR**) expenditures in an annual amount that is equivalent to 0.3% of MdA’s annual sales of products at the MdA Contractual Price.

In addition to its lithium extraction operations in Salar del Hombre Muerto, Argentina, Livent has operational manufacturing facilities in the US, Argentina, England and China.

## b. Nemaska Lithium Project

The Whabouchi spodumene mine and concentrator is located in the James Bay area in the Province of Québec, approximately 30 kilometres east of the Cree Nation of Nemaska and 300 kilometres north-northwest of the town of Chibougamau. Livent owns a 50% economic interest in the Nemaska lithium property through its 100% equity ownership of Québec Lithium Partners (UK) Limited which in turn owns a 50% equity interest in Nemaska Lithium which directly owns all of the assets comprising the Nemaska lithium project. Livent initially acquired a 25% stake in the project following Nemaska Lithium bankruptcy proceedings in 2020. Livent then acquired an additional 25% stake from The Pallinghurst Group in 2022. The remaining 50% economic interest continues to be owned by the Canadian government, through Investissement Québec.

The Nemaska lithium project covers a total of approximately 1,632 hectares and contains the mine exploration and development activities that are part of the Nemaska lithium project, which also includes a lithium hydroxide conversion facility to be constructed in Bécancour, Québec. The property is comprised of 35 claims that initially expire from late 2024 through 2025 but are renewable by NLI, subject only to declaring proof of exploration and paying renewal rights and Livent expects these to be renewed, and a lease covering 138 hectares from the Ministère des Ressources naturelles et des Forêts of the Province of Québec, which expires on 25 October 2037 (and is also renewable). The claims and the lease grant NLI the right to explore for mineral substances and their associated surface leases grant rights to develop necessary infrastructure. The mining lease grants rights to extract lithium and to mine.

The Nemaska Lithium project comprises mining operations as well as a crushing and concentration of the ore to produce a spodumene concentrate. The concentrator is designed to have a capacity of 235,000 mtpa of spodumene concentrate, which is used as feedstock to chemical processing plants and in this instance primarily the hydroxide facility.

Livent is providing technical advisory support, marketing and sales, and other services to NLI pursuant to contractual arrangements that are in place or under negotiation.

The hydroxide facility is in the early stages of construction and is located in an industrial park in Bécancour, Québec, approximately 900 km from the Whabouchi mine. Further detail about the anticipated construction and production timeline is set out below.



**Table 6.3.2 Québec Asset Details**

	<b>Spodumene Mine and Concentrator</b>	<b>Lithium Hydroxide Plant</b>
Status	Construction	Early Stage Construction
Location	Whabouchi, Québec	Bécancour, Québec (Capacity: 32,000 mtpa lithium hydroxide)
Estimated date to commence commercial production	2025	2026 (with first spodumene available in 2025)
Estimated capital expenditure required	~\$400m	~\$1.2 billion
Feedstock	n.a.	Whabouchi spodumene (100% integrated)
Customers	n.a.	Signed first customer agreement with Ford for up to 13,000 mtpa over an 11 year period
Infrastructure	Leveraging existing infrastructure from prior site work	Industrial park in development with access to rail, infrastructure and proximity to shipping port
Expansion potential	Exploration potential	Additional land available to increase future lithium hydroxide production capacity

**Figure 6.3.3 Nemaska Lithium expected timeline**



**c. Processing and Downstream Facilities Overview**

**i. Locations and facilities**

Livent has producing facilities in the following locations

**A. Catamarca, Argentina (Fénix):** The Salar del Hombre Muerto is where Livent extracts and concentrates lithium brine to then produce lithium carbonate at a facility co-located on site. Lithium is concentrated through a proprietary selective adsorption and solar evaporation process from naturally occurring lithium-rich brines.

**B. Güemes, Argentina:** The Güemes facility produces lithium chloride using concentrated brine from Fénix, most of which is later utilised to produce butyllithium and high purity lithium metal.

**C. Bessemer City, North Carolina, United States:** Livent’s largest and most diverse downstream facility, where Livent produces lithium hydroxide, butyllithium, specialty organics, high purity lithium metal and several other inorganic products (using both carbonate and chloride as feedstock). The facility is 100% owned and operated by Livent and has been operational since 1954. Additionally, Livent’s research, development, and innovation activities are based in Bessemer City, North Carolina at the CLEAR and Analytical labs.

- D. Bromborough, United Kingdom:** The Bromborough facility primarily services the European polymer and pharmaceutical markets for butyllithium (using chloride and lithium metal as feedstock).
- E. Rugao, China:** The Rugao facility produces lithium hydroxide for the high-performance grease and lithium-ion battery markets under an exclusive contract manufacturing relationship with Livent (using carbonate as feedstock).
- F. Zhangjiang, China:** The Zhangjiagang facility supplies the Asian polymer and pharmaceutical markets for butyllithium under an exclusive contract manufacturing relationship with Livent (using chloride and lithium metal as feedstock).

**ii. Product flows and key applications**

Livent is one of a few lithium compound producers with global processing and downstream capabilities.

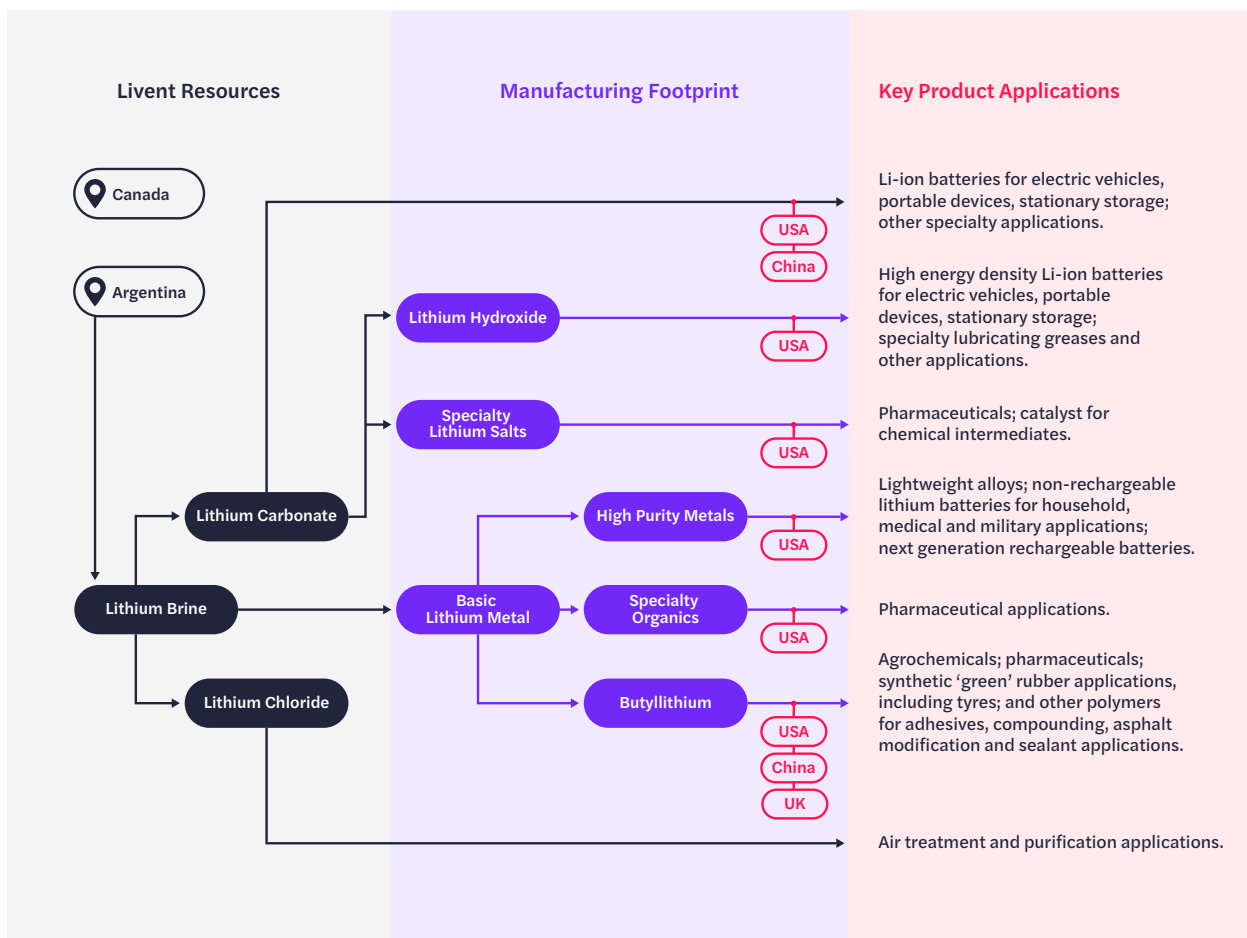
Livent uses the majority of the lithium carbonate it produces in the production of battery-grade lithium hydroxide in the United States and China and the majority of the lithium chloride it produces

in the production of butyllithium products in the United States, the United Kingdom and China, as well as in the production of high purity lithium metal in the United States. The production of butyllithium and high purity lithium metal (and other specialties) are referred to by Livent as 'lithium specialties'. Concentrated lithium brine from Fénix serves as feedstock for both chloride and carbonate production (stated chloride production is incremental to carbonate production).

Livent has developed proprietary process knowledge that enables the production of high quality, low impurity lithium carbonate and lithium chloride, which supports the manufacturing of high-quality downstream products. The company also has significant know-how and experience in the lithium hydroxide, butyllithium and high purity lithium metal production processes and product applications, which Livent believes provides it with a competitive advantage in these markets.

Figure 6.3.4 below illustrates the product flows for Livent's processing and downstream businesses and sets out the primary applications for those products.

**Figure 6.3.4 Livent Product Flows and Product Applications**



### iii. Current capacity and expansion plans

A breakdown of Livent's nameplate capacity and production for the years ended 31 December 2022, 2021 and 2020, respectively, by product type and category presented in product basis metric tonnes is set out below.

**Figure 6.3.5 Livent's historical production and capacity**

Product category	Product	CY22		CY21		CY20	
		Capacity	Production	Capacity	Production	Capacity	Production
Performance Lithium	Lithium Hydroxide <sup>36</sup>	30,000	21,493	25,000	19,671	25,000	14,686
	Butyllithium	3,265	2,520	3,265	2,549	3,265	2,180
	High purity Lithium Metal <sup>37</sup>	250	88	250	156	250	160
Base Lithium <sup>38</sup>	Lithium Carbonate	18,000	16,950	18,000	15,542	18,000	15,589
	Lithium Chloride	9,000	4,750	9,000	3,723	9,000	4,836

Livent is currently producing qualified battery grade lithium hydroxide in both the US and China (current capacity of ~15,000 metric tons in each for a total of 30,000 metric tonnes which is fed by Livent's carbonate)<sup>39</sup> and has current capacity of 9,000 metric tonnes of chloride to feed other specialties lithium processing facilities. Livent remains focused on expanding its lithium carbonate and hydroxide capacities. A lithium hydroxide expansion project at Bessemer City, North Carolina was mechanically completed by the end of 2022.

Construction has begun on an additional 15,000 metric tonnes of lithium hydroxide capacity in China. This production asset will be located in

the province of Zhejiang and is expected to be mechanically complete by the end of 2023. Livent is also evaluating the addition of a lithium recycling plant in North America or Europe. Further lithium hydroxide capacity expansions are expected to be delivered via Nemaska Lithium and the construction of the Bécancour facility (see more detail in section 6.3(b) about that project).

Set out below is a consolidated illustration of the current and future nameplate capacity expansion profile for Livent's lithium hydroxide projects (not including Nemaska (Whabouchi), which has external sales in 2025/26 only before feedstock for Bécancour production).

**Table 6.3.6 Livent Year End Production Capacity**

	CY22	CY23	CY24	CY25	CY26	CY27
<b>Lithium Carbonate ('000 tonnes per annum)</b>						
Current	18	18	18	18	18	18
Expansion of capacity	–	10	20	50	50	50
<b>Total Carbonate Capacity</b>	<b>18</b>	<b>28</b>	<b>38</b>	<b>68</b>	<b>68</b>	<b>68</b>
Less: Carbonate to Feed Hydroxide	(18)	(38)	(38)	(40)	(40)	(40)
Excess Carbonate Available for Sale	0	0	0	28	28	28
<b>Lithium Hydroxide ('000 tonnes per annum)</b>						
Current (Livent Carbonate Feed)	25	25	25	25	25	25
Expansions (Livent Carbonate Feed)	5	20	20	20	20	20
<b>Total Capacity (Livent Carbonate Feed)</b>	<b>30</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
Recycling Plant	–	–	–	10	10	10
Nemaska (Bécancour) <sup>40</sup>	–	–	–	–	32	32
<b>Total Hydroxide Capacity</b>	<b>30</b>	<b>45</b>	<b>45</b>	<b>55</b>	<b>87</b>	<b>87</b>

<sup>36</sup> Production includes re-processed volume that did not require additional lithium carbonate feedstock in the given production year.

<sup>37</sup> Excludes other specialty product capacities and production.

<sup>38</sup> Represents theoretical capacity for lithium carbonate and lithium chloride. Actual combined production of both products is lower and limited by a trade-off between the two based on Livent's lithium production processes. Base Lithium production was approximately 20,500 MT on a LCE basis for 2022, approximately 18,500 MT for 2021 and approximately 19,500 MT for 2020, resulting in the total production shown in the chart.

<sup>39</sup> Also supplemented by small third party lithium carbonate purchases where required to fill downstream contracts.

<sup>40</sup> Shown on a 100% basis.

Livent has also disclosed expansion plans in China and for a Lithium Recycling Plant in North America or Europe. Further detail is set out below.

**Figure 6.3.7 Livent Lithium Hydroxide and Recycling Expansion Plans**

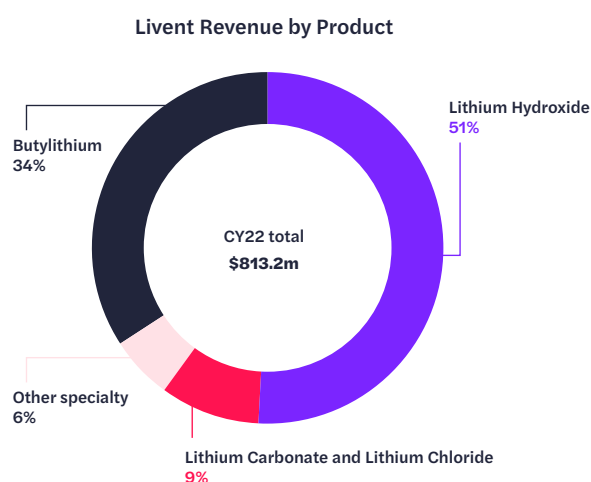
	Lithium Hydroxide Expansions	
	New China Hydroxide Plant	Lithium Recycling Plant
Status	Engineering	Evaluating
Location	Zhejiang, China	North America/Europe
Capacity	15,000 metric tonnes	10,000 metric tonnes
Feedstock	Livent Carbonate	Recycled Material
Other Details	<ul style="list-style-type: none"> <li>Commercial production in 2024</li> <li>Capital spending of ~\$25 million</li> </ul>	<ul style="list-style-type: none"> <li>Designed to reprocess recycled lithium material</li> <li>Currently evaluating partnership opportunities</li> <li>Commercial production in 2025</li> <li>Capital spending to be determined</li> </ul>

Livent is also evaluating high purity lithium metal expansion opportunities, including expansion of lithium chloride as feedstock, to align with the potential increase in demand for lithium metal as customers develop next generation battery technologies. This includes opportunities for Livent’s proprietary printable lithium metal product LIOVIX®.

**iv. Contribution to revenue**

Figure 6.3.8 below provides an overview of the revenue contribution from each of the major Livent products. The other lithium specialties processed from chloride as the feedstock made up approximately 40% of revenue in CY22 (butyllithium 34%, other specialties 6%). The hydroxide processed from carbonate as the feedstock made up c. 51% of revenue in CY22. Carbonate and chloride sales made up the remaining 9%.

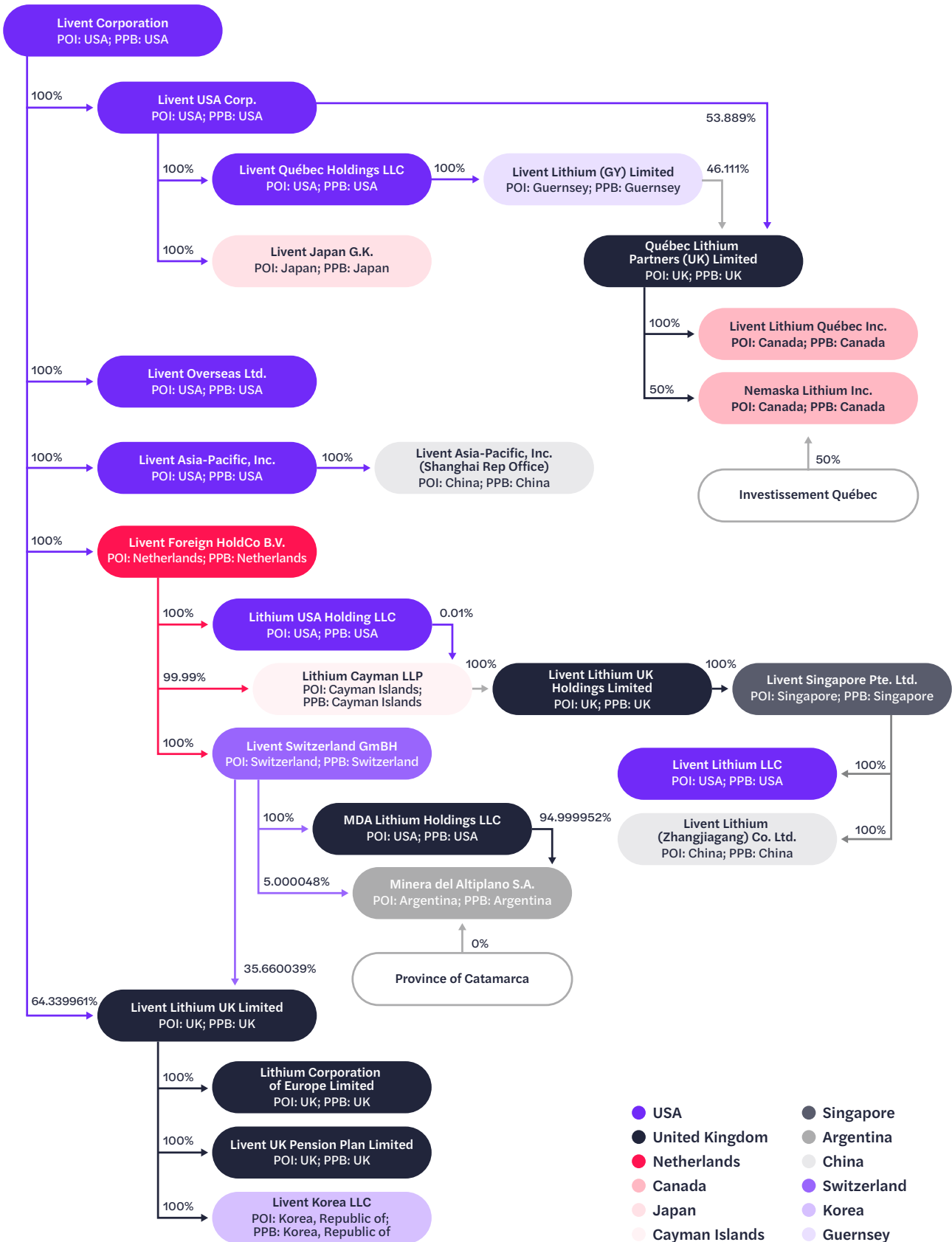
**Figure 6.3.8 - Livent Revenue By Product**



## 6.4 Corporate structure of Livent

The corporate structure of Livent and its wholly owned or controlled entities, as at the date of this Scheme Booklet is set out below.

Figure 6.4.1 Corporate Structure of Livent Group



## 6.5 Mineral Resources and Mineral Reserves

The information contained in this Section 6.5 was prepared in accordance with the requirements of NI 43-101. Accordingly, the mineral resources and mineral reserves estimates for Livent do not purport to be reported in accordance with or otherwise compliant with the JORC Code.

Such estimates are disclosed in Livent's technical reports for its Salar del Hombre Muerto (**SdHM**) property and Whabouchi Mine property, each prepared in accordance with NI 43-101 and titled "NI 43-101 Technical Report, Pre-Feasibility Study, Project Fenix, Salar del Hombre Muerto, Catamarca, Argentina," prepared for Livent and Allkem, dated 19 September 2023 and having an effective date of 31 December 2022 (the **SdHM NI 43-101 Report**); and "NI 43-101 Technical Report Pre-Feasibility Study on the Whabouchi Mine, Nemaska, Québec," prepared for Livent and Allkem dated 11 October 2023 and having an effective date of 30 September 2023 (the **Whabouchi NI 43-101 Report** and, together with the SdHM NI 43-101 Report, the **NI 43-101 Technical Reports**).

The NI 43-101 Technical Reports have been filed by Allkem in Canada, under its profile at [www.sedarplus.ca](http://www.sedarplus.ca), pursuant to Canadian securities laws (as described below) in support of the disclosures of mineral resources and mineral reserves estimates contained in this Scheme Booklet. The mineral resource and mineral reserve estimates are represented on an attributable basis which reflects Livent's ownership stake as at the date of this Scheme Booklet. For the purposes of the Whabouchi NI 43-101 Report, Livent holds 50% ownership of Nemaska Lithium, with the remainder held by Investissement Québec.

In relation to the reliability of the foreign estimates of mineral resources and mineral reserves (of Livent) contained in this Scheme Booklet, it should be noted that:

- the foreign estimates are not reported in accordance with the JORC Code;
- a Competent Person (as defined in the JORC Code) has not done sufficient work to classify the foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code;
- it is currently uncertain whether, following evaluation and/or further exploration work, these foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code; and
- the foreign estimates of mineral resources and mineral reserves (of Livent) contained in this Scheme Booklet have not been presented with all of their supporting data.

For further information about the reporting standards applicable to Livent, please see section 10.10.

#### a. Salar del Hombre Muerto - SdHM Project

The following table provides a summary of Livent's estimated mineral reserves at its SdHM property, as disclosed in Livent's SdHM NI 43-101 Report. Livent continues to produce lithium from this brine deposit located in Catamarca, Argentina, since its predecessor began mining operations in 1997. The mineral reserves are current as of 31 December 2022. Lithium reserves are the economically mineable part of the lithium resource. The below mineral reserve amounts are rounded and shown in thousands of metric tonnes of elemental lithium. A summary of the material technical information and assumptions supporting mineral resources are included below the table.

**Table 6.5.1 Salar del Hombre Muerto Mineral Reserves – Proven and Probable**

Property		Classification	Metric tonnes ('000)
Salar del Hombre Muerto	Catamarca Province, Argentina	Proven	150
		Probable	580
		<b>Total Reserves</b>	<b>730</b>

**Notes:**

- 1 Values rounded to the nearest thousand.
- 2 Lithium reserves are reported in thousands of metric tonnes of elemental lithium. On a lithium carbonate equivalent (LCE) basis, Livent had 810 thousand metric tonnes LCE in proven reserves and 3,100 thousand metric tonnes LCE in probable reserves.
- 3 The Qualified Person estimated lithium reserves using a numerical brine reservoir model to predict changes in brine occurrence and grade in response to anticipated production schedules.
- 4 The reference point for the mineral reserves is finished lithium carbonate.
- 5 Lithium reserves were calculated based on modelled production for the 40-year life of the mine, starting in 2023, based on industry-standard software. Proven reserves have been estimated as the lithium planned to be produced from 2023 through 2032, for the first 10 years of the 40-year life of mine plan. Probable reserves have been estimated as the lithium planned to be produced for the remaining 30 years of the life of mine plan (2033 through 2062).
- 6 40 years was the chosen time frame for the numerical simulation, based on the Qualified Person's (Sean Kosinski, CPG) understanding of the resource, 25-year operational history, and anticipated production schedule, which in turn is the basis for establishing the life-of-mine. Based on available resources, current mine plans, and pricing assumptions, the life-of-mine is expected to remain profitable and above the cut-off grade beyond 40 years.
- 7 The anticipated lithium carbonate production schedules were used to estimate reserves, based on Livent's production expansion plans. Please see Section 7.1 under "Combined Group Business Strategy" for more information.
- 8 New brine production wells are also required to meet future target production rates. All new wells were assumed to draw exclusively from the measured resource depth interval (0–40 m bgs) in years 1 through 20 based on the Qualified Person's assumed well configuration (which is only one of many potential well configurations capable of meeting target lithium production rates). In years 21 through 40, brine is assumed to be produced from both the measured and indicated resource (0–100 m bgs) depth intervals. In all cases, the expected lithium mass extracted was reduced by 23.4% to account for process-related lithium losses due to inefficiencies.
- 9 The estimated economic cutoff grade for the project is 218 mg/L lithium, based on the aforementioned assumptions and the factors and further assumptions discussed below:
  - Numerical model results indicate Livent's production schedule is feasible and brine grade will remain well above the economically viable cut-off grade throughout the life of mine plan. The model-simulated flow-weighted average lithium concentration was 523 mg/L at the end of the 40-year simulation period. Although not considered in the lithium reserves estimate, lower cut-off grades may become economically viable with advances in process technology or with changes in mine plans (e.g., additional pre-concentrate ponds or selective adsorption columns). The economic analysis indicated positive cash flow for the life-of-mine after an initial payback period of 3.6 years based on the anticipated production schedule.
  - Assumed pricing for battery-grade lithium carbonate of \$20,000 per metric tonne LCE throughout the estimated 40-year life of asset.
  - Capital expenditures for the production capacity expansions were estimated at \$1,191 million for 2023 through 2028, with sustaining capital expenditures ranging between \$11 million and \$25 million between 2023 and 2031.
  - Estimated production costs amount to approximately \$4,700 per metric tonne LCE, not including royalties and fees that, under current law and contractual arrangements, are set at approximately 3.5% of its annual sales (calculated using the annual Contractual Price described below in the "Mineral Concession Rights and Royalties" subsection), or corporate taxes, which are estimated based on an assumed 22% effective corporate tax rate. Depreciation calculated based on asset useful life, usually ranging from 15 years for equipment and machinery to 40 years for buildings, royalties and related fees and corporate taxes were considered, however, together with the above operating expenses in establishing the cut-off grade.
  - The reserves estimate reflects an estimated cost of capital of 10% (i.e., Livent's projected revenues exceed total projected capital and operating expenses by 10%) to establish the minimum economically viable lithium concentration for the SdHM property to be marginally profitable.
  - Financials were valued in current US dollar terms and do not reflect foreign exchange or inflation assumption. Lithium carbonate is priced in US dollars. Approximately 60% of total operating costs in Argentina are US dollar-denominated and the estimate assumes that inflation will be offset by increased peso devaluation over time.
- 10 Further detail about the basis for these mineral reserves, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).

**Table 6.5.2 Salar del Hombre Muerto Mineral Resources – Measured and Indicated**

The following table provides a summary of Livent’s estimated mineral resources at its SdHM property, inclusive of reserves, at 31 December 2022, as disclosed in Livent’s SdHM NI 43-101 Report. The below mineral resource amounts are rounded and shown in thousands of metric tonnes of elemental lithium. A summary of the material technical information and assumptions supporting mineral resources are included below the table.

Property		Classification	Metric tonnes (‘000)	Depth Interval (m bgs)
Salar del Hombre Muerto	Catamarca Province, Argentina	Measured	520	0-40
		Indicated	810	40-100
		<b>Measured + Indicated</b>	<b>1,300</b>	<b>0-100</b>

**Notes:**

- Lithium mass rounded to the nearest thousand.
- Mineral resources are reported inclusive of mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- Lithium resources are reported in metric tonnes of elemental lithium. The LCE of the reported resources (including reserves) is 2,800 thousand metric tonnes LCE in measured resource (0–40 m below ground surface (bgs)), 4,300 thousand metric tonnes LCE in indicated resource (40–100 m bgs), and 4,700 thousand metric tonnes LCE in inferred resource (100–200 m bgs).
- Resources are reported on an in-situ basis.
- The resource estimate represents the lithium mass in brine, at a specific point in time, that may be produced by pumping or some other extraction method.
- The lithium resource estimate relies in part on data analysed by the Qualified Person (William Cutler, Ph.D. CPG) from a monitoring well network, consisting of 35 wells across the Western Subbasin, installed in 2017, and three deep exploration holes installed in 2020. Historical data collected prior to development were used by the Qualified Person to estimate static reservoir properties that are assumed not to change.
- Since mining operations on the SdHM property began 25 years ago, the property has continued to produce high-grade (>740 mg/L) lithium brine with remarkably low variability in brine grade.
- Resources have been categorised, based on the opinion of the Qualified Person, based on basin depth intervals, according to the available data for the estimate.
- This resource estimate assumes that brine produced to date originated from brine in the measured resource (0–40 m bgs) interval, since the well batteries used for brine production are constructed to a depth up to 40 m bgs. Because flow to production wells is predominantly horizontal, and the existing well battery does not extend below 40 m, it is unlikely lithium produced to-date originated from indicated (40–100 m bgs) or inferred (100–200 m bgs) resource intervals.
- Although portions of the basin are greater than 200 m, the resources were estimated to a basin depth of 200 m bgs or less, as appropriate. The depth of the resource in the Western Subbasin (assumed to coincide with depth to bedrock) has been estimated using geophysical methods at greater than 900 m in the western lobe of the Western Subbasin and deep exploration holes installed in 2020 indicate resource depths greater than 300 m near the primary well battery. However, a 200 m depth cutoff was deemed appropriate (lower total lithium mass) by the Qualified Person in the absence of sufficient data below 200 m bgs.
- A cut-off grade of 218 mg/L is tied to the resource estimate (inclusive of lithium reserves) because the cut-off grade was applied to the reserve estimate, although, in the Qualified Person’s opinion, a substantially lower cut-off grade could establish reasonable prospects for the extraction of lithium. The assumptions underlying this estimate are described under SdHM’s Mineral Reserves Estimate above.
- Further detail about the basis for these mineral resources, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).

**Table 6.5.3 Salar del Hombre Muerto Mineral Resources – Inferred**

The following table provides a summary of Livent’s estimated inferred mineral resources at its SdHM property, inclusive of reserves, at 31 December 2022, as disclosed in Livent’s SdHM NI 43-101 Report. The below inferred mineral resource amount is rounded and shown in thousands of metric tonnes of elemental lithium.

Property		Classification	Metric tonnes (‘000)	Depth Interval (m bgs)
Salar del Hombre Muerto	Catamarca Province, Argentina	Inferred	890	100-200

**Note:** The same material technical information and assumptions supporting SdHM’s mineral resource estimates above apply to this table. Further detail about the basis for these mineral resources, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).



## b. Whabouchi Mine

The following table provides a summary of Livent's attributable portion, based on its 50% economic ownership interest in the Whabouchi Mine, of the estimated mineral reserves at the Whabouchi Mine, a hardrock mine in the development stage located in Québec, Canada, as of 30 September 2023, as disclosed in the Whabouchi NI 43-101 Report prepared for Livent and Allkem. The below mineral reserves amounts are rounded and shown in millions of metric tonnes of ore and the average grade of the reserves (measured as a percentage thereof) comprised of lithium oxide (Li<sub>2</sub>O). A summary of the material technical information and assumptions supporting mineral reserves are included below the table.

**Table 6.5.4 Whabouchi Mine Mineral Reserves – Proven and Probable**

Property	Classification	Metric tonnes (in millions)	Grade (Li <sub>2</sub> O%)
Whabouchi Mine Québec, Canada	Proven	5.2	1.40%
	Probable	13.8	1.28%
	<b>Total Reserves</b>	<b>19.1</b>	<b>1.31%</b>

### Notes:

- The above table represents Livent's attributable portion (50%) of the property's total mineral reserves.
- Lithium reserves were calculated based on modeled production for the 34-year life of the mine. Development of the life-of-mine plan included pit optimisation, pit design, mine scheduling and the application of modifying factors to the measured and indicated mineral resources.
- The reference point for the mineral reserves is the feed to the primary crusher of the Whabouchi concentrator. The tonnages and grades reported are inclusive of mining dilution, geological losses and operational mining losses.
- The reported mineral reserves include 5.2 million metric tonnes and 8.0 million metric tonnes of open pit proven and probable reserves, respectively. All underground reserves have been classified as probable.
- Assumes a spodumene concentrate (at an average concentrate grade of 5.5% Li<sub>2</sub>O) selling price of C\$1,264/metric tonne (US\$1,011/metric tonne).
- For the Open Pit Mineral Reserves:**
  - The Qualified Person for the open-pit mineral reserves is Jeffery Cassoff, P.Eng. (BBA).
  - The cut-off grade used to report open pit mineral reserves is 0.40% Li<sub>2</sub>O.
  - Pit optimisation parameters are described as follows:
    - An assumed metallurgical recovery of 85%.
    - Estimated variable mining costs of C\$2.25/metric tonne for overburden and C\$3.46/metric tonne of rock, variable processing and tailings management costs of C\$11/metric tonne milled, transportation costs of C\$159/metric tonne of concentrate and estimated aggregate fixed costs C\$46.7 million/year.
    - An open pit has been designed which includes 12 meter high benches, a 25 meter wide haul ramp at a maximum grade of 10% and which considers a minimum mining width of 30 meters. The open pit is approximately 1,400 meters long and 400 meters wide at surface, and has a total surface area of approximately 42 hectares and maximum depth of approximately 230 meters below surface.
  - The stripping ratio for the open pit is 2.8 to 1.
- For the Underground Mineral Reserves:**
  - The Qualified Person for the underground mineral reserves is Andre-Francois Gravel, P.Eng. (DRA).
  - A variable cut-off grade between 0.5% Li<sub>2</sub>O to 0.72% Li<sub>2</sub>O was used to report underground mineral reserves, depending on the anticipated mining method used in a particular location.
  - Underground optimisation parameters are described as follows:
    - An assumed mining recovery of 90%, based on estimated mining dilution and ore losses.
    - Estimated processing costs of C\$48/metric tonne (including mill operation and administration and infrastructure costs), transportation costs of C\$32/metric tonne and mining costs of C\$46/metric tonne (including haulage and backfill).
  - The reported mineral reserves include nil metric tonnes and 5.8 million metric tonnes of underground proven and probable reserves, respectively. The Whabouchi deposit will be mined using conventional open pit mining for the first 24 years of operation, followed by 10 years of underground mining.
  - Underground mineral reserves reflect both internal dilution, which refers to waste occurring within an ore body, and external dilution, which refers to waste outside the ore body that is mined during the mining process. With respect to the long-hole mining method, external dilution included a mining dilution of 0.5 meters on the hanging and footwalls.
  - A minimum true mining width of 4 meters was used.
- Further detail about the basis for these mineral reserves, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).

**Table 6.5.5 Whabouchi Mine Mineral Resources – Measured and Indicated**

The following table provides a summary of Livent's attributable portion, based on its 50% economic ownership interest in the Whabouchi Mine, of the estimated mineral resources at the Whabouchi Mine, inclusive of reserves, as of 31 December 2022, as disclosed in the Whabouchi NI 43-101 Report. The below mineral resource amounts are rounded and shown in millions of metric tonnes of resources and the average grade of the resource (measured as a percentage thereof) comprised of lithium oxide (Li<sub>2</sub>O). A summary of the material technical information and assumptions supporting mineral resources are included below the table.

Property	Classification	Metric tonnes (in millions)	Grade (Li <sub>2</sub> O%)	
Whabouchi Mine	Québec, Canada	Measured	4.8	1.60
		Indicated	16.0	1.43%
		<b>Measured + Indicated</b>	<b>20.9</b>	<b>1.47%</b>

**Notes:**

- The above table represents Livent's attributable portion (50%) of the property's total mineral resources.
- The reference point for the mineral resources is in-situ and undiluted.
- Density is applied by rock type and the proportion of waste inside each block. A density of 2.77 was used for mineralised pegmatites.
- Mineral resources are reported inclusive of mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- The lithium resources were calculated based on: drillhole database validations and selection of the drillholes and channels for the Mineral Resource estimation database; 3D modelling of spodumene-bearing pegmatite wireframes, based on lithology and lithium content (% Li<sub>2</sub>O); geostatistical analysis for data conditioning; density assignment, capping, compositing and variography; block modelling and grade estimation; resource classification and grade interpolation validations; and grade and tonnage sensitivities to spodumene concentrate selling prices;
- The drilling database used for the mineral resource estimate comprised 258 diamond drillholes and 108 channels. Assaying is predominantly within the pegmatite dyke occurrences. A three-dimensional geological model based on the drilling database was used to estimate resources for the property as a whole.
- Resources were categorised, based on the opinion of the Qualified Person, Marc-Antoine Laporte, P.Geo., into measured, indicated and inferred resources based on average drill hole spacing, the number of samples used in the interpolation, specific geological units, and professional judgment to avoid isolated blocks. Measured resources are generally blocks with an average distance between the three nearest drill holes of less than 30 meters; indicated resources are generally blocks with an average distance between the three nearest drill holes of less than 60 meters; and inferred resources are generally blocks with an average distance between the three nearest drill holes of less than 90 meters. Blocks that did not have reasonable prospects for the economic extraction of minerals were removed.
- Reasonable prospects for economic recovery assume:
  - A spodumene concentrate (at an average concentrate grade of 5.5% Li<sub>2</sub>O) selling price of C\$1,264/metric tonne (US\$1,011/metric tonne).
  - A metallurgical recovery of 85%.
- For the Open Pit Mineral Resources:
  - The cut-off grade used to report open pit mineral resources is 0.30% Li<sub>2</sub>O.
  - Pit optimisation parameters are described as follows:
    - Total ore based costs of approximately C\$58/metric tonne.
    - Geotechnical pit slope parameters of 55 degrees (North wall) and 52 degrees (South wall), assuming no underground mining or a crown pillar thick enough that pit-underground stability interactions do not occur
- For the Underground Mineral Resources:
  - The cut-off grade used to report underground mineral resources is 0.60% Li<sub>2</sub>O.
  - Underground optimisation parameters assume total costs (including total ore-based and milling costs) of approximately C\$100/metric tonne.
- Further detail about the basis for these mineral resources, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).

**Table 6.5.6 Whabouchi Mine Mineral Resources – Inferred**

The following table provides a summary of Livent's attributable portion, based on its 50% economic ownership interest in the Whabouchi Mine, of the estimated inferred mineral resources at the Whabouchi Mine, inclusive of reserves, as of 31 December 2022, as disclosed in the Whabouchi NI 43-101 Report prepared for Livent and Allkem. The below inferred mineral resource amounts are rounded and shown in millions of metric tonnes of resources and the average grade of the resource (measured as a percentage thereof) comprised of lithium oxide (Li<sub>2</sub>O).

Property	Classification	Metric tonnes (in millions)	Grade (Li <sub>2</sub> O%)	
Whabouchi Mine	Québec, Canada	Inferred	4.1	1.31%

**Note:** The same material technical information and assumptions supporting the Whabouchi Mine's mineral resource estimates above apply to this table. Further detail about the basis for these mineral resources, including for the purposes of ASX Listing Rule 5.12, is set out in section 6.5(c).

**c. Livent Resources and Reserves Reporting**

The mineral reserves and mineral resources estimates extracted in this Scheme Booklet as follows, or otherwise underlying or supporting statements made, are not, and do not purport to be, compliant with the JORC Code and (having been prepared in accordance with NI 43-101) are classified as both “foreign estimates” and “qualifying foreign estimates” under the ASX Listing Rules. Livent considers these estimates to be both material and relevant to NewCo given that Whabouchi and SdHM have the potential to be a material mining project to NewCo.

ASX Listing Rule 5.12 requires specific information to be included in a public announcement that contains a foreign estimate. In accordance with ASX Listing Rule 5.12, this information has been provided below (including in the table that follows and the additional information that precedes it and elsewhere in this Scheme Booklet).

**i. Salar del Hombre Muerto (SdHM) operations**

Estimates of mineral resources and mineral reserves for Livent’s operations at Salar del Hombre Muerto (**SdHM**), Catamarca, Argentina included in this Scheme Booklet or otherwise contemplated by or referred to in it are not reported in accordance with the JORC Code. The definition of a mineral resource was adopted from the Canadian Institute of Mining, Metallurgy and Petroleum (CIM 2014). Details about the SdHM NI 43-101 Report are set out in the Allkem ASX Announcement titled ‘Allkem and Livent to Create a Leading Global Integrated Lithium Chemicals Producer’ dated 10 May 2023 and are not included separately in this Scheme Booklet.

The mineral reserves and mineral resources estimates extracted in this Scheme Booklet or otherwise underlying or supporting statements made in this Scheme Booklet are not, and do not purport to be, compliant with the JORC Code and are classified as “foreign estimates” under the ASX Listing Rules.

A numerical brine reservoir model was used to estimate mineral reserves. Mineral reserves have been classified as proven and probable based on the relative confidence in the reserve estimates and the resource interval from which they originated. The following information has been provided with respect to the SdHM NI 43-101 Report referenced elsewhere in this Scheme Booklet in accordance with ASX Listing Rule 5.12 (including in the table that follows and the additional information that precedes it and elsewhere in this Scheme Booklet).

**A. Cautionary statements (about reliance on these foreign estimates):**

- aa.** The mineral resources and mineral reserves estimates are not reported in accordance with the JORC Code.
- ab.** A Competent Person has not done sufficient work to classify the foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code.
- ac.** It is currently uncertain whether, following evaluation and/or further exploration work, these foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

**B. Limitation on information relating to the SdHM operations**

All information in this Scheme Booklet in relation to the SdHM operations and the SdHM project has been sourced from the SdHM NI 43-101 Report. Whilst due diligence has been undertaken and steps have been taken to review the findings from that and the information provided, no representation or warranty, expressed or implied, is made by Livent as to the fairness, accuracy, correctness, completeness or adequacy of any information relating to the SdHM operations.

**Table 6.5.7 ASX Listing Rule 5.12 Table – SdHM operations**

<b>ASX Listing Rule</b>	<b>Requirement</b>	<b>Commentary – SdHM NI 43-101 Report</b>
5.12.1	The source and date of the historical estimates or foreign estimates.	The source of the foreign estimate is the NI 43-101 Technical Report named “NI 43-101 Technical Report, Pre-Feasibility Study, Project Fenix, Salar del Hombre Muerto, Catamarca, Argentina” dated 19 September 2023 and having an effective date of 31 December 2022 filed by Allkem pursuant to Canadian securities laws on SEDAR+ on or before the date of this Scheme Booklet ( <a href="http://www.sedarplus.ca">www.sedarplus.ca</a> ). The foreign estimate for mineral resources is dated 31 December 2022, and the foreign estimate for mineral reserves is dated 31 December 2022. Based on the final database for the mineral resource estimate “MRE” and Geological Modelling with an effective date of 30 September 2022.
5.12.2	Whether the historical estimates or foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.	<p>The mineral resource and mineral reserve estimates for the SdHM project have been prepared using the Canadian National Instrument 43-101 (Standards of Disclosure for Mineral Projects) reporting guidelines. Accordingly, the mineral reserves and mineral resources estimates for the SdHM project are not, and do not purport to be, compliant with the JORC code and are therefore classified as “qualifying foreign estimates” under the ASX Listing Rules. The mineral resource estimate contains categories of mineralisation consistent with the CIM Definitions (2014) as ‘Measured’, ‘Indicated’ and ‘Inferred’, that are consistent with the terminology of ‘Measured’, ‘Indicated’ and ‘Inferred’ under the JORC Code.</p> <p>The mineral reserve stated in the foreign estimate are reported as proven and probable categories as per CIM Definitions (2014). These classifications are consistent with the definitions of Proved and Probable Ore Reserves in the JORC Code.</p>
5.12.3	The relevance and materiality of the historical estimates or foreign estimates to the entity.	The foreign estimate is a material mining project, as there is an intention to increase its production of lithium brine in its Argentinian operations through the proposed Transaction.
5.12.4	The reliability of historical estimates or foreign estimates to the entity.	<p>The foreign estimate is considered to be reliable for the following reasons: Key criteria, as defined in Table 1 of the JORC Code, has been addressed by the Competent Person via due diligence and his prior experience with the SdHM project.</p> <p>The foreign estimate has been reported publicly through the release of a NI 43-101 Technical Report supported by relevantly experienced Qualified Persons.</p>

5.12.5

To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.

Exploration data related to the SdHM project has been compiled since the early 1990s. Site characterisation began in 1992, with installation of 74 surface holes, 17 HQ-core holes and 1 NQ-core hole. Following core hole installation, samples were analysed from 892 core samples and brine samples were collected from 78 discrete core hole intervals. Additional testing included downhole geophysical surveys and packer testing. In 1993, a surface geophysical survey was completed using gravity methods to estimate the depth to bedrock along 6 transects across the western subbasin. Three pumping wells and 6 monitoring wells were installed in support of hydraulic testing. Lithium brine production began in 1997, following completion of exploration and development activity. Once operations commenced, Livent began collecting operational data, including lithium brine sampling and drawdown monitoring which provide useful characterization information. Operational data are collected on a monthly basis, beginning in 1997 and continuing to the present. In 2017, Livent installed a monitoring well network consisting of 35 wells and initiated a brine sampling program. Livent initiated a deep drilling programme in 2020 to further characterise the deposit at depth in support of the current expansion programme. During this program, three deep characterisation boreholes (DCB) were installed to 100, 200 and 300 m bgs. Brine samples, hydraulic testing and downhole geophysical surveys were performed at each location prior to their conversion to deep piezometers.

#### Mineral Resources

Mineral Resources for the project were estimated in 1994 by Water Management Consultants (WMC) and in 2016 by Integral Consulting (Integral) based on pre-production data and again in 2017 by Integral based on additional data from 35 monitoring wells installed across the salar in 2017. Data from these wells and data from historic exploration and the deep exploration holes has been used to establish the static reservoir properties (resource estimate). The resource estimate was updated in 2022 by Integral to incorporate data from the DCB holes. The current (2022) resource estimate has been developed to report resources inclusive of reserves. The 2022 resource estimate is based on kriging and incorporates data from ground surface to 200m bgs as well as publicly available data related to the eastern sub-basin to constrain the kriging interpolation at the eastern margin of the western sub-basin.

Historic resource estimates have relied upon various polygonal and kriging methods for volumetric calculations and Sy and brine assay data to establish lithium content in the in-situ available brine body. These methods are briefly summarised below:

- classical polygons using 10m slices for intervals from 0-30m and 0-70m, based on number of boreholes
- block kriging
- panel kriging
- single polygon
- Thiessen polygons defined by boreholes
- Thiessen polygons with lithologically defined specific yield
- single polygon with statistical predictions of Sy and lithium assay at depth
- Ordinary Kriging.

Analysis of the various historic resource estimates showed good consistency between methods.

5.12.5	To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.	<p><b>Ore Reserves</b></p> <p>Brine reserves have been estimated with the aid of a 3D numerical model using SEAWAT Version 4 for simulating variable density groundwater flow and multi-species transport. SEAWAT is a coupled version of MODFLOW, a finite difference numerical model designed to simulate groundwater flow, and MT3DMS, a model designed to address transport of dissolved species in groundwater. SEAWAT is designed to simulate variable-density brine migration in continental aquifers by coupling the two programmes.</p> <p>The model domain covers the entire western sub-basin and an active area of 364km<sup>2</sup>. The model is divided into 123 rows and 113 columns with cell sizes ranging from 200m at the halite nucleus to 500m at the margins of the model. Vertically, the model is divided into nine horizontal layers from surface to bedrock.</p> <p>The model was calibrated by adjusting the input parameters until a satisfactory match between observed and model-simulated conditions was reached. The model was calibrated to brine elevations and brine chemistry (TDS and Li concentrations) measured at brine monitoring wells distributed across the entire western sub-basin, from proxy locations used to represent aggregate flows from the Primary Well Battery (PWB) and Secondary Well Battery (SWB) and monitoring wells in the Trapiche aquifer.</p> <p>Once the model was statically calibrated, a transient calibration was performed to simulate historical operations from July 1997 to the end of 2022. The results of the transient calibration showed an average residual head of minus 0.5m and a scaled residual mean of 8%. Average model residuals for lithium concentration in brine wells were 4.5mg/L. The model balance error at the end of the calibration was 0.0%. These results are considered to be excellent and the model calibration to be accurate. Predictive simulations for a 40-year period ending in 2062 were run assuming constant inflows from the eastern sub-basin and Trapiche Aquifer for the entire period. Spent brine inflows were adjusted to account for increased production until 2030 and then held constant. Leakage from the pre-concentrate ponds was assumed equal to leakage in 2022 until 2026 when the ponds are planned to be re-purposed as part of the Phase III expansion.</p> <p>New pumping wells were modelled to accommodate the required additional brine production and pumping rates adjusted to account for process losses. All new wells were simulated to draw exclusively from the Measured resource depth interval (0-40m bgs) for Years 0-20, and then from the Measured and Indicated resource depth (0-100m bgs) for Years 21-40. To meet brine production targets, new wells were added to the Salar Model to the NW of the PWB and after four years, additional wells were added in the northwestern quadrant of the western sub-basin.</p> <p>The reserve model assumes 76.6% overall brine recovery efficiency based on a mix of 70% SA production and 30% pre-production ponds, which is reasonable considering the high recoveries achieved in the SA plant to date (&gt;80%). Proved reserves are classified as brine derived from the Measured resource (0-40m bgs) screen interval within the first 10 years; while Probable reserves are classified as brine derived from the Measured and Indicated resources from 0-100m bgs in Years 11-40 of the forecast model.</p>
5.12.6	Any more recent estimates or data relevant to the reported mineralisation available to the entity.	N/A

ASX Listing Rule	Requirement	Commentary – SdHM NI 43-101 Report
5.12.7	The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with the JORC Code.	Additional evaluation and/or exploration may be required to verify the SdHM project foreign estimates as Mineral Resources or Ore Reserves under the JORC Code. There is no current intention to verify the SdHM project foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. All future mineral reserves and mineral resources estimates are intended to be prepared and reported to shareholders of the Combined Group in accordance with Subpart 1300 of Regulation S-K. SdHM project information will only be reported in the future pursuant to NI 43-101 to the extent such reporting is required by Canadian securities laws.
5.12.8	The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and a comment on how the entity intends to fund that work.	There is no current intention to verify the SdHM project foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. All future mineral reserves and mineral resources estimates are intended to be prepared and reported to shareholders of the Combined Group in accordance with Subpart 1300 of Regulation S-K. SdHM project information will only be reported in the future pursuant to NI 43-101 to the extent such reporting is required by Canadian securities laws
5.12.9	A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates stating certain matters.	<p>The estimates of mineral resources and mineral reserves for the SdHM project are “qualifying foreign estimates” under the ASX Listing Rules and are not reported in accordance with the JORC Code.</p> <p>The Competent Persons have not done sufficient work to classify the “qualifying foreign estimates” as Mineral Resources and Ore Reserves in accordance with the JORC Code.</p> <p>It is currently uncertain, that following evaluation, the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.</p>
5.12.10	A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c).	<p>In accordance with ASX Listing Rule 5.12, Mr William Cutler, Ph.D, CPG, an employee of Integral Consulting Inc., Competent Person and Registered Member of the American Institute of Professional Geologists (a ‘Recognised Professional Organisation’ under the definitions of the JORC Code), confirms the information in this Scheme Booklet that relates to the SdHM NI 43-101 Report mineral resource foreign estimate is an accurate representation of the available data and studies for the SdHM project. Mr Cutler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person for the reporting of Mineral Resources in accordance with the JORC Code. Mr Cutler consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</p> <p>In accordance with ASX Listing Rule 5.12, Mr Sean Kosinski, CPG, an employee of Livent, a Competent Person and Registered Member of the American Institute of Professional Geologists (a ‘Recognised Professional Organisation’ under the definitions of the JORC Code), confirms the information in this Scheme Booklet that relates to the SdHM NI 43-101 Report mineral resource foreign estimate is an accurate representation of the available data and studies for the SdHM project. Mr Kosinski has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person for the reporting of Mineral Resources in accordance with the JORC Code. Mr Kosinski consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</p>

## ii. Whabouchi Mine operations

### A. Cautionary statements (about reliance on these foreign estimates)

- aa. The estimates of mineral resources and mineral reserves for the Whabouchi Mine are both ‘foreign estimates’ and ‘qualifying foreign estimates’ under the ASX Listing Rules (having been prepared in accordance with NI 43-101) and are not reported in accordance with the JORC Code.
- ab. Competent Persons have not done sufficient work to classify the qualifying foreign estimates as Mineral Resources and Ore Reserves in accordance with the JORC Code.
- ac. It is uncertain, that following evaluation and/or further exploration work, the qualifying foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

### B. Limitation on information relating to the Whabouchi Mine

All information in this Scheme Booklet in relation to the Whabouchi Mine – including in relation to mineral resources and mineral reserves estimates, life of mine plans and other financial forecasts – has been sourced from the Whabouchi NI 43-101 Report. Whilst due diligence has been undertaken and steps have been taken to review the findings from that and the information provided, no representation or warranty, expressed or implied, is made by Livent as to the fairness, accuracy, correctness, completeness or adequacy of any information relating to the Whabouchi Mine.

**Table 6.5.8 ASX Listing Rule 5.12 Table – Whabouchi Mine operations**

ASX Listing Rule	Requirement	Commentary – Whabouchi NI 43-101 Report
5.12.1	The source and date of the historical estimates or foreign estimates.	The source of the foreign estimate is the NI 43-101 Technical Report named “NI 43-101 Technical Report Pre-Feasibility Study on the Whabouchi Mine, Nemaska, Québec” dated 11 October 2023, and having an effective date of 30 September 2023 filed by Allkem pursuant to Canadian securities laws on SEDAR+ on or around the date of this Scheme Booklet ( <a href="http://www.sedarplus.ca">www.sedarplus.ca</a> ). The foreign estimate for mineral resources is dated 31 December 2022, and the Mineral Reserve estimate is dated 30 September 2023. Based on the final database for the Mineral Resource Estimate “MRE” and Geological Modelling with an effective date 21 January 2022.
5.12.2	Whether the historical estimates or foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.	<p>The mineral resource and mineral reserve estimates for the Whabouchi Mine have been prepared using the Canadian National Instrument 43-101 (Standards of Disclosure for Mineral Projects) reporting guidelines. Accordingly, the mineral reserves and mineral resources estimates for the Whabouchi Mine are not, and do not purport to be, compliant with the JORC Code and are therefore classified as “qualifying foreign estimates” under the ASX Listing Rules. The mineral resource estimate contains categories of consistent with the CIM Definitions (2014) as ‘Measured’, ‘Indicated’ and ‘Inferred’, that are consistent with the terminology of ‘Measured’, ‘Indicated’ and ‘Inferred’ under the JORC Code.</p> <p>The mineral reserve stated in the foreign estimate are reported as proven and probable categories as per CIM Definitions (2014). These classifications are consistent with the definitions of Proved and Probable Ore Reserves in the JORC Code.</p>
5.12.3	The relevance and materiality of the historical estimates or foreign estimates to the entity.	The foreign estimate is a material mining project, as there is an intention to increase its production of spodumene concentrate in its Canadian operations through the proposed Transaction.
5.12.4	The reliability of historical estimates or foreign estimates to the entity.	<p>The foreign estimate is considered to be reliable for the following reasons:</p> <ul style="list-style-type: none"> <li>▪ Key criteria, as defined in Table 1 of the JORC Code, has been addressed by the Competent Person via due diligence and his prior experience with Whabouchi Mine.</li> <li>▪ The foreign estimate has been reported publicly through the release of a NI 43-101 Technical Report supported by relevantly experienced Qualified Persons.</li> </ul>



5.1.2.5

To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.

Key geological, mining and metallurgical assumptions used in the estimation of mineral resources and reserves are based on extensive feasibility studies undertaken on the project by Nemaska Lithium. The following subsections summarise key aspects of the Mineral Resources and Mineral Reserves of the foreign estimate:

#### Drilling, channel and assay data

A total of 277 diamond drill holes were completed by Nemaska Lithium to define the mineral deposit, for exploration, as well as for geotechnical and metallurgical tests. Between 2009 and 2018, NLL completed 277 diamond drill holes totalling approximately 54,500m. In addition to the drilling, extensive mechanical stripping at surface permitted the completion of 108 channels. The diamond drilling completed by NLI on Nemaska was done exclusively with NQ and HQ drill size. All data was collected or transferred into grid system Zone 18N Universal Transverse Mercator (**UTM**) using the NAD83 datum. Database checks were conducted by the QP including cross-checking assay certificates against the drilling database. No significant errors were identified.

Exploration and resource definition drillholes vary in azimuth between N312° and N340° degrees, with dips ranging between 43° and 75°. Drill spacing is variable but is generally spaced 25 – 50m apart. The deepest hole reaches 510m vertical depth, and the true thicknesses of the pegmatites vary between 70% to 100% of downhole thicknesses.

Core was analysed using either a 4-acid digest or a sodium-peroxide fusion method, with an ICP-AES finish by SGS Minerals Laboratory or ALS Laboratories. QAQC samples (blanks, standards, core duplicates) were systematically inserted into the sample flow with the average insertion rate of one QAQC sample for every 10 core samples.

External verification by an independent third party were conducted by SGS Geostat in 2019. Site visits were undertaken and ¼ core duplicate samples (39) were gathered to verify the assays present in the database. Results returned acceptable results with no bias observed. The QP (qualified person) for the technical report concluded that the database is adequate to support a Mineral Resource Estimate.

#### Block Model & Resource Estimation

The foreign estimate consists of a single block model constructed from geological wireframes representing mineralized pegmatites that were interpreted using all geological data available, including but not limited to lithology, alteration, structural and mineralogical observations.

Statistical analysis was undertaken on the assays, which were subsequently composited to 2m run lengths. Capping was not deemed necessary as the distribution is normal and no outliers were identified. A block model with parent block sizes of 5 m x 3 m x 6 m was chosen based on mining assumptions of a 12m bench height. Ordinary Kriging (**OK**) was used to interpolate Li<sub>2</sub>O grades into the blocks flagged as spodumene pegmatites, using a locally orientated dynamic search ellipse. For the OK estimates, variography is used to determine the spatial search orientations.

Various steps of grade validation were undertaken, including the following: visual checks comparing composite grades against block grades, global statistical checks (descriptive statistics of assays vs. composites vs. blocks), local statistical validation (swath plots).

The foreign estimate described in this Scheme Booklet relating to Nemaska were classified according to the CIM's "Definition Standards for Mineral Resources and Mineral Reserves" (2014) and adhere to the CIM's "Estimation of Mineral Resources and Mineral Reserves Best Practices Guidelines" (2019). As defined by the CIM, all classified material must be within a potentially mineralized wireframe and within the "reasonable prospects of eventual economic extraction" shapes. The mineral resources at Nemaska are classified into Measured, Indicated and Inferred categories. The mineral resource classification of the foreign estimate was based primarily on drill spacing and subsequently manually adjusted to create a coherent classification that is suitable for mine planning purposes.

5.12.5	To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.	<p><b>Mineral Resource Reporting</b></p> <p>Pit optimisations relating to the open-pit Mineral Resource were run using a concentrate price (5.5% Li<sub>2</sub>O) of \$1,264/ t CAD and modifying factors described in the section below. Mineral Resources have been estimated at a cut-off grade of 0.3% Li<sub>2</sub>O for the open pit portion. For the underground Mineral Resource, a 0.60% Li<sub>2</sub>O cut-off grade.</p> <p><b>Mineral Reserves Reporting</b></p> <p>The Mineral Reserves of the foreign estimate were prepared in accordance with Canadian NI43-101 Standards and were based on fully scheduled and costed mine designs. Only resources classified as measured or indicated were converted to mineral reserves. The cut-off grade for the open-pit mineral reserves was elevated to 0.40% Li<sub>2</sub>O, considering variable mining costs (CAD) of \$2.25/MT for overburden and \$3.46/MT for rock; variable processing and tailings management costs of \$11/MT milled; transportation costs of \$159 MT of concentrate, and \$46.7M/yr of fixed costs. Metallurgical recovery estimated at 85%. A variable cut-off grade, depending on mining method, ranging from 0.5 – 0.72% was used for the underground mineral reserves. Underground mining costs (CAD) of \$46 per tonne and Metallurgical recovery of 85%. Mining dilution is a modifying factor when estimating Mineral Reserves since there is an added cost associated with the processing of the waste dilution material.</p> <p>For the Open-Pit mine dilution the mining dilution and ore losses, include a dilution skin on both the highwall and footwall. It was estimated to be 14.7% of the total mined tonnes and the average mining recovery for the final open pit averages 97.2%. These values were included in the original block model that was used for the pit optimization analysis and pit mine planning.</p> <p>Underground mine dilution is the material (ore, waste, or backfill) that breaks off from the host rock walls, backs, and end-walls and includes the material which is inherent to surface and underground mining. The average mining recovery for the underground portion of the mine averages 90%.</p> <p>The Nemaska deposit will be mined using conventional open pit mining for the first 24 years of operation, followed by ten (10) years of underground mining. The anticipated ramp-up period is 13 months, where the concentrator will reach 100% of nominal production capacity. After the ramp-up period, production remains steady, varying between 1.0 and 1.1 Mtpa of ore to the crusher over 26 years. Total ore feed for the open-pit is estimated to be 27.9 Mt at a grade of 1.33% Li<sub>2</sub>O, with annual spodumene concentrate production of 200,000t when operating at full capacity for the open pit. The ore extraction will switch from an open pit operation to an underground mine located underneath the pit floor during the last seven years of production, the underground operation is estimated to be 8.7 Mt at a grade of 1.21 % Li<sub>2</sub>O, including a ramp up period of 4 months to reach an annual run rate of 1.3 Mtpa.</p> <p>For more information the reader is directed to the Whabouchi NI 43-101 Report.</p>
5.12.6	Any more recent estimates or data relevant to the reported mineralisation available to the entity.	N/A
5.12.7	The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with the JORC Code.	Additional evaluation and/or exploration may be required to verify the Whabouchi Mine foreign estimates as Mineral Resources or Ore Reserves under the JORC Code. There is no current intention to verify the Whabouchi Mine foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. All future mineral reserves and mineral resources estimates are intended to be prepared and reported to shareholders of the Combined Group in accordance with Subpart 1300 of Regulation S-K. Whabouchi Mine information will only be reported in the future pursuant to NI 43-101 to the extent such reporting is required by Canadian securities laws.

ASX Listing Rule	Requirement	Commentary – Whabouchi NI 43-101 Report
5.12.8	The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and a comment on how the entity intends to fund that work.	There is no current intention to verify the Whabouchi Mine foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. All future mineral reserves and mineral resources estimates are intended to be prepared and reported to shareholders of the Combined Group in accordance with Subpart 1300 of Regulation S-K. Whabouchi Mine information will only be reported in the future pursuant to NI 43-101 to the extent such reporting is required by Canadian securities laws.
5.12.9	A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates stating certain matters.	<p>The estimates of mineral resources and mineral reserves for Whabouchi Mine are “qualifying foreign estimates” under the ASX Listing Rules and are not reported in accordance with the JORC Code.</p> <p>The Competent Persons have not done sufficient work to classify the “qualifying foreign estimates” as Mineral Resources and Ore Reserves in accordance with the JORC Code.</p> <p>It is currently uncertain, that following evaluation, the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.</p>
5.12.10	A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c).	<p>In accordance with ASX Listing Rule 5.12, Mr Marc-Antoine Laporte, P.Geo, a Competent Person and Registered Member of the Ordre des Géologues du Québec (a ‘Recognised Professional Organisations’ under the definitions of the JORC Code), confirms the information in this Scheme Booklet that relates to the Whabouchi Mine NI 43-101 mineral resource foreign estimate is an accurate representation of the available data and studies for the Whabouchi Mine. Mr Laporte has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person for the reporting of Mineral Resources in accordance with the JORC Code. Mr Laporte consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</p> <p>In accordance with ASX Listing Rule 5.12, Mr Jeffrey Cassoff, P.Eng., a Competent Person and Ordre des ingénieurs du Québec (a ‘Recognised Professional Organisations’ under the definitions of the JORC Code), confirms the information in this Scheme Booklet that relates to the Livent’s open pit mineral reserve estimates for its Whabouchi Mine property in connection with the Whabouchi NI 43-101 Report and associated foreign estimate is an accurate representation of the available data and studies for the Whabouchi Mine. Mr Cassoff has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person for the reporting of Mineral Resources in accordance with the JORC Code. Mr Cassoff consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</p> <p>In accordance with ASX Listing Rule 5.12, Mr Andre-Francois Gravel, P.Eng., a Competent Person and Ordre des ingénieurs du Québec (a ‘Recognised Professional Organisations’ under the definitions of the JORC Code), confirms the information in this Scheme Booklet that relates to Livent’s underground pit mineral reserve estimates for its Whabouchi Mine property in connection with the Whabouchi NI 43-101 Report and associated foreign estimate is an accurate representation of the available data and studies for the Whabouchi Mine. Mr Gravel has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person for the reporting of Mineral Resources in accordance with the JORC Code. Mr Gravel consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</p>

## 6.6 Livent Board and senior management

### a. Livent Board

As at the date of this Scheme Booklet, the Livent Board comprises:

Name	Position and biography
Pierre R. Brondeau	<p><b>Chairman</b></p> <p>Mr Pierre. R. Brondeau has been Chairman of Livent since 2018. Mr Brondeau joined FMC as President and Chief Executive Officer in January 2010 and became its Chairman in October 2010 and Executive Chairman in June 2020. He resigned as President in June 2018, as Chief Executive Officer in June 2020, and as Executive Chairman in April 2021, and retired as an employee of FMC coincident with his retirement as Executive Chairman. Before joining FMC, Mr Brondeau served as President and Chief Executive Officer, Dow Advanced Materials Division, until his retirement in September 2009. Prior to Dow's acquisition of Rohm and Haas Company in April 2009, he was President and Chief Operating Officer of Rohm and Haas from May 2008. Mr Brondeau held numerous executive positions during his tenure at Rohm and Haas from 1989 through May 2008.</p> <p>Mr Brondeau serves as the Chairman of the Board of Directors of FMC as a non-employee Director. Until March 2022, Mr Brondeau was on the Board of Directors of TE Connectivity, where he served as Lead Independent Director. Mr Brondeau had also served on the Board of Directors of Marathon Oil Corporation until March 2016.</p>
Robert C. Pallash	<p><b>Director</b></p> <p>Mr Robert C. Pallash currently serves as a director of Livent. From January 2008 to December 2013, Mr Pallash served as President, Global Customer Group and Senior Vice President of Visteon Corporation (<b>Visteon</b>), a Nasdaq Global Market (<b>Nasdaq</b>) listed automotive parts manufacturer, and he retired from such positions in December 2013. Prior to becoming President, Global Customer Group, from August 2005 to January 2008, Mr Pallash served as Senior Vice President, Asia Customer Group for Visteon. He joined Visteon in September 2001 as Vice President, Asia Pacific. Visteon filed for bankruptcy protection under Chapter 11 of the US Bankruptcy Code in May 2009 and emerged from bankruptcy in October 2010. Prior to joining Visteon, Mr Pallash served as President of TRW Automotive Japan, a private automotive part manufacturer, beginning in 1999. Mr Pallash has served as a member of the board of directors of FMC since 2008, and he previously served on the board of directors of Halia Climate Controls, a majority-owned subsidiary of Visteon, in South Korea until December 2013.</p>
G. Peter D'Aloia	<p><b>Director</b></p> <p>Mr G. Peter D'Aloia served as Managing Director and a member of the Board of Directors of Ascend Performance Materials Holdings, Inc. (a producer of Nylon 66 and related chemicals) from June 1, 2009 until March 31, 2017.</p> <p>From February 2000 until June 2008, Mr D'Aloia served as Senior Vice President and Chief Financial Officer of Trane, Inc. (formerly American Standard Companies, Inc.). Prior to that, he was employed by Honeywell (formerly AlliedSignal Inc.), a diversified industrial company, most recently serving as Vice President-Strategic Planning and Business Development. He spent 28 years with AlliedSignal Inc. in diverse management positions, including Vice President-Taxes, Vice President and Treasurer, Vice President and Controller, and Vice President and Chief Financial Officer for the Engineered Materials sector.</p> <p>Mr D'Aloia is a former member of the Board of Directors of Wabco, Inc., and served as a member of the Board of Directors of FMC from 2002 until April 2020 (including service on its Audit Committee). Mr D'Aloia also served on the Board of Directors of ITT Inc. until May 2017.</p>

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Name	Position and biography
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Christina Lampe-Önnerud	<p><b>Director</b></p> <p>Dr Christina Lampe-Önnerud currently serves as a director of Livent. Dr Lampe-Önnerud is an internationally recognised expert on lithium-ion batteries (for EVs) and energy storage. She currently serves as Founder, Chairperson and Chief Executive Officer of Cadenza Innovation, Inc., a private lithium-ion battery technology provider, having served in those positions since 2012. She previously founded Boston-Power, Inc., a private global lithium-ion battery manufacturer (<b>Boston-Power</b>), where she served as Chairperson and Chief Executive Officer. She has also held a senior executive position at hedge fund firm Bridgewater Associates, LP and served as director and partner in the Technology and Innovation Practice at innovation and management consulting firm, Arthur D. Little, Inc. Dr Lampe-Önnerud also serves as Co-Chair of Li-Bridge, a US Department of Energy initiative to accelerate the development of a robust and secure supply chain for lithium-based batteries. In addition to her role as Chairperson for Cadenza Innovation's board of directors, Dr Lampe-Önnerud serves on the board of directors of ON Semiconductor Corporation (also known as onsemi), a semiconductor supplier company listed on Nasdaq, and the board of directors of the New York Battery and Energy Storage Technology Consortium, a private not-for-profit industry trade association. She previously served on the boards of directors for FuelCell Energy, Inc., a Nasdaq listed public fuel cell company, from 2018 to 2019, Syrah Resources Limited, an ASX listed industrial minerals and technology company, from 2016 until 2019, and Boston-Power from 2005 until 2012. Renowned for her pioneering work in developing and commercialising lithium-ion batteries, Dr Lampe-Önnerud holds more than 80 patents. She is a two-time World Economic Forum Technology Pioneer winner, an organization for which she co-chaired its Global Futures Council on Energy Technologies. She has served as an advisor to the United Nations, is a member of Sweden's Royal Academy of Engineering Sciences and serves on MIT's Visiting Committee for the Chemistry Department.</p>
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Michael F. Barry	<p><b>Director</b></p> <p>Mr Michael F. Barry currently serves as a director of Livent. Mr Barry is the former Chief Executive Officer and President of Quaker Chemical Corporation, d/b/a Quaker Houghton (<b>Quaker</b>), a NYSE listed industrial process fluids company, and has been Chairman of the Board of Quaker since May 2009. Mr Barry held various leadership and executive positions of increasing responsibility after joining Quaker in 1998, including, in addition to his role as Chief Executive Officer and President from October 2008 to November 2021, Senior Vice President and Managing Director—North America from January 2006 to October 2008; Senior Vice President and Global Industry Leader—Metalworking and Coatings from July to December 2005; Vice President and Global Industry Leader—Industrial Metalworking and Coatings from January 2004 to June 2005; and Vice President and Chief Financial Officer from 1998 to August 2004. Mr Barry was also a member of the board of directors of Rogers Corporation, a NYSE listed specialty materials and components company, from which he retired in May 2020. Mr Barry also serves on the Board of Trustees of Drexel University.</p>
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Steven T. Merkt	<p><b>Director</b></p> <p>Mr Steven T. Merkt currently serves as a director of Livent. Since August 2012, Mr. Merkt has been the President of the Transportation Solutions segment at TE Connectivity Ltd. (<b>TE</b>), a NYSE listed company and one of the world's largest suppliers of connectivity and sensor solutions to the automotive and commercial vehicle marketplaces. Before August 2012, Mr Merkt was President of TE's Automotive business. Since joining TE in 1989, Mr Merkt has held various leadership positions in general management, operations, engineering, marketing, supply chain and new product launches. Mr Merkt is also a member of the board of directors of the Isonoma Foundation, a foundation whose mission is to help diminish disparities in healthcare, housing and education in the Philadelphia and Harrisburg regions of Pennsylvania.</p>
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Name	Position and biography
Pablo Marcet	<p><b>Director</b></p> <p>Mr Pablo Marcet currently serves as a director of Livent. Mr. Marcet is the founder of Geo Logic S.A., a private management consulting company that services the mining sector, and has served as President since 2003. He also served as the President and Chief Executive Officer of Waymar Resources Limited, a private Canadian mineral exploration company, from 2010 to 2014, until its acquisition by Orosur Mining Inc. Prior to this, Mr Marcet served as President, Subsidiaries and Operations, Argentina, of Northern Orion Resources Inc., a private copper and gold producer, from 2003 until 2007, and held senior roles with BHP Billiton, an Australian multinational mining, metals and natural gas petroleum company, from 1988 until 2003. Mr Marcet also currently serves on the board of directors of St. George's College. Previously, Mr. Marcet was a member of the board of directors of U308 Corp. (recently renamed as Green Shift Commodities Ltd.), a former private uranium and battery commodities company that was previously listed on Canada's TSX Venture Exchange (<b>TSXV</b>), from 2011 until August 2020; Esrey Resources Ltd., a private metal extraction company that was previously listed on the TSXV, from 2017 until 2020; Barrick Gold Corporation, a NYSE-listed gold and copper mining company, from 2016 until 2019; Orosur Mining Inc., a TSXV-listed minerals exploration and development company, from 2014 until 2016; and Waymar Resources Limited from 2010 until 2014.</p>
Andrea E. Utecht	<p><b>Director</b></p> <p>Ms Andrea E. Utecht joined FMC in July 2001 as Chief Legal Officer and served as FMC's Vice President, General Counsel and Secretary from January 2002, and as Executive Vice President from 2011 until her retirement from FMC on March 31, 2019. Prior to joining FMC, Ms Utecht was Senior Vice President, Secretary and General Counsel of ATOFINA Chemicals, Inc. (now known as Arkema Inc.). She was with ATOFINA and its predecessor companies for 20 years, including three years as Vice President for acquisitions and divestitures.</p>
Paul W. Graves	<p><b>Director</b></p> <p>Mr Paul W. Graves is currently the Chief Executive Officer of Livent. Mr. Graves previously served as Executive Vice President and Chief Financial Officer of FMC Corporation (<b>FMC</b>) from 2012 to 2018. Mr Graves previously served as a managing director and partner in the Investment Banking Division at Goldman Sachs Group in Hong Kong and was the co-head of Natural Resources for Asia (excluding Japan). In that capacity, he was responsible for managing the company's Pan-Asian Natural Resources Investment Banking business. Mr Graves also served as Global Head of Chemical Investment Banking for Goldman Sachs, which he joined in 2000. Mr. Graves previously held finance and auditing roles of increasing responsibility at Ernst &amp; Young, British Sky Broadcasting Group, ING Barings and J. Henry Schroder &amp; Co. Mr Graves was a member of the board of directors of Lydall, Inc., a global provider of specialty filtration and advanced materials solutions, from April 2021 until October 2021. Mr Graves also serves on the board of directors of Nemaska Lithium.</p>

## b. Livent Senior management

As at the date of this Scheme Booklet, Livent's senior management comprised:

Name	Position
Paul Graves	President and Chief Executive Officer
Gilberto Antoniazzi	Chief Financial Officer
Sara Ponessa	General Counsel and Secretary
Juan Carlos Cruz	Chief Communications Officer and Global Head of Public Affairs
Barbara Fochtman	Chief Operations and Engineering Officer
Walter Czarnecki	Chief Commercial Officer
Alicia Markmann	Chief Human Resources Officer
Rob Davies	Chief Administrative Officer, Asia-Pacific
Sarah Maryssael	Chief Strategy Officer

## 6.7 People and culture and health and safety

As at 31 December 2022, Livent had a combined workforce of approximately 1,350 full-time, part-time, temporary, and contract employees and operates manufacturing sites in the US, England, China, and Argentina. In 2022, Livent experienced a 21.4% global headcount increase over the previous year. This increase was driven by several factors, including Livent's ongoing lithium hydroxide and lithium carbonate expansion efforts in the US and Argentina, and a focus on career development and retention.

Livent has established Environmental, Health and Safety management systems that require Livent to comply with established standards to maintain its certifications. Through these systems, Livent engages its employees, suppliers, customers and key stakeholders to identify and mitigate risks to drive continual improvement in its safety, health and environmental performance. Globally, Livent reported two recordable injuries in 2022.

## 6.8 Financing arrangements

Set out below is a summary of Livent's existing financing arrangements. Livent intends for these facilities to remain in place pending a review of the group-wide debt requirements by the NewCo Board which is reconstituted following implementation of the Transaction.

### a. Revolving Credit Facility

On 1 September 2022, Livent entered into an amended and restated credit agreement (**the Revolving Credit Facility**) with Livent USA Corp (together with Livent, the **Borrowers**), certain Subsidiaries of the Borrowers as guarantors, the lenders and issuing banks and Citibank, N.A., as administrative agent. The Revolving Credit Facility amended and restated Livent's original credit agreement, as amended.

The Revolving Credit Facility provides for a \$500 million senior secured revolving credit facility, \$50 million of which is available for the issuance of letters of credit for the account of the Borrowers, with an option to request, and subject to each lender's sole discretion, that the aggregate revolving credit commitments be increased to up to \$700 million. As at the date of this Scheme Booklet, approximately US\$19.8 million has been drawn down pursuant to the issuance of the letters of credit. Amounts under the Revolving Credit Facility may be borrowed, repaid and re-borrowed from time to time until the final maturity date on 1 September 2027. The issuance of letters of credit and the proceeds of revolving credit loans made pursuant to the Revolving Credit Facility may be used for general corporate purposes, including capital expenditures and permitted acquisitions. Certain of the Borrowers' domestic Subsidiaries

(the **Guarantors**) guarantee the obligations of the Borrowers under the Revolving Credit Facility. The obligations of the Borrowers and the Guarantors are secured by all of the assets of the Borrowers and the Guarantors, including the Borrowers' facility and real estate in Bessemer City, North Carolina, subject to certain exceptions and exclusions.

### b. 4.125% Convertible Senior Notes

In 2020, Livent issued \$245.8 million in aggregate principal amount of 4.125% Convertible Senior Notes due in July 2025 (the **2025 Notes**). Total net cash proceeds received pursuant to the 2025 Notes were \$238.2 million net of \$7.6 million of third-party transaction costs, including initial purchasers' discounts and commissions. The 2025 Notes are governed by an indenture, dated as of 25 June 2020 between Livent, as issuer, and US Bank National Association, as trustee (the **2025 Notes Indenture**).

Each \$1,000 of principal of the 2025 Notes is initially convertible into 114.4885 Livent Shares, which is equivalent to an initial conversion price of \$8.73 per share, subject to adjustment upon the occurrence of specified events. As at the Last Practicable Date there are 2025 Notes with an aggregate principal outstanding of US\$245,746,000 on issue which would convert into 28,135,090 Livent Shares if the conversion feature of all of the 2025 Notes were exercised at such conversion price. This would be equivalent to approximately 15.6% of Livent's issued share capital as at the Last Practicable Date based on the number of Livent Shares on issue as at the Last Practicable Date.

Livent may redeem for cash all or any portion of the 2025 Notes, at Livent's option, on or after 20 July 2023 if the last reported sale price of Livent Shares has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Livent provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, subject to the terms described below.

Holders of the 2025 Notes may convert their notes at any time, at their option, on or after 15 January 2025. Further, holders of the 2025 Notes may convert their notes at any time, at their option, prior to 15 January 2025 under the following circumstances:

- during any calendar quarter commencing after 30 September 2020 (and only during such calendar quarter), if the last reported sale price of Livent Shares for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive

trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each trading day;

- during the five-business day period after any five-consecutive trading day period in which the trading price per \$1,000 principal amount of the 2025 Notes for each trading day of such period is less than 98% of the product of the last reported sale price of Livent Shares and the conversion rate on each such trading day;
- if Livent calls any or all of the 2025 Notes for redemption, at any time prior to the close of business on the business day immediately preceding 15 January 2025, then a holder of 2025 Notes may surrender all or any portion of its 2025 Notes for conversion at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, even if the 2025 Notes are not otherwise convertible at such time. After that time, the right to convert such 2025 Notes will expire, unless the Company defaults in the payment of the redemption price, in which case a holder of the 2025 Notes may convert its 2025 Notes until the redemption price has been paid or duly provided for; or
- if a transaction or event that constitutes a fundamental change occurs prior to the close of business on the business day immediately preceding 15 January 2025, or if Livent is a party to a consolidation, merger (including the Merger), binding share exchange, or transfer or lease of all or substantially all of its assets that occurs prior to the close of business on the business day immediately preceding 15 January 2025, in each case, pursuant to which Livent's Shares would be converted into cash, securities or other assets, all or any portion of a holder's 2025 Notes may be surrendered for conversion at any time from or after the date that is 50 scheduled trading days prior to the anticipated effective date of the transaction until 35 trading days after the actual effective date of such transaction.

Upon conversion, the 2025 Notes will be settled in cash, shares of Livent Shares or a combination thereof, at Livent's election. If a fundamental change occurs prior to the maturity date, holders of the 2025 Notes may require Livent to repurchase all or a portion of their 2025 Notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest. In addition, if a make-whole fundamental change occurs prior to the maturity date or if Livent delivers a notice of redemption, Livent will increase the conversion rate for a holder who elects to convert its 2025 Notes in connection with such an event or notice of redemption in certain circumstances.

For the third quarter of 2023, the holders of the 2025 Notes were notified that the last reported sale price of Livent Shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, 30 September 2023 was greater than or equal to 130% of the conversion price on each trading day, and as a result, the holders had the option to convert all or any portion of their 2025 Notes through 31 December 2023. The 2025 Notes are classified as long-term debt.

See further at section 7.8(b) (Treatment of 2025 Notes) and the risks discussed in sections 8.5(q) and 8.3(aa), which specifically arise in connection with the 2025 Notes.

## 6.9 Historical financial information of Livent

### a. Overview

This section 6.9 contains the historical financial information of the Livent Group (the **Livent Historical Financial Information**), comprising the:

- Livent historical consolidated statements of operations for the six months ended 30 June 2023 (**HY23**) and the years ended 31 December 2022 (**CY22**), 31 December 2021 (**CY21**) and 31 December 2020 (**CY20**) (**Livent Historical Statements of Operations**);
- Livent historical consolidated balance sheet as at 30 June 2023 (**Livent Historical Balance Sheet**); and
- Livent historical consolidated statements of cash flow for HY23, CY22, CY21 and CY20 (**Livent Historical Statements of Cash Flows**).

The Livent Historical Financial Information has been reviewed by Ernst & Young Strategy and Transactions (as Investigating Accountant), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report, included in Annexure C. Allkem Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

The Livent Group's full year consolidated financial statements for CY22, CY21 and CY20 and interim condensed consolidated financial statements for HY23, including all notes to those consolidated financial statements and a description of Livent's significant accounting policies, can be found in the following filings with the SEC (collectively, the **Livent SEC Reports**):



- the Livent Annual Report on Form 10-K (the **Livent 10-K**) for the year ended 31 December 2022 (filed with the SEC on 24 February 2023 and available at [www.sec.gov/edgar](http://www.sec.gov/edgar)), for the year ended 31 December 2021 (filed with the SEC on 28 February 2022 and available at [www.sec.gov/edgar](http://www.sec.gov/edgar)), and for the year ended 31 December 2020 (filed with the SEC on 26 February 2021 and available at [www.sec.gov/edgar](http://www.sec.gov/edgar)); and
- the Livent Quarterly Report on Form 10-Q (the **Livent 10-Q**) for the quarter ended 30 June 2023 (filed with the SEC on 4 August 2023 and available at [www.sec.gov/edgar](http://www.sec.gov/edgar)).

This section 6.9 should be read in conjunction with the risks to which Livent is subject and the risks associated with the Scheme, and more broadly, the Transaction, as set out in section 8.

#### **b. Basis of preparation**

The Livent Historical Financial Information included in this section 6.9 is intended to present Allkem Shareholders with information to assist them in understanding the historical financial performance, financial position and cash flows of Livent. Livent's management is responsible for the preparation and presentation of the Livent Historical Financial Information.

The Livent Historical Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Livent Historical Financial Information has been prepared in a manner consistent with the accounting policies applied by Livent in preparing the Livent Form 10-Q for the quarter ended 30 June 2023 and the Livent Form 10-K for the year ended 31 December 2022.

The Livent Historical Financial Information for the three years ended 31 December 2022, 31 December 2021 and 31 December 2020 has been derived from the Livent Group's consolidated financial statements prepared for the Livent 10-K for the year ended 31 December 2022. These consolidated financial statements in the Livent 10-K were prepared in accordance with United States Generally Accepted Accounting Principles (**US GAAP**). Livent Group's consolidated financial statements for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 were audited by KPMG LLP (**KPMG**), Independent Auditor for Livent, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (**PCAOB**). KPMG issued unqualified audit opinions on these consolidated financial statements.

The Livent Historical Financial Information as at and for the six months ended 30 June 2023 has been derived from the interim condensed consolidated financial statements prepared for the Livent 10-Q for the quarter ended 30 June 2023. These interim condensed consolidated financial statements in the Livent 10-Q were prepared in accordance with US GAAP and the applicable rules and regulations of the SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for full financial statements. SEC Rules set forth in Rule 10-01(d) of Regulation S-X for Form 10-Q require that entities' interim financial statements be reviewed by independent auditors in accordance with PCAOB AS 4105 Reviews of Interim Financial Information before entities file their Form 10-Q with the SEC. In performing such reviews of interim financial information, the independent auditor only applies limited procedures in accordance with professional standards for a review of such information and does not express an opinion on those interim financial statements. Accordingly, the degree of reliance on such interim financial statements filed on Form 10-Q with the SEC should be restricted in light of the limited nature of the review procedures applied.

The Livent Historical Financial Information is presented in USD and unless otherwise noted, is rounded to nearest hundred thousand.

The Livent Historical Financial Information contained in this section 6.9 is presented in an abbreviated form. It does not include all the presentation, disclosures, statements or comparative information that is required by US GAAP applicable to full financial statements or financial statements prepared in accordance with the applicable rules and regulations of the SEC.

### c. Livent Historical Statements of Operations

Livent Historical Statements of Operations for the six months ended 30 June 2023 and for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, are set out in Table 6.9.1 below.

**Table 6.9.1 Livent Historical Statements of Operations**

(in US\$ millions)	Six Months	Year Ended 31 December		
	Ended 30 June	2022	2021	2020
Revenue	\$489.3	\$813.2	\$420.4	\$288.2
Costs and expenses:				
Costs of sales	179.9	417.5	332.0	251.4
Gross margin	309.4	395.7	88.4	36.8
Selling, general and administrative expenses	33.9	55.2	49.9	44.6
Research and development expenses	2.0	3.9	3.0	3.7
Restructuring and other charges	26.1	7.5	3.8	10.7
Separation-related costs/(income)	-	0.7	2.0	(1.1)
Total costs and expenses	241.9	484.8	390.7	309.3
Income/(loss) from operations before equity in net loss of unconsolidated affiliates, interest expense, net, loss on debt extinguishment and other gain	247.4	328.4	29.7	(21.1)
Equity in net loss of unconsolidated affiliates	15.3	15.1	5.5	0.5
Interest expense, net	-	-	0.3	0.3
Loss on debt extinguishment	-	0.1	-	0.1
Other gain	(11.4)	(22.2)	-	-
Income/(loss) from operations before income taxes	243.5	335.4	23.9	(22.0)
Income tax expense (benefit)	38.5	61.9	23.3	(5.7)
Net income/(loss)	\$205.0	\$273.50	\$0.6	\$(16.3)

#### d. Livent Historical Balance Sheet

Livent Historical Balance Sheet as at 30 June 2023 is set out in Table 6.9.2 below.

**Table 6.9.2 Livent Historical Balance Sheet**

(in US\$ millions)	As at 30 June 2023
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 167.8
Trade receivables, net of allowance	122.3
Inventories, net	197.8
Prepaid and other current assets	44.8
<b>Total current assets</b>	<b>\$ 532.7</b>
Investments	455.7
Property, plant and equipment, net of accumulated depreciation	1,137.4
Deferred income taxes	0.1
Right of use assets – operating leases, net	6.8
Other assets	151.1
<b>Total assets</b>	<b>\$ 2,283.8</b>
<b>Liabilities and Equity</b>	
Current liabilities	
Accounts payable, trade and other	\$ 80.5
Accrued and other liabilities	54.5
Contract liability – short-term	2.3
Operating lease liabilities – current	1.0
Income taxes	3.2
<b>Total current liabilities</b>	<b>\$ 141.5</b>
Long-term debt	242.7
Operating lease liabilities – long-term	6.0
Environmental liabilities	6.5
Deferred income taxes	18.5
Contract liability – long-term	198.0
Other long-term liabilities	17.6
Commitments and contingent liabilities (1)	–
<b>Total current and long-term liabilities</b>	<b>\$ 630.8</b>
Equity	
Common stock	0.1
Capital in excess of par value of common stock	1,164.3
Retained earnings	539.4
Accumulated other comprehensive loss	(49.9)
Treasury stock, common, at cost	(0.9)
<b>Total equity</b>	<b>\$ 1,653.0</b>
<b>Total liabilities and equity</b>	<b>\$ 2,283.8</b>

#### e. Livent Historical Statements of Cash Flows

Livent Historical Statements of Cash Flows for the six months ended 30 June 2023 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020, are set out in Table 6.9.3 below.

**Table 6.9.3 Livent Historical Statements of Cash Flows**

(in \$US millions)	Six Months Ended	Year Ended 31 December		
	30 June 2023	2022	2021	2020
Cash provided by operating activities:				
Net income/(loss)	\$ 205.0	\$ 273.5	\$ 0.6	\$ (16.3)
<b>Adjustments to reconcile net income/(loss) to cash provided by operating activities:</b>				
Depreciation and amortisation	13.8	27.7	25.1	25.0
Restructuring and other charges/(income)	15.7	4.0	(1.5)	3.3
Deferred income taxes	2.3	3.8	12.5	(6.3)
Share-based compensation	4.0	6.8	5.3	4.1
Change in investments in trust fund securities	0.8	(0.5)	0.6	1.0
Equity in net loss of unconsolidated affiliates	15.3	15.1	5.5	0.5
Other gain, Blue Chip Swap	(11.4)	(22.2)	—	—
Deferred financing fee amortisation	—	—	0.3	0.7
Loss on asset disposal	—	1.4	0.5	0.6
Other non-cash adjustments	(0.4)	(0.1)	—	(0.2)
<b>Changes in operating assets and liabilities:</b>				
Trade receivables, net	19.0	(51.1)	(19.0)	15.3
Changes in deferred compensation	1.1	(0.3)	1.4	0.7
Inventories	(46.7)	(22.9)	(28.2)	10.1
Accounts payable, trade and other	(17.0)	18.9	20.9	(39.8)
Contract liability – short-term	(13.2)	15.5	—	—
Contract liability – long-term	—	198.0	—	—
Income taxes	(9.8)	10.5	3.0	(0.9)
Change in prepaid and other current assets and other assets	6.1	(31.1)	(3.7)	(9.9)
Change in accrued and other current and long-term liabilities	(3.0)	7.7	3.1	18.4
Cash provided by operating activities	\$ 181.6	\$ 454.7	\$ 26.4	\$ 6.3
<b>Cash used in investing activities:</b>				
Capital expenditures(1)	(157.8)	(336.9)	(131.9)	(124.0)
Investments in Livent NQSP securities	(0.8)	(0.2)	(1.4)	(0.6)
Proceeds from Blue Chip Swap, net of purchases	11.4	22.2	—	—
Proceeds from settlement of long-term supply agreement	—	—	—	10.0
Investment in unconsolidated affiliates	(29.5)	(47.1)	(8.0)	(15.0)
Other investing activities	(3.5)	(2.7)	(2.0)	(1.5)
Cash used in investing activities	\$ (180.2)	\$ (364.7)	\$ (143.3)	\$ (131.1)

(in \$US millions)	Six Months Ended	Year Ended 31 December		
	30 June 2023	2022	2021	2020
<b>Cash (used in)/provided by financing activities:</b>				
Proceeds from Revolving Credit Facility	—	13.0	39.5	175.5
Repayments of Revolving Credit Facility	—	(13.0)	(75.1)	(294.6)
Proceeds from 2025 Notes	—	—	—	245.8
Payments of financing fees	—	(2.2)	—	(8.4)
Proceeds from issuance of common stock – incentive plans	0.4	3.2	1.5	0.8
Repayment of QLP Note	—	(13.5)	—	—
Payments of underwriting fees and expenses – Offering	—	—	(9.4)	—
Proceeds from Offering	—	—	261.6	—
Net purchases of treasury stock – Livent NQSP	—	—	(0.1)	—
Payment of deposit to customs authorities	(21.7)	—	—	—
Other financing activities	(0.3)	—	—	—
Cash (used in)/provided by financing activities	\$ (21.6)	\$ (12.5)	\$ 218.0	\$ 119.1
Effect of exchange rate changes on cash and cash equivalents	(1.0)	(1.5)	0.3	0.5
(Decrease)/increase in cash and cash equivalents	(21.2)	76.0	101.4	(5.2)
Cash and cash equivalents, beginning of period	189.0	113.0	11.6	16.8
Cash and cash equivalents, end of period	\$ 167.8	\$ 189.0	\$ 113.0	\$ 11.6

<sup>1</sup> For the years ended 31 December 2022, 2021, and 2020, \$15.8 million, \$15.4 million, and \$12.0 million of interest was capitalised, respectively. For the six months ended 30 June 2023, \$8.4 million of interest expense was capitalised.

## f. Non-US GAAP financial measures

In addition to net income/(loss), as determined in accordance with US GAAP, Livent evaluates operating performance using certain Non-US GAAP measures such as EBITDA, which Livent defines as net income/(loss) plus income tax expense (benefit), interest expense, net, and depreciation and amortisation, and Adjusted EBITDA, which Livent defines as EBITDA adjusted for Argentina remeasurement losses, restructuring and other charges, separation-related costs, COVID-19 related costs, loss on debt extinguishment, other losses/(gains), Blue Chip Swap gain and Argentina interest income. Livent's management believes the use of these Non-US GAAP measures allows management and investors to compare more easily the historical financial performance of Livent's business from period to period. The Non-US GAAP information provided may not be comparable to similar measures disclosed by other companies because of differing methods used by other companies in calculating EBITDA and Adjusted EBITDA. These measures should not be considered as a substitute for net income/(loss) or other measures of performance or liquidity reported in accordance with US GAAP. The following table reconciles EBITDA and Adjusted EBITDA from net income/(loss).

**Table 6.9.4 Reconciliation of EBITDA and Adjusted EBITDA**

(in \$US Millions)	Six Months Ended		Year Ended 31 December		
	30 June 2023	2022	2021	2020	
<b>Net income/(loss)</b>	\$ 205.0	\$ 273.5	\$ 0.6	\$ (16.3)	
Add back:					
Income tax expense/(benefit)	38.5	61.9	23.3	(5.7)	
Interest expense, net	—	—	0.3	0.3	
Depreciation and amortisation	13.8	27.7	25.1	25.0	
<b>EBITDA (Non-US GAAP)</b>	<b>257.3</b>	<b>363.1</b>	<b>49.3</b>	<b>3.3</b>	
Add back:					
Argentina remeasurement losses <sup>(a)</sup>	8.9	6.7	5.3	6.6	
Restructuring and other charges <sup>(b)</sup>	26.1	7.5	3.8	10.7	
Separation-related costs/(income) <sup>(c)</sup>	—	0.7	2.0	(1.1)	
COVID-19 related costs <sup>(d)</sup>	—	2.4	5.2	3.2	
Loss on debt extinguishment <sup>(e)</sup>	—	0.1	—	0.1	
Other loss/(gain) <sup>(f)</sup>	11.0	9.9	3.9	(0.5)	
Subtract:					
Blue Chip Swap gain <sup>(g)</sup>	(11.4)	(22.2)	—	—	
Argentina interest income <sup>(h)</sup>	—	(1.5)	—	—	
<b>Adjusted EBITDA (Non-US GAAP)</b>	<b>\$ 291.9</b>	<b>\$ 366.7</b>	<b>\$ 69.5</b>	<b>\$ 22.3</b>	

- (a) Represents impact of currency fluctuations on tax assets and liabilities and on long-term monetary assets associated with Livent's capital expansion as well as significant currency devaluations. The remeasurement losses are included within "Cost of sales" in the Livent Historical Statements of Operations but are excluded from Livent's calculation of Adjusted EBITDA because of: i.) their nature as income tax related; ii.) their association with long-term capital projects which will not be operational until future periods; or iii.) the severity of the devaluations and their immediate impact on Livent's operations in the country.
- (b) Livent continually performs strategic reviews and assess the return on its business. This sometimes results in management changes or in a plan to restructure the operations of the business. As part of these restructuring plans, demolition costs and write-downs of long-lived assets may occur. Restructuring and other charges for the six months ended 30 June 2023 included costs related to the Transaction of \$18.8 million and the Bessemer City plant fire loss of \$5.0 million. Such costs in the year ended 31 December 2022 consisted primarily of transaction related legal fees and miscellaneous nonrecurring costs, exit costs, severance-related costs and environmental remediation. Such costs in the year ended 31 December 2021 consisted primarily of environmental remediation, transaction related legal fees and miscellaneous nonrecurring costs. Such costs in the year ended 31 December 2020 consisted of severance-related costs related to management changes, exit costs, and legal fees related to IPO securities litigation.
- (c) Represents legal and professional fees and other separation-related activity.
- (d) Represents incremental costs associated with the COVID-19 pandemic recorded in "Cost of sales" in the Livent Historical Statements of Operations, including but not limited to, incremental quarantine related absenteeism, incremental facility cleaning costs, COVID-19 testing, pandemic related supplies and personal protective equipment for employees, among other costs; offset by economic relief provided by foreign governments.
- (e) Represents the partial write off of deferred financing costs for the amendments to Livent's Revolving Credit Facility excluded from Livent's calculation of Adjusted EBITDA because the loss is nonrecurring.
- (f) Represents Livent's 50% ownership interest (which was 25% prior to 6 June 2022) in costs incurred for certain project-related costs to align NLI's reported results with Livent's capitalisation policies, interest expense incurred by NLI and non-recurring transaction costs related to Livent's initial investment in NLI, all included in Equity in net loss of unconsolidated affiliates in the Livent Historical Statements of Operations. Livent accounts for its equity method investment in NLI on a one-quarter lag basis.
- (g) Represents the gain from the sale in Argentina pesos of Argentina Sovereign US dollar-denominated bonds due to the significant divergence of Argentina's Blue Chip Swap market exchange rate from the official rate and is excluded from Adjusted EBITDA because it is nonrecurring.
- (h) Represents interest income received from the Argentina government for the period beginning when the recoverability of certain of Livent's expansion-related VAT receivables were approved by the Argentina government and ending on the date when the reimbursements were paid by the Argentina government but is excluded from Livent's calculation of Adjusted EBITDA because of its association with long-term capital projects which will not be operational until future periods.

## 6.10 Material changes in Livent's financial position

Other than as disclosed in this Scheme Booklet, within the knowledge of Livent as at the date of this Scheme Booklet, the financial position of Livent has not materially changed since 30 June 2023, being the date of the balance sheet for Livent in its most recent Quarterly Report on Form 10-Q for the six months ended 30 June 2023, which was filed with the SEC on 4 August 2023.

Livent intends to file its Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2023 after the date of this Scheme Booklet, in November 2023. As discussed in section 6.19, that Quarterly Report will be available to the public at the SEC website at [www.sec.gov](http://www.sec.gov), and by going to Livent's website at <https://ir.livent.com>. Following the release of Livent's Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2023, Allkem intends to seek confirmation from the Independent Expert that the results disclosed therein do not change the Independent Expert's conclusion that the Scheme is in the best interests of Allkem Shareholders. Following confirmation by the Independent Expert of the Independent Expert's conclusion, Allkem will update Allkem Shareholders by making an announcement to ASX and filing it on SEDAR+ under Allkem's profile.

## 6.11 Livent's securities and capital structure

### a. Capital Structure

As at the Last Practicable Date, the capital structure of Livent is as follows:

**Table 6.11.1 Livent securities**

Livent securities	Number on issue
Livent Shares, par value \$0.001 per share	179,810,790 (net of Treasury Shares)
2025 Notes	\$245,746,000 aggregate principal amount, which, if fully converted, would result in 28,135,090 Livent Shares
Vested Livent Director RSUs	283,383 which would convert into 283,383 Livent Shares
Treasury shares	108,501

In addition, as at the Last Practicable Date, Livent has the following equity incentives on issue:

- 632,983 Livent RSUs awarded but subject to vesting which, if vested in full, would convert into 632,983 Livent Shares;
- 130,251 Livent PSUs (at target) awarded but subject to vesting which, if vested in full, would convert into 130,251 Livent Shares;
- 2,117,703 Livent Options (including 896,730 unvested and 1,220,973 vested) which, if converted in full would convert in 2,117,703 Livent Shares; and
- 323,599 Livent Director RSUs awarded (including 40,216 unvested and 283,383 vested) which, if vested in full, would convert into 323,599 Livent Shares.

### b. Substantial shareholders

The only persons known to Livent to beneficially own, as at the Last Practicable Date, more than 5% of outstanding Livent Shares are set out in the following table:

**Table 6.11.2 Livent substantial shareholders**

Substantial shareholder(s)	Number of Livent Shares Beneficially Owned	Percent of Outstanding Livent Shares
BlackRock, Inc. <sup>(1)</sup>	28,767,522	16.0%
The Vanguard Group, Inc. <sup>(2)</sup>	20,001,456	11.1%

<sup>1</sup> Based on information contained in a Schedule 13G/A filed by such beneficial owner with the SEC on 26 January 2023, BlackRock, Inc. has sole voting power over 28,430,537 Livent Shares and sole dispositive power over 28,767,522 Livent Shares.

<sup>2</sup> Based on information contained in a Schedule 13G/A filed by such beneficial owner with the SEC on 9 February 2023, The Vanguard Group, Inc. has sole dispositive power over 19,547,781 Livent Shares, shared voting power over 281,904 Livent Shares and shared dispositive power over 453,675 Livent Shares.

## 6.12 Livent incentive and equity arrangements

As of 31 December 2022, the total shares of Livent common stock authorised for issuance under the Livent Corporation Incentive Compensation and Stock Plan (the **Livent Plan**) is 10,683,837 shares. The Livent Plan provides for the grant of a variety of cash and equity awards to officers, directors, employees and consultants, including stock options, restricted stock, restricted stock units (including performance units), stock appreciation rights, and management incentive awards. The Compensation and Organisation Committee of the Livent Board has the authority to amend the Livent Plan at any time, approve financial targets, award grants, establish performance objectives and conditions and the terms and conditions for payment of awards.

On completion of the US Merger, outstanding Livent equity awards will be treated as follows:

- a. (**Livent Restricted Stock Units or Livent RSUs**) At the US Merger Effective Time, each Livent RSU will be assumed by NewCo and will be subject to substantially the same terms and conditions as applied to the related Livent RSU immediately prior to the US Merger Effective Time, except that the Livent Shares subject to such Livent RSUs will be converted into the right to receive, upon vesting, a number of NewCo Shares equal to the product of (A) the number of Livent Shares underlying such Livent RSUs immediately prior to the effective time, multiplied by (B) 2.406. Following such assumption, each assumed Livent RSU that is unvested and outstanding as of the date of signing of the Transaction Agreement will vest on a pro rata basis and, to the extent of such vesting, will be exchanged into the right to receive the US Merger Consideration at the US Merger Effective Time or as soon as practicable thereafter.
- b. (**Livent Performance-based Restricted Stock Units or Livent PSUs**) At the US Merger Effective Time, each Livent PSU will fully vest, with the number of Livent Shares subject to such Livent PSUs determined based on the achievement of the higher of target and actual performance. At the US Merger Effective Time or as soon as practicable thereafter, each Livent PSU will be cancelled in exchange for the right to receive the US Merger Consideration.
- c. (**Livent Options**) At the US Merger Effective Time, each outstanding Livent Option will be assumed by NewCo (each, a **Livent Assumed Option**). Each Livent Assumed Option will be subject to substantially the same terms and conditions as applied to the related Livent Option immediately prior to the US Merger Effective Time, except that:
  - i. each such Livent Assumed Option will be converted into a stock option to acquire a number of NewCo Shares equal to the product of the number of Livent Shares underlying such Livent Assumed Options immediately prior to the US Merger Effective Time, multiplied by 2.406; and
  - ii. the exercise price per NewCo Share will be equal to the product of the original exercise price per share of a Livent Share when such Livent Assumed Option was granted, divided by 2.406.
- d. (**Livent Director Restricted Stock Units or Livent Director RSUs**) Immediately prior to the US Merger Effective Time, any outstanding Livent Director RSUs will vest in full and be cancelled and converted into the right to receive an amount in cash equal to:
  - i. the number of Livent Shares subject to such Livent Director RSUs immediately prior to the effective time, multiplied by the higher of:
    - A. the first available closing price of the US Merger Consideration; and
    - B. the closing price per share of Livent Shares as reported in the NYSE, on the last trading day preceding Merger Closing.

Following the US Merger Effective Time, to the extent provided in the applicable award agreement, assumed Livent equity awards will vest, to the extent unvested, on a “double-trigger” basis (i.e. two criteria must be satisfied in order for the applicable award to vest) in the event of an award holder’s termination of employment by NewCo without “cause” or by the holder for “good reason”, in each case within two years following the US Merger Effective Time.

## 6.13 Recent Livent Share price performance

Livent Stock trades on the NYSE under the ticker ‘LTHM’.

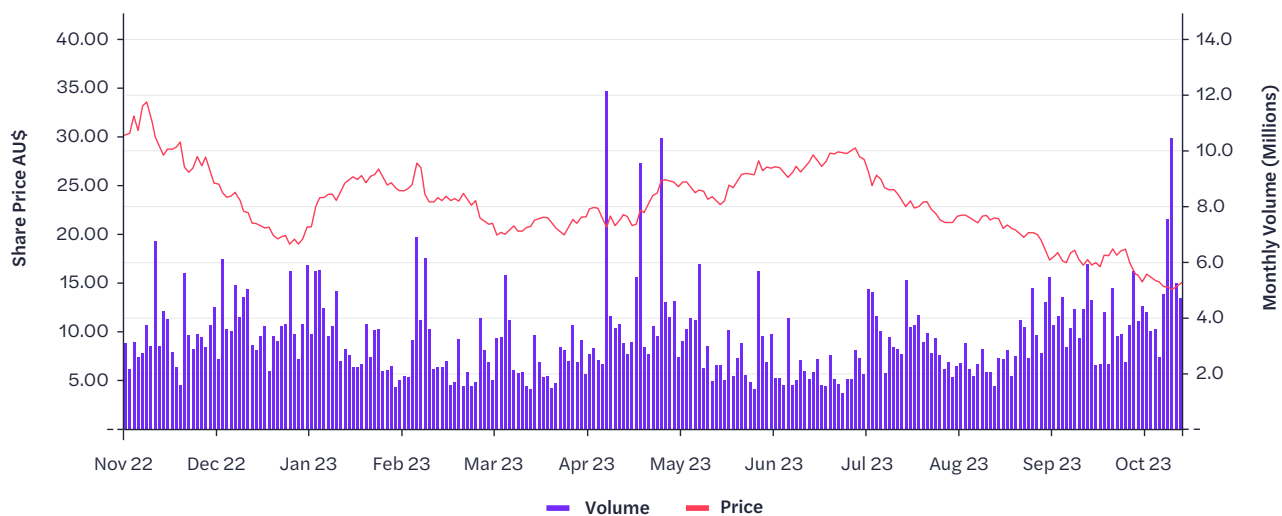
The implied value of the consideration for the US Merger at any time should be calculated for the Livent Shares based on the Merger Exchange Ratio of 2.406 NewCo Shares per Livent Share (**Merger Exchange Ratio**). As at the Last Practicable Date:

- the 1-month VWAP of Livent Shares was US\$16.07; and
- the 3-month VWAP of Livent Shares was US\$18.40.

The following chart shows the closing price and corresponding daily volume traded of Livent Shares over the last 12 months up to and including the Last Practicable Date. Livent Shares’ average daily trading volume over the last twelve months prior to and including the Last Practicable Date was approximately 3.3 million shares per day.



Figure 6.13.1 Livent Last Twelve Months Share Price and Trading Volumes



Source: Bloomberg and Capital IQ, 3 November 2023

Table 6.13.2 Price of Livent Shares as at the Last Practicable Date and other periods

As at the Last Practicable Date	US\$ per share
The last recorded traded price	\$14.97
The highest recorded traded price of Livent Shares in the previous three month period	\$23.42 (4 August 2023)
The lowest recorded traded price of Livent Shares in the previous three month period	\$14.32 (1 November 2023)
The highest recorded traded price of Livent Shares in the previous twelve month period	\$33.62 (11 November 2022)
The lowest recorded traded price of Livent Shares in the previous twelve month period	\$14.32 (1 November 2023)
The closing price of Livent Shares on 9 May 2023 (the last trading day prior to announcement of the Transaction)	\$24.23

Source: Capital IQ as at 3 November 2023.

## 6.14 Livent Dividend Policy

No dividends have been proposed, declared or paid by Livent since Livent was incorporated in 2018. Livent does not currently have a dividend policy.

## 6.15 Interests in Livent securities held by Livent Directors

The following table shows, as of the Last Practicable Date the number of Livent Shares beneficially owned by each of Livent's directors. Each director beneficially owns less than 1% of the Livent Shares. The percentages of outstanding shares in the subsequent tables are based on a total of 179,919,291 Livent Shares outstanding as of 2 November 2023, which are held by a total of 2,168 Livent Stockholders of record (which does not include beneficial holders of Livent Shares in "street name" or other beneficial holders holding via nominees or identified in security position listings maintained by depository trust companies).

**Table 6.15.1 Livent Shares beneficially owned by Livent Directors**

Name	Beneficial Ownership on 30 June 2023 Livent Shares	Percent of Class
Paul W. Graves <sup>(1)</sup>	853,411	0.47%
Pierre Brondeau <sup>(2)</sup>	400,250	0.22%
Michael F. Barry <sup>(2)</sup>	62,323	0.03%
G. Peter D'Aloia <sup>(2)</sup>	202,153	0.11%
Christina Lampe-Önnerud <sup>(2)</sup>	27,280	0.02%
Pablo Marcet <sup>(2)</sup>	34,280	0.02%
Steven T. Merkt <sup>(2)</sup>	44,498	0.02%
Robert C. Pallash <sup>(2)</sup>	74,950	0.04%
Andrea E. Utecht <sup>(2)</sup>	141,156	0.08%
<b>Total</b>	<b>1,911,604</b>	<b>1.05%</b>

<sup>1</sup> For Mr Graves, Livent Shares "beneficially owned" include: (i) Livent Shares owned or controlled by Mr Graves; (ii) Livent Shares held in the Livent Nonqualified Savings Plan and the Livent Qualified Savings Plan for the account of Mr Graves (97,816); and (iii) Livent Shares subject to options that are presently exercisable or will be exercisable within 60 days of 30 June 2023 (576,583 for Mr. Graves).

<sup>2</sup> For the non-employee directors (i.e. those other than Mr Graves), Livent Shares "beneficially owned" include: (i) Livent Shares owned or controlled by the individual; and (ii) restricted stock units that are vested as of 30 June 2023 or that will vest within 60 days thereafter (43,998 for Mr. Merkt, 27,848 for Mr. Barry, 51,760 for Mr. Brondeau, 5,380 for Ms. Utecht, 56,452 for Mr. D'Aloia, 27,280 for each of Ms. Lampe-Önnerud and Mr. Marcet, 43,385 for Mr. Pallash, and 283,383 for all directors as a group). Directors have no power to vote or dispose of Livent Shares represented by restricted stock units until the Livent Shares are distributed and, until such distribution, directors have only an unsecured claim against Livent.

## 6.16 Interests in Allkem securities

As at the date of this Scheme Booklet, Livent does not have a Relevant Interest in any Allkem Securities.

Except for the consideration to be provided under the Scheme and as described in this Scheme Booklet, none of Livent nor any of its Subsidiaries (or any of their respective associates) has provided, or agreed to provide, consideration for any Allkem Shares or other Allkem securities under any transaction during the period of four months before the date of this Scheme Booklet.

Livent has not acquired or disposed of a Relevant Interest in any Allkem security in the four months preceding the date of this Scheme Booklet.

## 6.17 Other interests of Livent Directors

### a. Marketable securities in Allkem held by, or on behalf of, Livent Directors

As at the date of this Scheme Booklet, no interests in the marketable securities of Allkem are held by, or on behalf of, Livent Directors as at the date of this Scheme Booklet. No Livent Director acquired or disposed of any marketable securities of Allkem during the four months before the date of this Scheme Booklet.

### b. Interests of Livent Directors in contracts of Allkem

No Livent Director has an interest in any contract entered into by Allkem, other than the Transaction Agreement.

### c. Other interests of Livent Directors

Except as provided for in this Scheme Booklet, the Livent Directors have no interest in the outcome of the Scheme.<sup>41</sup>

<sup>41</sup> Mr Graves, as a member of the Livent management team, may receive a cash transaction bonus conditional on the Transaction completing.

## 6.18 Disclosure of Livent fees and other benefits and collateral benefits

Except as otherwise disclosed in this Scheme Booklet, Livent has not paid or agreed to pay any fees, or provided or agreed to provide any benefit, to any Livent Director or proposed Livent Director to induce him or her to become or qualify as a Livent Director or for services provided by any interested persons in connection with the formation or promotion of Livent or NewCo or the offer of NewCo Shares under the Scheme.

During the period of four months prior to the date of this Scheme Booklet, neither Livent nor any associate of Livent has given, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person, to vote in favour of the Scheme or dispose of Allkem Shares, and which will not be provided to all Scheme Shareholders under the Scheme.

## 6.19 Publicly available information about Livent for inspection

Livent files annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC filings of Livent are available to the public at the SEC website at [www.sec.gov](http://www.sec.gov). In addition, you may obtain free copies of the documents Livent files with the SEC by going to Livent's website at <https://ir.livent.com>.

Statements contained in this Scheme Booklet, or in any document referred to in this Scheme Booklet regarding the contents of any contract or other document, are not necessarily complete and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the SEC.

A list of recent periodic filings made by Livent to the SEC is set out below:

**Table 6.19.1 Recent Livent SEC filings**

<b>Filing Date</b>	<b>Announcement</b>
24 October 2023	Current Report on Form 8-K
25 September 2023	Current Report on Form 8-K
4 August 2023	Quarterly Report on Form 10-Q for the quarter ended 30 June 2023
2 August 2023	Current Report on Form 8-K
10 May 2023	Current Report on Form 8-K
4 May 2023	Quarterly Report on Form 10-Q for the quarter ended on 31 March 2023
2 May 2023	Current Report on Form 8-K
1 May 2023	Current Report on Form 8-K
16 March 2023	Definitive Proxy Statement on Schedule 14A
24 February 2023	Annual Report on Form 10-K for the year ended 31 December 2022

## 6.20 Litigation

### a. Argentine Customs & Tax Authority Matters

Livent's subsidiary in Argentina, MdA, has received notices from the Argentine Customs Authorities that they are conducting customs audits in Salta (for 2015 to 2019, 2021 and 2022), Rosario (for 2016 and 2017) and for Buenos Aires and Ezeiza (for 2018 and 2019) regarding the export of lithium carbonate by MdA from each of those locations. MdA was also notified by the Argentine Tax Authority of the start of transfer pricing audits for the periods of 2017 and 2018. During a part of this period, MdA was a Subsidiary of FMC Corporation. However, Livent agreed to bear any possible liability for these types of matters under the terms of the "tax matters agreement", which it entered into with FMC Corporation in connection with its initial public offering, which was completed on 15 October 2018. A range of reasonably possible liabilities, if any, cannot be currently estimated by Livent.

In June 2023, Livent decided to pay \$21.7 million for the export duties and interest claimed by the custom authorities of Buenos Aires, Ezeiza and Salta related to exports made between the years 2018 – 2022 registered in those locations. This payment was made to stop the accrual of any further interest. It was a deposit made under protest, and was not an admission of any of the claims made by the customs authorities or a waiver of any of Livent's defences, including recovery of the deposit plus interest. The cases remain in discussion.

### b. Salta Royalty Claim

A portion of the territory governed by Livent's concession rights with respect the SdHM project, representing approximately 7.6% of Livent's concession, is subject to a longstanding border dispute between Catamarca and the adjacent Salta province. The border dispute has never impacted Livent's operations, and Livent neither expects that it will impact its operations going forward nor views this dispute as material to Livent. Salta province claims that it is entitled to royalties from Livent for the minerals extracted within the small portion of Livent's concession that falls within the disputed territory, although, under Argentine law, Livent cannot be charged duplicate royalties for the same minerals (the **Salta Royalty Claim**).

Additionally, the Salta province has granted, and may grant mineral concessions in the disputed territory to other parties. However, to date, Catamarca authorities have not permitted any other parties to extract lithium from within the boundaries of Livent's concession. Livent previously engaged in judicial proceedings in Argentina with the Salta province to resolve the Salta Royalty Claim. In January 2021, MdA and the State Prosecutor of Salta entered into an agreement to suspend the judicial proceedings and for discussions with the competent authorities of

the Salta province to evaluate and resolve the Salta Royalty Claim. As at the date of this Scheme Booklet, the discussions are ongoing.

## 6.21 Livent Transaction Costs

If the Transaction is Implemented, external costs of approximately US\$61.9 million are expected to be paid by Livent in connection with the Transaction. This includes financial advisory, legal, accounting and administration fees, proxy statement, printing and distribution, exchange agent and transfer agent fees and other expenses.

Of this amount, Livent estimates that, as at the date of this Scheme Booklet, approximately US\$26.9 million will be incurred irrespective of whether or not the Scheme is Implemented and/or the US Merger completes.

## 6.22 No other material information

Except as otherwise disclosed in this Scheme Booklet, the Livent Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision to the Scheme which has not been previously disclosed to Allkem Shareholders.

Section 7

# Profile of NewCo and the Combined Group



# 7 Profile of NewCo and the Combined Group

## 7.1 Introduction

The information contained in this section 7 has been prepared by Livent. The:

- information concerning NewCo and the Combined Group;
- Combined Group Pro Forma Historical Financial Information; and
- intentions, views and opinions contained in this section 7,

are the responsibility of Livent. Allkem does not assume any responsibility for the accuracy or completeness of the information in this section 7 (except to the extent that the information is provided or prepared by or on behalf of Allkem; including, the Allkem historical financial information that underpins, in part, the Combined Group Pro Forma Historical Financial Information).

## 7.2 Overview of the Combined Group

Through the combination of Livent and Allkem, NewCo is expected to become a leading global lithium chemicals producer with a diversified product offering. The combination is expected to create an enhanced value proposition for shareholders, customers, employees and local communities through the following:

- global footprint and presence in three major lithium extraction geographies, including the South American “Lithium Triangle”, Western Australia and Canada;
- diverse set of products, including lithium hydroxide, carbonate, spodumene and lithium specialties;
- complementary business models across chemical processing, hard rock and brine extraction;
- potential for unique and significant synergies; and
- enhanced NewCo business strategy, featuring:
  - enhanced business-critical scale and greater capacity to meet growing customer demand;
  - highly complementary and vertically integrated business model to enhance operational flexibility and reliability, which is expected to result in lower costs and greater value capture across the lithium value chain;
  - greater capacity and execution expertise to accelerate and de-risk growth; and
  - commitment to ESG values.

On a combined basis, NewCo represents:

- pro forma historical revenue of \$1,935.3 million and \$1,139.2 million for the year ended 31 December 2022 and six months ended 30 June 2023, respectively;
- pro forma historical net income from continuing operations of \$642.8 million and pro forma historical Adjusted EBITDA of \$1,134.9 million for the year ended 31 December 2022 and pro forma historical net income from continuing operations of \$491.3 million and pro forma historical Adjusted EBITDA of \$742.2 million for the six months ended 30 June 2023 (see sections 7.14 and 7.15 below for more information on the Combined Group Pro Forma Historical Financial Information);
- pro forma historical cash and cash equivalents of \$983.1 million as of 30 June 2023; and
- 14 key assets and approximately 2,600 employees globally across seven countries.

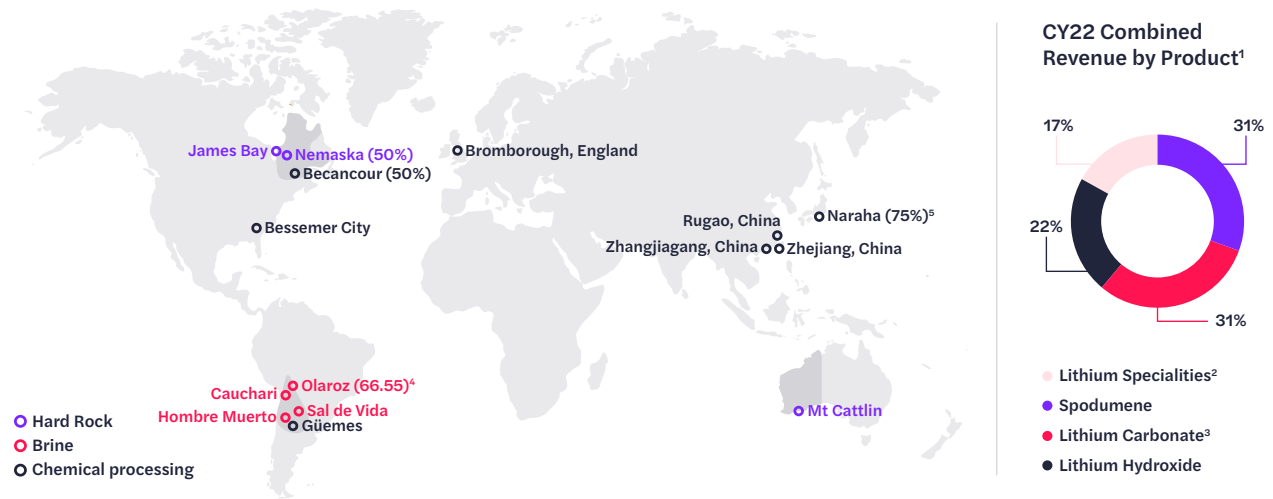
The foregoing financial metrics should be read together with the Combined Group Pro Forma Historical Financial Information set out in sections 7.14 and 7.15 of this Scheme Booklet.

### a. Geographic footprint

NewCo will have a presence in three major lithium extraction geographies, including the South American “Lithium Triangle”, Western Australia and Canada. NewCo’s geographically diverse assets are expected to

position it to meet the anticipated growth in demand for lithium products globally. NewCo’s geographic presence following the completion of the Transaction, reflecting the Combined Group’s production and chemical processing assets in key lithium regions globally, is illustrated in the map below.

Figure 7.2.1 Combined Group Global Presence



1 Excludes tantalum sales, which were minimal in the year ended 31 December 2022.  
 2 Lithium specialties includes butyllithium (BuLi), high purity lithium metal, lithium phosphate, pharmaceutical-grade lithium carbonate, high purity lithium chloride, and specialty organics.  
 3 Includes minimal lithium chloride (LiCl) sales in the year ended 31 December 2022.  
 4 Remaining ownership split between Toyota Tsusho Corporation (TTC) (25.0%) and Jujuy Energía y Minería Sociedad del Estado (JEMSE) (8.5%).  
 5 Remaining 25% economic interest owned by TTC.

### b. Lithium products

NewCo will produce a diverse set of lithium products, a brief overview of which is set out below:

Figure 7.2.2 Overview of Combined Group Lithium Products

Product	Combined CY22 Revenue	Product Applications
Lithium Specialties	17%	<p><b>Butyllithium</b></p> <ul style="list-style-type: none"> <li>Agrochemicals</li> <li>Pharmaceuticals</li> <li>Synthetic ‘green’ rubber applications, including tires</li> <li>Other polymers for adhesives, compounding, asphalt modifications, and sealant applications</li> </ul> <p><b>Purified Metals</b></p> <ul style="list-style-type: none"> <li>Lightweight alloys</li> <li>Non-rechargeable lithium batteries for household, medical and military applications</li> <li>Next generation rechargeable batteries</li> </ul> <p><b>Specialty Organics</b></p> <ul style="list-style-type: none"> <li>Pharmaceutical applications</li> </ul>
Lithium Hydroxide	22%	<p><b>Battery Grade Lithium Hydroxide</b></p> <ul style="list-style-type: none"> <li>High energy density Li-ion batteries for electric vehicles, portable devices, stationary storage</li> </ul> <p><b>Other Lithium Hydroxide</b></p> <ul style="list-style-type: none"> <li>Specialty lubricating greases and other applications</li> </ul>
Lithium Carbonate <sup>1</sup>	31%	<p><b>Battery Grade Lithium Carbonate</b></p> <ul style="list-style-type: none"> <li>Li-ion batteries for electric vehicles, portable devices, stationary storage and other specialty applications</li> </ul> <p><b>Other Lithium Carbonate</b></p> <ul style="list-style-type: none"> <li>Glass, ceramics and other industrial applications</li> </ul>
Spodumene	31%	

1 Includes minimal lithium chloride sales in CY22.

**c. Business model**

NewCo expects to benefit from the integration of Livent's and Allkem's complementary skillsets, including conventional brine extraction, direct lithium brine extraction, hard rock mining, chemical processing and production of battery grade and specialty lithium products. These skills are expected to assist NewCo in streamlining its existing lithium production processes and optimising the design of future developments. Through the combination, NewCo will increase its exposure to upstream and downstream lithium operations to form a more global and vertically integrated lithium chemicals producer than Livent and Allkem are on a standalone basis.

**d. Combined Group Business Strategy**

The information below has been adapted to capture the opportunities presented by the Transaction and the strategic benefits of operating as a combined company from the business strategies previously publicly disclosed by each of Allkem and Livent.

As a result of the combination of Livent and Allkem, NewCo is expected to have enhanced ability to meet its strategic objectives through the following:

**i. Enhanced business-critical scale and greater capacity to meet growing customer demand**

Allkem and Livent believe that the Transaction will give NewCo a large and high-quality asset footprint with a presence in key lithium regions in three continents – across the South American “Lithium Triangle” Western Australia and Canada. NewCo expects that the increased economies of scale and asset base in its geographically adjacent asset portfolios in Argentina and North America will enable it to enhance its production and project execution efficiency. Further, NewCo's lithium chemical manufacturing facilities will be located in close proximity to key lithium customers, enabling it to meet the growing demand of those customers.

**ii. Highly complementary and vertically integrated business model**

The Transaction enables stronger vertical integration across the lithium value chain than Allkem and Livent have on a standalone basis. NewCo is expected to have a broad product offering and to be highly scalable across both resource and production assets. This is anticipated

to immediately enhance operational flexibility and reliability, which is expected to result in lower costs and greater value capture across the lithium value chain. NewCo will also bring together complementary expertise in hard rock, brine and lithium chemical processing, with proven ability to produce high-quality products that are sought after by leading battery manufacturers and EV original equipment manufacturers (OEMs).

**iii. Greater capacity and execution expertise to accelerate and de-risk growth**

Livent and Allkem believe that their complementary expertise in hard rock mining and conventional and direct lithium extraction-based brine processes will enable NewCo to accelerate and reduce the risk of developing Livent's and Allkem's respective pipelines of advanced and complementary growth projects, creating the potential for NewCo to achieve lithium production capacity of approximately 250 ktpa per annum of LCE by the end of 2027.<sup>42</sup>

NewCo will also have a material downstream lithium hydroxide footprint. Livent's capacity of 87kt LiOH and Allkem's of c. 10kt LiOH (from Naraha) come 2027 for a combined total capacity of 97kt<sup>43</sup> with the potential for further expansions. See Table 6.3.6 – Livent Year End Production Capacity for Livent's capacity and expansions plans and section 5.3(f) for details on Allkem's Naraha Lithium Hydroxide Plant. NewCo's established downstream footprint enables access to incentivised markets; for example, NewCo is positioned to benefit from the Inflation Reduction Act. The Inflation Reduction Act provides tax credits where a percentage of minerals in electric vehicle batteries are extracted from (or processed in) countries that have free-trade deals with the US (including Australia, Canada and the US). NewCo's global industrial footprint is concentrated in these countries and is therefore considered well positioned to benefit from this initiative.

The chart below sets out the anticipated evolution and stage of development of the Combined Group's growth projects, along with the expected growth of its combined production capacity on a net attributable basis.

<sup>42</sup> Refer to section 1.1(c) and 10.11(b) for further information in relation to production targets of the Combined Group (or other forward-looking information of that nature). Refer also to section 8.5 (Risk factors relating to the business and operations of the Combined Group), in particular sections 8.5(b) and 8.5(f) for risks affecting production for the Combined Group.

<sup>43</sup> On a 100% basis. Capacity of 81kt on an attributable basis given Livent's 50% ownership of Bécancour.



Figure 7.2.3 Estimated Combined Attributable Annual Lithium Production Capacity (LCE)



**Note:** Figures shown on a net attributable basis. Combined metric reflects the sum of Allkem and Livent and is shown on an LCE basis per annum. Reflects production capacity of all Livent and Allkem properties. Allkem estimated lithium production capacity for 2027 is based on stated capacity for the following assets: Mt Cattlin, James Bay, Sal de Vida Stage 1 and 2, Cauchari, Olaroz Stage I and II (66.5%). Livent estimated lithium production capacity for 2027 based on stated capacity for the following assets: Hombre Muerto (including expansion 1A/1B and 2), Nemsaka (50%).

NewCo’s projected production capacity for 2027 assumes the completion of the first two of three planned expansions, which are either underway or which are in the design stage, at Livent’s SdHM project, as discussed below, and Livent’s attributable share of the expected production capacity (50%) from the property being developed in the James Bay area in the Province of Québec (the Whabouchi Mine) by its investee, Nemaska Lithium, as discussed below.

At Livent’s SdHM project, the first expansion is underway in two phases (10 ktpa LCE per year for each phase) and each phase involves the construction of a new selective absorption plant, a new carbonate plant and supporting infrastructure. The first phase is expected to be completed in 2023 and the second phase is expected to begin production in 2024. The first expansion is designed with the aim to more than double Livent’s current lithium production capacity to approximately 38 ktpa on an LCE basis per year. Livent’s second expansion, which is currently in its early design phase, will include another selective absorption plant, a new carbonate plant and supporting infrastructure, including recycling capabilities designed to save energy and reduce utility-related capital and operating costs. The second expansion is designed with the aim to increase capacity by another 30 ktpa LCE per year, with potential first production as early as the end of 2025 and ramp-up in 2026. Livent’s third expansion, which is in an earlier stage and not included in the production capacity target for 2027, is designed to rely mainly on existing infrastructure, including the reuse and expansion of current pre-concentrate ponds.

At Livent’s Whabouchi Mine, which is undergoing late-stage engineering work, the production capacity is based on NLI’s lithium spodumene concentrator, which aims to have an annual production capacity of approximately 30 ktpa on an LCE basis (of which an expected approximately 15 ktpa LCE is attributable to Livent), and which is expected to commence commercial production in 2025. Additionally, NLI is finalising the specifications and clearing the site for a lithium hydroxide conversion facility (located in an industrial park in Bécancour, Québec, approximately 1,300 km by road and rail from the Whabouchi Mine). The Bécancour facility is expected to be fed by 100% of the spodumene concentrate output from the Whabouchi Mine once the Bécancour facility concentrator begins operating at full capacity.

At Olaroz, of which Allkem owns a 66.5% equity interest, the second expansion is underway. Allkem developed Stage 1 of Olaroz from 2012 to 2014, with the installation of production wells, water and gas supplies, power generation, evaporation ponds and a processing plant with 17.5 ktpa per annum of LCE capacity. Stage 2 of Olaroz commenced construction in 2019 and achieved first production in July 2023. Stage 2 comprises additional evaporation ponds and an additional standalone processing facility with 25 ktpa per annum of LCE capacity. Production achieved through Stage 2 of Olaroz is expected to continue to increase during calendar year 2023, with full production intended to be reached by January 2025 (being 18 months from its first production in July 2023).

Allkem's Mt Cattlin mine is currently in production. Successful reserves and resources replacement confirmed an expected four to five year mine life extension to Allkem's fiscal year 2027 to fiscal year 2028 via open pit methods at Mt Cattlin. Average annual production for the LOM is expected to be approximately 22.4 ktpa per annum LCE.

The projected production capacity from Allkem's Sal de Vida is expected to be from two stages. The Sal de Vida Stage 1 project is currently under construction. The first two strings of evaporation ponds reached approximately 98% completion by the end of Allkem's fiscal year 2023. The first nine ponds have been filled with brine and lined. The carbonate carbonation plant construction is now underway, with first production expected during the second half of calendar year 2025 and ramp up expected to take one year. Production capacity for Stage 1 is designed at 15 ktpa per annum LCE. The Stage 2 expansion is expected to be completed on the same design basis as Stage 1 with a twofold modular replication of the Stage 1 design. Stage 2 construction is anticipated to commence upon receipt of applicable permits and substantial mechanical completion of Stage 1, with first production from Stage 2 expected approximately 2.5 to 3 years thereafter, that is, Stage 2 is expected to be ready for production during calendar year 2027. Production capacity for Stage 2 is designed with the aim to achieve 30 ktpa per annum LCE. Allkem is proposing to develop both stages of Sal de Vida as conventional evaporation pond and carbonation operations utilising brine expertise gained from its Olaroz operation.

The projected production capacity from Allkem's James Bay is expected to be achieved following construction, which is expected to commence in the first half of calendar year 2024, with an approximate 18-month construction period that is anticipated to be completed in the second half of calendar year 2025. Following construction, Allkem expects that commissioning and preproduction activities will be completed within three months. Thereafter, production capacity at James Bay is anticipated to increase and reach full capacity after approximately nine months.

The projected production capacity from Cauchari is anticipated to advance during calendar year 2027 with substantial mechanical completion, pre-commissioning and commissioning activities expected by the first half of that calendar year, first production expected in the second half of calendar year 2027 and ramp up expected to take one year. Production capacity for this project is designed with the aim to achieve 25 ktpa per annum LCE. Allkem is proposing to develop Cauchari as a conventional evaporation pond and carbonation operation utilising brine expertise gained from its Olaroz operations and Sal de Vida development project.

#### **iv. Commitment to ESG values**

Livent's and Allkem's respective commitments to environmental stewardship, sustainability, community development and effective corporate governance practices will be leveraged to create similar values and expectations within NewCo. Each party has been recognised by various organisations for their respective ESG achievements, including the International Lithium Association and the United Nations. Livent and Allkem intend that NewCo will continue their respective active participation in industry efforts to advance transparency, safety, responsible operations, rigorous supply chains and community engagement and development. The ongoing ESG commitments of NewCo will be determined by the NewCo Board following Implementation of the Transaction, having regard to the existing, corresponding commitments of Allkem and Livent and a desire for continuing improvement and best practice.

### 7.3 Overview of potential synergies that could be realisable from the Transaction

As noted in section 1.1(e), the Combined Group's business will bring together teams with extensive expertise in project development, product innovation and marketing, which is anticipated to result in enhanced business capabilities through the sharing of technological expertise, improved flexibility in product flows, plant optimisation and enhanced marketing efficiencies. Through the expected vertical integration of Livent's and Allkem's asset portfolios and supply chains, NewCo is also expected to benefit from operational synergies in Argentina and Canada and logistics and procurement synergies across its operations. The combination of these is expected to contribute substantially to achieving NewCo's projected savings.

Approximately \$125 million of annual pre-tax operating cost synergies are estimated for NewCo by 2027 (excluding the impact of approximately \$40 million in estimated non-recurring costs to achieve these synergies), from:

- reductions in selling, general and administrative expenses, which are operating expenses in nature and include selling expenses, such as advertising and marketing costs, as well as general and administrative expenses, such as overhead costs - comprising approximately 20% of the total costs synergies figure;
- asset optimisation (including operational synergies in Argentina (within approximately 10km) and in Québec (within approximately 100km) and the flexibility to utilise feedstock from the Combined Group's expanded asset portfolio to supply processing facilities) - comprising approximately 60% of the total costs synergies figure; and
- logistics and procurement savings including purchasing across key consumables and shared infrastructure and reduced transportation costs - comprising approximately 20% of the total costs synergies figure.

A significant portion of the synergies are expected to be realised through removing duplicate costs, improving procurement, site management, transport and logistics functions in Argentina and Québec and closely integrating operations. The majority of the annual run-rate pre-tax operating cost synergies are expected to be realised within three years from completion of the Transaction.

In addition to operating synergies, NewCo is expected to realise approximately \$200 million in one-time capital expenditure savings by the end of 2025, driven by consolidating infrastructure (including shared infrastructure costs), streamlining construction and procurement operations and leveraging complementary engineering work in Argentina and Canada given asset proximity. It is anticipated that approximately 2/3 of the one-time capital expenditure savings will arise in connection with the Combined Group's combined operations and development projects in Canada and approximately 1/3 will arise in connection with the Combined Group's combined operations and development projects in Argentina.

The Combined Group's ability to realise anticipated synergies and savings is dependent on a number of uncertain factors relating to combining the businesses, certain of which are beyond the control or influence of Livent, Allkem or NewCo. In addition, NewCo needs to achieve its anticipated cost savings objectives without adversely affecting current revenues and investments in future growth. If NewCo is not able to successfully achieve these objectives at all, or if these objectives take longer to realise than expected or involve more costs than expected, the anticipated benefits of the Transaction insofar as delivery of synergies are concerned may not be realised and NewCo's future results and market value may be materially and adversely affected.

See discussion of risks relevant to the Combined Group's ability to realise the expected synergies (derived from both operating and capital expenditure efficiencies and savings) in sections 8.3 (Risk factors relating to the Scheme and the Scheme Consideration) and 8.5 (Risk factors relating to the business and operations of the Combined Group); and in particular, sections 8.3(d) (The failure to realise the cost savings, synergies and other benefits that the parties expect to achieve from the Transaction may materially and adversely affect NewCo's future results and market value of NewCo Shares following the Transaction), 8.3(e) (The integration of the businesses of Livent and Allkem may be more difficult, costly or time-consuming than expected, which may materially and adversely affect NewCo's future results and negatively affect the value of the NewCo Securities following the Transaction) and 8.5(b) (Production expansion efforts are complex projects that will require significant capital expenditures and are subject to significant risks and uncertainties).

## 7.4 Corporate structure

### a. Details of NewCo; corporate structure pre-Transaction

Arcadium Lithium plc is a public limited company incorporated under the laws of the Bailiwick of Jersey and an Irish tax resident. For ease of reference, Arcadium Lithium plc is referred to as NewCo in this document. NewCo was incorporated on 5 May 2023, originally as Lightning-A Limited, a private limited company incorporated under the laws of the Bailiwick of Jersey.

As of the date of this Scheme Booklet, NewCo's outstanding shares are held by two Livent employees in their personal capacity, and not on behalf of Allkem or Livent.

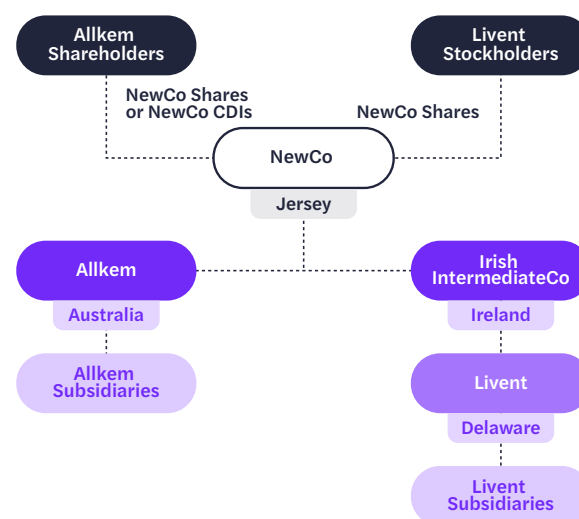
Upon completion of the Transaction, Livent and Allkem will each become a wholly owned subsidiary of NewCo, and NewCo will become the holding company of the Combined Group. Following completion of the Transaction, former Livent Stockholders will be holders of NewCo Shares and former Allkem Shareholders will be holders of NewCo Shares or NewCo CDIs (excluding Ineligible Overseas Shareholders who will receive their pro rata share of the Net Proceeds, as set out in section 3.4).

NewCo has no assets (other than its initial capital), and has not carried on any activities or operations to date, except for those incidental to its formation or undertaken in connection with the Transaction. There is currently no established public trading market for NewCo Shares, but NewCo Shares are expected to trade on the NYSE under the symbol "ALTM" and NewCo CDIs are expected to trade on ASX under the symbol "LTM" following consummation of the Transaction.

### b. Combined Group corporate structure post-Transaction

The following diagram is a simplified illustration of the structure of Livent, Allkem, Irish IntermediateCo,<sup>44</sup> US Merger Sub and NewCo following the completion of the Transaction.

Figure 7.3.1 NewCo corporate structure following completion of the Transaction



Following completion of the Transaction, NewCo will directly or indirectly hold all of the equity in Livent and Allkem.

<sup>44</sup> Irish IntermediateCo will be the sole stockholder of US Merger Sub, and will be an Irish private company limited by shares that will be formed and will become a party to the Transaction Agreement, and all of the shares in which will be transferred to NewCo.

## 7.5 Board and management

### a. NewCo Board

As at the date of this Scheme Booklet, the NewCo Board is comprised of three directors: Juan Carlos Cruz, Gilberto Antoniazzi and Donal Flynn.

The NewCo Board, as at completion of the Transaction, will be comprised of the following individuals, comprising six nominees from Livent's current Board of Directors (including the current Chief Executive Officer of Livent) and six nominees from the current Allkem Board (including the current Chairman of the Allkem Board):

Name	Position
Michael Barry	Director
Peter Coleman	Chair designate of NewCo Board
Alan Fitzpatrick	Director
Paul Graves	Director and Chief Executive Officer designate of NewCo
Florencia Heredia	Director
Leanne Heywood	Director
Christina Lampe-Önnerud	Director
Pablo Marcet	Director
Steven T. Merkt	Director
Robert C. Pallash	Director
Fernando Oris de Roa	Director
John Turner	Director

Refer to section 5.6(a) for biographies of the Allkem nominee NewCo Directors, and section 6.6(a) for biographies of the Livent nominee NewCo Directors.

As at the date of this Scheme Booklet, the remuneration for each Director of NewCo has not yet been confirmed. However, NewCo will enter into separate indemnity agreements with each of its Directors to indemnify the Director as specified in the applicable indemnity agreement, which may provide for indemnification up to the full extent permitted by the Jersey Companies Law.

Subject to confirmation by the full NewCo Board, once appointed, it is expected that all Directors of NewCo will be independent, for the purposes of the rules and regulations of the SEC and NYSE Listing Rules, other than Mr Paul Graves, NewCo's Chief Executive Officer designate.

### b. NewCo Management

From completion of the Transaction, the following individuals will be executive officers of NewCo:

Name	Position
Paul Graves	Chief Executive Officer
Gilberto Antoniazzi	Chief Financial Officer
Sara Ponessa	General Counsel and Secretary

Pursuant to the Transaction Agreement, the parties have also since mutually selected the broader senior management team of NewCo; consisting of an approximately equal split of employees from each of Allkem and Livent, and including Mr Christian Cortes (Allkem's Acting Chief Financial Officer), who will assume the role of Chief Integration Officer.

## 7.6 Corporate governance

This section 7.6 provides an overview of the key corporate governance arrangements, policies and practices that will be adopted by NewCo.

### a. Overview

Following the closing of the Transaction, notable features of NewCo's corporate governance will include the following:

- i. the NewCo Board will consist of 12 directors, 6 of whom will be from the existing Allkem Board, and 6 of whom will be from the existing Livent Board, including the current Chief Executive Officer of Livent. The Chair of the NewCo Board will be the Chair of the existing Allkem Board as of immediately prior to the Implementation;
- ii. at least four standing committees of the NewCo Board, including an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Sustainability Committee; and
- iii. each of the Chair of the Audit Committee and the Compensation Committee as of the Implementation will be from the existing Allkem Board, as determined by Allkem prior to the Effective Date. Each of the Chair of the Nominating and Corporate Governance Committee and the Sustainability Committee as of the effective time will be from the existing Livent Board, as determined by Livent prior to the Effective Date.

**b. Corporate Governance Guidelines, Policies and Code of Business Conduct**

In accordance with the NYSE listing standards, effective as of the US Merger Effective Time, NewCo will adopt policies and guidelines with respect to, in part, corporate governance matters and business conduct and ethics in forms customary for a NYSE-listed company.

The corporate governance policies and guidelines will cover such matters as director qualifications and responsibilities, responsibilities of key NewCo Board committees, director compensation and matters relating to succession planning.

The business conduct and ethics policies and guidelines will prohibit conflicts of interest and competition of officers, directors and employees with NewCo and will contain provisions with respect to confidentiality, fair dealing, protection and proper use of NewCo's assets and compliance with law.

**c. Roles of NewCo Board and management**

The NewCo Board will advise and oversee management, including the Chief Executive Officer, who will be responsible for the day-to-day operations and management of NewCo. The board of directors will review NewCo's performance (across the relevant categories, including operational, financial, risk mitigation and ESG objectives) on a regular basis at board meetings and through periodic updates. The NewCo Board will review NewCo's long-term strategic plans and the financial, accounting, risk management, health, safety and environment and other issues facing NewCo. The parties intend that the day-to-day business of NewCo will be managed by the management team of NewCo under the direction of the Chief Executive Officer.

**d. Director independence**

Under the NYSE listing standards, a majority of the members of the NewCo Board must qualify as "independent".

Under the NYSE listing rules, no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organisation that has a relationship with the listed company).

As noted in section 7.5(a) above, and having regard to the relevant factors briefly described above, it is expected that all Directors of NewCo, other than Mr Paul Graves, will be independent for the purposes of the NYSE Listing Rules.

**e. Board committees**

The NewCo Board will have an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Sustainability Committee. Other than as set out below, as at the date of this Scheme Booklet, the composition of each NewCo Board committee has not been determined.

**i. Audit Committee**

NewCo intends that the Audit Committee's responsibilities will include oversight of the integrity and fair presentation of NewCo's consolidated financial statements.

Each member of the Audit Committee is expected to be "independent," as defined by NYSE listing standards and SEC Rule 10A-3. At least one member of the NewCo Audit Committee will meet the requirements of an "audit committee financial expert" as defined by the applicable SEC rules and the NYSE corporate governance standards. Each member of the Audit Committee is expected to be "financially literate" as that term is defined by the NYSE listing standards. The initial chair of the Audit Committee will be one of the nominees from the current Allkem Board nominated by Allkem.

It is expected that the primary responsibilities of the Audit Committee will include:

- A.** reviewing the annual report, proxy statement and periodic SEC filings, such as NewCo's reports on Form 10-K and 10-Q, and ensuring that NewCo's financial reports fairly represent its operations, performance and condition;
- B.** reviewing with management NewCo's earnings releases;
- C.** reviewing the effectiveness and adequacy of NewCo's internal controls;
- D.** reviewing significant changes in accounting policies;
- E.** selecting an independent registered public accounting firm and confirming its independence;
- F.** pre-approving audit and non-audit services provided by the independent registered public accounting firm; and
- G.** reviewing the effectiveness, scope and performance of activities of the independent registered public accounting firm and the internal audit function.

**ii. Compensation Committee**

While the Compensation Committee has not yet been formed, it is intended that the committee's responsibilities will include evaluating the performance of the Chief Executive Officer and setting appropriate compensation for other NewCo officers. The initial chair of the Compensation Committee will be one of the nominees from the current Allkem Board nominated by Allkem.

Each member of the Compensation Committee is expected to be "independent," as defined by NYSE listing standards. It is expected that the primary responsibilities of the Compensation Committee will include:

- A.** reviewing and approving executive compensation policies and practices and establishing total compensation for the Chief Executive Officer, among other officers;
- B.** reviewing annually NewCo's compensation programs, policies and practices;
- C.** reviewing the terms of employment agreements, severance agreements, change in control agreements and other compensatory arrangements;
- D.** monitoring corporate programs relating to diversity, equity and inclusion;
- E.** oversight of organisational structure and culture and people development;
- F.** recommending to the NewCo Board NewCo's submissions to shareholders on executive compensation matters and assessing the results of such votes; and
- G.** reviewing executive stock ownership guidelines and overseeing clawback, hedging, and pledging policies.

**iii. Nominating and Corporate Governance Committee**

The terms of reference for the Nominating and Corporate Governance Committee have not yet been determined by the NewCo Board. However, this committee is intended to be responsible for overseeing the evaluation of existing NewCo Directors and the selection and recommendation of new directors to the NewCo Board, and overseeing the corporate governance of NewCo. The initial chair of the Nominating and Corporate Governance Committee will be one of the nominees from the current Livent Board nominated by Livent.

Each member of the Nominating and Corporate Governance Committee is expected to be "independent," as defined by NYSE listing standards. It is expected that the primary responsibilities of the Nominating and Corporate Governance Committee will include:

- A.** reviewing and recommending director candidates;
- B.** recommending the number, function, composition and Chairs of the NewCo Board's committees;
- C.** overseeing corporate governance, including an annual review of governance principles;
- D.** reviewing and approving director compensation policies, including the determination of director compensation;
- E.** overseeing NewCo Board and committee evaluation procedures; and
- F.** determining director independence.

**iv. Sustainability Committee**

While the Sustainability Committee has not yet been formed, NewCo intends that this committee will provide advice and oversight of NewCo's sustainability program, including both governance and performance of NewCo's environmental commitments, health and safety goals, corporate social responsibility, sustainability management systems, audits and assurance of sustainability data and climate change readiness. The initial chair of the Sustainability Committee will be one of the nominees from the current Livent Board nominated by Livent.

It is expected that the primary responsibilities of the Sustainability Committee will include:

- A.** overseeing engagement with communities or first nations people, modern slavery and human rights in supply chain;
- B.** reviewing and overseeing employee occupational safety and health, and process safety programs;
- C.** monitoring environmental responsibility and risk mitigation programs, including those relating to climate change, green-house gases, water, waste, energy and biodiversity;
- D.** monitoring corporate social responsibility programs, including those relating to community, health and safety, human rights and responsible supply chains;
- E.** reviewing sustainability disclosures;
- F.** monitoring audits and assurance of sustainability data and data collection methodology, including through independent third party audits, studies, and sustainability rating bodies; and
- G.** reviewing and overseeing sustainability management systems.

#### v. Securities Trading Policy

The parties intend that the NewCo Board will adopt and maintain an insider trading policy that, among other things, prohibits any person covered by the policy from buying or selling (or recommending that another person buy or sell) NewCo Securities if the person is aware of material, non-public information about NewCo.

#### vi. Disclosure Obligations and Corporate Disclosure Policy

NewCo is committed to observing its disclosure obligations under Jersey law, US law, NYSE listing standards and ASX Listing Rules. To assist NewCo with complying with its US requirements, the NewCo Board will adopt a Corporate Disclosure Policy addressing Regulation FD (Fair Disclosure) rules, which will limit selective disclosure of material non-public information about NewCo and its Subsidiaries.

NewCo will be required by the ASX Listing Rules to immediately provide to ASX all information it gives to NYSE that is, or is to be, made public.

#### vii. Code of Ethics and Business Conduct

The NewCo Board intends to adopt a written Code of Ethics and Business Conduct (the **Ethics Code**) effective as of Implementation and closing of the US Merger, which applies to all directors, officers and employees of NewCo and its Subsidiaries. The adoption of the Ethics Code is required under the NYSE listing standards and, under the SEC rules, a US publicly traded company is required to disclose if it does not have such a code applicable to certain key officers.

The Ethics Code is a set of written standards that are reasonably designed to deter wrongdoing and to promote:

- A. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- B. full, fair, accurate, timely, and understandable disclosure in reports and documents that NewCo files with, or submits to, the SEC and in other public communications made by NewCo;
- C. compliance with applicable governmental laws, rules and regulations;
- D. the prompt internal reporting of violations of the Ethics Code to an appropriate person or persons identified in the Ethics Code; and
- E. accountability for adherence to the Ethics Code.

#### viii. Related Party Transactions

The NewCo Board intends to adopt a Related Party Transactions Policy that will regulate transactions between NewCo and its Subsidiaries and their related parties (including directors, executive officers and substantial security holders in NewCo).

## 7.7 Intentions of NewCo in relation to the continuation of businesses, fixed assets and employees of the Combined Group

NewCo refers to the disclosures set out elsewhere in this Scheme Booklet regarding the intentions of NewCo, Allkem and Livent in relation to the Combined Group, including specifically as to the strategic rationale for the Transaction in section 7.2 and NewCo's intentions for the Combined Group's business strategy in section 7.2(d) and the potential synergies from combining the Allkem and Livent businesses in section 7.3.

#### a. Continuation of Allkem's business

As set out in section 7.2(d), if the Transaction is successfully implemented, Allkem and Livent's businesses will combine and continue under NewCo and in the form of the Combined Group. The combination is intended to create a vertically integrated global lithium business which is expected to have a broad product offering and to be highly scalable across both resource and production assets. The integration of the two businesses will involve a continuation of their combined production and processing assets.

#### b. Any major changes to Allkem's business including any redeployment of Allkem's fixed assets

No specific intentions have been formed by NewCo in relation to the redeployment of Allkem's fixed assets other than in connection with the integration of the two businesses. As set out in section 7.1, Allkem and Livent believe that the Transaction will give NewCo a large and high-quality asset footprint with a presence in key lithium regions in three continents – across the South American "Lithium Triangle", Western Australia and Canada. This expanded fixed asset footprint is intended to increase economies of scale, and NewCo's geographically adjacent asset portfolios in Argentina and North America are expected to enable it to enhance its production and project execution efficiency.

Further detail about the potential synergies are set out in section 7.3.



**c. Future employment of Allkem's employees**

Allkem and Livent are continuing to evaluate NewCo's ongoing employee requirements. This may include redundancies in connection with the integration of the two businesses, in particular in relation to overlap of core head office functions, changes in the size or scope of key positions for the Combined Group and change in the location of the positions that may not be acceptable to the relevant employees. NewCo, Allkem and Livent are engaging in discussions in relation to the potentially affected employees and these employees will be treated in accordance with their existing contracts and applicable Allkem redundancy policies.

The Allkem Board has approved a specific redundancy program in relation to the Allkem employees whose roles are affected by the Transaction. In summary, in addition to any entitlements under Allkem's STI and LTI programs or to a Transaction Completion Bonus, redundant Allkem employees will:

- i. receive any statutory entitlements, including annual leave, long-service leave and other equivalent statutory entitlements required to be paid out by applicable law (other than statutory severance or notice or payment in lieu of notice where applicable, which are covered in below); and
- ii. receive a severance payment equal to the greater of (1) any statutory or contractual redundancy and (2) the prescribed severance entitlement agreed by the Allkem Board uniquely for and solely applicable to employees made redundant as a result of the Transaction, both of which include notice or payment in lieu of notice where applicable.

**d. Retention strategy**

Again, as at the date of this Scheme Booklet, the parties have not reached a definitive position on NewCo's ongoing employment requirements, especially for the period beyond integration of the Combined Group.

Other than with respect to those persons contemplated by section 7.5(b), there have been no definitive decisions made or discussions had with respect to either Allkem or Livent employees.

However, each of Allkem and Livent has established retention programs of up to \$13 million and \$11.1 million, respectively (allocated among a range of individuals and roles), to assist in ensuring that key employees continue with NewCo following Implementation and are retained to support (among other things) the delivery of expected synergies and other potential benefits of the Transaction. Details of Allkem's retention program are set out in section 10.4(c).

Prior to Implementation, Allkem and Livent may initiate additional discussions regarding employment or other retention terms and may enter into definitive

agreements regarding employment or retention for certain of their respective employees (with any such arrangements to take effect from Implementation), subject to the terms of the Transaction Agreement.

Except as set out in this section 7.7 or elsewhere in this Scheme Booklet, none of Allkem, Livent nor NewCo has definitively formed intentions to vary the conduct of the business of Allkem, redeploy Allkem's fixed assets or vary the employment of present Allkem employees. Any stated intentions regarding the Combined Group are subject to ongoing review of integration and may be subject to change.

The discussion of NewCo's business and strategies after the completion of the Transaction set out in this section 7 is based on the intentions, beliefs, plans, expectations and objectives of the respective boards of directors of Livent and Allkem. NewCo expects to continue to operate the businesses and pursue the existing strategies of Livent and Allkem in a substantially similar manner to those described elsewhere in this Scheme Booklet, in each case, adapted to seek to capture the opportunities presented by the Transaction and the strategic benefits of operating as a combined company, as discussed below. However, NewCo's business strategies will ultimately be approved by the NewCo Board following NewCo's management team's recommendation. Accordingly, the NewCo business overview and strategies discussed in this section and elsewhere in this Scheme Booklet are subject to change and subject to numerous risks and uncertainties, many of which may be outside of Livent's, Allkem's and NewCo's control, including but not limited to the risks and uncertainties discussed or referred to elsewhere in this Scheme Booklet in the Important Information section (see "Cautionary Statement Regarding Forward-Looking Statements and Intentions") and section 8.

**7.8 Capital Structure of the Combined Group****a. NewCo Capital**

It is expected that, following Implementation and the closing of the US Merger, and:

- i. following the grant or assumption (as applicable) of any replacement NewCo equity awards in respect of the legacy Allkem and Livent equity compensation and incentive programs (as set out in sections 6.11 and 6.12, in the case of Livent, and section 10.2, in the case of Allkem); and
- ii. as a result of NewCo's assuming the obligations to issue securities on conversion of Livent's 2025 Notes,

NewCo's fully diluted share capital will comprise approximately 1,145,182,194 NewCo Shares, being:

- iii. 642,504,458 NewCo Shares issued to Eligible Shareholders or issued to CDN (in respect of the NewCo CDIs) pursuant to the Scheme, or issuable post-Implementation in respect of any Allkem Performance Rights that are replaced by NewCo equity awards; and
- iv. 502,677,736 NewCo Shares issued to Livent Stockholders pursuant to the US Merger or issuable post-Implementation in respect of any Livent equity awards that are assumed by NewCo and in respect of any NewCo Shares issuable pursuant to rights of equity conversion under Livent's 2025 Notes.

The actual number of NewCo Shares that will be issued pursuant to the Transaction will depend on, amongst other factors, the number of Allkem Shares outstanding on the Record Date (in respect of the Scheme) and the number of Livent Shares outstanding immediately prior to closing (in respect of the US Merger), and at other applicable times, the number of equity awards and other convertible securities outstanding.

In addition:

- the number of NewCo Shares that are ultimately issued in respect of any NewCo convertible securities will depend upon the extent to which the relevant vesting criteria are met, and those convertible securities are exercised; and
- the number of NewCo Shares that are ultimately issued in respect of Livent's 2025 Notes will depend on the extent to which the relevant holders elect to convert these notes to NewCo Shares (as discussed in paragraph (b) immediately below).

For completeness, following consummation of the Transaction, NewCo may also issue NewCo Shares in respect of equity-based awards under NewCo's new equity incentive plan, as further discussed below at section 7.9.

#### **b. Treatment of 2025 Notes**

As a result of the US Merger, holders of the 2025 Notes will have a right to convert their notes (at the holder's election) into Livent Shares, in accordance with the terms of the 2025 Notes Indenture. Where holders of the 2025 Notes do not elect to convert prior to the US Merger Effective Time, then the holders' right to convert any outstanding 2025 Notes into Livent Shares will, in accordance with the terms of the 2025 Notes Indenture, become a right to convert into NewCo Shares. The number of NewCo Shares to be issued upon conversion will be adjusted in accordance with the exchange ratio of Livent Shares into NewCo Shares under the terms of the US Merger. Further detail about these notes is set out in section 6.8(b).

As at the Last Practicable Date, the 2025 Notes on issue have an aggregate principal amount of US\$245,746,000, which would convert into 28,135,090 Livent Shares if all of the 2025 Notes were exercised (in exchange for equity).

## **7.9 Combined Group incentive and equity arrangements**

In connection with the Transaction, NewCo intends to adopt a new equity incentive plan. The purpose of the equity incentive plan will be to motivate and reward performance of NewCo's directors, executives, other employees and consultants and to further the best interests of NewCo and NewCo Shareholders. The terms and conditions of such equity incentive plan will be determined in due course.

In addition, under the terms of the Transaction Agreement, NewCo undertakes to provide to former Allkem participants in the Allkem incentive schemes, replacement awards with respect to NewCo Shares which are substantially comparable in value to any lapsed performance rights held immediately prior to the Effective Date of the Scheme in certain circumstances. For further detail about the Allkem incentive and equity arrangement see section 10.2.

## **7.10 Foreign Exempt Listing**

NewCo intends to apply for admission to the official list of the ASX as a Foreign Exempt Listing, subject to customary conditions and the Scheme becoming Effective.

Once listed on the ASX as a Foreign Exempt Listing, NewCo will be exempt from complying with most of the ASX Listing Rules. However, ASX Listing Rules with regard to Foreign Exempt Listings will apply to NewCo, including:

- a. providing the ASX with copies of its public filings made available in accordance with the NYSE Listing Rules;
- b. continuing to comply with the NYSE Listing Rules;
- c. registering as a foreign company carrying on business in Australia under the Corporations Act; and
- d. complying with certain ASX Listing Rules concerning procedural and administrative matters, including lodging announcements, trading halt, suspension and removal.

In connection with delisting Allkem from the TSX, NewCo will also have certain ongoing reporting requirements under Canadian law and regulations including in relation to the disclosure of reserves and reporting.

## **7.11 Publicly available information about NewCo for inspection**

NewCo does not currently file reports with the SEC. Following Implementation (and upon NewCo listing on NYSE), NewCo will file annual, quarterly and current reports and other information with the SEC. The SEC filings of NewCo will be available to the public at the SEC website at [www.sec.gov](http://www.sec.gov), and on NewCo's website, once established.

As a public company incorporated under the laws of the Bailiwick of Jersey, NewCo will be required to make certain routine filings with the JFSC. Such filings will be available to the public at the website of the Companies Registry of the JFSC at [www.jerseyfsc.org/registry](http://www.jerseyfsc.org/registry) and will include NewCo's original certificate of incorporation, any certificates of incorporation issued on changes of NewCo's name, special resolutions of NewCo, and annual accounts. Visitors to the website will also be able to download an 'entity profile' in respect of NewCo, which will contain details regarding NewCo's 'significant persons' (including directors), share capital and members.

## 7.12 Key shareholders of the Combined Group

Based on the current shareholdings in each of Livent and Allkem, the shareholding of NewCo will be diffuse, with no holder or group of holders having a significant voting or minority ownership and there is no large minority interest.

As at the Last Practicable Date and based on publicly available information, the substantial shareholders of Livent and Allkem and their approximate interest in NewCo based on a total of approximately 1,071,946,054 NewCo Shares on issue (representing undiluted share capital in NewCo as at the Last Practicable Date) are as follows:

- a. TTC had a 6.1% holding in Allkem which is approximately a 3.7% interest in the issued capital of NewCo;
- b. State Street Corporation had a 5.5% holding in Allkem which is approximately a 3.3% interest in the issued capital of NewCo;
- c. BlackRock, Inc. owned approximately 16.0% of the outstanding shares of common stock of Livent which is approximately a 6.5% interest in the issued capital of NewCo; and
- d. The Vanguard Group, Inc. owned approximately 11.1% of the outstanding shares of common stock of Livent which is approximately a 4.5% interest in the issued capital of NewCo.

As these estimates of interests in NewCo are based on publicly available disclosures from shareholders in Allkem and Livent and based on the anticipated number of shares on issue in NewCo on implementation of the Transaction, the actual interests of these shareholders following implementation of the Transaction may vary.

## 7.13 NewCo Shares

Upon Completion of the Transaction, Allkem Shareholders will become holders of NewCo Securities. The rights of former Allkem Shareholders following the consummation of the Transaction will be governed by the NewCo Organisational Documents, as well as the laws of the Bailiwick of Jersey, including the Jersey Companies Law.

The following is a summary of the material terms of the NewCo Shares as set forth in the NewCo Organisational Documents and the material provisions of the laws of the Bailiwick of Jersey.

This summary does not purport to be complete and is qualified in its entirety by reference to the applicable form of the NewCo articles of association that will become effective upon Effective Date.

### a. Share Rights

All ordinary shares have equal voting rights and no right to a fixed income and carry the right to receive dividends that have been declared by the NewCo Board.

All NewCo CDIs have the same rights. A summary of the rights and interests attaching to NewCo CDIs is set out in section 3.6(a).

The holders of ordinary shares have the right to receive notice of, and to attend and vote at, all general meetings of NewCo. The rights and obligations attaching to any preferred shares will be determined at the time of issue by the NewCo Board in its absolute discretion and must be set forth in a statement of rights. Any preferred shares that are issued may have priority over the ordinary shares with respect to dividend or liquidation rights or both. Upon consummation of the Transaction, NewCo will not have any preferred shares issued and outstanding. This ability to issue blank check preferred shares means that the NewCo Board will have the ability to adopt a shareholder rights plan, or a "poison pill", in the future.

The NewCo Board may issue NewCo Shares or preferred shares without further shareholder action, unless shareholder action is required by applicable law or by the rules of the NYSE, ASX or other stock exchange or quotation system on which any class or series of NewCo's shares may be listed or quoted.

Subject to the NewCo articles of association and the rights or restrictions attached to any shares or class of shares, if NewCo is wound up and the property of NewCo available for distribution among the shareholders is more than sufficient to pay:

- i. all the debts and liabilities of NewCo; and
- ii. the costs, charges and expenses of the winding up,

the excess must be divided among the NewCo Shareholders in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

If NewCo is wound up, the directors or liquidator (as applicable) may, subject to the NewCo articles of association and any other sanction required by the Jersey Companies Law:

- iii. divide in specie among the NewCo Shareholders the whole or any part of the assets of NewCo and, for that purpose, value any assets and determine how the division will be carried out as between the NewCo Shareholders or different classes of NewCo Shareholders; and
- iv. vest the whole or any part of the assets in trustees for the benefit of the NewCo Shareholders and those liable to contribute to the winding up.

#### **b. Organisational Documents; Jurisdiction**

The rights of NewCo Shareholders will be governed by, among other things, the NewCo Organisational Documents and the laws of the Bailiwick of Jersey, including the Jersey Companies Law. The NewCo articles of association will provide that, while each member submits to the non-exclusive jurisdiction of the Royal Court of Jersey and the courts which may hear appeals from that court, the Royal Court of Jersey will (unless the Jersey Companies Law or any other Jersey law provides otherwise or unless the NewCo Board determines otherwise) be the sole and exclusive forum for:

- i. any derivative action or proceeding brought on behalf of NewCo;
- ii. any action asserting a claim of breach of a fiduciary duty owed by any director or officer of NewCo to NewCo or its members, creditors or other constituents;
- iii. any action asserting a claim against NewCo or any director or officer of NewCo arising pursuant to any provision of the Jersey Companies Law or the NewCo articles of incorporation (as either may be amended from time to time); or
- iv. any action asserting a claim against NewCo or a NewCo director or officer governed by the internal affairs doctrine (unless the Jersey Companies Law or any other Jersey law provides otherwise or the NewCo Board determines otherwise).

The exclusive forum provision would not prevent derivative shareholder actions based on claims arising under US federal securities laws from being raised in a US court and would not prevent a US court from asserting jurisdiction over such claims. However, there is uncertainty whether a US or Bailiwick of Jersey court would enforce the exclusive forum provision for actions for breach of fiduciary duty and other claims.

#### **c. Voting Rights**

Each NewCo Share will entitle the holder to one vote per share at any general meeting of shareholders. An ordinary resolution requires approval by the holders of a majority of the voting rights represented at a meeting, in person or by proxy, and voting on the resolution. A special resolution requires approval by the holders of two-thirds of the voting rights represented at a meeting, in person or by proxy, and voting on the resolution (or such greater majority as the NewCo articles of association may prescribe).

Voting rights with respect to any class of preferred shares (if any) will be determined by the NewCo Board and set out in the relevant statement of rights for such class.

Neither Jersey law nor the NewCo articles of association restrict non-resident shareholders from holding or exercising voting rights in relation of NewCo Shares. There are no provisions in the Jersey Companies Law relating to cumulative voting.

#### **d. No Pre-emptive Rights**

NewCo Shareholders will not have pre-emptive rights to acquire newly issued NewCo Shares.

#### **e. Variation of Rights**

The rights attached to any class of NewCo Shares, such as voting, dividends and the like, may, unless their terms of issue state otherwise, be varied by a special resolution passed at a separate meeting of the holders of shares of such class.

#### **f. Certificated and Uncertificated Shares**

NewCo Shares may be held in either certificated or uncertificated form. Every holder of certificated shares is entitled, without payment, to have a certificate for the shares that it owns executed under NewCo's seal or in such other manner as provided by the Jersey Companies Law.

#### **g. Transfer of Shares**

Generally, fully paid ordinary shares are issued in registered form and may be freely transferred pursuant to the NewCo articles of association unless the transfer is restricted by applicable securities laws or prohibited by another instrument.

#### **h. Dividends**

The NewCo Board may declare and pay any dividends from time to time as the NewCo Board may determine. The NewCo Board may rescind a decision to pay a dividend, before the payment date, in its sole discretion. The payment of a dividend does not require shareholder confirmation or approval at a general meeting of the shareholders.

Holders of NewCo Shares are entitled, subject to the rules of the NYSE, ASX or other stock exchange or quotation system on which any class or series of

NewCo's shares may be listed or quoted (including any rules relating to the transfers of securities), to receive equally, on a per share basis, any dividends that may be declared in respect of NewCo Shares by the NewCo Board.

The NewCo Board may direct that a dividend will be satisfied from any available source permitted by law, including wholly or partly by the distribution of assets, including paid up shares or securities of NewCo or another company.

Under the Jersey Companies Law, a distribution (including a dividend) may be debited by a company from any account of that company other than the nominal capital account or a capital redemption reserve. The directors of a Bailiwick of Jersey company which authorise a distribution must make a statutory solvency statement in the form set out in the Jersey Companies Law.

The NewCo articles of association permit the NewCo Board to require that all dividend payments will be paid only through electronic transfer into an account (of a type approved by the NewCo Board) selected by the shareholder rather than by a bank check.

No dividend or other amounts payable on or in respect of a share will bear interest as against NewCo (unless the terms of the share specify otherwise).

If any dividend is unclaimed for 11 calendar months after issuance, the NewCo Board may stop payment on the dividend or otherwise make use of the unclaimed amount for the benefit of NewCo until claimed or otherwise disposed of according to applicable law.

Shareholders may need to provide a properly completed exemption form to ensure the benefits of reduced withholding tax rates under the relevant double tax treaty with Ireland are applied.

#### **i. Alteration of Share Capital**

Under the Jersey Companies Law, NewCo may, by special resolution of its shareholders, increase its share capital, consolidate or sub-divide its share capital, convert shares into or from stock, re-denominate any of its shares into another currency or reduce its share capital, capital redemption reserve or share premium account in any way.

#### **j. Redeemable Shares**

The NewCo Shares will not initially be redeemable. Pursuant and subject to the Jersey Companies Law and the NewCo articles of association, the NewCo Board may issue redeemable shares or convert existing non-redeemable shares, whether issued or not, into redeemable shares, which shares will be, in each case, redeemable in accordance with their terms or at the option of NewCo and/or at the option of the holder. However, an issued non-redeemable share may only be converted into a redeemable share

with the agreement of the applicable holder (which agreement will be deemed to exist with respect to any non-redeemable shares tendered by such holder for conversion, repurchase, buy back or redemption and regardless of whether or not such holder is aware that NewCo is the purchaser of such shares in such transaction) or pursuant to a special resolution.

#### **k. Purchase of Own Shares**

Subject to the provisions of the Jersey Companies Law and the NewCo articles of association, NewCo may purchase its own shares or CDIs (including any redeemable shares) and either cancel them or hold them as treasury shares.

Under Jersey law, NewCo's purchase of its own shares or CDIs must be sanctioned by a special resolution of NewCo Shareholders. If the purchase is to be made on a stock exchange, the special resolution must specify the maximum number of shares or CDIs to be purchased, the maximum and minimum prices which may be paid, and the date on which the authority to purchase is to expire (which may not be more than five years after the date of the resolution). If the purchase is to be made otherwise than on a stock exchange, the purchase must be made pursuant to a written purchase contract approved in advance by a resolution of shareholders. The shares and CDIs being purchased do not carry the right to vote on the resolution sanctioning the purchase or approving that contract. However, the NewCo articles of association permit the NewCo Board to convert any of its shares or CDIs into redeemable shares with the consent of the holder of such shares or CDIs, and thus allow the Board to authorise share redemptions in this manner without a special resolution of NewCo Shareholders.

#### **l. Application of Standard Table**

The "standard table" of provisions under the Jersey Companies Law will not apply.

#### **m. Listing**

NewCo Shares are expected to be listed on the NYSE under the symbol "ALTM" and NewCo CDIs are expected to be listed on ASX under the symbol "LTM".

#### **n. US Federal Securities Law Consequences**

The NewCo Shares and NewCo CDIs to be issued in the Transaction to holders of Allkem Shares have not been, and are not expected to be, registered under the Securities Act or the securities laws of any other jurisdiction. The NewCo Shares and NewCo CDIs to be issued in the Transaction to holders of Allkem Shares will be issued pursuant to an exemption from the registration requirements provided by Section 3(a)(10) of the Securities Act based on the approval of the Scheme by the Court. Section 3(a)(10) of the Securities Act exempts securities issued in exchange for one or more bona fide outstanding securities from

the general requirement of registration where the fairness of the terms and conditions of the issuance and exchange of the securities have been approved by any court or authorised governmental entity, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom securities will be issued have the right to appear and to whom adequate notice of the hearing has been given.

If the Court approves the Scheme on the basis discussed elsewhere in this Scheme Booklet, its approval will constitute the basis for the NewCo Shares and NewCo CDIs to be issued without registration under the Securities Act in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. The NewCo Shares and NewCo CDIs issued pursuant to Section 3(a)(10) of the Securities Act will be freely transferable under US federal securities laws, except by any holder of Allkem Shares who may be deemed an “affiliate” for purposes of Rule 144 of the Securities Act of NewCo after completion of the Transaction.

In the event that NewCo Shares or NewCo CDIs are in fact held by affiliates of NewCo, those holders may resell the NewCo Shares:

- i. in accordance with the provisions of Rule 144 under the Securities Act; or
- ii. as otherwise permitted under the Securities Act.

Rule 144 generally provides that “affiliates” of NewCo may not sell securities of NewCo received in the Transaction unless the sale is effected in compliance with the volume, current public information, manner of sale and timing limitations set forth in such rule. These limitations generally permit sales made by an affiliate in any three-month period that do not exceed the greater of 1% of the outstanding NewCo Shares or the average weekly reported trading volume in such securities over the four calendar weeks preceding the placement of the sale order, provided that the sales are made in unsolicited, open market “broker transactions” and that current public information on NewCo is available.

## 7.14 Pro forma historical financial information of the Combined Group

### a. Overview

This section 7.14 contains the pro forma historical financial information of the Combined Group (**Combined Group Pro Forma Historical Financial Information**) comprising the:

- Combined Group pro forma historical statements of operations for the six months ended 30 June 2023 and the year ended 31 December 2022 (**Combined Group Pro Forma Historical Statements of Operations**), as set out in section 7.14(c); and
- Combined Group pro forma historical balance sheet as at 30 June 2023 (**Combined Group Pro Forma Historical Balance Sheet**), as set out in section 7.14(d).

The Combined Group Pro Forma Historical Financial Information has been reviewed by Ernst & Young Strategy and Transactions (as Investigating Accountant), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report included in Annexure C. Allkem Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

The Combined Group Pro Forma Historical Financial Information is based on and should be read in conjunction with:

- the basis of preparation and the accompanying notes to the Combined Group Pro Forma Historical Financial Information;
- the Allkem Historical Financial Information presented in section 5.11; and
- the Livent Historical Financial Information presented in section 6.9.

This section 7.14 should also be read in conjunction with the risks to which Livent and the Combined Group are subject and the risks associated with the Scheme and the Transaction more broadly, as set out in section 8.

## b. Basis of preparation

The Combined Group Pro Forma Historical Financial Information included in section 7.14(c) and 7.14(d) is intended to present Allkem Shareholders with information to assist them in understanding the pro forma historical financial performance and financial position of the Combined Group. For the purposes of preparing this information for the Combined Group, Allkem has been treated as having been acquired by Livent. The Combined Group Pro Forma Historical Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Livent's management is responsible for the preparation and presentation of the Combined Group Pro Forma Historical Financial Information (except to the extent that information is provided or prepared by or on behalf of Allkem, including it being acknowledged that the Allkem Directors are responsible for the Allkem historical financial information that underpins the Combined Group Pro Forma Historical Financial Information).

The Combined Group Pro Forma Historical Financial Information has been prepared in a manner consistent with the Livent Group accounting policies applied by Livent in preparing the Livent Quarterly Report for the quarter ended 30 June 2023 and the Livent Annual Report for the year ended 31 December 2022, using the assumptions set out in section 7.14(e). The accounting principles used in the preparation of the Combined Group Pro Forma Historical Financial Information are consistent with those set out in the Livent Quarterly Report for the quarter ended 30 June 2023 and the Livent Annual Report for the year ended 31 December 2022.

The Combined Group Pro Forma Historical Financial Information presents the combination of the Allkem historical financial information and the Livent historical financial information after giving effect to the Transaction, which is assumed to have occurred on:

- 1 January 2022 for the Combined Group Pro Forma Historical Statements of Operations; and
- as at 30 June 2023 for the Combined Group Pro Forma Historical Balance Sheet.

As discussed in section 5.11, the consolidated financial statements for Allkem for the years ended 30 June 2023 and 30 June 2022 have been audited by Allkem's auditor, Ernst & Young. Ernst & Young also performed a review of Allkem's interim consolidated financial statements for the six months ended 31 December 2021 and 31 December 2022 and on which unqualified limited assurance conclusions were issued. As further discussed in section 6.9, the consolidated financial statements for Livent for the year ended 31 December 2022 were audited by KPMG Independent Auditor for Livent. SEC Rules set forth in Rule 10-01(d) of Regulation S-X for Form 10-Q require

that entities' interim financial statements be reviewed by independent auditors in accordance with PCAOB AS 4105 Reviews of Interim Financial Information before entities file their Form 10-Q with the SEC. In performing such reviews of interim financial information, the independent auditor only applies limited procedures in accordance with professional standards for a review of such information and does not express an opinion on those interim financial statements. Accordingly, the degree of reliance on such interim financial statements filed on Form 10-Q with the SEC should be restricted in light of the limited nature of the review procedures applied.

The Combined Group Pro Forma Historical Statement of Operations for the year ended 31 December 2022 was derived from the:

- Livent Historical Statements of Operations for the year ended 31 December 2022 as outlined in section 6.9;
- Allkem Historical Statements of Operations for the year ended 30 June 2022 as outlined in section 5.11, adjusted to exclude the financial performance for the six months from 1 July 2021 to 31 December 2021 and include the financial performance for the six months from 1 July 2022 to 31 December 2022 based on the information in Allkem's half year financial reports for the six months ended 31 December 2021 and 31 December 2022 respectively;
- Allkem Historical Statements of Operations for the year ended 31 December 2022 as derived above further adjusted for reclassifications and US GAAP conversion and accounting policy adjustments, as detailed in Notes 2 and 3 of section 7.14(e); and
- adjusted for the effects of pro forma adjustments described in Note 4 (Preliminary purchase price allocation), Note 5 (Adjustments to the Combined Group Pro Forma Historical Balance Sheet) and Note 6 (Adjustments to the Combined Group Pro Forma Historical Statements of Operations) of section 7.14(e).

The Combined Group Pro Forma Historical Financial Information as at and for the six months ended 30 June 2023 was derived from the:

- Livent Historical Balance Sheet as at 30 June 2023 and Livent Historical Statement of Operations for the six months ended 30 June 2023 as outlined in section 6.9;
- Allkem Historical Balance Sheet as at 30 June 2023 and Allkem Historical Statements of Operations for the year ended 30 June 2023 as outlined in section 5.11 and for the purposes of the Combined Group Pro Forma Historical Statements of Operations adjusted to exclude the financial performance for the six months from 1 July 2022 to 31 December 2022 based on the information in Allkem's half year financial report for the six months ended 31 December 2022;

- Allkem Historical Balance Sheet as at 30 June 2023 and Allkem Historical Statement of Operations for the six months ended 30 June 2023 as derived above, further adjusted for reclassifications and US GAAP conversion and accounting policy adjustments, as detailed in Note 2 and Note 3 of section 7.14(e); and
- adjusted for the effects of pro forma adjustments described in Note 4 (Preliminary purchase price allocation), Note 5 (Adjustments to the Combined Group Pro Forma Historical Balance Sheet) and Note 6 (Adjustments to the Combined Group Pro Forma Historical Statements of Operations) of section 7.14(e).

Implementation of the Scheme remains subject to the satisfaction of various Conditions, including Allkem Shareholder Approval, Court, regulatory and other approvals. The Scheme has not been Implemented, and may never be Implemented, including due to reasons outside of Livent's or Allkem's respective control.

No pro forma historical cash flows for the Combined Group have been presented in this Scheme Booklet, so as to maintain consistency of disclosure between the Form S-4 and this Scheme Booklet.

The Combined Group Pro Forma Historical Financial Information is presented for informational purposes only and is not intended to present or be indicative of what the results from operations or financial position would have been had the events actually occurred on the dates indicated, nor is it meant to be indicative of future results from operations or financial position for any future period or as of any future date. The Combined Group Pro Forma Historical Financial Information does not give effect to the potential impact of current financial conditions, or any anticipated revenue enhancements, cost savings or operating synergies that may result from the implementation of the Scheme and the integration of the two businesses.

The pro forma adjustments are based upon currently available information and certain assumptions that Livent believes are reasonable. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the Combined Group Pro Forma Historical Financial Information.

The actual adjustments to Livent Group's consolidated financial statements will depend upon a number of factors and additional information that will be available on or after the implementation of the Scheme and the Transaction. Accordingly, the actual adjustments that will appear in the Livent Group's consolidated financial statements will differ from these pro forma adjustments, and those differences may be material.

Livent conducted an initial review of the consolidated financial statements of Allkem, which comply with IFRS, and the accounting policies of Allkem to determine material differences in accounting policies and financial statement presentation between Livent and Allkem that may require alignment or reclassification to conform to Livent's accounting policies and financial statement presentations. The Allkem historical financial information has also been adjusted, in accordance with the SEC's Rule 11-02 of Regulation S-X, for differences between IFRS and US GAAP. The assessment of differences between IFRS and US GAAP is based on Allkem and Livent management's best estimates, which remain subject to change as additional information becomes available.

The Livent Group prepares its consolidated financial statements on the basis of a fiscal year ended 31 December and its presentation currency is USD. The consolidated financial statements of the Allkem Group have historically been prepared on the basis of a fiscal year ended 30 June and Allkem's presentation currency is USD. The Combined Group Pro Forma Historical Financial Information is presented in USD and, unless otherwise noted, rounded to the nearest USD hundred thousand.

Due to its nature, the Combined Group Pro Forma Historical Financial Information does not represent the Combined Group's actual or prospective financial position and financial performance.

The Combined Group Pro Forma Historical Financial Information contained in sections 7.14(c) and 7.14(d) is presented in an abbreviated form as it does not include all the presentation, disclosures, statements or comparative information that are required by:

- US GAAP applicable to full financial statements or to financial statements prepared in accordance with the applicable rules and regulations of the SEC; and
- IFRS applicable to full financial statements or financial statements prepared in accordance with the Corporations Act.

The Combined Group Pro Forma Historical Financial Information contained in sections 7.14(c) and 7.14(d) is as follows:

- Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023 and the year ended 31 December 2022 (table 7.14.1); and
- Combined Group Pro Forma Historical Balance Sheet as at 30 June 2023 (table 7.14.4).



Sections 7.14(c) and 7.14(d) should be read in conjunction with the accompanying notes in section 7.14(e) “Notes to the Combined Group Pro Forma Historical Financial Information” which is comprised of:

- **Note 1** Overview of Notes.
- **Note 2** Reclassification adjustments to conform the presentation of Allkem Historical Statements of Operations and Allkem Historical Balance Sheet presentation to that of Livent.
- **Note 3** IFRS to US GAAP and Accounting Policy Alignment Adjustments.
- **Note 4** Preliminary purchase price allocation.
- **Note 5** Adjustments to the Combined Group Pro Forma Historical Balance Sheet.
- **Note 6** Adjustments to the Combined Group Pro Forma Historical Statements of Operations.

These notes are cross referenced in, or provide context to, the tables presented in sections 7.14(c) and 7.14(d).

Section 7.15 provides an explanation and reconciliation of the Non-US GAAP measures.

### c. Combined Group Pro Forma Historical Statements of Operations

The following table presents the Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023 and the year ended 31 December 2022. Refer to tables 7.14.2 and 7.14.3 of section 7.14(c) for the reconciliation.

**Table 7.14.1 Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023 and the year ended 31 December 2022**

(in US\$ millions)	Six months ended 30 June 2023		Year ended 31 December 2022	
<b>Revenue</b>	\$	1,139.2	\$	1,935.3
<b>Costs and expenses:</b>				
Cost of sales		383.5		872.3
<b>Gross margin</b>		<b>755.7</b>		<b>1,063.0</b>
Selling, general and administrative expenses		71.0		119.6
Research and development expenses		2.0		4.4
Restructuring and other charges		36.0		92.9
Separation-related costs/(income)				0.7
<b>Total costs and expenses</b>		<b>492.5</b>		<b>1,089.9</b>
<b>Income/(loss) from operations before equity in net loss of unconsolidated affiliates, interest income, net, and other loss / (gain)</b>		<b>646.7</b>		<b>845.4</b>
Equity in net loss / (gain) of unconsolidated affiliates		9.6		16.5
Interest income, net		(43.6)		(16.2)
Loss on debt extinguishment				0.1
Other loss / (gain)		9.0		(30.8)
<b>Income from operations before income taxes</b>		<b>671.7</b>		<b>875.8</b>
Income tax expense (benefit)		180.5		232.9
<b>Net income from continuing operations</b>		<b>491.3</b>		<b>642.8</b>
Net income from continuing operations attributable to non-controlling interests	\$	39.7	\$	49.9
<b>Net income from continuing operations attributable to the Combined Group</b>		<b>451.6</b>		<b>592.9</b>

**Note:** Allkem had Net income (Loss) from discontinued operations of nil for the six months ended 30 June 2023 and \$(1.2) million for the year ended 31 December 2022. These have been excluded from the Combined Group Pro Forma Historical Statements of Operations given these are not reflective of the business going forward. The following table reconciles the Combined Group Pro Forma Historical Statements of Operations with Livent and Allkem's historical consolidated statements of operations for the six months ended 30 June 2023.

**Table 7.14.2 Reconciliation of Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023**

(in US\$ millions)	Livent Historical	Reclassified Allkem Historical (Note 2)	IFRS to US GAAP and Accounting Policy Adjustments	Note 3	Purchase Accounting and Other Adjustments	Note 6	Pro Forma Historical Combined Group
<b>Revenue</b>	\$ 489.3	\$ 649.9	\$ —		\$ —		\$ 1,139.2
<b>Costs and expenses:</b>							
Cost of sales	179.9	176.4	4.3	3(b),(c), (d),(h)	22.9	6(a)	383.5
<b>Gross margin</b>	<b>309.4</b>	<b>473.5</b>	<b>(4.3)</b>		<b>(22.9)</b>		<b>755.7</b>
Selling, general and administrative expenses	33.9	36.4	0.6	3(c)	0.1	6(b)	71.0
Research and development expenses	2.0	—		—	—		2.0
Restructuring and other charges	26.1	9.9					36.0
<b>Total costs and expenses</b>	<b>241.9</b>	<b>222.7</b>	<b>4.9</b>		<b>23.0</b>		<b>492.5</b>
<b>Income/(loss) from operations before equity in net loss of unconsolidated affiliates, interest income, net, and other loss / (gain)</b>	<b>247.4</b>	<b>427.2</b>	<b>(4.9)</b>		<b>(23.0)</b>		<b>646.7</b>
Equity in net loss / (gain) of unconsolidated affiliates	15.3	(2.0)	(3.7)	3(h)			9.6
Interest income, net	—	(40.9)	(2.7)	3(c)			(43.6)
Other loss / (gain)	(11.4)	18.7	1.7	3(a)			9.0
<b>Income/(loss) from operations before income taxes</b>	<b>243.5</b>	<b>451.4</b>	<b>(0.2)</b>		<b>(23.0)</b>		<b>671.7</b>
Income tax expense	38.5	149.4	0.4	3(d),(h)	(7.8)	6(d)	180.5
<b>Net income/(loss) from continuing operations</b>	<b>\$ 205.0</b>	<b>\$ 302.1</b>	<b>\$ (0.6)</b>		<b>\$ (15.2)</b>		<b>\$ 491.3</b>
Net income/(loss) from continuing operations attributable to non-controlling interests	—	40.8	1.1	3(h)	(2.2)	6(e)	39.7
<b>Net income/(loss) from continuing operations attributable to the Combined Group</b>	<b>\$ 205.0</b>	<b>\$ 261.3</b>	<b>\$ (1.7)</b>		<b>\$ (13.0)</b>		<b>\$ 451.6</b>

In the above table, the figures reported in the:

- ‘Reclassified Allkem Historical’ column contains certain financial information line items which have been aligned to Livent’s financial period (refer to table 7.14.5) and reclassified to align with Livent’s presentation (refer to Note 2 in section 7.14(e) for details).
- ‘IFRS to US GAAP and Accounting Policy Adjustments’ column relate to US GAAP adjustments and accounting policy adjustments as detailed in Note 3 in section 7.14(e).
- ‘Purchase Accounting and Other Adjustments’ column relate to certain preliminary purchase price accounting and other pro forma adjustments. Refer to Note 6 in section 7.14(e) for details.

The following table reconciles the Combined Group Pro Forma Historical Statements of Operations with Livent and Allkem's historical consolidated statements of operations for the year ended 31 December 2022.

**Table 7.14.3 Reconciliation of Combined Group Pro Forma Historical Statements of Operations for the year ended 31 December 2022**

(in US\$ millions)	Livent Historical	Reclassified Allkem Historical (Note 2)	IFRS to US GAAP and Accounting Policy Adjustments	Note 3	Purchase Accounting and Other Adjustments	Note 6	Pro Forma Historical Combined Group
<b>Revenue</b>	<b>\$ 813.2</b>	<b>\$ 1,122.1</b>	<b>\$ —</b>		<b>\$ —</b>		<b>\$ 1,935.3</b>
<b>Costs and expenses:</b>							
Costs of sales	417.5	316.4	13.1	3(c), (d),(h)	125.3	6(a)	872.3
<b>Gross margin</b>	<b>395.7</b>	<b>805.7</b>	<b>(13.1)</b>		<b>(125.3)</b>		<b>1,063.0</b>
Selling, general and administrative expenses	55.2	56.3	0.7	3(c)	7.4	6(b)	119.6
Research and development expenses	3.9	0.5	—		—		4.4
Restructuring and other charges	7.5	—	—		85.4	6(c)	92.9
Separation-related costs/(income)	0.7	—	—		—		0.7
<b>Total costs and expenses</b>	<b>484.8</b>	<b>373.2</b>	<b>13.8</b>		<b>218.1</b>		<b>1,089.9</b>
<b>Income/(loss) from operations before equity in net loss of unconsolidated affiliates, interest income, net, loss on debt extinguishment, and other loss / (gain)</b>	<b>328.4</b>	<b>748.9</b>	<b>(13.8)</b>		<b>(218.1)</b>		<b>845.4</b>
Equity in net loss (gain) of unconsolidated affiliates	15.1	6.2	(4.8)	3(h)	—		16.5
Interest income, net	—	(10.9)	(5.3)	3(c)	—		(16.2)
Loss on debt extinguishment	0.1	—	—		—		0.1
Other loss / (gain)	(22.2)	(10.8)	2.2	3(a)	—		(30.8)
<b>Income/(loss) from operations before income taxes</b>	<b>335.4</b>	<b>764.4</b>	<b>(5.9)</b>		<b>(218.1)</b>		<b>875.8</b>
Income tax expense/(benefit)	61.9	219.7	(1.4)	3(d),(h)	(47.3)	6(d)	232.9
<b>Net income/(loss) from continuing operations</b>	<b>\$ 273.5</b>	<b>\$ 544.6</b>	<b>\$ (4.5)</b>		<b>\$ (170.8)</b>		<b>\$ 642.8</b>
Net income/(loss) from continuing operations attributable to non-controlling interests	—	74.0	0.3	3(h)	(24.4)	6(e)	49.9
<b>Net income/(loss) from continuing operations attributable to the Combined Group</b>	<b>\$ 273.5</b>	<b>\$ 470.6</b>	<b>\$ (4.8)</b>		<b>\$ (146.4)</b>		<b>\$ 592.9</b>

In the above table, the figures reported in the:

- 'Reclassified Allkem Historical' column contains certain financial information line items which have been aligned to Livent's financial period (refer to table 7.14.6) and reclassified to align with Livent's presentation (refer to Note 2 in section 7.14(e) for details).
- 'IFRS to US GAAP and Accounting Policy Adjustments' column relate to US GAAP adjustments and accounting policy adjustments as detailed in Note 3 in section 7.14(e).
- 'Purchase Accounting and Other Adjustments' column relate to certain preliminary purchase price accounting and other pro forma adjustments. Refer to Note 6 in section 7.14(e) for details.

#### d. Combined Group Pro Forma Historical Balance Sheet

The following table outlines the Combined Group Pro Forma Historical Balance Sheet as at 30 June 2023 and reconciles it to the Livent Historical Balance Sheet and the Allkem Historical Balance Sheet as at 30 June 2023.

**Table 7.14.4 Combined Group Pro Forma Historical Balance Sheet as at 30 June 2023**

(in US\$ millions)	Livent Historical	IFRS to US GAAP and Accounting Policy Adjustments	Reclassified Allkem Historical (Note 2)	Note 3	Purchase Accounting and Other Adjustments	Note 5	Pro Forma Historical Combined Group
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 167.8	\$ 821.4	\$ —		\$ (6.1)	5(a)	\$ 983.1
Trade receivables, net	122.3	142.9	—		—		265.2
Inventories, net	197.8	126.5	5.0	3(h)	111.4	5(b)	440.7
Prepaid and other current assets	44.8	30.9	—		—		75.7
<b>Total current assets</b>	<b>532.7</b>	<b>1,121.7</b>	<b>5.0</b>		<b>105.3</b>		<b>1,764.7</b>
Investments	455.7	7.5	8.5	3(h)	142.0	5(c)	613.7
Property, plant and equipment, net of accumulated depreciation	1,137.4	3,370.3	(52.6)	3(b), (c), (d), (g)	1,217.9	5(d)	5,673.0
Goodwill	—	519.8	—		1,373.6	5(e)	1,893.4
Deferred income taxes	0.1	3.1	—	3(e),(f)	—		3.2
Right of use assets - operating leases, net	6.8	40.8	3.1	3(c)	9.3	5(f)	60.0
Other assets	151.1	154.2	—		6.4	5(b)	311.7
<b>Total assets</b>	<b>\$ 2,283.8</b>	<b>\$ 5,217.2</b>	<b>\$ (36.0)</b>		<b>\$ 2,854.5</b>		<b>\$ 10,319.5</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Current liabilities</b>							
Current portion of long-term debt	—	42.5	—		—		42.5
Accounts Payable, trade and other	80.5	137.4	—		—		217.9
Accrued and other current liabilities	54.5	66.7	8.5	3(h)	85.4	5(g)	215.1
Environmental liabilities - current	—	9.8	—		—		9.8
Contract liabilities - short-term	2.3	—	—		—		2.3
Operating lease liabilities - current	1.0	13.3	—		—		14.3
Income taxes	3.2	176.2	10.1	3(d),(h)	—		189.5
<b>Total current liabilities</b>	<b>141.5</b>	<b>445.8</b>	<b>18.6</b>		<b>85.4</b>		<b>691.3</b>

(in US\$ millions)	Livent Historical	IFRS to US GAAP and Accounting Policy Adjustments	Reclassified Allkem Historical (Note 2)	Note 3	Purchase Accounting and Other Adjustments	Note 5	Pro Forma Historical Combined Group
Long-term debt	242.7	231.8	—		—		474.5
Operating lease liabilities - long-term	6.0	39.9	—		—		45.9
Environmental liabilities - long-term	6.5	—	—		—		6.5
Deferred income taxes	18.5	849.4	(9.7)	3(b), (c), (d), (g)	479.2	5(h)	1,337.4
Contract liabilities - long-term	198.0	-	-		—		198.0
Other long-term liabilities	17.6	76.5	(34.9)	3(b)	—		59.2
Commitments and contingent liabilities	—	—	—		—		—
<b>Total current and long-term liabilities</b>	<b>630.8</b>	<b>1,643.4</b>	<b>(26.0)</b>		<b>564.6</b>		<b>2,812.8</b>
<b>Equity</b>							
Common stock	0.1	—	—		—		0.1
Capital in excess of par value of common stock	1,164.3	2,686.1	—		2,677.7	5(i)	6,528.1
Retained earnings	539.4	725.1	(20.1)	3(a), (b), (c), (d), (h)	(745.2)	5(i)	499.2
Accumulated other comprehensive loss	(49.9)	(5.8)	5.3	3(a),(b)	0.5	5(i)	(49.9)
Treasury stock, at cost	(0.9)	(2.3)	—		2.3	5(i)	(0.9)
Non-controlling interests	—	170.6	4.8	3(b), (c), (d), (h)	354.6	5(j)	530.0
<b>Total equity</b>	<b>1,653.0</b>	<b>3,573.8</b>	<b>(10.0)</b>		<b>2,289.9</b>		<b>7,506.7</b>
<b>Total liabilities and equity</b>	<b>\$ 2,283.8</b>	<b>\$ 5,217.2</b>	<b>\$ (36.0)</b>		<b>\$ 2,854.5</b>		<b>\$ 10,319.5</b>

In the above table, the figures reported in the:

- 'Reclassified Allkem Historical' column contains certain financial information line items which have been reclassified to align with Livent's presentation (refer to Note 2 in section 7.14(e) for details).
- 'IFRS to US GAAP and Accounting Policy Adjustments' column relate to US GAAP adjustments and accounting policy adjustments as detailed in Note 3 in section 7.14(e).
- 'Purchase Accounting and Other Adjustments' column relate to certain preliminary purchase price accounting and other pro forma adjustments. Refer to Note 5 in section 7.14(e) for details.

**e. Notes to the Combined Group Pro Forma Historical Financial Information**

**Note 1 – Overview of Notes**

Allkem's historical financial information has been adjusted to align the financial reporting period to Livent's 31 December year end.

The Allkem Historical Financial Information included in section 5.11 of this Scheme Booklet has been prepared in accordance with the recognition and measurement principles of AAS issued by the AASB, which are consistent with IFRS issued by the IASB. Certain differences exist between IFRS and US GAAP, which are material to understanding the Combined Group Pro Forma Historical Financial Information included in this Scheme Booklet.

Allkem's historical financial information has been adjusted, in accordance with the SEC's Rule 11-02 of Regulation S-X, for differences between IFRS and US GAAP. These adjustments are based on a preliminary analysis by Livent's management with input from Allkem management. The principal differences between IFRS and US GAAP which are material to the preparation of the Combined Group Pro Forma Historical Financial Information and required reclassification or adjustment are described below. This summary does not include all differences that exist between IFRS and US GAAP and is not intended to provide a comprehensive listing of all such differences specifically related to Allkem, Livent, or the industry in which Allkem and Livent operate. When Livent's management completes a final review of Allkem's accounting policies, additional differences may be identified that, when conformed, could have a material impact on the Combined Group Pro Forma Historical Financial Information.

The differences described below in Note 2 and Note 3 reflect only those differences in accounting policies in force at the time of the preparation of the Allkem Historical Financial Information and the Livent Historical Financial Information included in this Scheme Booklet. There has been no attempt to identify future differences between IFRS and US GAAP as the result of prescribed changes in accounting standards, transactions or events that may occur in the future.

Adjustments have also been made to the Combined Group Pro Forma Historical Financial Information to reflect certain preliminary purchase price accounting and other pro forma adjustments. These adjustments are described below in Note 4 – Preliminary purchase price allocation, Note 5 – Adjustments to the Combined Group Pro Forma Historical Balance Sheet and Note 6 – Adjustments to the Combined Group Pro Forma Historical Statement of Operations.

The following table provides a reconciliation of the Allkem Historical Statements of Operations as presented in the Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023.

**Table 7.14.5 Reconciliation of Allkem Historical Statement of Operations for the six months ended 30 June 2023**

(in US\$ millions)	(A)	(B)	(A)-(B)
	Annual Report for year ended 30 June 2023	Half-year Financial Report for six months ended 31 December 2022	Allkem Historical for six months ended 30 June 2023
Revenue	1,207.8	557.9	649.9
Cost of sales	(142.0)	(95.8)	(46.2)
<b>Gross profit</b>	<b>1,065.8</b>	<b>462.1</b>	<b>603.7</b>
Other income	66.0	27.9	38.1
Corporate and administrative expenses	(66.5)	(29.5)	(37.0)
Merger and acquisition costs	(9.9)	—	(9.9)
Selling expenses	(89.6)	(31.1)	(58.5)
Depreciation and amortisation expense	(98.8)	(32.2)	(66.6)
Asset impairment and write-downs	—	—	—
Share of net loss of associate	(2.1)	(4.1)	2.0
Foreign currency loss	(83.3)	(26.5)	(56.8)
<b>Profit/(loss) before interest and income tax</b>	<b>781.7</b>	<b>366.7</b>	<b>415.0</b>
Finance income	72.3	22.3	50.0
Finance costs	(24.1)	(10.5)	(13.6)
<b>Profit/(loss) before income tax</b>	<b>829.9</b>	<b>378.5</b>	<b>451.4</b>
Income tax (expense)/benefit	(305.3)	(155.9)	(149.4)
<b>Profit/(loss) after taxation from continuing operations</b>	<b>524.6</b>	<b>222.5</b>	<b>302.1</b>

In the table above, 'Allkem Historical for six months ended 30 June 2023' column is the historical consolidated statement of operations for Allkem, calculated as the difference between:

- Allkem's historical consolidated statement of operations for the year ended 30 June 2023, which has been derived from the Allkem Financial Accounts for the year ended 30 June 2023; and
- Allkem's historical consolidated statement of operations for the six months ended 31 December 2022, which has been derived from Allkem's Half-year Financial Report for the six months ended 31 December 2022.

The following table provides a reconciliation of the Allkem Historical Statements of Operations as presented in the Combined Group Pro Forma Historical Statements for the year ended 31 December 2022.

**Table 7.14.6 Reconciliation of Allkem Historical Statement of Operations for the year ended 31 December 2022**

(in US\$ millions)	(A) Annual Report for year ended 30 June 2022	(B) Half-year Financial Report for six months ended 31 December 2021	(C) Half-year Financial Report for six months ended 31 December 2022	(A) - (B) + (C) Allkem Historical for the year ended 31 December 2022
Revenue	744.7	180.5	557.9	1,122.1
Cost of sales	(144.5)	(70.8)	(95.8)	(169.5)
<b>Gross profit</b>	<b>600.2</b>	<b>109.7</b>	<b>462.1</b>	<b>952.6</b>
Other income	31.7	12.4	27.9	47.2
Corporate and administrative expenses	(43.5)	(15.4)	(29.5)	(57.6)
Merger and acquisition costs	(12.8)	(12.8)	—	—
Selling expenses	(57.0)	(8.9)	(31.1)	(79.2)
Depreciation and amortisation expense	(63.3)	(31.9)	(32.2)	(63.6)
Asset impairment and write-downs	(0.2)	—	—	(0.2)
Share of net loss of associate	(3.0)	(0.9)	(4.1)	(6.2)
Foreign currency loss	(10.3)	(0.4)	(26.5)	(36.4)
<b>Profit/(loss) before interest and income tax</b>	<b>441.8</b>	<b>51.9</b>	<b>366.7</b>	<b>756.6</b>
Finance income	6.0	1.8	22.3	26.5
Finance costs	(20.2)	(12.0)	(10.5)	(18.7)
<b>Profit/(loss) before income tax</b>	<b>427.6</b>	<b>41.7</b>	<b>378.5</b>	<b>764.4</b>
Income tax (expense)/benefit	(92.9)	(29.1)	(155.9)	(219.7)
			—	
<b>Profit/(loss) after taxation from continuing operations</b>	<b>334.7</b>	<b>12.6</b>	<b>222.5</b>	<b>544.6</b>
			—	—

In the table above, 'Allkem Historical for the year ended 31 December 2022' column is the historical consolidated statement of operations for Allkem, calculated as the sum of:

- Allkem's historical consolidated statement of operations for the year ended 30 June 2022; less
- Allkem's historical consolidated statement of operations for the six months ended 31 December 2021; plus
- Allkem's historical consolidated statement of operations for the six months ended 31 December 2022.



## Note 2 – Livent and Allkem Reclassification Adjustments

Certain reclassification adjustments have been made to conform Allkem's historical financial statement presentation to Livent's financial statement presentation. Following the Transaction, NewCo will finalise the review of accounting policies and reclassifications, which could be materially different from the amounts set forth in the Combined Group Pro Forma Historical Financial Information presented herein.

Refer to the tables below for a preliminary reconciliation of the historical financial information of Allkem to Livent's presentation. The amounts included in the table below may differ slightly from the historical consolidated financial statements of Allkem due to rounding.

### Balance sheet reclassifications

**Table 7.14.7 Reconciliation of Allkem Historical Balance Sheet for Reclassification Adjustments as at 30 June 2023**

Allkem Financial Statement Line Item	Allkem Historical	Reclassifications	Notes	Allkem Historical Reclassified Amount	Livent Financial Statement Line
<b>(in US\$ millions)</b>					
Cash and cash equivalents	821.4	—		821.4	Cash and cash equivalents
Trade and other receivables	142.9	—		142.9	Trade receivables, net
Inventory	126.5	—		126.5	Inventories, net
Prepayments	30.9	—		30.9	Prepaid and other current assets
<b>Current Assets</b>	<b>1,121.7</b>	<b>—</b>		<b>1,121.7</b>	<b>Current Assets</b>
Other receivables	42.7	(42.7)	(a)	—	Other assets
Inventory	86.7	(86.7)	(a)	—	Other assets
Financial assets at fair value through other comprehensive income	3.5	4.0	(b)	7.5	Investments
Other financial assets	21.4	(21.4)	(a)	—	Other assets
Property, plant and equipment	2,943.5	426.8	(c), (d)	3,370.3	Property, plant and equipment, net of accumulated depreciation
Intangible assets	520.5	(0.7)	(e)	519.8	Goodwill
—	—	40.8	(c)	40.8	Right of use assets – operating leases, net
Exploration and evaluation assets	467.6	(467.6)	(d)	—	Property, plant and equipment, net of accumulated depreciation
Investment in associates	4.0	(4.0)	(b)	—	Investments
Other non-current assets	2.7	151.5	(a), (e)	154.2	Other assets
Deferred tax assets	3.1	—		3.1	Deferred income taxes
<b>Total Assets</b>	<b>5,217.2</b>	<b>—</b>		<b>5,217.2</b>	<b>Total Assets</b>
Trade and other payables	137.4	—		137.4	Accounts payable, trade and other
Loans and borrowings	42.5	—		42.5	Current portion of long-term debt

Allkem Financial Statement Line Item	Allkem Historical	Reclassifications	Notes	Allkem Historical Reclassified Amount	Livent Financial Statement Line
<b>(in US\$ millions)</b>					
Provisions	13.9	(13.9)	(f)	—	Accrued and other current liabilities
—	—	9.8	(f)	9.8	Environmental liabilities - current
Lease liabilities	13.3	—		13.3	Operating lease liabilities – current
Income tax payable	176.2	—		176.2	Income taxes
Other liabilities	62.6	4.1	(f)	66.7	Accrued and other current liabilities
<b>Current Liabilities</b>	<b>445.8</b>	<b>—</b>		<b>445.8</b>	<b>Current Liabilities</b>
Other payables	29.0	(29.0)	(g)	—	Other long-term liabilities
Loans and borrowings	231.8	—		231.8	Long-term debt
Provisions	47.5	(47.5)	(g)	—	Other long-term liabilities
Lease liabilities	39.9	—		39.9	Operating lease liabilities – long-term
—	—	76.5	(g)	76.5	Other long-term liabilities
Deferred tax liability	849.4	—		849.4	Deferred income taxes
<b>Total Liabilities</b>	<b>1,643.4</b>	<b>—</b>		<b>1,643.4</b>	<b>Total Liabilities</b>
<b>Net Assets</b>	<b>3,573.8</b>	<b>—</b>		<b>3,573.8</b>	<b>Net Assets</b>
Issued capital	2,686.1	—		2,686.1	Capital in excess of par value of common stock
Reserves	(5.8)	—		(5.8)	Accumulated other comprehensive loss
Retained earnings	725.1	—		725.1	Retained earnings
Treasury shares	(2.3)	—		(2.3)	Treasury stock, at cost
Equity attributable to non-controlling interests	170.6	—		170.6	Non-controlling interests
<b>Total Equity</b>	<b>3,573.8</b>	<b>—</b>		<b>3,573.8</b>	<b>Total Equity</b>

**Notes:**

- (a) Other receivables of \$42.7 million, inventory (non-current) of \$86.7 million, and other financial assets of \$21.4 million have been reclassified to other non-current assets to conform with Livent's presentation.
- (b) Investment in associates of \$4.0 million has been reclassified to Investments to conform with Livent's presentation.
- (c) Right of use assets of \$40.8 million have been reclassified from property, plant and equipment to a separate right of use assets – operating leases, net line item on the Combined Group Pro Forma Historical Balance Sheet.
- (d) Exploration and evaluation assets of \$467.6 million have been reclassified to property, plant and equipment to conform with Livent's presentation.
- (e) Capitalised software of \$0.7 million has been reclassified from intangible assets to other non-current assets. The residual balance of intangible assets is goodwill related to the Galaxy/ Orocobre Merger and has been reclassified as a separate goodwill financial statement line item accordingly.
- (f) Provisions (current) of \$4.1 million have been reclassified to accrued and other current liabilities. The remaining balance of provisions (current) of \$9.8 million was reclassified to environmental liabilities - current.
- (g) Other payables of \$29.0 million, and provisions (non-current) of \$47.5 million have been reclassified to other long-term liabilities.

## Statement of Operations reclassifications

**Table 7.14.8** Reconciliation of Allkem Historical Statement of Operations for Reclassification Adjustments for the six months ended 30 June 2023

Allkem Financial Statement Line Item	Allkem Historical	Reclassifications	Notes	Allkem Historical Reclassified Amount	Livent Financial Statement Line
(in US\$ millions)					
Revenue	649.9	—		649.9	Revenue
Cost of sales	46.2	130.2	(h), (i), (j), (l)	176.4	Cost of sales
<b>Gross Profit</b>	<b>603.7</b>	<b>(130.2)</b>		<b>473.5</b>	<b>Gross margin</b>
Other income	(38.1)	56.8	(k)	18.7	Other loss / (gain)
Corporate and administrative expenses	37.0	(1.4)	(h)	35.6	Selling, general and administrative expenses
Acquisition and merger costs	9.9	—		9.9	Restructuring and other charges
Selling expenses	58.5	(58.5)	(i)	—	Selling, general and administrative expenses
Depreciation and amortisation expense	66.6	(65.8)	(j)	0.8	Selling, general and administrative expenses
Share of net (profit)/ loss of associates	(2.0)	—		(2.0)	Equity in net loss of unconsolidated affiliates
Foreign currency (gain)/loss	56.8	(56.8)	(k)	—	Other loss / (gain)
<b>Profit before interest and income tax</b>	<b>415.0</b>	<b>(4.5)</b>		<b>410.5</b>	<b>—</b>
Finance income	(50.0)	—		(50.0)	Interest income, net
Finance costs	13.6	(4.5)	(l)	9.1	Interest income, net
<b>Profit before income tax</b>	<b>451.4</b>	<b>—</b>		<b>451.4</b>	<b>Income from operations before income taxes</b>
Income Tax Expense / (Benefit)	149.4	—		149.4	Income tax expense/ (benefit)
<b>Profit after taxation from continuing operations</b>	<b>302.1</b>	<b>—</b>		<b>302.1</b>	<b>Net income/(loss) from continuing operations</b>

### Notes:

- (h) Share based payments related to operations staff of \$1.4 million have been reclassified to cost of sales. Remaining corporate and administrative expenses of \$35.6 million have been presented as selling, general and administrative expenses.
- (i) Royalties of \$26.6 million, export duties of \$11.9 million and dispatching and logistics of \$20.0 million previously included in selling expenses are directly related to operations and have been reclassified to cost of sales.
- (j) Depreciation and amortisation of \$65.8 million which are directly attributable to Allkem's operations have been reclassified to cost of sales. The remaining \$0.8 million of depreciation relates to corporate assets and has been presented in selling, general and administrative expenses.
- (k) Foreign currency gains and losses of \$56.8 million have been reclassified to other loss/(gain).
- (l) Finance costs of \$3.3 million related to a loss on current and non-current Value Added Tax (VAT) recoveries and \$1.2 million of accretion expenditure related to Allkem's rehabilitation provision have been reclassified to cost of sales.

**Table 7.14.9 Reconciliation of Allkem Historical Statement of Operations for Reclassification Adjustments for the year ended 31 December 2022**

Allkem Financial Statement Line Item	Allkem Historical	Reclassifications	Notes	Allkem Historical Reclassified Amount	Livent Financial Statement Line
<b>(in US\$ millions)</b>					
Revenue	1,122.1	—		1,122.1	Revenue
Cost of sales	169.5	146.9	(m), (o), (p), (r)	316.4	Cost of sales
<b>Gross Profit</b>	<b>952.6</b>	<b>(146.9)</b>		<b>805.7</b>	<b>Gross margin</b>
Other income	(47.2)	36.4	(q)	(10.8)	Other loss / (gain)
Corporate and administrative	57.6	(2.7)	(m), (n)	54.9	Selling, general and administrative expenses
—	—	0.5	(n)	0.5	Research and development expenses
Selling expenses	79.2	(79.2)	(o)	—	Selling, general and administrative expenses
Depreciation and amortisation expenses	63.6	(62.4)	(p)	1.2	Selling, general and administrative expenses
Asset impairment and write-downs	0.2	—		0.2	Selling, general and administrative expenses
Share of net (profit)/ loss of associates	6.2	—		6.2	Equity in net loss of unconsolidated affiliates
Foreign currency (gain)/loss	36.4	(36.4)	(q)	—	Other loss / (gain)
<b>Profit before interest and income tax</b>	<b>756.6</b>	<b>(3.1)</b>		<b>753.5</b>	<b>—</b>
Finance income	(26.5)	—		(26.5)	Interest income, net
Finance costs	18.7	(3.1)	(r)	15.6	Interest income, net
<b>Profit before income tax</b>	<b>764.4</b>	<b>—</b>		<b>764.4</b>	<b>Income from operations before income taxes</b>
Income Tax Expense	219.7	—		219.7	Income tax expense/ (benefit)
<b>Profit after taxation from continuing operations</b>	<b>544.6</b>	<b>—</b>		<b>544.6</b>	<b>Net income/(loss) from continuing operations</b>

**Notes:**

- (m) Share based payments related to operational staff of \$2.2 million have been reclassified to cost of sales. Remaining corporate and administrative expenses of \$54.9 million have been presented as selling, general and administrative expenses.
- (n) Research and development costs of \$0.5 million have been reclassified from corporate and administrative expenses to a separate line item in the Combined Group Pro Forma Historical Statements of Operations.
- (o) Royalties of \$44.9 million, export duties of \$15.3 million and dispatching and logistics of \$19.0 million previously included in selling expenses are directly related to operations and have been reclassified to cost of sales.
- (p) Depreciation and amortisation of \$62.4 million which are directly attributable to Allkem's operations has been reclassified to cost of sales. The remaining \$1.2 million of depreciation relates to corporate assets and has been presented in selling, general and administrative expenses.
- (q) Foreign currency gains and losses of \$36.4 million have been reclassified to other loss/(gain).
- (r) Finance costs of \$3.0 million related to a loss on current and non-current VAT recoveries and \$0.1 million of accretion expenditure related to Allkem's rehabilitation provision have been reclassified to cost of sales.

### Note 3 – IFRS to US GAAP and Accounting Policy Alignment Adjustments

For the purposes of the Combined Group Pro Forma Historical Financial Information, the historical financial information of Allkem has been converted from IFRS to US GAAP, applying Livent's accounting policies for material accounting policy differences. During the preparation of the Combined Group Pro Forma Historical Financial Information, management performed a preliminary analysis of Allkem's historical financial information to identify differences in accounting policies as compared to those of Livent and differences in financial statement presentation as compared to the presentation of Livent. Adjustments for the Combined Group Pro Forma Historical Balance Sheet are based on Allkem's historical consolidated balance sheet as of 30 June 2023 and adjustments for the Combined Group Pro Forma Historical Statements of Operations are based on Allkem's historical consolidated statements of operations for the six months ended 30 June 2023 and the year ended 31 December 2022. With the information currently available, Livent has determined there are certain accounting policy differences which have been adjusted for as summarised below.

- a. Allkem has designated certain financial assets to be measured at fair value through other comprehensive income (**FVOCI**). Under US GAAP, those financial assets will be recognised at fair value through profit or loss (**FVTPL**).
  - i. *Balance sheet impact:* Cumulative losses of \$6.4 million were reclassified from accumulated other comprehensive loss to retained earnings as of 30 June 2023. There were no changes to the carrying amount of the financial assets on the Combined Group Pro Forma Historical Balance Sheet.
  - ii. *Statement of operations impact:* The amount reclassified from other comprehensive income to other loss/(gain) was a loss of \$1.7 million and a loss of \$2.2 million for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively.
- b. Allkem's asset retirement obligations (**AROs** or rehabilitation provisions as disclosed in the Allkem FY23 Financial Accounts) were discounted using risk-free rates under IFRS. These obligations have been remeasured using a credit adjusted discount rate under US GAAP, with the credit adjustment being specific to the entity with the AROs. The cash flows used for the measurement of Allkem's ARO are probability weighted, representing cash outflows which are probable for each of Allkem's applicable sites. After initial recognition and measurement of the AROs, any incremental liabilities incurred (or expected to be incurred) in subsequent periods are considered to be an additional "layer" of the original ARO. Each "layer" is initially measured at fair value.
  - i. Balance sheet impact: AROs included within other long-term liabilities decreased by \$34.9 million and the related AROs included within property, plant and equipment decreased \$34.6 million as of 30 June 2023. A corresponding adjustment to deferred taxes was made to decrease deferred income tax liabilities of \$11.3 million. In addition, cumulative adjustments of an increase to retained earnings of \$9.7 million and a decrease of \$1.1 million of accumulated other comprehensive loss as of 30 June 2023 were recorded. An increase in non-controlling interests of \$3.0 million associated with these balance sheet adjustments was also recorded.
  - ii. Statement of operations impact: The change resulted in a decrease to accretion expense of \$0.1 million and nil, and a decrease to depreciation of \$0.1 million and nil both recorded in cost of sales for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively, resulting in a net impact of a decrease of \$0.2 million and nil in cost of sales for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively.
- c. Allkem, in its capacity as a lessee, adopted a single model for lease accounting under IFRS and has remeasured its leases in accordance with US GAAP. Under US GAAP, Allkem has reclassified all of its leases as operating leases based on their contractual terms and conditions. The following adjustments have been made for Allkem's operating leases under US GAAP:
  - i. Balance sheet impact:
    - A. Right of use assets were increased by \$3.1 million as of 30 June 2023 and previously capitalised depreciation of \$0.5 million was deducted from property, plant and equipment, due to different methods of depreciation for operating lease right of use assets under US GAAP and the single lessee model under IFRS;
    - B. Cumulative adjustments relating to the balances of right of use assets and liabilities of \$1.1 million were recognised directly as an increase in retained earnings as of 30 June 2023; and
    - C. An increase in deferred income tax liabilities of \$0.9 million and an increase in non-controlling interests of \$0.6 million associated with these balance sheet adjustments were recorded.
  - ii. Statement of operations impact:
    - A. Previously recognised finance costs of \$2.6 million for the six months ended 30 June 2023 and \$5.2 million for the year ended 31 December 2022 were reclassified to cost of sales and \$0.1 million of finance costs for both the six months ended 30 June 2023 and the year ended 31 December 2022 were reclassified to selling, general and administrative expenses. These reclassifications were made based on the nature and use of the underlying leased assets.

- B.** In addition, a further reclassification of depreciation expense from cost of sales to selling, general and administrative expenses of \$0.5 million for the six months ended 30 June 2023 and \$0.6 million for the year ended 31 December 2022 was made based on the nature and use of the underlying leased assets;
- C.** An additional impact of the adoption of US GAAP from IFRS was a nil and \$0.1 million reduction to cost of sales in the six months ended 30 June 2023 and the year ended 31 December 2022 and represents the difference in the method of depreciation for operating lease right of use assets under US GAAP and the single lessee model under IFRS;
- d.** Allkem capitalises exploration and evaluation (**E&E**) expenditure on an area of interest basis under the IFRS framework. Under US GAAP, E&E expenditure is capitalised under a successful efforts basis, that is, when proven and probable reserves are established for the sites where E&E activities are being performed. E&E assets recognised as part of business combinations continue to be capitalised, which represents the majority of Allkem's E&E assets from the Galaxy/Orocobre Merger in August 2021.
- i.** *Balance sheet impact:* An adjustment of \$28.0 million recognised as a decrease in property, plant and equipment, net of accumulated depreciation and a decrease to retained earnings of \$26.4 million has been recorded related to prior period amounts that were previously capitalised on the Allkem Historical Balance Sheet. A corresponding adjustment of \$8.4 million was recognised in current income taxes related to the decrease in deferred income tax liabilities of \$9.8 million. A decrease in non-controlling interests of \$0.2 million associated with these balance sheet adjustments was recorded.
- ii.** *Statement of operations impact:* E&E assets of \$3.9 million and \$3.6 million which were previously capitalised have been recognised as an expense within cost of sales for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively. Incremental tax benefit of \$1.4 million for the six months ended 30 June 2023 and \$1.3 million for the year ended 31 December 2022 related to the impact of the Combined Group Pro Forma Historical Statements of Operations adjustment.
- e.** Allkem has not recognised any deferred tax assets in relation to its investment in TLC based on the probability of realising benefits associated with the deferred tax assets.
- i.** Balance sheet impact: Under US GAAP, gross deferred tax assets of \$0.8 million, with an offsetting valuation allowance of \$0.8 million, were recognised as of 30 June 2023, resulting in a net nil impact on deferred income taxes.
- f.** Allkem has not recognised any deferred tax assets in relation to tax losses for its Canadian operations based on the likelihood of future profitability in that jurisdiction.
- i.** Balance sheet impact: Under US GAAP, gross deferred tax assets of \$16.2 million, with an offsetting valuation allowance of \$16.2 million, were recognised as of 30 June 2023, resulting in a net nil impact on deferred income taxes.
- g.** Allkem acquired a mining tenement through an asset swap, with a net cash outflow of \$0.4 million. The deferred tax implications of this asset swap were exempt for IFRS purposes. Under US GAAP, the deferred tax implication of the asset acquisition has been recognised using the simultaneous equation method.
- i.** Balance sheet impact: Under US GAAP, additional deferred tax liabilities of \$10.5 million, with a corresponding increase to property, plant and equipment, were recognised as of 30 June 2023.
- h.** While not a difference between the US GAAP and IFRS frameworks, Livent uses the first in first out (**FIFO**) method for inventory costing, while Allkem uses the weighted average cost (**WAC**) method resulting in a policy difference.
- i.** *Balance sheet impact:*
- A.** An increase of \$8.5 million was recorded in accrued and other current liabilities as of 30 June 2023 and a corresponding \$8.5 million increase to Allkem's investment in TLC as of 30 June 2023 as a result of the use of FIFO which increased the cost of TLC inventory described in more detail in the statements of operations impact below.
- B.** An increase of \$5.0 million was recorded in inventory as of 30 June 2023 and a corresponding increase of \$1.7 million in current income taxes was recorded as of 30 June 2023 as a result of using FIFO which impacts the cost of inventory for Sales De Jujuy and Mt Cattlin described in more detail in the statement of operations impact below. In addition, an increase to retained earnings of \$1.9 million as of 30 June 2023 was recorded. An increase in non-controlling interests of \$1.4 million associated with this balance sheet adjustment was recorded.
- ii.** *Statements of operations impact:*
- A.** Under FIFO, the cost of TLC inventory increased by \$8.5 million as of 30 June 2023 and results in a corresponding reduction in TLC's cost of sales of \$3.7 million and \$4.8 million for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively. The net flow on impact for Allkem is a reduction in its equity accounted share of the loss from the associate of \$3.7 million for the six months ended 30 June 2023 and \$4.8 million for the year ended 31 December 2022. The increase in cost of TLC's inventory as at 30 June 2023

effects realised profits from the sale of inventory between TLC and Allkem. The reduction in Allkem's equity accounted share of the loss from the associate of \$3.7 million and \$4.8 million resulted in an increase of \$3.7 million and \$4.8 million in Allkem's elimination adjustment for unrealised profits from the sale of inventory between TLC and Allkem recorded in cost of sales for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively.

- B. Under FIFO, the cost of inventory for Sales De Jujuy and Mt Cattlin combined, decreased by \$5.2 million and increased by \$0.2 million for the six months ended 30 June 2023 and the year ended 31 December 2022, respectively. Incremental tax expense of \$1.8 million for the six months ended 30 June 2023 and incremental tax benefit of \$0.1 million for the year ended 31 December 2022 and an increase in income attributable to noncontrolling interests of \$1.1 million for the six months ended 30 June 2023 and \$0.3 million for the year ended 31 December 2022 related to the net impact of this Combined Group Pro Forma Historical Statements of Operations adjustment.

#### Note 4 – Preliminary purchase price allocation

The Transaction will be accounted for using the acquisition method of accounting, as prescribed in Accounting Standards Codification 805, Business Combinations, (ASC 805), under US GAAP, which requires an allocation of the purchase price to the assets acquired and liabilities assumed, based on their fair values as of the date of the Transaction. As of the date of this Scheme Booklet, Livent has not completed the detailed valuation study necessary to arrive at the required final estimates of the fair value of Allkem's assets to be acquired and liabilities to be assumed and the related allocations of purchase price.

Material adjustments have been made to reflect Allkem's historical consolidated financial information on a US GAAP basis for the purposes of the Combined Group Pro Forma Historical Financial Information and to align Allkem's significant accounting policies under IFRS to Livent's significant accounting policies under US GAAP. As of the date of this Scheme Booklet, Livent has not identified all adjustments necessary to convert Allkem's historical consolidated financial information prepared in accordance with IFRS to US GAAP and to conform Allkem's accounting policies to Livent's accounting policies.

A final determination of the fair value of Allkem's assets and liabilities, including property, plant and equipment, will be based on the actual property, plant and equipment of Allkem that exist as of the closing date of the Transaction and, therefore, cannot be made prior to the implementation of the Scheme. In addition, the value of the purchase consideration to be paid by Livent upon the implementation of the Scheme will

be determined based on the closing price of Livent Shares on the Implementation Date. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of preparing the Combined Group Pro Forma Historical Financial Information presented herein. Livent has estimated the fair value of Allkem's assets and liabilities based on discussions with Allkem's management, preliminary valuation studies, publicly available benchmarking information, due diligence and information presented in Allkem's filings with the ASX. Livent is expected to use widely accepted income-based, market-based, and/or cost-based valuation approaches upon finalisation of purchase accounting for the Transaction.

Until the Scheme is Implemented, both Allkem and Livent are limited in their ability to share certain information. Upon implementation of the Scheme, a final determination of the fair value of Allkem's assets and liabilities will be performed. Any increases or decreases in the fair value of assets acquired and liabilities assumed upon completion of the final valuations will result in adjustments to the Combined Group Pro Forma Historical Financial Information. The final purchase price allocation may be materially different than that reflected in the pro forma purchase price allocation presented herein.

#### Estimated Aggregate Transaction Consideration

The total preliminary estimated purchase price of approximately \$5,369.9 million was determined as of 15 September 2023, based on Allkem's issued and outstanding ordinary shares, which includes equity awards outstanding under Allkem's equity incentive plans that are expected to vest before the close of the Transaction. The estimated value of NewCo ordinary shares to be issued is based on the number of Allkem ordinary shares outstanding multiplied by the share price of Livent as of 15 September, 2023, adjusted by dividing the price by the 2.406 exchange ratio.

The final purchase consideration will be based on the actual closing price per share of Livent common stock on the closing date, which could differ materially from the assumed Livent common stock price used to estimate purchase consideration for the purposes of the Combined Group Pro Forma Historical Financial Information. For purposes of the Combined Group Pro Forma Historical Financial Information, such common stock and equity awards are assumed to remain outstanding as of the closing date of the Transaction. Further, no effect has been given to any other new Allkem ordinary shares or other equity awards that may be issued or granted subsequent to the date of this Scheme Booklet and before the closing date of the Transaction.

In all cases in which Livent's closing stock price is a determining factor in arriving at the final purchase consideration, the stock price assumed for the total preliminary purchase price is the closing price of Livent's common stock on 15 September 2023 (\$20.18 per share), being the relevant date used for the preparation of pro forma historical financial information disclosed in Livent's preliminary Form S-4 lodged with the SEC on 30 October 2023 and for the Combined Group Pro Forma Historical Financial Information. Allkem Shareholders should note the sensitivity analysis in Table 7.14.11, which sets out the effect of potential changes in the price of Livent Shares on the preliminary estimated aggregate transaction consideration, having regard to the volatility in the Livent Share price between 15 September 2023 and the Last Practicable Date.

The following table summarises the preliminary estimated aggregate transaction consideration for Allkem with reference to Livent's share price of \$20.18 on 15 September 2023:

**Table 7.14.10 Preliminary estimated aggregate transaction consideration for Allkem**

(in \$US millions, except per share amounts)	Amount
Total Allkem Shares subject to exchange as of 30 June 2023	637.7
Adjusted share price of Livent Shares as of 15 September 2023 (i)	\$ 8.39
Estimated value of NewCo Shares issued to Allkem Shareholders	\$ 5,350.3
Estimated converted Allkem Performance Rights attributable to pre-combination service (ii)	\$ 19.6
Preliminary estimated aggregate transaction consideration	\$ 5,369.9

- i. As the calculation is deemed to reflect the capital increase of the accounting acquirer, the share price of Livent Shares is adjusted by dividing the share price of Livent Shares by the Merger Exchange ratio (i.e., 2.406 NewCo Shares per Livent Share), or \$20.18 divided by 2.406, resulting in \$8.39, in order to reflect the value of Livent Shares that Allkem Shareholders would receive if Livent were to issue its own shares.
- ii. Certain Allkem Performance Rights will be replaced by NewCo's equity awards with similar terms. Amount represents the estimated consideration attributable to pre-combination service for settlement or replacement of Allkem's outstanding Allkem Performance Rights, specifically (A) the fair value related to Allkem Performance Rights vested but unexercised exchanged into an Allkem Share immediately prior to the transaction, (B) the fair value attributable to pre-combination services for unvested Allkem Performance Rights accelerated pursuant to the Transaction Agreement, and (C) the fair value attributable to pre-combination services for unvested Allkem Performance Rights replaced by NewCo's equity awards with similar terms. The portion of the fair value of NewCo equity awards not included in consideration transferred represents compensation expense of the combined entity based on the vesting terms of the converted awards.

The preliminary estimated aggregate transaction consideration could significantly differ from the amounts presented due to movements in the price of Livent Shares up to the closing date. The estimated aggregate transaction consideration is based on the closing price of \$20.18 of the Livent Shares on 15 September 2023. As at 3 November 2023, being the last trading day prior to the Last Practicable Date, the closing price of Livent Shares was US\$14.97. A sensitivity analysis related to the fluctuation in the price of Livent Shares was performed to assess the impact using the closing price of Livent Shares as of 3 November 2023 in addition to a potential change of 10% on the closing price of Livent Shares on 3 November 2023 would have on the estimated preliminary aggregate transaction consideration as of the closing date:

**Table 7.14.11 Sensitivity analysis related to the fluctuation in the price of Livent Shares**

	Stock Price (US\$)	Total Estimated Consideration (US\$ millions)
Closing price of Livent Shares on 15 September 2023	\$ 20.18	\$ 5,369.9
Closing price of Livent Shares on 3 November 2023	\$ 14.97	\$ 3,983.5
10% increase from closing price of Livent Shares on 3 November 2023	\$ 16.47	\$ 4,382.7
10% decrease from closing price of Livent Shares on 3 November 2023	\$ 13.47	\$ 3,584.4



### Preliminary Aggregate Transaction Consideration Allocation

The following table summarises the preliminary aggregate transaction consideration allocation, as if the Transaction had been completed on 30 June 2023:

**Table 7.14.12 Preliminary aggregate Transaction consideration allocation**

(in US\$ millions)	Amount
Total estimated preliminary aggregate transaction consideration	\$ 5,369.9
Assets:	
Cash and cash equivalents	\$ 821.4
Trade receivables	142.9
Inventories, net (i)	242.9
Prepaid and other current assets	30.9
Investments	158.0
Property, plant and equipment (ii)	4,535.6
Deferred income taxes	3.1
Right of use assets - operating leases, net	53.2
Other assets (i)	160.6
<b>Total assets acquired</b>	<b>\$ 6,148.4</b>
Liabilities:	
Current portion of long-term debt	42.5
Accounts payable, trade and other	137.4
Accrued and other current liabilities	120.4
Operating lease liabilities - current	13.3
Income taxes	186.3
Long-term debt	231.8
Operating lease liabilities - long-term	39.9
Environmental liabilities	9.8
Deferred income taxes	1,318.9
Other long-term liabilities	41.6
<b>Total liabilities assumed</b>	<b>\$ 2,141.9</b>
Estimated preliminary fair value of net assets acquired	\$ 4,006.5
Add: Estimated preliminary fair value of noncontrolling interests acquired	530.0
Goodwill	\$ 1,893.4

- i. Includes preliminary fair value of inventories totalling \$336.0 million, of which \$242.9 million is classified as current and \$93.1 million is classified as non-current. Brine inventory is classified as non-current if the brine will not be processed and sold within 12 months after the balance sheet date. A 25% change in the valuation of inventories would cause a corresponding increase or decrease in the adjustment to cost of sales of approximately \$0.3 million for the six months ended 30 June 2023 and \$27.9 million for the year ended 31 December 2022. The fair value of the inventory is preliminary and is subject to change. The fair value of inventory was estimated using the comparative sales method, which relies on certain key inputs and judgments including expected sales price of the inventory, percentage complete of the work-in-process inventory, estimated costs of completion and disposal of the inventory, and forecasted profit margins earned on the sale of the inventory. Changes in these inputs could have a significant impact on the inventory valuation. The impact on cost of sales following the transaction may differ significantly between periods based upon the final value assigned for inventory.

- ii. Includes preliminary fair value of mineral rights totalling \$3,170.0 million and non-mineral rights property, plant and equipment totalling \$1,365.6 million. Mineral rights were identified for each of Allkem's five primary mining locations and the assessed value for each right is inclusive of the fair value associated with the mine property as well as the fair value associated with any capitalized exploration and evaluation assets (as disclosed in the Allkem Financial Accounts). Fair value for the mineral rights by location were: Mt Cattlin - \$17.0 million, James Bay - \$1,111.0 million, Sal de Vida - \$920.0 million, Cauchari - \$451.0 million, and Olaroz - \$671.0 million. Mineral rights, including evaluation and exploration assets, are classified within property, plant and equipment as mining properties on the Combined Group Pro Forma Historical Balance Sheet.

A 10% change in the valuation of the mineral rights would cause a corresponding increase or decrease in the depreciation expense of approximately \$1.7 million for the six months ended 30 June 2023 and \$0.4 million for the year ended 31 December 2022. Pro forma depreciation expense is preliminary and the mineral rights are depreciated using a units of production method while all other property, plant and equipment is depreciated using the straight-line method (see Note 6(a) for more details). The amount of depreciation following the Transaction may differ significantly between periods based upon the final value assigned and depreciation methodology used for each identifiable asset.

The identification and valuation of Allkem's property, plant and equipment is preliminary and is subject to change. The fair value of the mineral rights was estimated using the multi-period excess earnings method. The excess earnings methodology is an income approach methodology that estimates the projected cash flows of the business attributable to the asset, net of charges for the use of other identifiable assets of the business including working capital, fixed assets, and other intangible assets. The primary estimates and assumptions used under this methodology pertain to the future forecasted cash flows and corresponding discount rate associated with the mineral rights, which reflect the cash flow expectations that Livent and Allkem have as well as the prevailing market participant cost of capital. The fair value of non-mineral right property, plant and equipment assets was estimated using the cost approach method. The cost approach method relies on estimating the replacement or reproduction costs of new assets along with factors of physical deterioration, based on the principle an asset would not be purchased for more than it will cost to replace it with an asset of comparable utility.

#### Note 5 – Adjustments to the Combined Group Pro Forma Historical Balance Sheet

Adjustments included in 'Purchase Accounting and Other Adjustments' column in the Combined Group Pro Forma Historical Balance Sheet as of 30 June 2023 are as follows:

- Reflects cash settlement of outstanding Livent Director RSUs, as described in 6.12 of this Scheme Booklet.
- Reflects the preliminary purchase accounting adjustment for inventories, net based on the acquisition method of accounting.

**Table 7.14.13 Preliminary purchase accounting adjustment for inventories**

(in US\$ millions)	Amount
<i>Pro forma transaction accounting adjustments:</i>	
Elimination of Allkem's inventories - carrying value	\$ (218.2)
Preliminary fair value of acquired inventories	336.0
Net pro forma transaction accounting adjustment to inventories	\$ 117.8

After the closing, the step up in inventories to fair value will increase cost of goods sold as the inventories are sold (see Note 4 above for more details), \$111.4 million of the step up was applied to current inventory and \$6.4 million of the step up was applied to non-current inventory classified in other assets.

- Reflects the preliminary purchase accounting adjustment for Allkem's investment in TLC.

**Table 7.14.14 Preliminary purchase accounting adjustment for Allkem's investment in TLC**

(in US\$ millions)	Amount
<i>Pro forma transaction accounting adjustments:</i>	
Elimination of Allkem's historical carrying value of investment in TLC	\$ (16.0)
Preliminary fair value of equity method investment in TLC	158.0
Net pro forma transaction accounting adjustment to investment in TLC	\$ 142.0

- d. Reflects the preliminary purchase accounting adjustment for property, plant and equipment based on the acquisition method of accounting.

**Table 7.14.15 Preliminary purchase accounting adjustment for property, plant and equipment**

(in US\$ millions)	Amount
<i>Pro forma transaction accounting adjustments:</i>	
Elimination of Allkem's historical net book value of property, plant & equipment	\$ (3,317.7)
Preliminary fair value of acquired property, plant & equipment (i)	4,535.6
Net pro forma transaction accounting adjustment to property, plant & equipment, net of accumulated depreciation	\$ 1,217.9

- i. Includes fair value of both mineral rights and non-mineral right property, plant and equipment as described above in Note 4.
- e. Preliminary goodwill adjustment of \$1,373.6 million which represents the elimination of historical goodwill and excess of the estimated aggregate transaction consideration over the preliminary fair value of the underlying assets acquired and liabilities assumed.

**Table 7.14.16 Preliminary goodwill adjustment**

(in US\$ millions)	Amount
<i>Pro forma transaction accounting adjustments:</i>	
Elimination of Allkem's historical goodwill	\$ (519.8)
Goodwill per purchase price allocation (Note 4)	1,893.4
Net pro forma transaction accounting adjustment to goodwill	\$ 1,373.6

- f. Reflects the preliminary purchase accounting adjustment to right of use assets of \$9.3 million, to measure the operating lease right of use assets at the same amount as the associated lease liability in accordance with the acquisition method of accounting. The calculated value is preliminary and subject to change and could vary materially from the final purchase price allocation.
- g. The pro forma adjustment for accrued and other current liabilities represents:
- i. \$40.2 million of estimated transaction-related costs to be incurred by Livent which have not yet been reflected in the historical consolidated financial statements of Livent; and
  - ii. \$45.2 million of estimated transaction-related costs to be incurred by Allkem which have not yet been reflected in the historical consolidated financial statements of Allkem.
- h. Represents the adjustment to deferred tax liability of \$479.2 million associated with the incremental differences in the book and tax basis created from the preliminary purchase allocation, primarily resulting from the preliminary fair value of property, plant and equipment and inventory. These adjustments were based on the applicable statutory tax rate with respect to the estimated purchase price allocation. The effective tax rate of NewCo could be significantly different (either higher or lower) depending on post-transaction activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rates used for the Combined Group Pro Forma Historical Financial Information are estimated, the blended rate will likely vary from the actual effective rate in periods subsequent to completion of the Transaction. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.
- i. Reflects the adjustments to Shareholders' equity:

**Table 7.14.17 Adjustments to Shareholders' equity**

(in US\$ millions)	Common stock	Capital in excess of par value of common stock	Retained earnings	Accumulated other comprehensive loss	Treasury stock, at cost
<i>Pro forma transaction accounting adjustments:</i>					
Elimination of Allkem's historical equity	\$ —	\$ (2,686.1)	\$(705.0)	\$ 0.5	\$ 2.3
NewCo Shares and replacement awards issued to Allkem Shareholders	—	5,369.9	—	—	—
Acceleration and cash settlement of Livent Director RSUs	—	(6.1)	—	—	—
Estimated transaction costs (i)	—	—	(40.2)	—	—
Net pro forma transaction accounting adjustments to equity	\$ —	\$ 2,677.7	\$(745.2)	\$ 0.5	\$ 2.3

i. Represents estimated transaction-related costs that are not currently reflected in the historical consolidated financial statements of Livent; these estimated transaction costs consist primarily of advisor fees, legal fees, and accounting fees. It is assumed that these costs will not affect the Combined Group's statements of operations beyond twelve months after the closing date of the Transaction. The balance excludes \$45.2 million of estimated transaction costs to be incurred by Allkem as a result of the Transaction, which are not reflected in the Allkem Financial Accounts. These costs will be recognised as an expense in Allkem's pre-combination statement of operations and therefore they are reflected as a liability assumed by Livent, and do not impact the statement of operations of the Combined Group.

j. Reflects the preliminary purchase accounting adjustment related to Allkem's non-controlling interest.

**Table 7.14.18 Preliminary purchase accounting adjustment related to Allkem's non-controlling interest**

(in US\$ millions)	Amount
<i>Pro forma transaction accounting adjustments:</i>	
Elimination of Allkem's historical non-controlling interests	\$ (175.4)
Preliminary fair value of acquired non-controlling interests	530.0
Net pro forma transaction accounting adjustments to non-controlling interests	\$ 354.6

## Note 6 – Adjustments to the Combined Group Pro Forma Historical Statements of Operations

Adjustments included in the 'Purchase Accounting and Other Adjustments' column in the Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023 and the year ended 31 December 2022 are as follows:

- a. Reflects the adjustments to cost of sales which includes the following components:

**Table 7.14.19 Adjustments to cost of sales**

(in US\$ millions)	For the Six Months Ended 30 June 2023	For the Year Ended 31 December 2022
<i>Pro forma transaction accounting adjustments:</i>		
Inventory step-up flowing through cost of sales (i)	\$ 1.2	\$ 111.4
Property, plant and equipment depreciation step-up (ii)	21.2	12.1
Stock-based compensation for accelerated Allkem awards	—	0.8
Record increase in lease expense on Allkem's leases due to purchase accounting adjustment	0.5	1.0
Net pro forma transaction accounting adjustment to cost of sales	22.9	125.3

- i. Costs for the year ended 31 December 2022 reflect the step-up in inventory classified as current on the Combined Group Pro Forma Historical Balance Sheet. Costs for the six months ended 30 June 2023 reflect the portion of the step-up in inventory classified as non-current and included in other assets on the Combined Group Pro Forma Historical Balance Sheet expected to be sold in the six months ended 30 June 2023.
- ii. Reflects the revised depreciation of property, plant and equipment assets arising on the acquisition of Allkem and is based on management's preliminary estimate of useful lives and future production. Livent has historically depreciated all asset classes of property, plant and equipment on a straight-line basis. Allkem has historically depreciated their mining extraction equipment and mine properties using units of production (UOP) and uses a straight-line basis for all other asset classes. The mining extraction equipment and mine properties would be classified as separate asset classes for the Combined Group and will continue to be depreciated using UOP on a go-forward basis. All other asset classes will use the straight-line depreciation method. The effect on operating results from depreciation of purchase adjustments for acquired assets using the UOP depreciation method for the five years following the transaction is as follows:

**Table 7.14.20 Effect on operating results from depreciation of purchase adjustments for acquired assets**

(in US\$ millions)	2024	2025	2026	2027	2028
Depreciation of mining equipment and mine properties purchase adjustment	12.3	31.3	36.5	39.1	46.7

- b. Reflects the adjustments to selling, general and administrative expenses (SG&A) including the preliminary incremental stock-based compensation expense for accelerated Allkem Performance Rights and Livent awards, the estimated Livent transaction costs expensed and the increase in lease expense on Allkem's leases.

**Table 7.14.21 SG&A adjustments**

(in US\$ millions)	For the Six months Ended 30 June 2023	For the Year Ended 31 December 2022
<i>Pro forma transaction accounting adjustments:</i>		
Stock-based compensation for accelerated Allkem awards	\$ —	\$ 2.3
Stock-based compensation for accelerated Livent awards	—	4.9
Record increase in lease expense on Allkem's leases due to purchase accounting adjustment	0.1	0.2
Net pro forma transaction accounting adjustment to SG&A	\$ 0.1	\$ 7.4

- c. Represents \$85.4 million of transaction-related costs for the year ended 31 December 2022 that are not currently reflected in the historical consolidated financial statements of Livent or Allkem. Livent recognised transaction related costs of \$2.9 million and \$18.8 million in the year ended 31 December 2022 and the six months ended 30 June 2023, respectively. Allkem recognised transaction related costs of \$9.9 million in the six months ended 30 June 2023. It is assumed that these costs will not affect the Combined Group statements of operations beyond twelve months after the closing date of the Transaction.
- d. To record the income tax impact of the pro forma adjustments based on the statutory tax rates of the jurisdictions in which the related pro forma adjustment is recorded. The effective tax rate of the Combined Group could be significantly different (either higher or lower) depending on post-transaction activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rates used for the Combined Group Pro Forma Historical Financial Information are estimated, the blended rate will likely vary from the actual effective rate in periods subsequent to completion of the Transaction. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.
- e. Represents the pro forma economic interest the noncontrolling shareholders hold in Allkem's subsidiaries. The amount is determined by multiplying the applicable pro forma adjustments relevant to those subsidiaries by the noncontrolling interest.
- f. Pro forma combined basic and diluted earnings per share are presented below. The pro forma basic and diluted weighted average shares outstanding are a combination of historic weighted average shares of Livent Shares, the incremental NewCo Shares issued to Livent stockholders based on the Merger Exchange Ratio, issuance of CDIs and NewCo Shares to Allkem Shareholders, based on the Scheme Exchange Ratio, and issuances of shares in connection with the vesting of previously existing equity-based awards. In connection with the Transaction, certain Allkem Performance Rights held by Allkem employees will be converted into NewCo equity awards. At this time, Livent's management has completed a preliminary analysis related to eligible employees and vesting schedules to determine the impact to the diluted weighted average shares from the converted Allkem Performance Rights. The pro forma basic and diluted earnings per share and weighted average shares outstanding are as follows:

**Table 7.14.22 Pro forma basic and diluted earnings per share and weighted average shares outstanding**

(in US\$ millions, except per share and Livent and Allkem share exchange ratio)

<b>Earnings per share</b>	
Combined Group Pro Forma Historical Net Income for the year ended 31 December 2022	\$ 592.9
NewCo Shares to be exchanged for the year ended 31 December 2022 – Basic (vi)	1,075.5
Combined Group Pro Forma Historical Net Income/(loss) per weighted average–share - basic	\$ 0.55
NewCo Shares to be exchanged for the year ended 31 December 2022 – Diluted (vi)	1,146.5
Combined Group Pro Forma Historical Net Income/(loss) per weighted average–share - diluted	\$ 0.52
Combined Group Pro Forma Historical Net Income for the six months ended 30 June 2023:	\$ 451.6
NewCo Shares to be exchanged for the six months ended 30 June 2023 – Basic	1,075.5
Combined Group Pro Forma Historical Net Income/(loss) per weighted average–share - basic	\$ 0.42
NewCo Shares to be exchanged for the six months ended 30 June 2023 – Diluted	1,146.5
Combined Group Pro Forma Historical Net Income/(loss) per weighted average–share - diluted	\$ 0.39
<b>NewCo Shares to be exchanged for Livent Shares:</b>	
Historical Livent weighted average shares outstanding – Basic (i)	179.6
Livent equity-based awards that will vest upon closing of the Transaction	0.8
Total Livent Shares subject to exchange (ii)	180.4
Livent Merger exchange ratio	2.406
NewCo Shares to be exchanged for Livent shares – Basic	434.0
Historical Livent weighted average Shares outstanding – Diluted (iii)	209.3
Livent Merger exchange ratio	2.406
NewCo Shares to be exchanged for Livent Shares – Diluted	503.6
<b>NewCo Shares to be exchanged for Allkem Shares:</b>	
Allkem Shares outstanding	637.7
Allkem Performance Rights that will vest upon closing of the Transaction	3.8
Total Allkem Shares subject to exchange (iv)	641.5
Allkem Scheme Exchange Ratio	1.0
NewCo Shares to be exchanged for Allkem Shares – Basic	641.5
NewCo replacement awards issued for Allkem Performance Rights that did not vest upon closing of the Transaction (v)	1.4
NewCo Shares to be exchanged for Allkem Shares – Diluted	642.9
NewCo Shares to be exchanged for the year ended 31 December 2022 – Basic (vi)	1,075.5
NewCo Shares to be exchanged for the year ended 31 December 2022 – Diluted (vi)	1,146.5
NewCo Shares to be exchanged for the six months ended 30 June 2023 – Basic	1,075.5
NewCo Shares to be exchanged for the six months ended 30 June 2023 – Diluted	1,146.5

- i. Weighted average number of Livent Shares issued and outstanding, excluding treasury shares, as of 30 June 2023, which will be exchanged for NewCo shares.
- ii. Weighted average number of Livent Shares issued and outstanding, excluding treasury shares, as of 30 June 2023, including Livent RSUs and Livent PSUs for which vesting will be accelerated pursuant to the transaction and will be exchanged for NewCo shares.
- iii. Estimated number of dilutive Livent shares (reflecting the impact of certain of Livent’s outstanding share-based awards and the 2025 Notes) based on the weighted average share calculation for the six months ended 30 June 2023.
- iv. Number of Allkem Shares issued and outstanding, excluding treasury shares, as of 30 June 2023, including Allkem vested Allkem Performance Rights and unvested Allkem Performance Rights for which vesting will be accelerated pursuant to the transaction and will be exchanged for NewCo shares.
- v. Estimated number of dilutive Allkem Performance Rights that were not accelerated pursuant to the transaction and were replaced with NewCo equity-based awards with similar terms and conditions as the original Allkem Performance Rights.
- vi. Basic and diluted shares outstanding, excluding treasury shares, for the six months ended 30 June 2023 and the year ended 31 December 2022.

## 7.15 Explanation and Reconciliation of Non-US GAAP Measures

Livent and Allkem have historically evaluated their operating performance using, in addition to measures of net income or loss under US GAAP and IFRS, respectively, certain non-US GAAP and non-IFRS measures, including as discussed in more detail in sections 5.11 and 6.9. Livent and Allkem expect that NewCo will continue to evaluate its operating performance using, in addition to net income as determined under US GAAP, certain non-US GAAP measures, such as EBITDA, which is defined as net income/(loss) plus income tax expense (benefit), interest expense, net, and depreciation and amortisation, and Adjusted EBITDA, which is defined as EBITDA adjusted for Inventory adjustment due to purchase price allocation, Argentina remeasurement losses, restructuring and other charges, separation-related costs, COVID-19 related costs, loss on debt extinguishment, other losses/(gains), Blue Chip Swap gain and Argentina interest income. Livent's and Allkem's respective management teams believe the use of these non-US GAAP measures will allow NewCo's management and investors to compare more

easily the financial performance of NewCo's business from period to period. The non-US GAAP information provided may not be comparable to similar measures disclosed by other companies because of differing methods used by other companies in calculating EBITDA and Adjusted EBITDA. These measures should not be considered as a substitute for net income or other measures of performance reported in accordance with US GAAP.

The following table sets forth a reconciliation of pro forma historical Adjusted EBITDA (**Pro Forma Historical Adjusted EBITDA**) to the pro forma historical net income of the Combined Group for the year ended 31 December 2022 and the six months ended 30 June 2023. As the information below is based on the Combined Group Pro Forma Historical Financial Information included elsewhere in this Scheme Booklet, it is based on preliminary information that is subject to certain significant judgments and assumptions and is not necessarily indicative of NewCo's operating performance for any future period. See section 7.14 for more information about the limitations and more specific assumptions on which the Combined Group Pro Forma Historical Financial Information is based.

**Table 7.15.1 Reconciliation of Pro Forma Historical Adjusted EBITDA of the Combined Group**

(in US\$ millions)	For the Six Months Ended 30 June 2023	For the Year Ended 31 December 2022
<b>Pro Forma Historical Net Income From Continuing Operations</b>	<b>\$ 491.3</b>	<b>\$ 642.8</b>
Add back:		
Income tax expense	180.5	232.9
Interest income, net	(43.6)	(16.2)
Depreciation and amortisation	98.2	98.1
<b>Pro Forma Historical EBITDA</b>	<b>726.4</b>	<b>957.6</b>
Add back:		
Inventory adjustment due to purchase price allocation <sup>(a)</sup>	1.2	111.4
Argentina remeasurement losses <sup>(b)</sup>	22.8	21.2
Restructuring and other charges <sup>(c)</sup>	36.0	92.9
Accelerated share-based compensation <sup>(d)</sup>	—	8.0
COVID-19 related costs <sup>(e)</sup>	—	2.4
Other loss related to equity method investments <sup>(f)</sup>	5.3	11.3
Other non-recurring items <sup>(g)</sup>	—	1.0
Subtract:		
Blue Chip Swap gain <sup>(h)</sup>	(49.5)	(69.4)
Argentina interest income <sup>(i)</sup>	—	(1.5)
<b>Pro Forma Historical Adjusted EBITDA</b>	<b>\$ 742.2</b>	<b>\$ 1,134.9</b>



- (a) Relates to the step-up in inventory classified as current on the Combined Group Pro Forma Historical Balance Sheet quantified as part of purchase accounting as it is considered a one-time, non-recurring cost.
- (b) Represents impact of currency fluctuations on tax assets and liabilities and on long-term monetary assets associated with Livent and Allkem's capital expansion as well as significant currency devaluations.
- (c) Restructuring and other charges consist primarily of transaction costs incurred by Livent and Allkem to facilitate the Transaction. Livent also continually performs strategic reviews and assesses the return on its business. This sometimes results in management changes or in a plan to restructure the operations of the business. As part of these restructuring plans, demolition costs and write-downs of long-lived assets may occur. Restructuring and other charges also include miscellaneous nonrecurring costs, exit costs, severance-related costs and environmental remediation costs incurred by Livent.
- (d) Represents incremental and non-recurring share-based compensation cost as a direct result of acceleration of certain Livent and Allkem equity-based awards in connection with the Transaction.
- (e) Represents incremental costs associated with the COVID-19 pandemic recorded in "Cost of sales" in Livent's consolidated statement of operations, including but not limited to, incremental quarantine related absenteeism, incremental facility cleaning costs, COVID-19 testing, pandemic related supplies and personal protective equipment for employees, among other costs; offset by economic relief provided by foreign governments. No material impact of COVID-19 in the year ended 31 December 2022 was recorded in Allkem's consolidated statement of operations.
- (f) Represents Livent's 50% share (which was 25% prior to 6 June 2022) in costs incurred for certain project-related costs to align its investee's (Nemaska Lithium) reported results with Livent's capitalisation policies, interest expense incurred by NLI and, for the year ended 31 December 2022, non-recurring transaction costs related to its initial investment in NLI totalling \$9.9 million, all included in Equity in net loss of unconsolidated affiliates in its consolidated statement of operations. In addition, includes Allkem's share of loss on the 75% economic interest in TLC and is excluded from Pro Forma Historical Adjusted EBITDA because TLC is constructing a plant that is still in either the development or commissioning phase, all included in Share of loss of associate, net of tax in its consolidated statement of operations.
- (g) Represents Livent's legal and professional fees and other separation-related activities totalling \$0.7 million and \$0.1 million in partial write-off of deferred financing costs for the amendments to Livent's Revolving Credit Facility incurred in the year ended 31 December 2022 and excluded from the calculation of Pro Forma Historical Adjusted EBITDA because the loss is nonrecurring. Also includes Allkem impairment and write-downs amounts totalling \$0.2 million for the year ended 31 December 2022, which are also considered non-recurring in nature.
- (h) Represents Livent and Allkem's non-recurring gains of \$11.4 million and \$38.1 million, respectively for the six months ended 30 June 2023 and non-recurring gains of \$22.2 million and \$47.2 million, respectively, for the year ended 31 December 2022 from the sale in Argentine pesos of Argentine Sovereign US dollar-denominated bonds due to the significant divergence of Argentina's Blue Chip Swap market exchange rate from the official rate.
- (i) Represents interest income received from the Argentina government for the period beginning when the recoverability of certain expansion-related VAT receivables were approved by the Argentina government and ending on the date when the reimbursements were paid by the Argentina government but is excluded from the calculation of Pro Forma Historical Adjusted EBITDA because of its association with long-term capital projects which will not be operational until future periods.

Section 8

# Risk Factors



# 8 Risk Factors

## 8.1 Introduction

In considering the Scheme, you should be aware that there are a number of risk factors, both general in nature, and those specific to the Scheme (and the Transaction).

This section outlines some of the:

- a. risks of the Scheme not proceeding and risks where the Scheme does not implement (see section 8.2);
- b. risk factors relating to Scheme and the Scheme Consideration (see section 8.3);
- c. specific tax risks associated with the Transaction (see section 8.4);
- d. risk factors relating to the Combined Group and Livent (i.e. if the Scheme is Implemented, and the US Merger closes) (see section 8.5); and
- e. risk factors relating to Allkem as a standalone entity (i.e. if the Scheme is not Implemented) (see section 8.6).

A significant number of the risks relating to the Combined Group are, or will be, risks to which Allkem Shareholders are already exposed, and will continue to be exposed to even if the Scheme does not proceed. If the Scheme does proceed, the nature of the Combined Group's business will change (from that of the standalone business of Allkem) and accordingly, Allkem Shareholders will potentially be exposed to additional risks in respect of the Combined Group.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of individual Allkem Shareholders. If you do not understand any part of this Scheme Booklet (including these risk factors), or you are in any doubt as to how to vote in relation to the Scheme, it is recommended that you consult your legal, financial, taxation or other professional adviser.

You should carefully consider the risk factors discussed in this section 8, as well as the other information contained in this Scheme Booklet, before voting on the Scheme.

## 8.2 Risks of the Scheme not proceeding and risks where the Scheme does not implement

- a. **Implementation of the Scheme is subject to outstanding Conditions that must be satisfied or waived (where permitted)**

Implementation of the Scheme is subject to the satisfaction or waiver (where permitted) of a number

of outstanding Conditions, including certain of the key Conditions set out in paragraph 1 of Annexure D. There can be no certainty, nor can Allkem provide any assurance, that these Conditions will be satisfied or waived (where permitted), or, if satisfied or waived (where permitted), when that will occur. A number of outstanding Conditions are outside the control of Allkem, Livent and NewCo and include, but are not limited to, approval of the Scheme by Allkem Shareholders, approval of the US Merger by Livent Shareholders, and approval by the Court of the Scheme.

The timing surrounding whether these conditions will be satisfied or waived, if at all, is uncertain. Additionally, other events could intervene to delay or result in the failure to close the Transaction.

If, for any reason, a Condition is not satisfied or waived (where permitted) and the Scheme is not Implemented, there may be adverse consequences for Allkem and Allkem Shareholders, including that the market price of Allkem Shares may be adversely affected.

See section 3.5 for the status of the Conditions at the Last Practicable Date.

- b. **The absence of the occurrence of a Material Adverse Effect is a condition to each of Allkem, Livent and NewCo's obligations under the Transaction Agreement**

The absence of the occurrence of a Material Adverse Effect is a condition to each of Allkem, Livent and NewCo's obligations under the Transaction Agreement.

Allkem Shareholders should note that the definitions of Material Adverse Effect in the Transaction Agreement do not provide for a quantitative threshold, and instead have only a qualitative threshold (the full definition of which is contained in paragraph 5(k) of Annexure D).

The decision to agree to an unquantified material adverse effect clause was made in the context of the Transaction Agreement being governed by the laws of Delaware. In particular, having regard to the fact that:

- i. the use of unquantified material adverse effect clauses is the definitive market standard in the United States, including in Delaware; and
- ii. Delaware courts are accustomed to interpreting qualitative material adverse effect provisions (such as the Material Adverse Effect definitions in the Transaction Agreement).

However, while the courts in Delaware are accustomed to interpreting qualitative material adverse effect provisions, Allkem notes that:

- i. the circumstances that may ultimately be held to trigger or enliven the Material Adverse Effect provisions under the Transaction Agreement may, as a result of the qualitative threshold used, arguably be different (whether wider or narrower) to (1) the circumstances that would trigger or enliven these provisions if a quantitative threshold were included, and (2) those expected by Allkem and/or Livent at the time of entering into the Transaction Agreement; and
- ii. there may be an increased risk that the parties could end up in dispute over the existence of a Material Adverse Effect.

This could result in (among other things) the Scheme not proceeding or the Transaction Agreement being terminated.

**c. The Transaction Agreement may be terminated by Allkem or Livent in certain circumstances, in which case the Scheme will not be Implemented**

Each of Allkem and Livent has the right to terminate the Transaction Agreement in certain circumstances. See paragraph 4 of Annexure D for a summary of the circumstances which may give rise to a right for Allkem or Livent to terminate the Transaction Agreement.

Accordingly, there is no certainty that the Transaction Agreement will not be terminated by either Allkem or Livent before Implementation of the Scheme.

If the Transaction Agreement is terminated before the Scheme is Implemented:

- i. the Scheme will not be Implemented, and Allkem will not be able to achieve, as a standalone entity, the benefits that the merger with Livent may have provided; and
- ii. in some circumstances (see section 1.3(c) and paragraph 4 of Annexure D), such termination may result in the payment of a Termination Fee by Allkem or Livent to the other party.

In addition, in very limited circumstances, Livent may be able to terminate the Transaction Agreement following the Scheme becoming Effective, but prior to the US Merger being implemented (see section 8.2(d)).

**d. In limited scenarios, the Transaction Agreement could be terminated after the Scheme has become Effective (or is Implemented) but prior to closing of the US Merger**

Under the Transaction Agreement, most termination rights can only be exercised by a party prior to the Scheme becoming Effective. However, the Transaction Agreement may be terminated (and the Scheme and the US Merger abandoned) after the Scheme becomes Effective in the limited scenarios set out in paragraph 4.1(a) of Annexure D.

While Allkem does not expect any of these scenarios to arise, there is a technical risk that this could occur. In such a scenario, Allkem (through NewCo) would take all actions reasonably necessary to attempt to unwind the Scheme (including through Court order) – however, there is a risk (albeit a theoretical one, in Allkem’s view) that neither Allkem nor NewCo would be able to unwind the Scheme in these circumstances. Allkem believes that this risk is theoretical because, in Allkem’s view, it would only arise where a Governmental Entity, in the short period between the Scheme becoming Effective and the US Merger closing, issued a final and unappealable order, or adopted a law, permanently prohibiting the Transaction (or where Allkem otherwise agreed to the termination). In this regard, Allkem notes that Allkem and Livent will have received all identified pre-Implementation anti-trust and foreign direct investment approvals prior to the Scheme becoming Effective.

**e. Transaction costs**

If the Scheme is Implemented, external costs of approximately US\$55.1 million are expected to be paid by Allkem. This includes financial advisory, legal, accounting, Independent Expert, tax and administration fees, Scheme Booklet design, printing and distribution, share registry and other expenses.

In addition, external costs of approximately US\$61.9 million are expected to be paid by Livent in connection with the Transaction. This includes financial advisory, legal, accounting and administration fees, proxy statement, printing and distribution, exchange agent and transfer agent fees and other expenses.

Accordingly, total transaction costs of approximately \$117.0 million are expected to be incurred by the Combined Group if the Scheme is Implemented and the US Merger closes.

Irrespective of whether or not the Scheme is Implemented and/or the US Merger completes, Transaction related costs of approximately US\$21.1 million are expected to be incurred by Allkem, and approximately US\$26.9 million are expected to be incurred by Livent.

Further details of the estimated costs are set out in section 10.8 of this Scheme Booklet.

**f. If the Scheme does not proceed, Allkem will remain a standalone entity and Allkem Shareholders will not receive the Scheme Consideration**

If the Scheme is not Implemented:

- i. Scheme Shareholders will retain their Allkem Shares and will not receive the Scheme Consideration (and, if applicable, any shares transferred to the Sale Nominee will be transferred back to the applicable Ineligible Overseas Shareholder);

- ii. Allkem will remain listed on ASX and TSX as a standalone entity (and the benefits expected from the Combined Group will not be realised); and
- iii. the current Allkem Board and Allkem's senior management team will continue to operate Allkem's business.

In these circumstances, Scheme Shareholders will continue to be subject to all risks currently associated with an investment in Allkem (and to which Allkem Shareholders are necessarily already exposed). See section 8.6 for further details.

**g. If the Scheme does not proceed, the price of Allkem Shares may fall below its recent trading price, in the absence of a Superior Proposal for Allkem**

Fluctuations in the trading price of Allkem Shares are affected by many variables, including national and global economic financial conditions, the market's response to the Transaction, changes in lithium and other commodity prices, market perceptions of Allkem, regulatory changes affecting Allkem's operations, variations in Allkem's operating results and the liquidity of financial markets. There can be no assurance that such fluctuations will not affect the price of Allkem Shares in the future if the Scheme does not proceed. If the Scheme is not Implemented and no Superior Proposal emerges in relation to Allkem, it is possible that the trading price of Allkem Shares will fall to below the level at which it has been trading since the Transaction was announced, to the extent that the market price reflects an assumption that the Transaction will be implemented (although this is difficult to predict with any degree of certainty).

### 8.3 Risk factors relating to the Scheme and the Scheme Consideration

**a. The ultimate value of the Scheme Consideration is not certain**

If the Scheme is Implemented, and the US Merger closes:

- i. Eligible Shareholders will receive one NewCo Security (being either a NewCo CDI or a NewCo Share) for each Allkem Share held on the Record Date;<sup>45</sup> and
- ii. Livent Stockholders will receive 2.406 NewCo Shares for each Livent Share held.

Immediately upon completion of the Transaction, Allkem Shareholders will own approximately 56% of NewCo, and Livent Stockholders will own approximately 44% of NewCo.<sup>46</sup>

As such, the consideration that Allkem Shareholders will receive under the Scheme is a fixed number for each Allkem Share held, and is not a number of shares that will be determined based on a fixed market value. In addition, there has not been and will not be an established public trading market for NewCo Securities prior to issue of the NewCo Shares and NewCo CDIs to Scheme Shareholders under the Scheme (save for a brief period in which NewCo CDIs will trade on a deferred settlement basis prior to their issue, which will only occur after the Scheme has become Effective). The market value of NewCo Shares and NewCo CDIs upon closing of the Transaction will reflect the combination of Allkem and Livent. The Scheme Consideration will not be adjusted to reflect any changes in the market value of Allkem Shares or Livent Shares, or the exchange rate between the Australian dollar and the US dollar.

Following closing of the Transaction, the price of NewCo Shares and NewCo CDIs will continue to rise or fall based on market conditions and the Combined Group's financial and operating performance (including, among other things, factors beyond Allkem's, Livent's and NewCo's control).

In relation to Ineligible Overseas Shareholders, the Sale Nominee will be issued the NewCo CDIs to which Ineligible Overseas Shareholders would otherwise have been entitled and will seek to sell those securities as soon as reasonably practicable (and in any event no more than 15 Business Days after the Scheme Implementation Date). The amount of the Net Proceeds to be paid to each Ineligible Overseas Shareholder will be calculated in accordance with the formula in section 3.4. There is no guarantee as to the price that will be realised by the Sale Nominee (or the aggregate Net Proceeds that are ultimately delivered to the Ineligible Overseas Shareholders), and it is possible that such sales may exert downwards pressure on the price of NewCo CDIs in the period following the Scheme Implementation Date.

Changes in Allkem or Livent's share price may result from a variety of factors, including, among others, changes in Allkem's or Livent's respective businesses, operations or prospects, regulatory considerations, governmental actions, legal proceedings, the timing of the Transaction and general business, market, industry, political or economic conditions. Many of these factors are beyond Allkem's or Livent's control, and will influence the ultimate value of NewCo Shares. Allkem Shareholders will neither know nor be able to calculate the value of the Scheme Consideration they will receive upon completion of the Transaction. Neither Allkem nor Livent is permitted to terminate the Transaction Agreement solely because of changes in currency exchange rates or in the market prices of Allkem Shares or Livent Shares.

<sup>45</sup> Other than the Sale Nominee, whose entitlement to the Scheme Consideration will be calculated by reference to the number of Allkem Shares held immediately prior to Implementation.

<sup>46</sup> On a fully diluted basis assuming all 2025 Notes and convertible securities (in respect of Allkem and Livent equity compensation) are converted into shares prior to completion of the Transaction.

**b. The rights attaching to NewCo Securities will be different than those attaching to Allkem Shares**

If the Scheme is Implemented, the rights attaching to NewCo Securities will be governed primarily by NewCo Organisational Documents, the material provisions of the laws of the Bailiwick of Jersey, the NYSE Listing Rules and, in respect of NewCo CDIs, ASX Listing Rules. Accordingly, the rights attaching to the NewCo Securities will differ from the rights attaching to Allkem Shares. Annexure H contains a comparison of some of the key securityholder rights as they relate to Allkem and NewCo, along with a description of certain securities laws and securities exchange rules, where applicable.

**c. The rights attaching to NewCo CDIs will be different than those attaching to NewCo Shares**

As set out in section 3.6(a), each NewCo CDI represents a beneficial interest in one NewCo Share, and each NewCo CDI has rights that are economically equivalent to the rights attaching to a NewCo Share. However, the holder of a NewCo CDI is not the registered legal holder of the underlying NewCo Share (for that NewCo CDI) and, accordingly, cannot trade directly the underlying NewCo Share. The key differences between NewCo Shares and NewCo CDIs are summarised in section 3.6(c).

**d. The failure to realise the cost savings, synergies and other benefits that the parties expect to achieve from the Transaction may materially and adversely affect NewCo's future results and market value of NewCo Shares following the Transaction**

Livent and Allkem have entered into the Transaction Agreement because each believes that the Transaction will be beneficial to its respective businesses and stockholders and that combining the businesses of Livent and Allkem will produce benefits and cost synergies. If NewCo is not able to successfully combine the businesses of Livent and Allkem in an efficient and effective manner, the anticipated benefits and cost synergies of the transaction may not be realised fully, or at all, or may take longer to realise, or cost more, than expected, and the value of the NewCo Shares may be affected adversely. An inability to realise the full extent of the anticipated benefits of the Transaction, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of NewCo, which may adversely affect the value of the NewCo Shares following the Transaction.

The success of the Transaction will depend on, among other things, NewCo's ability to realise anticipated benefits from combining the businesses of Livent and Allkem. It is anticipated that the Transaction will generate estimated pre-tax annual net cost synergies of approximately \$125 million per year by 2027 (the majority of which are expected to be realised within three years of the Transaction) (excluding the

impact of approximately \$40 million in estimated non-recurring costs to achieve these synergies) and one-time capital expenditure savings of approximately \$200 million by the end of 2025. However, NewCo's ability to realise these anticipated synergies and savings is dependent on a number of uncertain factors relating to combining the businesses, certain of which are beyond the control or influence of NewCo. In addition, NewCo must achieve the anticipated growth and cost savings without adversely affecting current revenues and investments in future growth. If NewCo is not able to successfully achieve these objectives at all, or if these objectives take longer to realise than expected or involve more costs than expected, the anticipated benefits of the transaction may not be realised and NewCo's future results and market value may be materially and adversely affected.

**e. The integration of the businesses of Livent and Allkem may be more difficult, costly or time-consuming than expected, which may materially and adversely affect NewCo's future results and negatively affect the value of the NewCo Securities following the Transaction**

NewCo must successfully combine the businesses of Livent and Allkem in a manner that permits anticipated benefits to be realised. The combination of two independent companies is a complex, costly and time-consuming process. As a result, the combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Livent and Allkem. The integration process may disrupt the business of either or both of the companies and, if implemented ineffectively, could preclude realisation of the full benefits expected by Livent and Allkem from the Transaction. The failure of NewCo to meet the challenges involved in successfully integrating the management and certain operations of Livent and Allkem or otherwise to realise the anticipated benefits of the Transaction could cause an interruption of the activities of the Combined Group and could materially and adversely affect its results of operations. In addition, the overall integration of the two companies may result in material unanticipated problems, expenses, liabilities, competitive responses, costs relating to implementation of the Transaction, loss of client relationships and diversion of management's attention, which may cause NewCo's stock price to decline. The difficulties of combining the operations of the companies include, among others:

- i. managing a significantly larger company;
- ii. coordinating geographically dispersed organisations;
- iii. the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- iv. aligning and executing the strategy of NewCo;
- v. retaining existing customers and attracting new customers;

- vi. maintaining employee morale and retaining key management and other employees;
- vii. integrating two business cultures, which may prove to be incompatible;
- viii. coordinating the work of an integrated workforce and certain third party vendors;
- ix. the possibility of faulty assumptions underlying expectations regarding the integration of certain operations;
- x. consolidating certain corporate and administrative infrastructures and eliminating duplicative operations;
- xi. consolidating sourcing and procurement logistics with respect to key raw materials;
- xii. challenges inherent in ensuring compliance with applicable laws and regulations across a greater number of jurisdictions;
- xiii. unforeseen expenses or delays associated with the Transaction; and
- xiv. any actions that may be required in connection with obtaining regulatory approvals (or complying with conditions attaching to any regulatory approvals).

Many of these factors will be outside of Livent's, Allkem's and NewCo's control and any one of these factors could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially and adversely impact the Combined Group's business, financial condition and results of operations. As addressed further above, even if Livent and Allkem are integrated successfully, the Combined Group may not realise the full benefits of the Transaction, including the synergies, cost savings or revenue or growth opportunities that Livent and Allkem expect. These benefits may not be fully achieved or at all or may take longer to realise than expected.

In addition, the actual integration may result in additional and unforeseen expenses and the anticipated benefits of the integration plan may not be realised. Actual growth and cost synergies, if achieved, may be lower than expected and may take longer to achieve than anticipated. If NewCo is not able to adequately address integration challenges, it may be unable to successfully integrate Livent's and Allkem's operations or to realise the anticipated benefits of the integration of the two companies.

**f. Livent and Allkem will incur significant costs in connection with the Transaction, regardless of whether the Transaction is completed, and these Transaction fees and costs may be greater than anticipated**

Livent and Allkem have incurred and expect to continue to incur a number of non-recurring costs associated with the Transaction. These costs and expenses include fees paid to financial, technical,

legal, accounting and tax advisors, consolidation costs, retention, severance and other potential employment-related costs, including payments that may or may not be made to certain Livent executive officers, filing fees, printing expenses and other related charges. An estimate of the costs and expenses to be incurred by each of Allkem and Livent (directly related to the Transaction itself) is set out in section 10.8. Some of these costs are payable by Livent and Allkem regardless of whether or not the Transaction is completed, and may be greater than either party anticipated.

There is also a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Transaction and the integration of the two companies' businesses. While both Livent and Allkem have assumed that a certain level of expenses would be incurred in connection with the Transaction, there are many factors beyond their control that could affect the total amount or the timing of the integration and implementation expenses.

There may also be significant additional, unanticipated costs and charges in connection with the Transaction that NewCo may not recoup. These costs and expenses could reduce the realisation of efficiencies, strategic benefits and additional income expected to be achieved from the Transaction. Although Livent and Allkem expect that these benefits will offset the Transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

**g. Illustrative nature of Combined Group Pro Forma Historical Financial Information**

The Combined Group Pro Forma Historical Financial Information contained in this Scheme Booklet is presented for illustrative purposes only and may not be an indication of the Combined Group's financial condition or results of operations following Implementation of the Scheme and closing of the US Merger.

For example, the Combined Group Pro Forma Historical Financial Information has been derived from the historical consolidated financial statements of Allkem and Livent, and certain adjustments and assumptions have been made after giving effect to the Scheme and the US Merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy.

In addition, the Combined Group Pro Forma Historical Financial Information does not reflect all costs that are expected to be incurred by Allkem and Livent in connection with the Scheme and the US Merger. For example, the impact of any incremental costs incurred

in integrating Allkem and Livent is not reflected in the Combined Group Pro Forma Historical Financial Information. As a result, the actual financial condition and results of operations of NewCo and the Combined Group following Implementation of the Scheme and closing of the US Merger may not be consistent with, or evident from, the Combined Group Pro Forma Historical Financial Information.

Additionally, the purchase price used in preparing the Combined Group Pro Forma Historical Financial Information is based on the closing market price of Livent's shares as at 15 September 2023 (of US\$20.18), which may be materially different from the closing price of Livent's shares as at the Last Practicable Date. See table 7.14.11 for a sensitivity analysis related to the fluctuation in the price of Livent Shares.

The assumptions used in preparing the Combined Group Pro Forma Historical Financial Information may not prove to be accurate, and other factors may affect NewCo's financial condition or results of operations following Implementation of the Scheme and closing of the US Merger. The price of NewCo Shares and NewCo CDIs may be adversely affected if the actual results of NewCo fall short of the historical results reflected in the Combined Group Pro Forma Historical Financial Information contained in this Scheme Booklet.

**h. Significant demands will be placed on NewCo's financial controls and reporting systems as a result of the Transaction**

There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Transaction and significant demands will be placed on NewCo's managerial, operational and financial personnel and systems. The future operating results of NewCo may be affected by the ability of its officers and key employees to manage changing business conditions and to implement, expand and revise its operational and financial controls and reporting systems in response to the Transaction. For example, while Livent prepares its consolidated financial statements in accordance with US GAAP, Allkem prepares its consolidated financial statements in accordance with IFRS. NewCo, as the accounting successor to Livent, will prepare its consolidated financial statements in accordance with US GAAP. The revisions required to consolidate the financial reporting system and to switch Allkem's reporting system to US GAAP will place significant demands on NewCo's financial controls, reporting systems and accounting personnel.

NewCo's management will be responsible for establishing, maintaining and reporting on its internal controls over financial reporting and disclosure controls and procedures to comply with the reporting requirements of the Sarbanes-Oxley Act.

These internal controls are designed by management to achieve the objective of providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes and in accordance with generally accepted accounting principles. As Allkem is not subject to the Sarbanes-Oxley Act, Allkem's independent auditor has not performed an evaluation of Allkem's internal control over financial reporting as would be required by section 404 of the Sarbanes-Oxley Act and NewCo's independent auditor will be required to perform such an evaluation for the Combined Group, covering the internal controls of the businesses of both Livent and Allkem. If following completion of the Transaction, NewCo is unable to implement the necessary internal controls or identifies material weaknesses in internal control over financial reporting, NewCo may be unable to maintain compliance with the relevant requirements regarding the timely filing of periodic reports with the SEC or the listing rules of the NYSE.

**i. The Combined Group Pro Forma Historical Financial Information included in this Scheme Booklet may not reflect the actual financial condition and results of operations of NewCo after completion of the Transaction**

This Scheme Booklet includes Combined Group Pro Forma Historical Financial Information, which gives effect to the Transaction as if the Transaction had occurred at the dates identified in such financial information and should be read in conjunction with the consolidated financial statements of Allkem and Livent and accompanying notes. The Combined Group Pro Forma Historical Financial Information is presented for informational purposes only and is not necessarily indicative of what NewCo's actual financial condition or results of operations would have been had the Transaction been completed on the dates indicated. Accordingly, NewCo's business, results of operations and financial condition may differ significantly from those indicated by the Combined Group Pro Forma Historical Financial Information included in this Scheme Booklet. For more information, see "Combined Group Pro Forma Historical Financial Information" in section 7.14.

The consolidated financial statements reported by NewCo in the future will reflect the impact of factors such as inflation, foreign currency translation and macroeconomic and other trends outside of the control of NewCo, Livent and Allkem. The impact of such factors may be materially different in future periods compared to the periods covered by the Combined Group Pro Forma Historical Financial Information included in this Scheme Booklet.



**j. Third parties may terminate or alter existing contracts or relationships with Livent or Allkem, which could limit NewCo's ability to achieve the anticipated benefits of the Transaction and may result in a loss of future revenue, liabilities or loss of rights**

Livent and Allkem have contracts with customers, suppliers, vendors, landlords, lenders, joint venture partners and other business partners which may require Livent or Allkem to obtain consents from these other parties in connection with the Transaction. If these consents cannot be obtained, the counterparties to these contracts may have the ability to terminate, reduce the scope of or otherwise seek to vary the terms of their relationships or the terms of such contracts with either or both parties in anticipation of the Transaction, or with NewCo following the Transaction. The pursuit of such rights may result in Allkem, Livent or NewCo suffering a loss of potential future revenue, incurring liabilities in connection with breaches of agreements, or losing rights that are material to its respective businesses and the business of NewCo. In addition, third parties with whom Livent or Allkem currently have relationships may terminate, reduce the scope or otherwise seek to vary the terms of their relationship with either party in anticipation of the Transaction. Any such disruptions could limit NewCo's ability to achieve the anticipated benefits of the Transaction. The adverse effect of such disruptions could also be exacerbated by any resulting delay in the completion of the Transaction or the termination of the Transaction Agreement.

**k. NewCo may be unable to retain Allkem and/or Livent personnel successfully after the Transaction is completed, which could negatively affect NewCo's business and operations**

The success of NewCo's business and operations following the Transaction will depend in part on NewCo's ability to retain the talents and dedication of key employees currently employed by Livent and Allkem. It is possible that these employees may decide not to remain with Livent or Allkem, as applicable, while the Transaction is pending or with NewCo after the Transaction is consummated. If key employees terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, NewCo's business activities may be adversely affected and management's attention may be diverted from integration matters to hiring suitable replacements, all of which may cause NewCo's business to suffer. In addition, Livent and Allkem may not be able to locate suitable replacements for any key employees who leave either company, or Livent and Allkem may not be able to offer employment to potential replacements on reasonable terms.

**l. Weakened conditions in the credit and capital markets or other factors may hinder NewCo's ability to obtain financing on acceptable terms or at all. If NewCo is unable to access the credit and capital markets, this could impair NewCo's liquidity, business, cash flow, financial condition or results of operations**

Each of Livent and Allkem may rely, and expects NewCo may rely, on access to the credit and capital markets to finance its operations and refinance existing indebtedness. For example, both Livent and Allkem currently have credit facilities and other indebtedness. Livent has a revolving credit facility and outstanding convertible notes.

Allkem has certain outstanding project loan facilities and related party loans, as well as two undrawn working capital facilities. NewCo may seek to replace Livent's and Allkem's outstanding indebtedness or Livent's revolving credit facility with new indebtedness or a new revolving credit facility upon their respective maturity or otherwise. Should NewCo be unable to raise money in the credit or capital markets, NewCo may be required to alter or increase its capitalisation substantially through the issuance of additional equity securities or incurrence of further indebtedness at a higher cost.

Additional borrowings may require that a greater portion of NewCo's cash flow from continuing operations be used for debt service, thereby reducing NewCo's ability to use cash flow to fund working capital, capital expenditures and acquisitions.

NewCo's cash flow from operations and access to debt and equity capital will be subject to a number of variables, including its results of operations, margins and activity levels, the conditions of the global credit and capital markets, the prevailing interest rate environment, market perceptions of NewCo's creditworthiness and the ability and willingness of lenders and investors to provide capital. For example, NewCo's access to the credit and capital markets in amounts adequate to finance its activities could be impaired as a result of the absence of information on and a reporting history of NewCo as a combination of the businesses of Livent and Allkem.

The costs and availability of financing from the credit and capital markets will be dependent on NewCo's credit profile. The level and quality of NewCo's earnings, operations, business and management, among other things, will impact the determination of NewCo's credit profile. A decrease in the ratings assigned to NewCo by the rating agencies may negatively impact NewCo's access to the debt capital markets and increase its cost of borrowing. NewCo may not maintain the current creditworthiness or prospective credit ratings of Livent or Allkem and it may not obtain a credit rating at all, and any actual or anticipated changes or downgrades in any credit ratings assigned to NewCo may have a negative impact on its liquidity, capital position or access to capital markets.

In recent years, global financial markets have experienced disruptions and general economic conditions have been volatile. Due to this volatility, NewCo may not be able to obtain the funding it needs on terms acceptable to NewCo or at all. Additionally, recent increases in prevailing benchmark interest rates globally, coupled with higher inflation trends, have generally resulted in higher borrowing costs than those prevailing at the time that most of Livent's and Allkem's indebtedness was initially incurred. NewCo may not be able to refinance the existing indebtedness of Livent and Allkem, or any future indebtedness incurred by NewCo, on terms that are similar to the companies' existing indebtedness or that are otherwise acceptable to NewCo or at all. If NewCo cannot meet its capital needs or refinance its and its Subsidiaries' indebtedness, it may be unable to execute its business strategy, or otherwise take advantages of business opportunities or respond to competitive pressures, any of which could have an adverse effect on its business, cash flow, financial condition and results of operations.

**m. Changes in existing financial accounting standards or practices may adversely affect NewCo's business or results of operations**

Changes in existing accounting rules or practices, new accounting pronouncements or rules or varying interpretations of current accounting pronouncements could harm NewCo's operating results or the manner in which it conducts its business.

US GAAP is subject to interpretation by the Financial Accounting Standards Board, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on NewCo's reported financial results and could affect the reporting of transactions completed before the announcement or effectiveness of a change.

**n. NewCo's inability to integrate recently acquired businesses or to successfully complete future acquisitions could limit the Combined Group's future growth or otherwise be disruptive to its ongoing business**

Allkem has participated in significant acquisitions in the past, including the merger of equals transaction between Orocobre and Galaxy, pursuant to an Australian members' scheme of arrangement, which was implemented on 25 August 2021 that led to the formation of Allkem. From time to time, the Combined Group may pursue further acquisitions in support of its strategic goals. In connection with any such acquisitions, the Combined Group could face significant challenges in managing and integrating its expanded or combined operations, including acquired assets, operations and personnel. Acquisition opportunities may not be available on acceptable terms or at all and NewCo may not be able

to obtain necessary financing or regulatory approvals to complete potential acquisitions. The Combined Group's ability to succeed in implementing its strategy will depend to some degree upon the ability of its management to identify, complete and successfully integrate commercially viable acquisitions. Acquisitions may disrupt the Combined Group's ongoing business and distract management from other responsibilities.

**o. The Combined Group's information technology systems, and those of key third parties that the Combined Group does business with, may be vulnerable to hacker intrusion, malicious viruses and other cybercrime attacks, which may harm its business and expose NewCo to liability**

The Combined Group's operations will depend to a great extent on the reliability and security of NewCo's information technology systems, software and network, which are subject to damage and interruption caused by human error, problems relating to telecommunications networks, software failure, natural disasters, sabotage, viruses and similar events. Any interruption in NewCo's systems could have a negative effect on its business, including its products and deliveries. Any cybercrime attacks may also negatively impact customer demand (and therefore revenues) and may expose NewCo to liability. In addition, any interruption in the systems of, or cybercrime attack on, a key supplier or other key commercial counterparty of NewCo could have a negative effect on its business or customer demand and, in turn, a negative impact on the operational and financial performance of the Combined Group.

**p. Argentinian Merger Control Regulations**

Pursuant to merger control regulations in Argentina (**Argentinian Merger Control Regulations**), the Transaction must be notified to the Argentinian Antitrust Authority (by no later than one week after the Transaction is Implemented) and approved by the Argentinian Antitrust Authority.

The notification to the Argentinian Antitrust Authority is only required to be made after the Transaction is Implemented, and Implementation of the Transaction is not conditional upon or otherwise subject to Allkem and Livent obtaining the approval of the Argentinian Antitrust Authority.

However, in the event that during its analysis the Argentinian Antitrust Authority considers on a preliminary basis that the Transaction may trigger competition related concerns, it may order the parties to refrain from consolidating operations while the analysis is ongoing. Both Allkem and Livent consider it very unlikely that the Transaction will not be ultimately approved by the Argentinian Antitrust Authority, but there remains a risk that the Argentinian Antitrust Authority decides not to approve the Transaction

(in which case, the parties could be directed to unwind the Transaction in accordance with the Argentinian Merger Control Regulations) or decides to impose conditions on the grant of approval (such conditions could include, among other things, a requirement that NewCo divest certain assets or the imposition of pricing restrictions, costs, limitations and other restrictions on the conduct of the business of NewCo). These powers may be exercised if, among other things, the Argentinian Antitrust Authority considers that the Transaction is anticompetitive and harmful to the general economic interest of Argentina. Livent has received external legal advice regarding the likelihood of receiving this clearance and is not, as at the date of this Scheme Booklet, aware of any reason why it would not be received (or received subject to conditions).

If the Transaction is not ultimately approved by the Argentinian Antitrust Authority, or is approved subject to conditions, the integration of Allkem and Livent and the benefits of the Transaction, including any anticipated synergies, may not be realised in part or at all. Further, any delays in obtaining approval from the Argentinian Antitrust Authority could result in operational or financial impacts for NewCo, including potentially impacting further investment decisions by NewCo (in respect of assets based in Argentina) or the likelihood of other corporate actions being initiated by NewCo or third parties. Any of these consequences could adversely impact NewCo's financial performance and position and the future prospects of NewCo. See section 8.5(v)(iii) for more information about risks associated with the Combined Group's operations in Argentina.

**q. The Combined Group will be exposed to significant risks in relation to differing and/or changing legal, political, social and regulatory requirements of the many jurisdictions in which the Combined Group will operate**

NewCo's aggregate operations will be substantially more geographically diverse than either of Livent's or Allkem's prior to the completion of the Transaction. Doing business on a worldwide basis will create business, legal, political and social risks and require the Combined Group to comply with the laws and regulations of various jurisdictions on a broader scale. Such laws and regulations will cover a broad set of subject areas, and will likely require the Combined Group to comply with legislation and regulation in areas related to licensing and permitting of operations, occupational health and safety, the environment, corruption and tax.

While Livent and Allkem believe that the Combined Group will have a culture of compliance with legal, political, social and regulatory requirements, as well as adequate systems of internal controls, Livent and Allkem will seek to continuously improve the Combined Group's systems of internal controls and to remedy any weaknesses identified in compliance. However, the Combined Group's policies and

procedures may not be followed at all times or may not effectively detect and prevent violations of the applicable laws or regulations by one or more of the Combined Group's employees, consultants, agents or partners and, as a result, the Combined Group could be subject to penalties and material adverse consequences on its business, reputation, financial condition or results of operations. Additionally, as legislation and regulation are inherently subject to change, the Combined Group may be required to continue to enhance its compliance policies and systems, and may be susceptible to these risks if it is unable to keep up with the vast and dynamic legal and regulatory landscape.

Additionally, following completion of the Transaction, NewCo will be subject to Subpart 1300, which requires, among other things, that the disclosure of Mineral Resources or reserves must be based on an appropriate technical study prepared by a qualifying person (as defined in Subpart 1300). Further, in the event NewCo is unable to terminate its status as a reporting company in Canada, in accordance with Canada's NI 43-101. Reporting of Mineral Resources and reserves for NewCo's material properties under multiple reporting standards, and under Subpart 1300 in particular, will place significant demands on NewCo's managerial, operational and internal controls personnel and systems and will add to NewCo's costs, potentially materially, after the completion of the Transaction.

**r. The Combined Group will be exposed to significant risks in relation to compliance with differing anti-corruption laws and regulatory requirements of the many jurisdictions in which the Combined Group will operate**

As a result of doing business in various jurisdictions, including through partners and agents, the Combined Group will be exposed to a risk of violating anti-corruption laws and sanctions regulations. Some of the international locations in which the Combined Group will operate have developing legal systems and may have higher levels of corruption than more developed nations. The Combined Group's continued expansion and worldwide operations, including in developing countries, its development of joint venture relationships worldwide and the employment of local agents in the countries in which the Combined Group will operate increases the risk of violations of anti-corruption laws and economic and trade sanctions. Violations of anti-corruption laws and economic and trade sanctions are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on the Combined Group's reputation and consequently on its ability to win future business.

The Combined Group's international operations will be subject to anti-corruption laws and regulations, such as the US Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Bribery Act of 2010 (Bribery Act), the Australian *Criminal Code Act 1995* (Cth), as well as various state and territory laws in Australia, the Argentine Criminal Code, the Criminal Code of Canada, the Canadian Corruption of Foreign Public Officials Act and economic and trade sanctions, including those administered by the United Nations, the European Union, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and the US Department of State. The FCPA and similar laws prohibit providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. The Combined Group may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties.

**s. The Combined Group will be exposed to significant risks in relation to geopolitical tensions and economic sanctions in the many jurisdictions in which the Combined Group will operate**

The Combined Group will face exposure to geopolitical tensions, community unrest, global events, such as the war in Ukraine, sanctions against Russia and possible retaliation by Russia, global energy prices, inflation, regional recessions, and global supply chain and logistics challenges. Economic and trade sanctions will likely restrict the Combined Group's transactions or dealings with certain sanctioned countries, territories and designated persons. Any geo-political instability and uncertainty could have a negative effect on NewCo's operations, financial performance and financial position.

**t. Because there is currently no public market for the NewCo Shares, the market price and trading volume of the NewCo Shares may be volatile and holders may not be able to sell NewCo Shares following the Transaction**

Prior to the completion of the Transaction, NewCo Shares will not be publicly traded and there will not have been any public market for the NewCo Shares. Following the completion of the Transaction, an active trading market for the NewCo Shares may not develop or be sustained. The extent to which investor interest will lead to the development of an active trading market in the NewCo Shares and whether such a market will be sustained following the Transaction are unpredictable.

The market price of the NewCo Shares after the completion of the Transaction will be subject to significant fluctuations in response to, among other

factors, variations in operating results and market conditions specific to NewCo's business, industry and the markets in which it operates. If an active public market does not develop or is not sustained, the value of the NewCo Shares could be adversely affected and it may be difficult for you to sell your NewCo Shares at a price that is attractive to you, or at all. The market price of the NewCo Shares could fluctuate significantly for many reasons, including, without limitation:

- i. as a result of the risk factors listed in this Scheme Booklet;
- ii. actual or anticipated fluctuations in NewCo's operating results;
- iii. reasons unrelated to operating performance, such as reports by industry analysts, investor perceptions, or negative announcements by NewCo's customers or competitors regarding their own performance;
- iv. regulatory changes that could impact NewCo's business; and
- v. general economic and industry conditions.

**u. Future sales of NewCo Securities in the public market could cause volatility in the price of the NewCo Securities or cause the share price to fall**

Sales of a substantial number of NewCo Shares or NewCo CDIs in the public market, or the perception that these sales might occur, could depress the market price of the NewCo Securities and could impair NewCo's ability to raise capital through the issue and sale of additional equity securities. For example, Livent Stockholders or Allkem Shareholders may decide to sell the NewCo Securities received by them pursuant to the Transaction, which will generally be eligible for immediate resale, rather than remain NewCo Securityholders, which could have an adverse impact on the trading price of the NewCo Securities.

In the past, following periods of large price declines in the public market price of a company's securities, securities class action litigation has often been initiated against that company. Litigation of this type against NewCo could result in substantial costs and diversion of management's attention and resources, which would adversely affect its business, results of operation and financial condition. Any adverse determination in litigation against NewCo could also subject it to significant liabilities.

**v. Following completion of the Transaction, NewCo may not be included in indices in the US and Australia (including an S&P index in the US and the S&P/ASX 200 index in Australia), which may make NewCo less attractive to certain investors, and may adversely affect NewCo's anticipated trading volume and liquidity**

Livent and Allkem intend that NewCo will aim to qualify for inclusion in indices in the US and Australia (including an S&P index in the US in the case of NewCo Shares and the S&P/ASX 200 index in Australia in

the case of NewCo CDIs) following completion of the Transaction. It is possible, however, that following completion of the Transaction, indices in the US and Australia will decline to include NewCo. If NewCo is not included in an S&P index in the US and/or the S&P/ASX 200 index, institutional investors that are required to track the performance of these indices or the funds that impose those qualifications may be less likely to acquire the NewCo Shares or the NewCo CDIs (as applicable) following completion of the Transaction, which could adversely affect the anticipated trading volume and liquidity of NewCo Securities.

**w. Neither Livent nor Allkem have paid dividends to their shareholders in the past and NewCo's payment of dividends to its securityholders is subject to the discretion of the board of directors and may be limited by Jersey law**

Since becoming public companies, neither Livent nor Allkem have paid dividends to their shareholders. Any determination to pay dividends to NewCo's securityholders will be at the discretion of the NewCo Board and will be dependent on then-existing conditions, including the Combined Group's financial condition, earnings, legal requirements, including limitations under Jersey law and other factors the board of directors deems relevant. The NewCo Board may, in its sole discretion, commence dividend payments, change the amount or frequency of dividend payments or discontinue the payment of dividends entirely. For these reasons, you will not be able to rely on dividends to receive a return on your investment. Accordingly, realisation of a gain on your NewCo Shares (or NewCo CDIs) received in the Transaction may depend on the appreciation of the price of those NewCo Securities, which may never occur.

Again, any future determination by NewCo to pay cash dividends will be at the discretion of the NewCo Board and will depend on the financial condition of NewCo, its future capital requirements, general business and other factors that the NewCo Board considers relevant. No assurance can be made regarding the future declaration or payment of dividends.

**x. NewCo Shares will be traded on more than one exchange and this may result in price variations**

Trading in NewCo Shares on the NYSE and NewCo CDIs on ASX will take place in different currencies (US dollars on the NYSE and Australian dollars on ASX) and at different times (resulting from different time zones, different trading hours and different trading days for the NYSE and ASX). The trading prices of NewCo Shares on these two exchanges may at times differ due to these and other factors. Any decrease in the price of NewCo Shares on ASX could cause a decrease in the trading price of NewCo Shares on the NYSE and vice versa. The benefits expected of the

dual listing on the NYSE and ASX, including increased liquidity, visibility among investors and access to investors who may be able to hold listed stocks in Australia but not the US, and vice versa, may not be realised or, if realised, may not be sustained, and the costs associated with a dual listing may ultimately outweigh the anticipated benefits.

**y. If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about NewCo's business, the price and/or trading volume of NewCo Securities could decline**

The trading market for NewCo Shares (and NewCo CDIs) will depend, in part, on the research and reports that securities or industry analysts publish about NewCo and its business. Generally, securities and industry analysts based in the US provide more coverage of US domestic issuers than of foreign issuers. If too few analysts commence and maintain coverage of NewCo, the trading price for its shares might be adversely affected. Similarly, if one or more of the analysts currently covering Livent or Allkem cease coverage of NewCo or fail to publish reports on it Securities, demand for NewCo Shares could decrease, which might cause the price of NewCo Shares and trading volume to decline. In addition, if analysts publish inaccurate or unfavourable research about NewCo's business, the price and/or trading volume of NewCo Securities could decline.

**z. Fluctuations in currency exchange rates may significantly impact the results of NewCo's operations and may significantly affect the comparability of NewCo's financial results between financial periods**

NewCo will report its financial results in US dollars. The financial condition and results of operations of NewCo's Subsidiaries outside of the US will be reported in the relevant local currency and then translated into US dollars at then applicable exchange rates for inclusion in NewCo's consolidated financial statements. The exchange rates between these local currencies and the US dollar may fluctuate substantially due to changes in economic conditions, monetary policy action, or the threat thereof, by central banks and governments, or other factors. Because NewCo is expected to generate a significant portion of its revenues and incur a significant portion of its operating expenses in currencies other than the US dollar, but intends to translate all of its revenues and expenses into US dollars for financial reporting purposes, fluctuations in the value of the US dollar against other currencies may in the future have an adverse effect on NewCo's business, results of operations or financial condition. NewCo may enter into hedging transactions using derivative financial instruments to seek to minimise exposure to certain foreign currency fluctuations; however, given the volatility of international exchange rates, NewCo may not be able to effectively manage currency translation risks and such volatility, or the effects of the hedging

instruments themselves, may have a material adverse effect on NewCo's business, results of operations or financial condition.

Currency fluctuations may also significantly affect the comparability of NewCo's results between financial periods. In addition to currency translation risks, NewCo will incur currency transaction risks whenever one of its operating Subsidiaries enters into either a purchase or a sale transaction using a currency other than its functional currency.

**aa. Future issuances or offerings of debt or equity securities by NewCo may materially adversely affect the share price, and future capitalisation measures could lead to substantial dilution of shareholders' interests in NewCo**

NewCo may seek to raise additional equity through the issuance of new shares or convertible or exchangeable bonds/notes to finance organic growth or future acquisitions and may be required to issue new NewCo Shares upon conversion of Livent's 2025 Notes. Increasing the number of issued shares without pre-emptive or subscription rights for then-existing NewCo Securityholders would dilute the ownership interests of such persons. NewCo Securityholders' ownership interests could also be diluted if other companies or equity interests in companies are acquired in exchange for NewCo Securities to be issued and if NewCo Shares or other NewCo securities are issued to employees under assumed or future equity based incentive plans.

**bb. Provisions of the NewCo articles of association could delay or prevent a takeover of NewCo by a third party**

The NewCo articles of association could delay, defer or prevent a third party from acquiring NewCo, despite any possible benefit to NewCo's shareholders, after closing of the Transaction, or otherwise adversely affect the price of NewCo Shares. For example, the NewCo articles of association will:

- i. permit the NewCo Board to issue one or more series of preferred shares with rights and preferences designated by the NewCo Board;
- ii. impose advance notice requirements for shareholder proposals and nominations of directors to be considered at shareholder meetings;
- iii. limit the ability of shareholders to remove directors without cause;
- iv. require that all vacancies on the NewCo Board be filled by the NewCo Directors; and
- v. prohibit certain business combinations with an "interested" shareholder/member unless approved by the NewCo Board.

These provisions may discourage potential takeover attempts, discourage bids for NewCo Securities at a premium over the market price or adversely affect the market price of, and the voting and other rights of the holders of, the NewCo Securityholders. These provisions could also discourage proxy contests and make it more difficult for NewCo Securityholders to elect directors other than the candidates nominated by the NewCo Board.

**cc. The price of NewCo Securities may fluctuate significantly, even in the absence of material updates to company projections or outlook**

The trading price of NewCo Securities is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- i. the COVID-19 pandemic and its consequences;
- ii. market conditions or investor sentiment in the broader stock market, the end markets into which NewCo sells its products, or NewCo's industry in particular;
- iii. actual or anticipated fluctuations in NewCo's quarterly financial and operating results;
- iv. NewCo's capital financing decisions and debt levels;
- v. mergers, acquisitions, joint ventures, divestitures, corporate reorganisations, and other strategic activity;
- vi. introduction of new products and services by NewCo, its competitors or customers;
- vii. issuance of new or changed securities analysts' reports or recommendations;
- viii. the impact of retail investor activity and large block trades;
- ix. additions or departures of key personnel;
- x. regulatory developments;
- xi. litigation and governmental investigations;
- xii. economic and political conditions or events; and
- xiii. changes in investor perception of NewCo's market positions based on third-party information.

These and other factors may cause the market price and demand for NewCo Securities to fluctuate substantially, which may limit or prevent investors from readily selling their NewCo Securities and may otherwise negatively affect the liquidity of NewCo's Securities. In addition, when the market price of a stock is volatile, certain holders of that stock may institute securities class action litigation against the company that issued the securities. If any NewCo Securityholder brought a lawsuit against NewCo, it could incur substantial costs defending the lawsuit or any future securities class litigation.

The trading market for NewCo Securities will also be influenced by the research and reports that industry or securities analysts publish about NewCo or its business. If one or more of these analysts cease coverage of NewCo or fails to publish reports on NewCo regularly or accurately, NewCo could lose visibility in the financial markets, which in turn could cause its security price or trading volume to decline. Moreover, if one or more of the analysts who cover NewCo downgrade NewCo Securities, or if NewCo's results of operations do not meet their expectations, the price of NewCo Securities could decline.

**dd. Liquidity and flowback**

Some Allkem Shareholders may elect to receive NewCo Shares instead of NewCo CDIs, and NewCo CDI holders may independently convert their investment into NewCo Shares at any time. As a result, the number of NewCo CDIs available to be traded on the ASX may be reduced. This in turn, may reduce the liquidity of NewCo Shares on the ASX.

## 8.4 Risks relating to Tax Matters

**a. Taxation consequences**

If the Scheme proceeds, there may be taxation consequences for Scheme Shareholders.

If rollover relief under Subdivision 124-M of the Australian Tax Act is not available in respect of the Scheme, Australian resident Scheme Shareholders may be required to include any taxable capital gain realised on the disposal of their Allkem Shares in exchange for NewCo CDIs or NewCo Shares (as applicable), in their Australian assessable income.

Allkem is applying for a Class Ruling from the ATO to confirm that rollover relief is available to Australian resident Scheme Shareholders who would otherwise realise a capital gain in respect of the Scheme. It is possible that the Class Ruling will not be obtained, or that there may be delays to approval that have not been anticipated as at the date of this Scheme Booklet. For further information on the tax risks associated with the Scheme, see section 9 of this Scheme Booklet.

Where a Class Ruling is obtained from the ATO confirming the availability of rollover relief, Australian resident Scheme Shareholders may make a choice for rollover relief to apply to them. This choice can be evidenced in the way a Scheme Shareholder prepares their tax return for the financial year in which the Scheme occurs.

Scheme Shareholders should seek their own professional advice regarding the individual taxation consequences of the Scheme. Further information on the taxation consequences of the Scheme for Scheme Shareholders is set out in section 9 of this

Scheme Booklet (for completeness, as outlined in section 9.1, the Australian tax implications of the Scheme for Scheme Shareholders outlined in section 9 of this Scheme Booklet do not apply to Ineligible Overseas Shareholders).

**b. The US Internal Revenue Service may not agree that NewCo is a non-US corporation for US federal income tax purposes as a result of the Transaction**

Under current US federal income tax law, a corporation is generally considered for US federal income tax purposes to be a tax resident in the jurisdiction of its amortisation or incorporation. Accordingly, under generally applicable US federal income tax rules, NewCo, which is incorporated under the laws of the Bailiwick of Jersey and is an Irish tax resident, would be classified as a non-US corporation (and, therefore, not a US tax resident) for US federal income tax purposes. Section 7874 of the Internal Revenue Code of 1986 (the **Code**), however, contains rules that may cause a non-US corporation to, in certain circumstances, be treated as a US corporation for US federal income tax purposes. If NewCo were to be treated as a US corporation for US federal income tax purposes, it could be subject to substantial US tax liability, in addition to tax liability in its country of residence, and the gross amount of any dividend payments to its non-US holders could be subject to US withholding tax.

NewCo does not expect to be treated as a US corporation for US federal income tax purposes under Section 7874 of the Code. In connection with the Form S-4 to be sent to Livent Shareholders in connection with the Livent Stockholder Meeting for the US Merger, Livent has received and filed with the SEC an external legal opinion to confirm that, subject to the assumptions and qualifications set out in that opinion, NewCo is not anticipated to be a US corporation for US federal income tax purposes. However, the application of the rules under Section 7874 of the Code is complex and subject to uncertainty, and there is limited guidance regarding their application. Moreover, the application of Section 7874 of the Code to the facts and circumstances of the Transaction is uncertain. Finally, if a transaction is a "third-country" transaction, the threshold US ownership percentage (determined in accordance with the Section 7874 rules) for treatment of the relevant corporation as a US corporation under Section 7874 is lower (i.e. 60%) than if the Transaction were not a "third-country" transaction (i.e. 80%). Because the Transaction is a potential third-country Transaction, the 60% ownership test, rather than the 80% ownership test, will apply to determine whether NewCo is treated as a US corporation under Section 7874 of the Code. Therefore, the Transaction is not expected to be a "third-country transaction" as that term is used in the applicable US treasury regulations.

If the US Internal Revenue Service were to successfully challenge under Section 7874 of the Code, NewCo's status as a non-US corporation for US federal income tax purposes, NewCo and certain shareholders of NewCo would be subject to significant adverse tax consequences, including a higher effective corporate tax rate on NewCo and future withholding taxes on certain shareholders (including, in particular, non-US shareholders).

**c. NewCo may incur stamp duty and other transaction taxes in connection with the Transaction**

Allkem has applied for and received a favourable pre-transaction decision from the Commissioner of State Revenue of Western Australia that the Scheme will be exempt from stamp duty in Western Australia as a "relevant consolidation transaction" under section 259 of the *Duties Act 2008* (WA). On the basis that the Transaction should be implemented in accordance with the ruling, there should be no duty in Western Australia. No duty is expected in any other Australian jurisdiction in connection with the Transaction.

**d. Future changes to tax laws could adversely affect NewCo's effective tax rate, potential tax liability, operations or financial performance**

Any change in tax law, interpretation or practice, or in the terms of tax treaties, in a jurisdiction where NewCo and its Subsidiaries are subject to tax could increase the amount of tax payable by NewCo and its Subsidiaries, either in respect of the Transaction or in respect of the operations of NewCo and its Subsidiaries. These changes could negatively affect NewCo's operations or financial performance.

Livent and Allkem have operations in various countries that have differing tax laws and are subject to audit by domestic and foreign authorities. The effective tax rate of NewCo and its Subsidiaries may change from year to year based on changes in the mix of activities and income earned among the different jurisdictions in which NewCo and its Subsidiaries, including Livent and Allkem, will operate; changes in tax laws in these jurisdictions; changes in the tax treaties between various countries in which they will operate; changes in eligibility for benefits under those tax treaties; changes in the estimated values of deferred tax assets and liabilities; accounting for uncertain tax positions; business combinations; expiration of statutes of limitations or settlement of tax audits; and expiration or termination of favourable tax abatement or concession arrangements.

It is anticipated that NewCo will have favourable tax concession arrangements with certain foreign tax jurisdictions, which provide for reduced tax rates of income tax, and in certain cases various other taxes, consistent with the current concession arrangements of Allkem and Livent. These arrangements are generally valid for a fixed term, subject to renewal

at the option of the tax authority. In certain cases, the arrangement is subject to specified conditions which, if not satisfied, may result in the reduction or elimination of the associated beneficial tax arrangement. There can be no assurance that NewCo will be able to renew any favourable tax concession arrangements upon their expiration, or that NewCo will successfully satisfy the conditions required in order to retain any such arrangements. If NewCo is unable to renew any such arrangements or if NewCo does not satisfy the associated conditions, NewCo may lose the benefits of such arrangements, which may have a material adverse effect on NewCo's business, financial condition, cash flows and profitability.

On 8 October 2021, the Organisation for Economic Co-operation and Development (OECD)/G20 inclusive framework on Base Erosion and Profit Shifting (the **Inclusive Framework**) published a statement updating and finalising the key components of a two-pillar plan on global tax reform originally agreed on 1 July 2021, and a timetable for implementation by 2023. The timetable for implementation has since been extended to 2024. The Inclusive Framework plan has now been agreed to by 142 OECD members, including several countries which did not agree to the initial plan. Under pillar one, a portion of the residual profits of multinational businesses with global turnover above €20 billion and a profit margin above 10% will be allocated to market countries where such allocated profits would be taxed. Under pillar two, the Inclusive Framework has agreed on a global minimum corporate tax rate of 15% for companies with revenue above €750 million, calculated on a country-by-country basis. On 30 October 2021, the G20 formally endorsed the new global minimum corporate tax rate rules. The Inclusive Framework agreement must now be implemented by the OECD members who have agreed to the plan, effective in 2024. On 15 December 2022, the European Union member states unanimously adopted the directive to implement pillar two rules. According to the directive, the member states are expected to enact pillar two rules into domestic law in 2023, with certain elements becoming effective on or after 31 December 2023. The OECD has published model rules and other guidance with respect to pillar two, which are generally consistent with the agreement reached by the Inclusive Framework in October 2021. On 1 February 2023, the Inclusive Framework released a package of technical and administrative guidance on the implementation of pillar two, including the scope of companies that will be subject to the Global Anti-Base Erosion Rules, transition rules, and guidance on domestic minimum taxes that countries may choose to adopt, among other topics.

NewCo will monitor the implementation of the Inclusive Framework agreement by the countries in which NewCo operates. While NewCo will be unable



to predict when and how the Inclusive Framework agreement will be enacted into law in these countries, it is possible that the implementation of the Inclusive Framework agreement, including the global minimum corporate tax rate, could have a material effect on NewCo's liability for corporate taxes and NewCo's consolidated effective tax rate. In addition, on 1 February 2023, the US Financial Accounting Standards Board indicated that they believe the minimum tax imposed under pillar two is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities associated with the minimum tax would not be recognised or adjusted for the estimated future effects of the minimum tax but would be recognised in the period incurred. In addition, the Government of Jersey confirmed its approach to pillar two in a statement on 19 May 2023, where it stated that its intention was to implement the "income inclusion rule" and a domestic minimum tax to provide a 15% effective tax rate for large in-scope multinational enterprises from 2025. Guidance in respect of which companies will be deemed in-scope is awaited but the current expectation is that multinational enterprises with a global turnover of €750 million or more will fall within the scope of pillar two.

From an Australian tax perspective, the Australian Government announced, as part of the Federal 2023/24 Budget announcement on 9 May 2023, that it will implement key aspects of the OECD Global Anti-Base Erosion Pillar Two rules in Australia, effective for income years commencing on or after 1 January 2024. The new regime will incorporate a multinational Income Inclusion Rule (IIR) and an Undertaxed Profits Rule (UTPR), as well as a Domestic Minimum Tax (DMT). The IIR and DMT will take effect for income years commencing on or after 1 January 2024 and the UTPR will take effect for income years commencing on or after 1 January 2025. As at the date of this Scheme Booklet, this measure is not yet law.

**e. NewCo faces risks of materially significant adverse outcomes from Tax and Customs Audits**

NewCo will be subject to tax and customs audits in all jurisdictions where it operates. These authorities may disagree with tax positions taken and may assess additional taxes as a result. There can be no assurance that NewCo will accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in its income tax expense and therefore could have a material impact on its tax provision, net income and cash flows. If these audits result in assessments different from amounts reserved, future financial results may include unfavourable adjustments to NewCo's tax liabilities. Livent is subject to ongoing litigation with the Argentine Customs Authorities. Further information regarding this ongoing dispute is set out in section 6.20(a).

**f. NewCo intends to maintain tax residency solely in the Republic of Ireland. However, were NewCo to be treated as tax resident in an alternative or additional jurisdiction, this could increase the aggregate tax burden on NewCo and its stockholders**

Under Irish law, a company will generally be resident for tax purposes in Ireland if it is either incorporated in Ireland or (if it is not incorporated in Ireland) if the place of its central management and control is in Ireland. This is subject to any alternative position under any applicable double taxation treaty. NewCo is and will remain incorporated and registered in the Bailiwick of Jersey, so will not be presumed automatically to be an Irish resident for tax purposes. The concept of central management and control is fact based and takes into account a number of factors including where the high-level policy and strategic decisions of NewCo are taken, namely the decisions normally made by the board of directors. The senior management of NewCo intends to satisfy and would currently satisfy all requirements to maintain Irish tax residency by ensuring that central management and control of the combined company continues to rest in Ireland. The senior management of NewCo also intends to ensure that the combined company does not establish a tax residency in any other jurisdiction, whether as a result of having its effective management in any other jurisdiction or otherwise. If, however, Irish tax residency is not maintained, or if tax residence is established elsewhere, this could increase the amount of tax payable by NewCo and its shareholders.

**g. If a US investor in NewCo is treated for US federal income tax purposes as owning directly or indirectly at least 10% of the NewCo Shares, such US investor may be subject to adverse US federal income tax consequences**

For US federal income tax purposes, if a US investor is treated for US federal income tax purposes as owning (directly, indirectly or constructively) at least 10% of the value or voting power of the NewCo Shares, such US investor may be treated as a "United States shareholder" with respect to NewCo, or any of its non-US Subsidiaries, if NewCo or such subsidiary is a "controlled foreign corporation".

A non-US corporation is considered a controlled foreign corporation if more than 50% of (1) the total combined voting power of all classes of stock of such corporation entitled to vote, or (2) the total value of the stock of such corporation is owned or is considered as owned by applying certain constructive ownership rules, by US shareholders on any day during the taxable year of such non-US corporation. As NewCo will have US Subsidiaries following the transaction, certain of NewCo's non-US Subsidiaries could be treated as controlled foreign corporations under certain attribution rules regardless of whether NewCo is treated as a controlled foreign corporation.

Under these rules, certain US shareholders (that directly or indirectly own at least 10% of the value or voting power of the NewCo Shares) may be required to report annually and include in their US federal taxable income their pro rata share of NewCo's non-US Subsidiaries' "Subpart F income" and, in computing their "global intangible low-taxed income", "tested income" and a pro rata share of the amount of certain US property held by the Subsidiaries regardless of whether such Subsidiaries make any distributions. Failure to comply with these reporting obligations (or related tax payment obligations) may subject such US shareholder to significant monetary penalties and may extend the statute of limitations with respect to such US shareholder's US federal income tax return for the year for which reporting (or payment of tax) was due. NewCo does not intend to assist US investors in determining whether NewCo or any of its non-US Subsidiaries are treated as a controlled foreign corporation for US federal income tax purposes or whether any US investor is treated as a US shareholder with respect to any of such controlled foreign corporations or furnish to any investor information that may be necessary to comply with reporting and tax paying obligations if NewCo, or any of its non-US Subsidiaries, is treated as a controlled foreign corporation for US federal income tax purposes. US investors who directly or indirectly own 10% or more of the combined voting power or value of NewCo Shares are strongly encouraged to consult their own tax advisors regarding the US tax consequences of owning or disposing of NewCo Shares.

**h. Tax authorities may arrive at different conclusions regarding uncertain tax positions**

The tax positions of Livent and Allkem are subject to the examination of taxing authorities in the jurisdictions in which they operate and NewCo will operate. Upon examination, it is possible that a taxing authority may arrive at a different conclusion on transactions with uncertain tax treatment which could impact the determination of taxable profit, tax bases, rates, losses or credits of Livent, Allkem or NewCo.

## 8.5 Risk factors relating to the business and operations of the Combined Group

In the course of conducting NewCo's business operations, NewCo will be exposed to a variety of risks, some of which are inherent in its industry and others of which are more specific to NewCo. The discussion below addresses the material factors, of which NewCo is currently aware, that could affect its business, results of operations and financial condition and make an investment in NewCo speculative or risky.

Factors that could affect its business, results of operations and financial condition are discussed in this section. However, other factors not discussed below or elsewhere in this section 8 could also adversely affect NewCo's business, results of operations and financial condition. Therefore, the risk factors below should not be considered a complete list of potential risks that NewCo may face.

Any risk factor described in this section 8 could by itself, or together with other factors, materially adversely affect NewCo's liquidity, competitive position, business, reputation, results of operations, capital position or financial condition, including by materially increasing its expenses or decreasing its revenues, which could result in material losses. In particular, risks identified for Allkem on a standalone basis in section 8.6 may also be risks of the Combined Group.

Factors that could have an impact on NewCo's ability to achieve operating results and meet its other goals are set out below. Please also refer to "Cautionary Statement Regarding Forward-Looking Statements" at the beginning of this Scheme Booklet with respect to forward looking information referred to in this section.

### Growth Strategy Risk

**a. NewCo's growth depends upon the continued growth in demand for high performance lithium compounds**

LiVent is, and following Implementation NewCo will be, one of a few producers of multiple performance lithium compounds. Performance lithium compounds are a critical input in current and next generation high energy density batteries used in EV applications, and in synthesis of pharmaceuticals and polymers. NewCo's growth in this area is dependent upon the continued adoption by consumers of EVs, the rate of development and adoption of next generation high nickel battery technologies in some EV segments, and the rate of growth of certain pharmaceuticals and polymers. If the market for EVs does not develop as NewCo expects, or develops more slowly than NewCo expects, NewCo's business, prospects, financial condition and results of operations will be affected. The market for EVs is relatively new, rapidly evolving, and could be affected by numerous factors, such as:

- i. potential bottlenecks in the EV supply chain, battery materials, semiconductor chips, or otherwise, causing less EV adoption and market penetration, and resulting in weaker lithium demand;
  - ii. government regulations and automakers' and customers' responses (including fleet electrification roadmaps and battery technology choices) to those regulations;
  - iii. tax and economic incentives;
  - iv. rates of consumer adoption, which is driven in part by perceptions about EV features (including range per charge), quality and reliability, safety, performance, cost and charging infrastructure;
  - v. competition, including from other types of alternative fuel vehicles, hybrid vehicles, plug-in hybrid EVs, and high fuel-economy internal combustion engine vehicles; and
  - vi. volatility in the cost of battery materials, oil and gasoline.
- b. Production expansion efforts are complex projects that will require significant capital expenditures and are subject to significant risks and uncertainties**

In order to meet growing and forecasted demands for performance lithium compounds, particularly insofar as lithium hydroxide is concerned, NewCo intends to expand its lithium carbonate and lithium hydroxide capacities when warranted by market conditions or long-term customer commitments. NewCo will be undergoing expansion of annual lithium carbonate production at (among other operations) Allkem's and Livent's existing operations in Argentina in addition to seeking alternative lithium resources. Other growth projects are contemplated in respect of NewCo's existing portfolio of assets, consistent with the proposed expansion of production capacity discussed elsewhere in this Scheme Booklet. Expansion projects are complex undertakings, and there can be no assurance that NewCo will be able to complete these projects within its projected budget and schedule or that it will achieve the anticipated benefits from them. These risks are exacerbated by the fact that – in order to meet its existing plans for expansion of production capacity – NewCo will be pursuing and implementing several growth projects across different operations and jurisdictions in parallel, and will be (among other things) contending with an unfamiliar plant type in the lithium hydroxide conversion facility being established in Bécancour, Québec and operated through the Nemaska Lithium joint venture (in which NewCo will hold a 50% economic interest but which it will not manage or operate). Unforeseen technical or construction difficulties, lack of adequate water or energy, regulatory requirements (including permits), competition for, and scarcity of, labour and construction materials among competing regional projects, labour or civil/political unrest, community relations, logistical issues, or local hiring and

procurement policies and requirements (discussed further in section 8.5(v)) and/or increasing costs and extended delivery times for new equipment could increase the cost of these projects, delay the projects or render them infeasible. Any significant delay in the completion of the projects or increased costs could have a material adverse effect on NewCo's business, financial condition and results of operations.

**c. NewCo's inability to acquire or develop additional reserves that are economically viable could have a material adverse effect on its future growth**

Allkem's and Livent's respective, currently defined lithium reserves will decline as they (and NewCo from Implementation) continue to extract these raw materials. Accordingly, the Combined Group's future operations depend upon its ability to acquire additional lithium reserves that are economically viable to replace the reserves it will extract. Exploration and development of lithium resources are highly speculative in nature. Exploration projects involve many risks, require substantial expenditures and may not result in the discovery of sufficient additional resources that can be extracted profitably. Once a site with potential resources is discovered, it may take several years of development until production is possible, during which time the economic viability of production may change. Substantial expenditures are required to establish recoverable proven and probable reserves and to construct extraction and production facilities. As a result, there is no assurance that current or future exploration programs will be successful and there is a risk that depletion of reserves will not be offset by discoveries or acquisitions of new reserves.

**d. NewCo may make future acquisitions which may be difficult to integrate, divert management and financial resources and result in unanticipated costs**

As part of NewCo's continuing business strategy, it may make additional acquisitions of, or investments in, companies or technologies that complement Allkem's and Livent's current products, enhance their market coverage, technical capabilities or production capacity, expand NewCo's access to lithium deposits in other geographic locations, or offer growth opportunities. NewCo cannot be certain that it will be able to identify suitable acquisition or investment candidates at compelling prices.

Recent and future investments or acquisitions could pose numerous risks to NewCo's operations, including difficulty integrating the acquired operations, products, technologies or personnel; substantial unanticipated integration costs; diversion of significant management attention and financial resources from Allkem's and Livent's existing operations; a failure to realise the potential cost savings or other financial benefits and/or the strategic benefits of the acquisitions; and the incurrence

of liabilities from the acquired businesses for environmental matters, infringement of intellectual property rights or other claims (for which NewCo may not be successful in seeking indemnification). These and other risks relating to acquiring, integrating and operating acquired assets or companies could cause NewCo not to realise the anticipated benefits from such acquisitions and could have a material adverse effect on its business, financial condition and results of operations.

**e. NewCo's research and development efforts may not succeed, and its competitors may develop more effective or successful products**

The industries and the end markets into which Allkem and Livent sell their products experience regular technological change and product improvement. NewCo's ability to compete successfully will depend in part upon its ability to maintain superior technological capability and ability to identify, develop and commercialise new and innovative performance lithium compounds for use in its customers' products. There is no assurance that NewCo's research and development efforts will be successful or that any newly developed products will pass its customers' qualification processes or achieve market-wide acceptance. If NewCo fails to keep pace with evolving technological innovations in its customers' end markets, NewCo's business, financial condition and results of operations could be materially adversely affected. In addition, existing or potential competitors may develop products which are similar or superior to NewCo's products or are more competitively priced. If NewCo's product launching efforts are unsuccessful, its financial condition and results of operations may be materially adversely affected.

**f. NewCo's inability to obtain mineral resources to be used in production (through exploration projects, acquisitions or otherwise) may have an adverse effect on NewCo's financial performance**

Both Allkem's and Livent's respective businesses require them to obtain and develop mineral resources in order to maintain production levels in the long term. There is a risk that NewCo's discoveries resulting from its exploration projects or acquisitions will not be sufficient to maintain production levels, or that divestitures of assets will lead to a low mineral base. Mineral resources can be obtained through additional drilling to identify extensions, locating new deposits or by making acquisitions, but each of these possibilities is based on a number of factors beyond NewCo's control and involve a great degree of uncertainty, as further outlined in particular risk factors related to those activities herein. If NewCo is unable to obtain sufficient mineral resources to be used in production, there may be an adverse effect on NewCo's financial performance.

**g. NewCo may not be able to obtain mineral resources through its exploration activities**

Both Allkem and Livent engage in exploration activities, which are highly speculative by nature, involve many risks and may be unsuccessful. NewCo is expected to conduct exploration activities at most of the Combined Group's project sites, and future exploration programs may not be successful. Such activities also require substantial expenditures by NewCo and can take several years before it is known whether they will result in the development of additional projects. Even if a discovery is made, it may take up to a decade or longer from the initial phases of exploration drilling until production is possible, during which time the economic viability of production may change.

Partially, these exploration activities are highly speculative because determining whether a mineral resource exists or is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and quality, as well as external factors such as proximity of the potential mineral resource to infrastructure, commodity prices, government regulation, NewCo's ability to obtain necessary licenses or permits from relevant authorities, and other restrictions, which may require significant expenditures by NewCo. There is no certainty that the investments made by NewCo for the search for and evaluation of mineral deposits will ultimately result in discoveries of commercially viable or any quantities of mineral resources, and the consequences, cost and effort of unsuccessful exploration activities could have a material adverse effect on NewCo's financial condition and results of operations.

**Market Risks**

**h. Lithium prices can be volatile, especially due to changes in demand-supply balance.**

The prices of lithium have been, and may continue to be, volatile and are affected by many factors beyond NewCo's control such as inflation, interest rates and currency exchange. For example, some of NewCo's contracts for the sale of performance lithium compounds will have index-based or variable pricing, which could provide a benefit if lithium pricing rises, or could have a material adverse effect on its business, financial condition and results of operations if lithium pricing declines.

The price of lithium and the global demand for lithium is also reactive to supply and demand fluctuations and the requirements of NewCo's customers. Such fluctuations are influenced by various factors, including the level of consumer product demand, potential distribution issues, technological advances, availability of alternatives, global economic and political developments, forward-selling activities and other macro-economic factors. In particular,

the demand for lithium is also dependent upon the demand for end-use products such as lithium batteries and battery EVs. Any one of these factors may affect the price of or demand for lithium, which in turn, may affect the price that NewCo is able to obtain for lithium or the amount of commodities that NewCo can sell.

NewCo expects that prices for the performance lithium compounds it manufactures will continue to be influenced by various factors, including regional and global demand-supply balance, technological advances and availability of alternatives, as well as the business strategies of major producers and users of lithium. Certain market analysts predict a significant increase in global lithium capacity over the short and medium term, which could adversely affect the price for NewCo's products. However, there is a high degree of uncertainty about the time period involved to achieve targeted output volumes, operating costs, and product quality at a level that will be qualified by customers. A continued increase in the prices of lithium could potentially be demand destructive in NewCo's key end markets. Future declines in lithium prices could have a material adverse effect on NewCo's business, financial condition and results of operations.

This price volatility could also result in delays related to the development of new and existing projects, could reduce funds available for exploration, could be detrimental to the value of NewCo's assets and could reduce any mineral resources or ore reserves that NewCo may determine and report by reducing what can be economically processed at prevailing prices. Accordingly, the price volatility of commodities, and particularly lithium, could cause significant volatility in and may negatively affect NewCo's revenue and cash flows.

**i. Demand and market prices for lithium will greatly affect the value of NewCo's investment in its lithium resources and its ability to develop them successfully**

NewCo's ability to successfully develop its lithium resources and generate a return on investment will be affected by changes in the demand for, and market price of end products, such as lithium hydroxide. The market price of these products can fluctuate and is affected by numerous factors beyond NewCo's control, primarily global supply and demand. Such external economic factors are influenced by changes in international investment patterns, various political developments and macro-economic circumstances. In addition, the price of lithium products is impacted by their purity and performance. NewCo may not be able to effectively mitigate against such fluctuations.

**j. Adverse conditions in the economy and volatility and disruption of financial markets can negatively impact NewCo's customers, and downturns in NewCo's customers' end-markets could adversely affect NewCo's sales and profitability**

Allkem and Livent both produce performance lithium compounds for application in a diverse range of end-products, including for batteries in EVs and energy storage applications and for a wide variety of industrial, pharmaceutical, aerospace, electronics, agricultural and polymer applications. Deterioration in the global economy, including recessions, or in the specific industries in which customers of the Combined Group compete could adversely affect the demand for those customers' products, which, in turn, could negatively affect NewCo's sales and profitability. Customers' end-markets are cyclical in nature or are subject to secular downturns. Historically, cyclical or secular end-market downturns have periodically resulted in diminished demand for performance lithium compounds and have caused a decline in average selling prices, and NewCo may experience similar problems in the future.

**k. NewCo is expected to derive a substantial portion of its revenue from a limited number of customers, and the loss of, or a significant reduction in orders from, a large customer could have a material adverse effect on its business and operating results**

In any particular period, a substantial amount of Allkem's and Livent's total revenue comes from a relatively small number of customers. It is likely that NewCo will derive a significant portion of its revenue from a relatively small number of customers in the future. If NewCo were to lose any material customer or if any such customer significantly reduced or delayed its orders, such loss, reduction or delay could have a material adverse effect on NewCo's business, financial condition and results of operations. Further, such loss, reduction or delay could occur for a number of reasons outside of NewCo's control.

**l. NewCo faces competition in its business**

Both Allkem and Livent compete globally against a number of other lithium producers. Competition is based on several key criteria, including technological capabilities, product volume, service, delivery, product performance, quality, cost and price. Following Implementation, some of NewCo's competitors may be larger, with more favourable economies of scale, access to multiple lithium resources and greater market share. They may also have greater financial resources for growth, acquisitions, expansions (including in the geographic areas where each of Allkem and Livent currently operate) and research and development. These competitors may be able to maintain greater operating and financial flexibility. If NewCo fails to compete effectively, it may be unable to retain or expand its market share, which could have

a material adverse effect on NewCo's business, results of operations and financial condition. NewCo may also face potential competition from substitute materials or technologies and through backward integration, alliances, partnerships within the EV supply chain, and from other mining or resource extraction and battery materials recycling companies that enter the lithium production or recycling business. This may influence NewCo's future expansion decisions or limit its ability to expand and may have an adverse effect on its business, results of operations and financial condition. Competitors' pricing decisions may also create pressure for NewCo to decrease its prices, which may negatively affect profitability.

**m. The development and adoption of new battery technologies that rely on inputs other than lithium compounds could significantly impact NewCo's prospects and future revenues**

Current and next generation high energy density batteries for use in EVs rely on lithium compounds as a critical input. The pace of advances in current battery technologies, the development and adoption of new battery technologies that rely on inputs other than lithium compounds, or a delay in the development and adoption of next generation high nickel battery technologies that utilise lithium hydroxide could significantly impact NewCo's prospects and future revenues. Many materials and technologies are being researched and developed with the goal of making batteries lighter, more efficient, faster charging and less expensive. Some of these could be less reliant on lithium hydroxide or other lithium compounds, especially if the demand for batteries for use in EVs outstrips the available supply of lithium hydroxide or other lithium compounds. NewCo cannot predict which new technologies may ultimately prove to be commercially viable and their share in the overall mix over any time horizon. Commercialised battery technologies that use less lithium compounds could materially and adversely impact NewCo's prospects and future revenues.

**Financial Risks**

**n. NewCo's operating results are subject to substantial quarterly and annual fluctuations**

NewCo's revenue and operating results are likely to fluctuate in the future. These fluctuations may occur on a quarterly or annual basis and are due to a number of factors, many of which are beyond NewCo's control. These factors include, among others:

- i. changes in NewCo's product mix or customer mix;
- ii. changes in product quality requirements and increased qualification time periods;
- iii. changes in product regulatory classifications;
- iv. changes by EV and battery manufacturers in supply chain locations and raw material suppliers' participation for those locations;
- v. the oversupply and inventory levels of lithium compounds in the global lithium industry;

- vi. the timing of receipt, reduction or cancellation of significant product orders by customers, or the use of substitute products for lithium by customers;
- vii. changes in index-based pricing of existing contracts, and the timing, duration and pricing terms of new customer contracts and renewals;
- viii. NewCo's ability to adapt to changes in technology trends affecting the lithium industry, including new manufacturing processes;
- ix. fluctuations in currency exchange and interest rates, and inflation;
- x. the effects of competitors' actions and competitive pricing pressures, including decreases in average selling prices of NewCo's products;
- xi. changes in manufacturing costs, including increases in energy and raw material prices and government royalties; and
- xii. the extent to which NewCo purchases third-party lithium carbonate meeting necessary specifications to supplement internally produced lithium carbonate from its company-owned mineral deposits in Argentina, as purchasing from third parties (if available) leads to higher production costs and reduced margins.

If NewCo's operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, a significant decline in the trading price of NewCo Shares may occur, which may happen immediately or over time.

**o. NewCo may not realise the anticipated benefits of its investment in its development projects**

There can be no assurance that the Combined Group's development stage projects (including the Nemaska Lithium Project, Salar de Hombre Muerto expansions, Sal de Vida, James Bay, and Cauchari) will be completed within the expected timeframe or budgeted cost, or that any technical study will reflect the expected amount of mineral resources or reserves. These projects may experience unexpected costs, problems and delays, and their economic feasibility will depend on numerous factors outside of NewCo's control and uncertainties (see section 8.5(ff)).

In particular, the Nemaska Lithium Project is a joint venture between IQ and Livent, and NewCo will not control its management or operations. The interests of NLI or IQ may differ from NewCo and they may make business, financial or other decisions with which NewCo does not agree, which could materially adversely affect NewCo's ability to obtain the expected benefits of its investment. There is no guarantee that NewCo will reach agreement with NLI or IQ on the further development or financing of the Nemaska Lithium Project, and NewCo may not be able to enter into any agreement for the purchase or distribution of any lithium products that NLI ultimately produces. If NLI incurs higher losses in future periods, including due to a ramp up in its pre-production development activities, it could have a material adverse effect on NewCo's profitability.

Further, if NLI is unable to successfully execute its development plans and commercial strategies or fails to commence production for any reason, the carrying value of NewCo's investment could exceed its fair value, which could result in impairment losses and have a material adverse effect on NewCo's financial position and profitability.

**p. NewCo may have difficulty accessing global capital and credit markets**

NewCo expects to rely on cash generated from operations and external financing to fund its growth and ongoing capital needs. The expansion of NewCo's business or other business opportunities may require significant amounts of capital. While Livent believes that cash from existing operations, together with borrowing availability under financing arrangements (currently held by Livent and Allkem) and other potential financing strategies that may be available to NewCo in the future, will be sufficient to meet these needs in the foreseeable future, if NewCo needs additional external financing, NewCo's access to credit markets and the pricing of its capital will be dependent upon maintaining sufficiently strong credit metrics and the state of the capital markets generally. There can be no assurances that NewCo would be able to obtain equity or debt financing on terms it considers acceptable, and it is possible that the cost of any financings could increase significantly, thereby increasing NewCo's expenses and decreasing its net income. If NewCo is unable to generate sufficient cash flow or raise adequate external financing, including as a result of significant disruptions in the global credit markets, NewCo could be forced to restrict its operations and growth opportunities, which could adversely affect NewCo's operating results.

**q. The conditional conversion feature of the 2025 Notes may adversely impact NewCo's liquidity or dilute NewCo Shareholders, depending on the method of settlement**

As set out in section 7.8(b), where holders of the 2025 Notes do not elect to convert 2025 Notes prior to the US Merger Effective Time, then the holders' right to convert any outstanding 2025 Notes into Livent Shares will, in accordance with the terms of the 2025 Notes Indenture, become a right to convert into NewCo Shares. Pursuant to the conditional conversion feature of the 2025 Notes, holders of 2025 Notes are entitled to convert the 2025 Notes at any time during specified periods at their option. For the third quarter of 2023, the holders of the 2025 Notes were notified that the conditional conversion feature was triggered, and as a result, the holders had the option to convert all or any portion of their 2025 Notes through to 31 December 2023.

If one or more holders elect to convert their 2025 Notes (as a result of the conditional conversion feature having been triggered), Livent would be required to settle a portion or all of its conversion obligation

through the payment of cash, which could adversely affect its liquidity (and in turn, NewCo's liquidity), unless Livent elects to satisfy its conversion obligation by delivering solely shares of Livent's common stock or NewCo Shares, depending on timing for the conversion (other than paying cash in lieu of delivering any fractional share). Any satisfaction of a conversion obligation by issue of Livent common stock or NewCo Shares will result in a dilution for the holder of NewCo Securities. In addition, even if holders do not elect to convert their 2025 Notes, Livent/NewCo could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes as a current rather than long-term liability, which would result in a deterioration in Livent's/NewCo's working capital position.

**r. NewCo may not have sufficient cash flow from NewCo's business to pay its debt**

NewCo's ability to make scheduled payments of the principal of, to pay interest on or to refinance NewCo's indebtedness depends on its future performance, which is subject to economic, financial, competitive and other factors beyond NewCo's control. NewCo's business may not continue to generate cash flow from operations in the future sufficient to service its debt. If NewCo is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be unfavourable or dilutive. NewCo's ability to refinance its indebtedness will depend on the capital markets and NewCo's financial condition at such time. NewCo may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on NewCo's debt obligations.

**s. NewCo's financing arrangements will require it to issue assurances and comply with covenants, and NewCo's ability to make such assurances and comply with such covenants is dependent on various factors outside of NewCo's control**

In the ordinary course of operations, NewCo will be required to maintain or issue financial assurances, specifically insurances and bond/bank guarantee instruments, in order to secure statutory and environmental performance undertakings and commercial arrangements. NewCo's ability to provide such assurances is subject to uncertain factors, including external financial and credit market assessments, as well as its own financial position.

Additionally, Allkem's existing financing agreements for Olaroz contain, and other financing arrangements in the future may contain, a range of covenants, some of which are or may be linked to construction timetables. There is a risk that ongoing and protracted delays in the construction of these projects, which may be caused by factors outside of Allkem's or NewCo's control, may result in a breach of covenants contained in the financing agreements.

If NewCo is unable to issue assurances or comply with the covenants in its current financing arrangements, its ability to obtain or maintain sufficient financing and, therefore NewCo's liquidity, business and result of operations may be adversely affected.

Similarly, Livent's net leverage ratio under its Revolving Credit Facility covenants may increase during the next 12 months from the date of this Scheme Booklet. Compliance with Livent's debt covenants will continue to be determined, in large part, by Livent's ability to manage the timing and amount of its capital expenditures, which is within Livent's control, as well as by Livent's ability to achieve forecasted operating results and to pursue other working capital financing strategies that may be available to Livent, which is less certain and outside of Livent's control.

**t. NewCo's operations and expansion plans may require additional funding or capital, and if NewCo is unable to secure adequate funds on terms acceptable to NewCo, its liquidity, business and results of operations may be materially and adversely affected**

NewCo's operations and expansion plans may require increases in expected capital expenditure commitments. NewCo may require additional funding to continue or expand its business and may require additional capital in the future to, among other things, develop its projects, further expand its facilities or build additional processing capacity. Such external capital may not be available at all or may not be available on terms acceptable to NewCo. The availability of financing opportunities will depend, in part, on market conditions and the outlook of NewCo's business. Further, if additional funds are raised through renegotiation or refinancing of the terms of Allkem's and Livent's existing debt facilities, such terms may vary from time to time depending on macro-economic conditions, the performance of NewCo and an assessment of the risks and intended use of funds. Debt financing, if available on terms acceptable to NewCo, may involve restrictions on financing and operating activities, including restrictions on distributions, and may increase compliance and reporting obligations. Among other things, a provider of project financing for one of NewCo's projects may require that security be given over NewCo's assets and revenues related to the financed project or may require certain approval rights related to the activities or operations of the financed project.

In the event that NewCo is unable to obtain adequate external financing on acceptable terms, or at all, to satisfy its operating, development and expansion plans, NewCo's liquidity, business and results of operations may be materially and adversely affected.

## Operational Risks

**u. NewCo will have substantial international operations and sales, and the risks of doing business in foreign countries could adversely affect NewCo's business, financial condition and results of operations**

Both Allkem and Livent conduct a substantial portion of their business outside Australia (in the case of Allkem) and the US (in the case of Livent). Accordingly, NewCo's business will be subject to risks related to foreign exchange, risks related to the differing legal, political, social and regulatory requirements and economic conditions of the many jurisdictions where NewCo will conduct business, geopolitical tensions (such as those between China and the US), corruption, international hostilities, civil wars, embargoes, global events, such as the war in Ukraine, sanctions against Russia and possible retaliation by Russia, global energy prices, inflation, regional recessions, and global supply chain and logistics challenges.

Changes in exchange rates between foreign currencies and the Australian dollar or the US dollar (as applicable) will affect the recorded levels of NewCo's assets, liabilities, net sales, cost of goods sold and operating margins and could result in exchange losses. While revenue from NewCo's product sales will be reported in US dollars, a proportion of NewCo's costs may be accounted for in other currencies, including Australian dollars, Argentine pesos, Japanese yen and Canadian dollars. Accordingly, NewCo will be exposed to the risk of foreign currency fluctuations as well as exchange rate volatility, both of which are affected by a number of factors that are beyond NewCo's control. NewCo's results of operations may be adversely affected by any volatility in currency exchange rates and NewCo's ability to manage effectively its currency transaction and translation risks. Foreign currency debt and foreign exchange forward contracts may be used in countries where NewCo does business, thereby reducing NewCo's net asset exposure. Foreign exchange forward contracts are also used to hedge firm and highly anticipated foreign currency cash flows. The Argentine peso continues to decline in value, and it is anticipated that NewCo will not hedge foreign currency risks associated with the Argentine peso due to the limited availability and high cost of suitable derivative instruments.

In addition, it may be more difficult for NewCo to enforce agreements or collect receivables through foreign legal systems. There is a risk that foreign governments may nationalise private enterprises in certain countries where Allkem and Livent presently operate, including Argentina, Japan and China. Social and cultural norms in certain countries may not support compliance with NewCo's corporate policies including those that require compliance with substantive laws and regulations. Also, changes in general economic and political conditions in countries where the Combined Group operates are a risk to



NewCo's financial performance and future growth. Allkem's and Livent's sales (and in turn, NewCo's sales following Implementation) depend on international trade and moves to impose tariffs and other trade barriers, as has happened in various countries including the US and China, could negatively affect NewCo's sales and have a material adverse effect on NewCo's business, financial condition and results of operations.

Each of Allkem and Livent (and their respective subsidiaries) are, and NewCo will be, subject to rules and regulations related to anti-bribery, anti-corruption, anti-money laundering, forced labour, trade sanctions, export controls, and customs matters, including duties and tariffs. Compliance with such laws may be costly and violations of such laws may carry substantial penalties. NewCo may also be subject to complex and time-consuming investigations or audits by governmental authorities and regulatory agencies, which can occur in the ordinary course of business or which can result from increased scrutiny from a particular agency towards an industry, country or practice. Such investigations or audits may subject NewCo to increased government scrutiny, investigation and civil and criminal penalties, and may limit NewCo ability to import or export its products.

One of Livent's (and, following Implementation, NewCo's) key manufacturing facilities is located in the United Kingdom. Following Brexit, the United Kingdom and the European Union entered into the UK-EU Trade and Cooperation Agreement (the **TCA**), which is an agreement on the future trading relationship between the parties. The TCA still requires complex additional bilateral negotiations between the United Kingdom and the European Union, and thus significant uncertainty remains about the precise terms of the relationship between the parties. As noted above, NewCo will derive a significant portion of its revenues from sales outside of the US, including from the European Union. The war in Ukraine, high energy prices, inflation and rising interest rates have introduced significant uncertainties into global financial markets, including volatility in foreign currencies, and adversely impacted the markets in which NewCo and its customers will operate. Adverse consequences such as deterioration in economic conditions, higher taxes or adverse changes in regulation could have a negative impact on NewCo's business, financial condition or results of operations. All of these potential consequences could be further magnified if the war in Ukraine were to spread beyond its borders, continue for a protracted period of time, or if inflation continues to rise. While NewCo will actively monitor the situation and update its contingency plans, any new developments could adversely affect NewCo's business, financial condition or results of operations.

As NewCo will operate its business globally, NewCo's success will depend, in part, on its ability to anticipate and effectively manage these and other related risks. There can be no assurance that the consequences of these and other factors relating to its international operations will not have an adverse effect on NewCo's business, financial condition or results of operations.

**v. NewCo's lithium extraction and production operations in Argentina expose NewCo to specific political, financial and operational risks**

NewCo's operations in Argentina will expose NewCo to the following risks, some of which may be heightened by the departure of key Argentinian-based management personnel from the Allkem side of the Transaction (following Implementation) and any rationalisation of head office presence in Buenos Aires as part of the Transaction, and the occurrence of any of these risks could have a material adverse effect on NewCo's business, financial condition or results of operations:

**i. Political and financial risks that are typical of developing countries**

Such risks include: high rates of inflation; risk of increased state intervention in the economy, government control of private businesses, expropriation and nationalisation; changes in or nullification of concession rights, licenses and/or permits; changes in taxation policies; currency controls and restrictions on foreign exchange and repatriation; labour unrest and increased unionisation; changing political norms, governing coalitions and government instability; and governmental policies and regulations that favour or require NewCo or its contractors and subcontractors to award contracts in, employ citizens of, or purchase supplies from, Argentina, the local provinces and communities where Allkem and Livent presently operate. In addition, changes in mining or investment policies or shifts in political attitude in Argentina concerning mining may adversely affect NewCo's operations or profitability. There can be no assurance that the current or future governments of Argentina will not impose greater state control of lithium resources, or take other actions that are adverse to NewCo.

**ii. Risks associated with changes in tax laws**

There are frequent changes in Argentinian tax laws, including those relating to mining goods (including lithium), imports and exports, foreign exchange transactions, income taxes and corporate tax rates. In 2022, Argentine authorities established a reference price for exports of certain grades of lithium carbonate, with any exports below this price being subject to investigation by customs authorities and the possible payment of higher export duties and corporate taxes.

In January 2023, the Argentina Ministry of Economy issued a resolution to cancel an export rebate regime relating to lithium products. NewCo's operations in Argentina are covered by discrete fiscal stability agreements that are intended to limit the impact of changes to tax laws for the period of the agreement. Submissions will be made to the Mining Ministry of the Argentine federal government for reimbursement or set-off (against other federal taxes) of any amount paid in excess of the total federal taxable burden applicable to NewCo under each fiscal stability agreement. However, there can be no assurance that NewCo will seek, or be able to obtain, such reimbursement or set-off, or that there will be no other changes in tax laws.

**iii. Operational risks stemming from NewCo's dependence upon mining concessions granted to NewCo under the Argentine Mining Code and other Argentina sovereign risk**

NewCo will hold title to certain mining concessions in perpetuity until the deposit is exhausted of all minerals, provided that NewCo pays the annual mining fees and keeps the mining concessions active in accordance with the Argentine Mining Code. Failure to pay the annual fees or to keep the mining concessions active may result in revocation of the Combined Group's mining concessions.

In addition, Argentinian federal and provincial mining authorities retain broad discretion in the adoption, amendment and enforcement of new and existing mining and environmental regulations. This includes the categorisation of lithium as a strategic mineral allowing for greater government control of the resource, the imposition of fines, or the suspension of mining extraction or related water rights. By way of example, the Governor of the Province of La Rioja categorised lithium as a strategic mineral in January 2023 and suspended the exploration permit of a foreign company. In recent times, provincial and federal officials in Argentina have proposed levying a new tax on lithium producers (the proceeds of which would be applied towards building domestic infrastructure) and applying a hold back on production, up to a certain percentage, and reserving that production for domestic battery projects. The likelihood of these proposals being pursued, and their specific terms, are unclear at this stage and will be influenced by the outcomes of upcoming federal election; but there is potential for their impacts to have a material effect on the financial and operational position and performance of NewCo.

A substantial portion of NewCo's operations will be located in Argentina. Any circumstance or event that negatively impacts Argentina could materially affect the financial performance of NewCo.

Operating in Argentina involves the risk that NewCo may experience certain disruptive events, such as general changes in Argentina's political, regulatory, fiscal or monetary framework or reliability, changes in the terms of lithium brine-related legislation, including rules or regulations surrounding in-country beneficiation, changes in the foreign ownership requirements in Argentina, changes to royalty arrangements, changes to taxation rates and concessions in Argentina, currency controls, high inflation, tariffs and duties (including changes to such tariffs and duties), expropriation or nationalisation by the federal or provincial governments and changes in the ability to enforce legal rights in Argentina. In the past, Argentina has experienced government instability, including coups and military rule, and in the future, these outcomes could lead to changes in NewCo's mining rights, licenses or permits, regardless of NewCo's compliance.

Additionally, the repayment of shareholder loans provided to fund the development of NewCo's assets in Argentina may be subject to approval from the Central Bank of Argentina. Such approval may not be obtained by NewCo, if required.

**iv. Risks associated with the loss or depletion of NewCo's mineral deposit**

NewCo's primary sources for lithium are expected to continue to be Livent's brine site at Salar del Hombre Muerto and Allkem's brine site at Olaroz. In order to maintain and grow NewCo's production capabilities, NewCo will need to replace or supplement its lithium resources there in the event its access is disrupted or lost, whether due to a natural disaster, depletion or otherwise. Although NewCo may seek to reduce dependence on this primary source of supply for lithium, there is no assurance it will be able to do so in a timely manner or on commercially favourable terms. In addition, due to the current trend of growth in the lithium industry, there is no assurance that NewCo will be able to discover or acquire new and valuable lithium resources, or that the actual production results will match the expected results.

**v. Risks of certain natural disasters**

Both Allkem's and Livent's lithium brines and related production facilities are located in a seismically active region in northwest Argentina. Accordingly, a major earthquake could have adverse consequences for NewCo's operations and for general infrastructure, such as roads, rail, and access to goods in Argentina. NewCo's production operations in Argentina could also be subject to significant precipitation events, and as both Allkem's and Livent's production processes rely on natural evaporation, a significant precipitation

event could impact NewCo's production. If any one of NewCo's brine sites in Argentina were to suffer significant rain events, or if any of NewCo's operating facilities in Argentina were to suffer an earthquake or other natural disaster, this could have a material adverse effect on NewCo's business, financial condition and results of operations.

**vi. Risks associated with water rights and access to water**

Access to fresh water is essential to both Allkem's and Livent's production operations in Argentina, as their operations take place in a dry, mountainous region that has limited access to fresh water. Each of Allkem and Livent hold water use rights granted by provincial Argentine authorities and will need to secure additional water rights for its planned production expansion. The governmental authority may seek to suspend or alter the Combined Group's rights or the applicable water rights code may change, each of which may limit the Combined Group's access to fresh water. In addition, the Combined Group's access to water may be impacted by third-party claims (including by local competitors who are expanding their own operations or arising from a deterioration in relationships with local communities), over-permitting by the government, changes in geology, climate change (including the potential effects of climate change such as drought, changes in precipitation patterns, and severe weather events) or other natural factors, such as wells drying up or reductions in the amount of water available in the wells or sources from which the Combined Group obtains water, that NewCo cannot control.

There can be no assurance that the Combined Group will have access to sufficient quantities of water to support NewCo's production operations, either at current capacities or planned production expansion, in the future. There is currently no specific regulation of wetlands at the Argentine national or provincial level. However, a wetlands bill has been introduced for debate in the Argentine Congress. If any bill is passed, NewCo's access to water in the Los Patos and Trapiche rivers may be affected, as it could prohibit any activity in the wetlands, including the installation of any infrastructure that could modify the hydrologic regimen, the construction of dams and mining activity.

**vii. Access to critical supplies**

Timely and cost-effective execution of NewCo's mining operations and exploration activities are dependent on the adequate and timely supply of water, electricity, fuel, chemicals, spare parts and other critical supplies, including lime and soda ash. The cost and availability of these inputs

may be influenced by various factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside of NewCo's control. Increases in the price of production inputs, including fuel, consumables or other inputs could materially and adversely affect NewCo's business and results of operations. Additionally, several of Allkem's and Livent's facilities are located in geographically remote regions, which could contribute to delays in or disruptions to the availability of such supplies. If NewCo is unable to procure the requisite quantities of water, electricity, fuel, chemicals or other inputs in a timely manner and at commercially acceptable prices or if there are significant disruptions in the supply of fuel, electricity, water, chemicals or other inputs, the performance of NewCo's business and results of operations could be materially and adversely affected.

**viii. Risks associated with foreign exchange controls and restrictions**

Argentina maintains foreign exchange restrictions that are expected to continue to impact operations of NewCo. The restrictions that may impact NewCo's intended Argentina operations relate to:

- A.** a requirement that Argentinian exporters repatriate proceeds allocated or earned abroad and convert them into Argentinian pesos within a specified time-frame;
- B.** limitations on the payment of dividends and payment for services performed by related parties, which would now generally require prior written authorisation from the Argentinian Central Bank (which is rarely granted);
- C.** a prohibition on the purchase of foreign exchange as an investment to hedge foreign exchange fluctuations; and
- D.** restrictions on payments for imported goods.

In October 2022, the Argentine Government also approved a new law that provides it with discretion to restrict imports and prohibit payments abroad. This is having the effect of limiting imports of key inputs for local manufacturing, thereby creating shortages of local goods, machinery and spare parts. In addition, while revenue from NewCo's product sales will be reported in US dollars, a proportion of NewCo's costs may be accounted for in other currencies, including Australian dollars, Argentine pesos, Japanese yen and Canadian dollars. Accordingly, NewCo will be exposed to the risk of foreign currency fluctuations as well as exchange rate volatility, both of which are affected by a number of factors that are beyond NewCo's control.

**ix. Risks associated with local labour matters**

Many of NewCo's employees will be employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the US. Such employment rights may require NewCo to work collaboratively with the legal representatives of the employees to effect any changes to labour arrangements. For example, certain of Allkem's current employees in Argentina are represented by a union that must approve any changes in conditions of employment, including salaries and benefits and staff changes, which may impede any efforts to restructure the Combined Group's workforce.

Argentina has also experienced labour unrest over wages and benefits paid to workers. In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase salaries or maintain minimum wage levels and provide specified benefits to employees and may do so again in the future. High rates of inflation have also led unions to request the renegotiation of union contracts on a more frequent basis, which may lead to labour unrest, work stoppages, and strikes, in addition to difficulties in forecasting future annual wage costs.

**x. Risks associated with inflation**

Inflation is another risk associated with the Combined Group's Argentina operations. Effective 1 July 2018, Argentina was designated as a highly inflationary economy, as it has experienced cumulative inflation of approximately 100 percent or more over a three-year period. As a result of this determination and in accordance with US GAAP, the functional currency of NewCo's operations in Argentina will be the US dollar. Gains and losses resulting from the remeasurement of non-US dollar monetary assets and liabilities of Argentina are recorded in net earnings. NewCo anticipates high rates of inflation to continue in Argentina.

**xi. Risks associated with Argentina's economy**

Argentina is facing economic difficulty and there is increased state intervention in the economy. Since 2015, the Argentine economy has experienced a recession, a political and social crisis, and a significant depreciation of the Argentine peso against major international currencies. Depending on the relative impact of other variables affecting NewCo's operations, including technological changes, inflation, gross domestic product growth, and regulatory changes, the continued depreciation of the Argentine peso and increased state intervention in the economy could have a material and adverse effect on NewCo's business and operating expenses.

**xii. Risks associated with civil or political unrest in NewCo's areas of operations**

Civil and political unrest is common in Argentina. Significant civil or political unrest in the areas of the Combined Group's operations could lead to a delay or suspension in operations of any planned expansion project, delay or loss of production, damage to the Combined Group's facilities, or loss of license, and could negatively impact NewCo's reputation. This in turn could have a material and adverse effect on NewCo's business and operating expenses.

In addition, NewCo will be required to comply with requirements for prior consultation of communities and ethnic groups who are affected by its planned expansion projects in Argentina (including for future expansion efforts). Notwithstanding NewCo's intention to comply with these requirements, such communities and groups may be successful in lawsuits brought against NewCo or civil unrest may occur, potentially leading to increased costs, operational delays and other impacts that could have a material and adverse effect on NewCo's business and operating expenses.

**w. NewCo's projects will be subject to risks inherent in the lithium and chemicals industries in which NewCo operates, and associated with the specific locations and geologies of its operations**

NewCo's business operations will be subject to risks and hazards inherent in the lithium and chemicals industries, and the mining industry generally. Exploration for and development of mineral resources, as well as the production of lithium chemicals, involve significant risks and related environmental and safety hazards. These activities are subject to the risk of industrial accidents, equipment failure, import or customs delays, shortages or delays in installing and commissioning plant and equipment, metallurgical and other processing problems, seismic and volcanic activity, unusual or unexpected geological formations, wall failure, cave-ins or slides, burst dam banks, the failure of brine ponds, flooding, fires, or other natural disasters, outbreaks, continuations or escalations of disease (including pandemics), interruption to, or the increase in costs of, services (such as electricity, water, fuel or transportation), sabotage, disruptions to shipping processes, interference by the community, government or others and interruption due to inclement or hazardous weather conditions. Several of Allkem's and Livent's current facilities are located in relatively remote geographic locations, which may heighten these physical risks. Additionally, mining operations involve the use of heavy machinery, which involves inherent risks that cannot be completely eliminated through preventative efforts. Allkem and Livent have historically monitored, and NewCo will

continue to monitor (following Implementation), these risks through several avenues across their various operations and projects, including health and safety management systems and procedures, risk management systems and procedures and hazard identification and management programs.

These risks could result in damage to, or destruction of, mineral properties, production and power facilities, dams, brine ponds or other properties, and could cause personal injury or death, environmental damage, pollution, delays in mining, increased production costs, monetary losses and possible legal liability for NewCo.

Certain of Allkem's and Livent's operations, such as Sal de Vida, Olaroz, Cauchari and Salar de Hombre Muerto, are co-located on salars (salt pans that contain brine deposits) with other lithium companies, which creates a risk of failure to maintain effective basin management practices, and which may, in turn, have long term deleterious effects on production. Production at lithium brine operations can be affected by issues related to the management of brine inventories in the brine pond systems. Management of ponds remains a complex task requiring ongoing management.

Additionally, other operations confront a number of serious physical risks. Explosions and other industrial accidents may occur at chemical plants, which could result in fatalities and property damage.

These physical risks could result in NewCo's inability to achieve its operational or developmental plans, such plans costing more than expected, or taking longer to achieve than expected. Any of these outcomes could have a material adverse effect on NewCo's financial and operational performance.

**x. NewCo's operations and suppliers may be subject to physical and other risks, including natural disasters, epidemics, pandemics, and other catastrophic events beyond NewCo's control, which could disrupt production and have a material adverse effect on NewCo's business, financial condition, results of operations and cash flows**

Collectively, Allkem and Livent conduct large-scale lithium production and development operations in Argentina, Australia and Canada and own, operate and/or contract with large-scale manufacturing facilities in China, the United Kingdom, Canada and the US. Therefore, NewCo's operating results will be dependent in part on the continued operation of the various production facilities and the ability to manufacture products on schedule. Interruptions at these facilities may materially reduce the productivity and profitability of a particular manufacturing facility, or NewCo's business as a whole, during and after the period of such operational difficulties.

Allkem and Livent's operations (and those of their contract manufacturers) are subject to hazards inherent in lithium production and manufacturing and the related storage and transportation of raw materials, products such as butyllithium, and wastes. These potential hazards include explosions, fires, severe weather and natural disasters, including earthquakes, mechanical failure of equipment, unscheduled downtimes, supplier disruptions, labour shortages, labour market conditions or other labour difficulties (including widespread labour unrest in Argentina and Chile), information technology systems outages, disruption in NewCo's supply chain or manufacturing and distribution operations, transportation interruptions, chemical spills, discharges or releases of toxic or hazardous substances or gases, shipment of contaminated or off-specification product to customers, storage tank leaks, changing regulatory requirements, other environmental risks, or other sudden disruption in business operations beyond NewCo's control as a result of events such as acts of sabotage, unilateral government actions, terrorism or war, civil or political unrest, natural disasters, power outages and energy shortages, and public health epidemics.

Outbreaks of pandemic diseases, such as coronavirus, or the fear of such events, have historically provoked, and may in the future provoke responses, including government-imposed travel restrictions and limits on access to the production facilities of contract manufacturers. Some of these hazards may cause severe damage to, or destruction of, property and equipment or personal injury and loss of life and may result in suspension of operations or the shutdown of affected facilities, which could have a material adverse effect on NewCo's business, financial condition and results of operations.

China is the largest producer and consumer of chemicals in the world, but regulation of, and safety standards within the industry has historically been weak and inconsistent. Explosions and other industrial accidents occur from time to time at chemical plants and warehouses throughout the country, often resulting in fatalities and property damage. In recent years, the Chinese government has expanded inspections, ordered the suspension of production and toughened punishments for companies that have had accidents or that violate safety standards. Manufacturers in China have also experienced sporadic power outages as a result of electricity shortages. The timing and length of these power shortages are difficult to predict. If any explosion, power outage or similar event were to occur at or near any of NewCo's intended facilities or contract manufacturers in China, or if the Chinese government were to impose new regulations limiting or suspending (temporarily or permanently) the operations of NewCo's facilities or contract manufacturers in China, this could have a material adverse effect on NewCo's business, financial condition and results of operations.

Furthermore, the hazards described above could cause temporary or long-term disruption in the supply of component products from some local and international suppliers, disruption in the transport of NewCo's products and significant delays in the shipment of products and the provision of services, or negatively affect customer demand, which could in turn cause the loss of sales and customers, or could otherwise result in significant damages, threats, interruptions, or delays to NewCo's business and initiatives. Existing insurance arrangements may not provide protection for all of the costs that may arise from such events. Accordingly, disruption of NewCo's operations or the operations of a significant supplier or customer could have a material adverse effect on NewCo's business, financial condition, results of operations, and cash flows.

**y. The COVID-19 pandemic and its consequences could have an adverse impact on NewCo's business**

NewCo will face various risks related to health epidemics like the COVID-19 pandemic. Changes in consumer behaviour, pandemic fears, market demand downturns, and restrictions intended to slow the spread of COVID-19 have led to, and may continue to cause, business disruption, volatility in global capital and financial markets, and a global slowdown of economic activity. The emergency measures imposed by governments on businesses and individuals, including quarantines, travel restrictions, social distancing and restrictions on the movement of workers, among other measures, have impacted Livent and Allkem's and may further impact NewCo's workforce and operations, and those of its customers and suppliers. Future disruptions could have an adverse impact on NewCo's operations and expansion activities, results, financial position and liquidity, or on NewCo's ability to successfully execute its business strategies and initiatives.

Actions taken by the governments in Argentina, Australia, Canada, China, Japan and the US specifically, as well as governments across the jurisdictions in which NewCo will operate generally, may have a material adverse impact on NewCo's production, financial performance, operations and outlook and liquidity. Any new or continuing government restrictions may lead to a negative impact on NewCo's business, including increased costs, higher payroll taxes, and/or an inability to meet supply obligations to customers.

Future outbreaks of COVID-19 (and its related variants) or other pandemics could result in temporary suspensions of or disruptions to NewCo's operations. This could impact NewCo's future cash flows, profitability and financial condition. The long-term impacts from the COVID-19 pandemic on general economic and industry conditions, transport and logistics, as well as consumer spending, are uncertain and may adversely impact NewCo's business.

**z. Severe weather events, and the effects of climate change, are inherently unpredictable, and may have a material adverse effect on NewCo's operations, financial results and financial condition**

NewCo's business, including its customers and suppliers, may be exposed to severe weather events and natural disasters, such as heat waves, tornadoes, earthquakes, tsunamis, tropical storms (including hurricanes, typhoons and cyclones), severe thunderstorms and heavy downpours, windstorms, hailstorms, wildfires, and other fires, which could cause operating results to vary significantly from one period to the next. Such events have caused significant variability in the production profile of both Allkem's and Livent's projects in the past, and may, in turn, negatively impact NewCo's operations in the future.

In particular, the brine evaporation method used to produce lithium in Argentina is driven by solar radiation and other environmental factors and is therefore particularly susceptible to seasonal variations and to abnormal weather and climatic events. For instance, NewCo's brine operations could also be susceptible to significant rain or other precipitation (e.g. snow) events, as the production processes rely on natural evaporation and a significant precipitation event could adversely impact production.

NewCo may incur losses in its business in excess of those experienced in prior years and/or current insurance coverage limits. The incidence and severity of severe weather events and natural disasters are inherently unpredictable. In addition, climate change may increase the occurrence of certain natural events, such as: the frequency or severity of thunderstorms, windstorms, hailstorms and tornados due to increased convection in the atmosphere; extreme heat; water shortages; wildfires and landslides in certain geographies; deluge flooding and accelerated soil erosion; and, hurricane, typhoon and cyclone events due to higher sea surface temperatures. Climate change may also adversely impact the demand, price, and availability of insurance. Due to significant variability associated with future changing climate conditions, including potential impacts on air, water and land quality, as well as impacts to ecosystems and human health and safety, NewCo is unable to predict the impact climate change will have on its business.

NewCo will monitor climate-related risks, and will develop and implement climate change and decarbonisation initiatives (building on the work previously done by Allkem and Livent). Climate change could heighten the risk of such events in the future, and chronic risks could result from longer-term changes in climate patterns.

**aa. NewCo may not satisfy customer qualification processes, customers' or governments' quality standards, and could be subject to damages based on claims brought against NewCo or lose customers as a result of the failure of NewCo's products to meet certain quality standards**

Since Allkem's and Livent's products are derived from natural resources, they may contain impurities that may not meet certain customer or government quality standards. As a result, NewCo may not be able to sell its products if it cannot meet such requirements. In addition, customers may impose stricter or lengthier qualification processes for NewCo's manufacturing operations (or delay any approval, which could in turn delay its plant improvement or expansion plans), stricter quality standards on NewCo's products, or governments may enact stricter regulations for the distribution or use of NewCo's products. Some of NewCo's products will also have a limited shelf life, which can affect the ability of a customer to use NewCo's product and/or lead to returns and warranty claims. Failure to meet such customer and government standards could materially adversely affect NewCo's business, financial condition and results of operations if NewCo is unable to sell its products in one or more markets or to important customers in such markets. In addition, NewCo's cost of production may increase to meet any newly imposed or enacted standards.

In addition, Livent warrants to its customers that its products conform to mutually agreed product specifications. If a product fails to meet warranted quality specifications, a customer could seek a replacement, the refund of the purchase price or damages for costs incurred as a result of the product failing to meet the specification. In addition, because many of Allkem's and Livent's products are integrated into their customers' products, such as lithium-ion batteries in EVs and energy storage applications, NewCo may be requested to participate in or fund, in whole or in part, the costs of a product recall conducted by a customer.

As with all quality control and management systems, any failure or deterioration of NewCo's systems or that of NewCo's third-party contract manufacturers could result in defects in its projects or products, which in turn may subject NewCo to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause NewCo to incur significant costs, harm NewCo's business reputation and result in significant disruption to NewCo's operations. Furthermore, if any such claims were ultimately successful, NewCo could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on NewCo's reputation, business, financial condition and results of operations.

**bb. Global inflation, fluctuations in the price of energy and certain raw materials, and NewCo's inability to obtain raw materials and products under contract sourcing arrangements, could have an adverse effect on the margins of NewCo's products, business, financial condition and results of operations**

The long-term profitability of NewCo's operations will be, in part, related to its ability to economically and reliably obtain resources, including energy, raw materials, finished products, equipment, and spare parts. NewCo's raw material and energy costs can be volatile and may increase significantly, as they are doing so now as a result of the war in Ukraine, the European energy crisis, global inflation, interest and exchange rates, key customer concentration, availability of debt and capital markets, and supply chain disruptions. In contrast, NewCo may enter into contracts for its products that are often at fixed or formula-based prices or otherwise do not permit NewCo to pass on increased costs in sale prices immediately or at all. To the extent NewCo is unable to obtain such resources or to pass on increases in the prices of energy and raw materials to its customers, NewCo's financial condition and results of operations could be materially and adversely affected. In addition, NewCo is expected to source a significant portion of its intermediate and finished products through contract manufacturing arrangements. An inability to obtain these products or execute under these arrangements would adversely impact NewCo's ability to sell products and could have an adverse effect on NewCo's business, financial condition and results of operations.

**cc. NewCo's success depends upon its ability to attract and retain key employees and the identification and development of talent to succeed senior management**

NewCo's success will be dependent on its ability to attract and retain key personnel, and NewCo will rely heavily on critical executive and senior management level individuals, as well as those with niche technical skills. The inability to recruit and retain key personnel (including current key personnel of each of Allkem and Livent), including personnel with technical skills, or the unexpected loss of such personnel may adversely affect NewCo's operations, financial performance and financial position. In addition, because of NewCo's reliance on these individuals, NewCo's future success depends, in part, on its ability to identify and develop or recruit talent to succeed the senior management and other technical positions throughout the organisation. If NewCo fails to identify and develop or recruit successors, it is at risk of being harmed by the departures of these key employees.

**dd. NewCo's business and operations could suffer in the event of cybersecurity breaches or disruptions to NewCo's information technology environment**

As with all enterprise information systems, NewCo's information technology systems, as well as those of various third parties on which NewCo will rely, including its vendors, contractors, consultants and other partners (**Business Partners**) could be penetrated by outside parties intent on extracting information, corrupting information, or disrupting business processes, and may sustain damage from or otherwise be subject to computer viruses, unauthorised access, data breaches, phishing attacks, cybercriminals, natural disasters (including hurricanes and earthquakes), terrorism, war and telecommunication and electrical failures. NewCo's systems, which will contain critical information about its business (including intellectual property and confidential information of its customers, vendors and employees), may be subject to unauthorised access attempts. Unauthorised access could disrupt NewCo's business operations and could result in failures or interruptions in NewCo's computer systems and in the loss of assets (including its intellectual property and confidential business information), which could harm NewCo's competitive position, reduce the value of NewCo's investment in research and development and other strategic initiatives or otherwise have a material adverse effect on its business, financial condition or results of operations. In addition, breaches of NewCo's security measures or the accidental loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential information about NewCo, its employees, its vendors, or its customers, could result in litigation, violations of various data privacy regulations in some jurisdictions, and also potentially result in liability to NewCo. This could damage NewCo's reputation, or otherwise harm its business, financial condition, or results of operations.

NewCo will rely on its Business Partners to implement effective security measures and identify and correct for any such failures, deficiencies or breaches. If the information technology systems of its Business Partners become subject to disruptions or security breaches, it may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such incidents and to develop and implement protections to prevent future events of this nature from occurring. Additionally, if its Business Partners fail to maintain or protect their information technology systems and data integrity effectively or fail to anticipate, plan for or manage significant disruptions to their information technology systems, NewCo or its Business Partners could have difficulty preventing, detecting and

controlling such cyber breaches, and any such breaches could result in losses described above as well as disputes with its partners, regulatory sanctions or penalties, increases in operating expenses, expenses or lost revenues or other adverse consequences, any of which could have a material adverse effect on NewCo's business, financial condition, or results of operations.

**ee. NewCo's inability to protect its intellectual property rights could have a material adverse effect on NewCo's business, financial condition and results of operations**

Protection of NewCo's patents, trade secrets, trademarks and copyrights, proprietary processes, methods, formulations, and compounds, the incorporation of such formulations and compounds into various products and other technology will be important to NewCo's business. It is expected that NewCo will generally rely on the intellectual property laws of the US and certain other countries in which its products are produced or sold, as well as licenses and non-disclosure and confidentiality agreements, to protect NewCo's intellectual property rights. Notwithstanding the measures NewCo is intending to take to ensure its intellectual property assets are adequately protected, there are circumstances out of NewCo's control that make result in the loss of valuable proprietary technologies. These circumstances include, the patent, trade secret and trademark laws of some countries, their enforcement, (which may not protect its intellectual property rights to the same extent as the laws of the US), and delays in obtaining intellectual property rights. If patents are eventually issued to NewCo, those patents may not provide meaningful protection against competitors or against competitive technologies. There can be no assurance that NewCo's intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable.

From time to time, NewCo may license or otherwise obtain certain intellectual property rights from third parties and will endeavour to do so on favourable terms. However, NewCo may not be able to license or otherwise obtain intellectual property rights on such terms or at all, which could have a material adverse effect on its ability to create a competitive advantage and create innovative solutions for its customers, which will adversely affect NewCo's net sales and the relationships with its customers.

With respect to unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets necessary to develop and maintain NewCo's competitive position; while NewCo will generally enter into confidentiality agreements with its employees and third parties to protect its intellectual property,



there can be no assurance that the confidentiality agreements will not be breached, that they will provide meaningful protection for NewCo's trade secrets and proprietary manufacturing expertise or that adequate remedies will be available in the event of an unauthorised use or disclosure of NewCo's trade secrets or manufacturing expertise. In addition, NewCo's trade secrets and know-how may be improperly obtained by other means, such as a breach of its information technology security systems or direct theft.

If NewCo fails to successfully enforce its intellectual property rights, its competitive position could suffer. NewCo may also be required to spend significant resources to monitor and police its intellectual property rights. Similarly, if NewCo was to infringe on the intellectual property rights of others, NewCo's competitive position could suffer. Furthermore, other companies may duplicate or reverse engineer NewCo's technologies or design around NewCo's patents.

In some instances, litigation may be necessary to enforce NewCo's intellectual property rights and protect NewCo's proprietary information, or to defend against claims by third parties that NewCo's products infringe their intellectual property rights. Any litigation or claims brought by or against NewCo, whether with or without merit, could result in substantial costs to NewCo and divert the attention of NewCo's management, which could harm NewCo's business and results of operations. In addition, any intellectual property litigation or claims against NewCo could result in the loss or compromise of NewCo's intellectual property and proprietary rights, subject NewCo to significant liabilities, require NewCo to seek licenses on unfavourable terms, prevent NewCo from manufacturing or selling certain products or require NewCo to redesign certain products, any of which could harm its business and results of operations.

**ff. NewCo's joint ventures, affiliated entities and contract manufacturers may not operate according to their business plans, and NewCo's partners may fail to fulfill their obligations, which could adversely affect NewCo's results of operations and may force NewCo to dedicate additional financial or other resources to these joint ventures, affiliates and contract manufacturers**

Livent has invested in an affiliated entity that it does not control (i.e., Nemaska Lithium), and Allkem operates several projects through joint ventures, including Olaroz, (which was developed through a joint venture with TTC and the provincial government of Jujuy, as well as Naraha, which involves a joint venture with TTC and is under the operational control of TTC). NewCo may enter into additional joint ventures in the future, and will

have contract manufacturing arrangements. The nature of these arrangements often require sharing control of such arrangements with third parties (and in some cases, including government entities). Differences in views, motivations, objectives and priorities among parties may result in delayed decisions or failures to agree on major issues or a joint venture partner breaching the joint venture agreement or not act in the best interests of the joint venture or NewCo. Joint venture partners also may not be aligned with NewCo's plans to combine co-located assets in Québec and Argentina, which could impact operations and the realisation of expected synergies. If these differences cause the affiliated entities, contract manufacturers or joint ventures to deviate from their business plans, NewCo's results of operations could be adversely affected and NewCo may be required to materially change the level of its financial and non-financial commitment to such affiliated entity, contract manufacturing arrangement or joint venture.

**gg. NewCo's feasibility studies will be current only as of the date made, and may not be reflective of the latest information and market conditions**

Allkem and Livent currently utilise, and NewCo will utilise, feasibility studies to estimate the anticipated economic returns of a project. The actual project profitability or economic feasibility may differ from estimates as a result of factors including, but not limited to, changes in volumes, grades and characteristics of resources to be extracted and processed; changes in labour costs or availability of adequate and skilled labour force; changes in key operating or capital expenditure assumptions, the quality of the data on which engineering assumptions were made; adverse geotechnical conditions; availability, supply and cost of water and energy; fluctuations in inflation and currency exchange rates; delays in obtaining environmental or other government permits or approvals or changes in the laws and regulations related to its operations or project development; changes in royalty agreements, laws and/or regulations around royalties and other taxes; and weather or severe climate impacts.

For example, for existing mining operations in Argentina, pre-feasibility studies utilise geological and metallurgical assumptions, financial projections and price estimates. These estimates are periodically updated to reflect changes in operations, including modifications to proven and probable reserves and mineralised material, revisions to environmental obligations, changes in legislation and/or social, political or economic environment, and other significant events associated with natural resource extraction operations. There are numerous uncertainties inherent in estimating quantities and qualities of

lithium and costs to extract recoverable reserves, including many factors beyond NewCo's control, that could cause results to differ materially from expected financial and operating results or result in future impairment charges. In addition, it cannot be assumed that any part or all of the inferred mineral resources will ever be converted into mineral reserves, as defined by the SEC. See section 5.5 for estimates of Allkem's current mineral resources and ore reserves and section 6.5 for estimates of Livent's current mineral resources and mineral reserves.

**hh. NewCo's business could be negatively impacted by sustainability and ESG matters and/or reporting of such matters**

There is an increasing focus from certain investors, customers, consumers, regulators, government officials, community groups, employees, proxy advisory firms, the press, NGOs and other stakeholders concerning sustainability and ESG matters. It is expected that from time to time, NewCo will communicate certain goals and initiatives regarding environmental matters, responsible sourcing, human rights, corporate governance and social responsibility (consistent with past practice of both Allkem and Livent). NewCo could fail, or be perceived to fail, in its achievement of such initiatives or goals. In addition, NewCo could be criticised, including through social media, for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters. NewCo's business and its reputation could be negatively impacted by such shortcomings, failings or perceptions, and this could impact employee recruitment and retention, and the willingness of customers and partners to do business with NewCo or its customers. Any such sustainability and ESG issues, could have a material adverse effect on NewCo's business.

In addition, organisations that provide information to investors on corporate governance and related matters have developed ratings methodologies for evaluating companies on their approach to ESG matters, and unfavourable ratings of NewCo or its industries may lead to negative investor sentiment and the diversion of investment to other companies or industries.

NewCo's business and reputation could also be negatively impacted by shortcomings, failings or adverse perceptions in ESG matters of the industries and customers NewCo may serve, as well as that of the suppliers, contractors and business partners it may work with.

**ii. The development of NewCo's facilities/assets is subject to the risk of unexpected difficulties or delays, and any delays or failures in development could materially and adversely affect NewCo's business, reputation, financial condition, results of operations, cash flows and ability to pay dividends**

NewCo's ability to achieve production targets or meet operating and capital expenditure estimates on a timely and accurate basis cannot be assured, as it is dependent on the development of NewCo's facilities, assets and projects. Allkem and Livent have incurred, and NewCo will incur, capital expenses during its development of Olaroz, Naraha, and Salar del Hombre Muerto as well as James Bay, Sal de Vida and Nemaska. In connection with developing facilities and assets, NewCo may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, the availability of power and power generating infrastructure, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, local community issues, adverse weather conditions and other catastrophes, such as explosions, fires, seismic and volcanic activity, tsunamis, floods and other natural disasters, or consequences of such natural disasters (including radiation discharge from surrounding nuclear facilities), increases in the level of labour costs, labour disputes and union activities, unavailability of skilled labour and adverse local or general economic or infrastructure conditions. For instance, delayed equipment deliveries from overseas due to the COVID-19 pandemic impacted the timing of completion for Naraha and Stage 2 of Olaroz. There may be other future unforeseen events impacting the development of NewCo's facilities and assets. Further, some of these challenges may be difficult to control given that several of Allkem's and Livent's facilities and assets are located in remote geographic locations.

The ongoing support of the local communities, including Indigenous communities, and the appropriate management of local community expectations are critical to NewCo's operational and development activities at each of its locations. A failure by NewCo to honour its current commitments to the local communities and to further develop its community engagement programs including by providing education, employment and other economic and social benefits to these local communities could create a risk of damaging those community relationships and potential loss of its social license to operate. NewCo's relationships with local communities may be impacted by various factors outside of NewCo's control, including, for example, traditions, land use customs, social unrest or widespread social issues. Without community support and healthy relations, NewCo's operations in the locations where its key assets are located may be adversely impacted.

Accordingly, NewCo may fail to develop projects within its anticipated time and budget. Any delays beyond the expected development periods or increased costs could have a material adverse effect on NewCo's business, reputation, financial condition, results of operations, cash flows and ability to pay dividends.

**jj. NewCo's insurance may not fully cover all of its potential risk exposure, which may have a material adverse impact on the operations, financial performance and financial position of NewCo**

To the extent commercially available, NewCo will maintain insurance to protect against certain risks in such amounts and scope as the NewCo board and NewCo's management determine is appropriate. However, no assurance can be made that NewCo will be able to obtain or maintain insurance coverage at reasonable rates, or at all. Additionally, NewCo's insurance policies may not be sufficient to cover all of the potential risks associated with NewCo's operations. Any coverage NewCo obtains may not be adequate and may not cover all risks or claims on acceptable terms. NewCo is unable to control whether any insurance coverage or policy ultimately mitigates a claim made. Losses, liabilities and delays arising from uninsured or underinsured events could have a material adverse impact on the operations, financial performance and financial position of NewCo.

**Regulatory and Governmental Risks**

**kk. NewCo's business and financial results may be adversely affected by various legal and regulatory proceedings**

NewCo may be involved from time to time in legal and regulatory proceedings, as well as reviews and other compliance monitoring by regulators and enforcement bodies, which may be material. The outcome of proceedings, lawsuits and claims may differ from its expectations, leading NewCo to change estimates of liabilities and related insurance receivables. Information about the status of material legal proceedings that Livent is currently involved in is set out in section 6.20. As at the date of this Scheme Booklet, Allkem is not involved in any material legal proceedings, as noted in section 5.17.

Legal and regulatory proceedings, whether with or without merit, and associated internal investigations, may be time-consuming and expensive to prosecute, defend or conduct, divert management's attention and other resources, inhibit NewCo's ability to sell its products, result in adverse judgments for damages, injunctive relief, penalties and fines, and otherwise negatively affect NewCo's business.

**ll. NewCo's operations, facilities, products and raw materials are subject to environmental, health and safety laws and regulations, and costs to comply with, and liabilities related to, these laws and regulations could adversely affect NewCo's business**

Allkem and Livent are, and NewCo will be, subject to extensive federal, state, local, and foreign environmental and safety laws, regulations, directives, rules and ordinances concerning, among other things, occupational health and safety, the composition of its products, the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the usage and availability of water, the clean-up of contaminated properties and the reclamation of brine extraction operations and certain other assets at the end of their useful life. In addition, both Allkem's and Livent's production facilities require numerous operating permits which NewCo must maintain. Due to the nature of these requirements and changes in its operations, NewCo may incur substantial capital and operating costs, which may have a material adverse effect on its results of operations.

NewCo may also incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in its operations, for violations arising under these laws and regulations or permit requirements. In addition, NewCo may be required to either modify existing or obtain new permits to meet its capacity expansion plans. NewCo may be unable to modify or obtain such permits or if it can, it may be costly to do so. Furthermore, environmental, health and safety laws and regulations are subject to change and have become increasingly stringent in recent years. Future environmental, health and safety laws and regulations, or changes to existing laws or regulations, could require NewCo to alter its production processes, acquire pollution abatement or remediation equipment, modify its products or incur other expenses, which could harm NewCo's business and results of operations.

If NewCo violates environmental, health and safety laws or regulations, in addition to being required to correct such violations, NewCo could be held liable in administrative, civil or criminal proceedings for substantial fines and other sanctions could be imposed that could disrupt or limit its operations. Liabilities associated with the investigation and clean-up of hazardous substances, as well as personal injury, property damages or natural resource damages arising from the release of, or exposure to, such hazardous substances, may be imposed without regard to violations of laws or regulations or other fault, and may also be imposed jointly and severally. Such liabilities may also be

imposed on many different entities, including, for example, current and prior property owners or operators, as well as entities that arranged for the disposal of the hazardous substances.

NewCo may in the future be subject to claims by third parties or employees relating to exposure to hazardous materials and the associated liabilities may be material. Livent has also generated, and it is expected that NewCo will continue to generate, hazardous wastes at a number of its facilities, including its Bessemer City, North Carolina facility. Additional information may arise in the future concerning the nature or extent of NewCo's liability with respect to Bessemer City, North Carolina, and additional sites may be identified for which it is alleged to be liable, that could cause NewCo to materially increase its environmental accrual or the upper range of the costs NewCo believes it could reasonably incur for such matters.

Scientists periodically conduct studies on the potential human health and environmental impacts of chemicals, including products Livent currently manufactures and sells. Also, non-governmental advocacy organisations and individuals periodically issue public statements alleging human health and environmental impacts of chemicals, including products Livent currently manufactures and sells. Based upon such studies or public statements, NewCo's customers may elect to discontinue the purchase and use of its products, even in the absence of any reliable scientific basis for such public statements or any controlling government regulation. Such actions could significantly decrease the demand for its products and, accordingly, have a material adverse effect on NewCo's business, financial condition, cash flows and profitability.

NewCo will manufacture or market a number of products that are or have been the subject of attention by the European Union and United Kingdom regulatory authorities. Concern about the impact of some of NewCo's products on human health or the environment may lead to regulation, or reaction in NewCo's markets independent of regulation, that could reduce or eliminate markets for such products. NewCo's business and its customers are subject to significant requirements under REACH, which imposes obligation on European Union manufacturers and importers of chemicals and other products into the European Union to compile and file comprehensive reports, including testing data, on each chemical substance, and perform chemical safety assessments. Currently, certain lithium products are undergoing a risk assessment review under REACH, which may eventually result in restrictions in the handling or use of lithium carbonate and other lithium products that NewCo will produce, which may increase its

production costs. In addition, REACH regulations impose significant additional burdens on chemical producers, importers, downstream users of chemical substances and preparations, and the entire supply chain. South Korea has a similar act on the Registration and Evaluation of Chemicals which is known as "K-REACH". Both REACH and K-REACH may lead to significant compliance costs and result in increases in the costs of raw materials NewCo purchases and the products it sells. Increases in the costs of its products could result in a decrease in their overall demand; additionally, customers may seek products that are not regulated, which could also result in a decrease in the demand of certain products subject to the REACH and K-REACH regulations, respectively. If NewCo fails to comply with REACH, K-REACH or other similar laws and regulations, it may be subject to penalties or other enforcement actions, including fines, injunctions, recalls or seizures, which would have a material adverse effect on NewCo's financial condition, cash flows and profitability.

**mm. NewCo's operations may also be subject to native title and heritage legislation, which may prevent NewCo from obtaining required permits and licenses in a timely manner, or at all**

Allkem and Livent currently operate in jurisdictions that are governed by native title and heritage legislation, including in Australia, Canada and Argentina. Therefore, native title and heritage legislation may affect NewCo's ability to gain access to prospective exploration areas or obtain required permits and licenses. NewCo may, from time to time, be required to negotiate with Indigenous landowners and First Nations peoples for access and other rights required in order to mine on particular properties. There may be significant delays and costs associated with these negotiations in order to reach an agreement acceptable to all relevant parties. This may delay or halt NewCo's operations and development activities in certain areas and affect its financial results accordingly.

**nn. NewCo's operations, financial performance and financial position, including its production and cash flows are limited by its reliance on obtaining and complying with licenses, permits and other approvals required in order to operate and conduct business**

To conduct its business, NewCo will be required to maintain and obtain various governmental licenses, permits, authorisations, concessions and other approvals in connection with its activities in relevant jurisdictions, including Argentina, Australia, Canada, the US, the United Kingdom Japan and China. Such required approvals are related to the laws and regulations that govern prospecting, development, mining, production, exports, taxes, labour standards, occupational

health, waste disposal, toxic substances, land use, surface rights, environmental protection, safety and other matters. Obtaining and complying with the necessary operating authorisations or governmental regulations involves inherent uncertainty and can be complex, costly and time consuming.

The duration, cost and success of NewCo's applications for these operating authorisations are contingent on many factors, including those outside the control of NewCo. A delay in obtaining or renewing, or a failure to obtain or renew, a necessary permit may delay NewCo's projects or render NewCo's projects unable to proceed. The operating authorisations that NewCo needs may not be issued, maintained or renewed either in a timely fashion or at all, which may constrain the ability of NewCo to conduct its mining operations and development activities, and which in turn may impact NewCo's operations, financial performance and financial position.

Additionally, new laws or regulations may be enacted, or existing laws and regulations could be applied in a manner, which could limit or curtail NewCo's activities. The ultimate development or operation of NewCo's assets may also be negatively impacted. Any inability to conduct NewCo's mining operations or development activities pursuant to applicable required authorisations could materially reduce NewCo's production and cash flow.

- oo. NewCo's operations are subject to legislation across various jurisdictions, which makes it more susceptible to consequences resulting from changes in legislation and may have a material adverse impact on NewCo's operations, financial performance and financial position**

Allkem, Livent and their operations are subject to various federal, state and local laws. Changes to current laws in the jurisdictions where NewCo operates or may operate in the future could have a material adverse impact on NewCo's operations, financial performance and financial position. Given the number of jurisdictions in which Allkem and Livent collectively operate, NewCo may be more likely to be affected by changes in legislation than companies with a less diverse geographic operating presence.

- pp. NewCo's operations and supply chain are exposed to human rights issues, including modern slavery, which have the potential to adversely impact NewCo's business and reputation**

Based on the products in Allkem's and Livent's current supply chain and the services they procure, NewCo's operations and supply chain will be exposed to human rights issues, including modern slavery. Modern slavery can occur in all industries and sectors, but some products and services are associated with higher incidences of modern slavery. For instance, products in Allkem's and Livent's current supply chain, including materials, chemicals, textiles and technology, are considered to be at a higher risk of being impacted by modern slavery. Additionally, certain services Allkem and Livent currently, and NewCo will, procure, including those associated with construction, cleaning and laundry services, logistics and transportation services (including trucking, maritime freight and storage), are also at a higher risk of being impacted by modern slavery. Any indication, real or perceived, that NewCo has contributed to or is linked in any way to human rights issues like modern slavery could have an adverse impact on NewCo's business and reputation.

## 8.6 Risks relating to Allkem as a standalone entity

If the Scheme does not proceed, and no Superior Proposal emerges and is consummated in relation to Allkem, Allkem will remain a standalone entity, and the Allkem Board intends to continue with its existing strategy. In such a situation, Allkem will remain exposed to a number of the operational and financial risks outlined in section 8.5, save to the extent that those risks are derived from NewCo's exposure to Livent, its businesses or operations.

Allkem Shareholders are also referred to Allkem's Annual Report (released to ASX on 22 August 2023, filed under Allkem's profile on SEDAR+ and available at [www.allkem.co](http://www.allkem.co)) for disclosure of Allkem's risk management framework and the key risks identified in that context (including the corresponding mitigation actions undertaken by Allkem).<sup>47</sup>

<sup>47</sup> See pages 36 – 38 in particular.

Section 9

# Australian tax implications of the Scheme for Scheme Shareholders



# 9 Australian tax implications of the Scheme for Scheme Shareholders

## 9.1 Introduction

The following is a general outline of the principal Australian income tax, stamp duty and goods and services tax (GST) consequences that may be applicable to a Scheme Shareholder who disposes of their Allkem Shares under the Scheme. This outline reflects the current provisions of Australian tax legislation and the regulations made under that legislation, taking into account Allkem's understanding of the current administrative practices of the ATO. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all the possible Australian income tax, stamp duty or GST considerations that could apply to Scheme Shareholders. The summary does not address all tax considerations applicable to Scheme Shareholders.

The summary does not apply to Scheme Shareholders:

- a. who may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities;
- b. who are exempt from Australian tax;
- c. who hold the Allkem Shares on behalf of another person;
- d. who acquired their Allkem Shares as part of an employee share scheme;
- e. who have not been resident in the same country for tax purposes throughout the period they have owned their Allkem Shares;
- f. who are, or have been, temporary residents of Australia for the purposes of Australian tax legislation;
- g. who are subject to the "taxation of financial arrangements" regime;
- h. who hold their shares as "trading stock" or on "revenue" account for Australian income tax purposes; or
- i. that are Ineligible Overseas Shareholders.

For Scheme Shareholders who are non-Australian residents for Australian income tax purposes (**Foreign Residents**), it is assumed that the Allkem Shares are not held, and have never been held, as an asset of a permanent establishment of that Scheme Shareholder in Australia. In addition, it is also assumed that no Foreign Resident Scheme Shareholder has elected for their Allkem Shares to be "taxable Australian property" for the purposes of the Australian Tax Act.

This outline does not constitute tax advice, and is not intended to, and should not be, used or relied upon by anyone, and Allkem accepts no duty of care to any other person or entity. Each Scheme Shareholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Scheme Shares.

## 9.2 Australian income tax consequences for Australian resident Scheme Shareholders

### a. Implementation of the Scheme

#### i. Subdivision 124-M rollover Relief - Class ruling

Allkem has applied for a Class Ruling for the benefit of Scheme Shareholders, which seeks to confirm certain Australian income tax implications of the Scheme, including the availability of rollover relief for those Scheme Shareholders who are Australian residents under Subdivision 124-M of the Australian Tax Act. Accordingly, the following Australian income tax comments are subject to confirmation by the ATO in its Class Ruling.

A link to a finalised Class Ruling will be made available on Allkem's website ([www.allkem.co](http://www.allkem.co)) following publication by the ATO.

#### ii. Allkem Shares held on capital account

Under the Scheme, each Australian resident Scheme Shareholder will be entitled to receive one NewCo CDI or, at their option, one NewCo Share in exchange for each Allkem Share they hold. For CGT purposes, the disposal by a Scheme Shareholder of their Allkem Shares as part of the Scheme should constitute a disposal for CGT purposes, which may result in the realisation of:

- A. a capital gain, in circumstances where the capital proceeds received by the Scheme Shareholder exceed the cost base of the Allkem Shares disposed of; or
- B. a capital loss, in circumstances where the capital proceeds received by the Scheme Shareholder are less than the reduced cost base of the Allkem Shares disposed of.

Any such capital gain may be disregarded however, in circumstances where the Australian resident Scheme Shareholder chooses to apply the rollover provisions in Subdivision 124-M of the Australian Tax Act (assuming that Allkem receives the Class Ruling from the ATO confirming that such relief is

available). This choice can be evidenced by the way in which the Scheme Shareholder completes their income tax return in the income year in which they disposed of their Allkem Shares.

If a choice to apply rollover relief is made:

- A. any Australian capital gain should be disregarded and not included in the Scheme Shareholder's income tax return for the 2024<sup>48</sup> income year. Instead, the recognition of any capital gain should be deferred until the Scheme Shareholder subsequently disposes of their NewCo CDIs or NewCo Shares (as applicable); and
- B. the cost base and reduced cost base of a Scheme Shareholder's NewCo CDIs or NewCo Shares (as applicable) should be calculated by reference to the aggregate cost base of the Allkem Shares it disposed of.

Australian resident Scheme Shareholders who choose to apply the rollover provisions in Subdivision 124-M of the Australian Tax Act should be deemed to have acquired their NewCo CDIs or NewCo Shares (as applicable) on the date that they acquired their original Allkem Shares.

For Australian resident Scheme Shareholders who do not choose (or are not eligible for) rollover relief, the time of acquisition of the NewCo CDIs or NewCo Shares should be the date of issue.

**b. Holding of NewCo CDIs or NewCo Shares (as applicable)**

*i. Dividends paid in respect of NewCo CDIs or NewCo Shares (as applicable)*

A Scheme Shareholder should include any dividends received in respect of their NewCo CDIs or NewCo Shares (as applicable), together with any withholding tax withheld, in their assessable income in the income year in which the dividend is paid.

A Scheme Shareholder may be entitled to a non-refundable foreign income tax offset in respect of any foreign withholding tax that is paid in respect of any dividends included in the Scheme Shareholder's assessable income.

*ii. Subsequent conversion of NewCo CDIs into NewCo Shares (or vice versa)*

No CGT consequences should generally arise if a Scheme Shareholder subsequently converts their NewCo CDIs into NewCo Shares. This is on the presumption that Scheme Shareholders who hold NewCo CDIs should already be absolutely entitled to the underlying NewCo Share for each NewCo CDI held. Similarly, the conversion of NewCo Shares into NewCo CDIs should also not have any adverse CGT consequences for the Scheme Shareholder.

*iii. Future disposals of NewCo CDIs or NewCo Shares (as applicable) held on capital account*

Following Implementation, a Scheme Shareholder who disposes of their NewCo CDIs or NewCo Shares (as applicable) may make a capital gain or capital loss on the disposal, depending upon whether the capital proceeds received for the disposal exceed the cost base (or are less than the reduced cost base) of the relevant NewCo CDIs or NewCo Shares (as applicable).

If an Australian resident Scheme Shareholder:

- A. has held their NewCo CDIs or NewCo Shares (as applicable) for at least 12 months (excluding the acquisition and disposal dates, and noting the modified acquisition time where rollover relief has been chosen, as set out in section 9.2(a)(ii) above); and
- B. realises a capital gain upon a subsequent disposal,

such Scheme Shareholder may be entitled to a 50% CGT discount (where the Scheme Shareholder is an individual or trust) or a 33 1/3% CGT discount (where the Scheme Shareholder is a complying superannuation entity). The CGT discount does not apply to a Scheme Shareholder that is a company.

If the CGT discount applies, the Scheme Shareholder must offset available capital losses against the capital gain, then must multiply the result by the relevant discount percentage.

If a capital loss is realised upon subsequent disposal, the relevant Scheme Shareholder may, subject to satisfying the relevant loss utilisation provisions, be able to offset the loss against capital gains realised in the relevant income year (if any), or carry the capital loss forward to offset capital gains in future income years.

<sup>48</sup> Assuming that the Scheme is implemented prior to the end of the financial year ended 30 June 2024 and the Scheme Shareholder has an income year for tax purposes ending 30 June.



### 9.3 Australian income tax consequences for foreign Resident Scheme Shareholders

Scheme Shareholders who are Foreign Residents whose Allkem Shares have not been used at any time in carrying on a business through a permanent establishment in Australia should disregard any capital gain or capital loss from the implementation of the Scheme where those shares are not “indirect Australian real property interests” for the purposes of the Australian Tax Act.

In this regard, Allkem considers that, as at the date of this Scheme Booklet, no Allkem Shares should meet the requirements of being indirect Australian real property interests, namely:

- a. Allkem understands that no Scheme Shareholder (together with any associates) currently holds 10% or more of the shares in Allkem as at the Last Practicable Date, nor is expected to hold at least 10% of the shares in Allkem (together with any associates) at any time within 24 months preceding the Scheme Implementation Date; and/or
- b. Allkem considers that its value is not principally derived from Australian real property interests and/or certain rights in respect of minerals situated in Australia.

#### Foreign Resident CGT withholding tax

Australian’s Foreign Resident capital gains withholding tax regime applies to transactions involving the acquisition of certain indirect interests in Australian real property interests from the relevant Foreign Resident. The withholding rate is 12.5%.

On the basis that Allkem does not consider that the Allkem Shares held by Scheme Shareholders should be “indirect Australian real property interests”, the CGT withholding tax regime should not apply. Accordingly, the regime should not operate to require NewCo to withhold an amount of the Scheme Consideration from Foreign Resident Scheme Shareholders.

### 9.4 Stamp duty

No stamp duty should be payable by Scheme Shareholders in connection with the Scheme. Based on the location of Allkem’s assets, Western Australia is the only Australian state or territory where duty may be imposed in connection with the Scheme. In this regard Allkem has received a pre-transaction decision from Revenue WA that the proposed transaction will be exempted under section 263 of the *Duties Act 2008* (WA).

In any event, NewCo has also agreed to indemnify Scheme Shareholders for any stamp duty cost incurred in connection with the Scheme.

### 9.5 NewCo GST

No Australian GST should be payable by Scheme Shareholders on the transfer of Allkem Shares to NewCo, or the issue of NewCo Securities, under the Scheme.

A Scheme Shareholder that is registered for Australian GST should seek independent tax advice in relation to the recoverability of input tax credits in respect of any Australian GST incurred on their expenses relating to the disposal of Allkem Shares or acquisition of NewCo Securities under the Scheme.

Section 10

# Additional information



# 10 Additional information

## 10.1 Interests of Allkem Directors in Allkem Shares and Allkem Performance Rights

At as the Last Practicable Date, the Allkem Directors had the following interests in Allkem Shares and Allkem Performance Rights.

Name	Number of Allkem Shares	Percentage of Allkem Shares	Number of Allkem Performance Rights
Peter Coleman	33,025	0.005%	Nil
Martín Pérez de Solay	793,317	0.124%	277,126 <sup>49</sup>
Fernando Oris de Roa	70,000	0.011%	Nil
Leanne Heywood	25,002	0.004%	Nil
Alan Fitzpatrick	7,320	0.001%	Nil
John Turner	90,960	0.014%	Nil
Florencia Heredia	10,650	0.002%	Nil
Richard Seville	3,000,000	0.469%	Nil

Each Allkem Director intends to vote any Allkem Shares held or controlled by them in favour of the Scheme Resolution, subject to no Superior Proposal emerging for Allkem and the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

Other than Mr. Martín Pérez de Solay, who exercised 367,686 vested Allkem Performance Rights and converted them into 367,686 Allkem Shares in accordance with their terms, no Allkem Director acquired or disposed of a Relevant Interest in any Allkem Share or other security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

## 10.2 Treatment of Allkem Performance Rights

Pursuant to the PROP, the Allkem Board has discretion to determine the treatment of the Allkem Performance Rights in the case of a “Change of Control” of Allkem (as defined in the PROP) (which will occur in relation to the Scheme).

The Allkem Board has resolved, in accordance with the PROP and the Transaction Agreement, that, if both Allkem Shareholder Approval is received at the Scheme Meeting and the US Merger is approved by Livent Stockholders, then from that time:

- a. the Allkem Performance Rights that are on issue and unvested will vest and become exercisable as shown in Table 10.2.1 below;

<sup>49</sup> It is expected that, subject to Allkem Shareholder approval at Allkem’s 2023 Annual General Meeting, Mr Pérez de Solay will be issued a further 109,955 Performance Rights.

**Table 10.2.1 Treatment of Allkem Performance Rights**

Tranche	Percentage of Allkem Performance Rights that will vest:		
	Allkem Performance Rights issued for FY22	Allkem Performance Rights issued for FY23	Allkem Performance Rights issued for FY24
Management Long-Term Incentive Program Allkem Performance Rights (with vesting based on base production capacity)	98%	100%	16%
Management Long-Term Incentive Program Allkem Performance Rights (with vesting based on bonus production capacity)	0%	0%	16%
Management Long-Term Incentive Program Allkem Performance Rights (with vesting based on relative total shareholder return)	100%	100%	16%
Management Long-Term Award Allkem Performance Rights (granted to members of management who do not participate in the Management Long-Term Incentive Program, with vesting based on continued employment as of the end of a three-year vesting period)	100%	100%	100%
Merger Retention Allkem Performance Rights (granted in connection with the Galaxy/Orocobre Merger, with vesting based on continued employment as of the vesting date of 25 August 2024)	100%	N/A	N/A

- b. any unvested Allkem Performance Rights will lapse and be of no further force or effect;
- c. Allkem will procure that Allkem Shares are issued or transferred in respect of vested Allkem Performance Rights prior to the Record Date (such that the Allkem Shares will participate in the Scheme); and
- d. NewCo will, as soon as practicable after the Scheme Implementation Date, grant to applicable employees of NewCo who had unvested Performance Rights lapse in accordance with paragraph (b), such number of replacement awards (each a **Replacement Award**) equal to the number of lapsing Allkem Performance Rights, on the following terms:
  - i. the Replacement Awards will be substantially comparable in value to the corresponding Allkem Performance Rights that lapsed;
  - ii. the Replacement Awards will be with respect to NewCo Shares; and
  - iii. if the employee is made redundant within 12 months following the Scheme Implementation Date, all of the Replacement Awards held by that employee will immediately vest in full (subject to the holder executing and not revoking a deed of release in favour of NewCo).

### 10.3 Interests of Allkem Directors in securities in Livent and NewCo

No Allkem Director:

- a. has a Relevant Interest in any securities of Livent, NewCo or any of their respective Related Bodies Corporate as at the Last Practicable Date; or
- b. has acquired or disposed of a Relevant Interest in any securities in Livent, NewCo or any of their respective Related Bodies Corporate in the four-month period ending on the date immediately before the date of this Scheme Booklet.

### 10.4 Payments or other benefits to Allkem directors, officers or executives

#### a. Deeds of indemnity, insurance and access

Allkem has entered into deeds of indemnity, insurance and access with your Allkem Directors and various Allkem key management personnel, on customary terms. In addition, Allkem pays premiums in respect of a directors' and officers' insurance policy for the benefit of the directors and officers of the Allkem Group. Allkem may enter into an arrangement to provide insurance coverage for all current directors and officers of the Allkem Group for a period of up to seven years from Implementation.

#### b. Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any Allkem Director, secretary or executive officer of Allkem (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Allkem (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the Implementation of, the Scheme, other than the proposed payments to Martín Pérez de Solay described in section 4.8(a).

#### c. Transaction Completion and Retention Bonuses

The Allkem Board has approved the award of transaction completion bonuses payable upon completion of the Transaction, subject to certain terms and conditions, to those employees of Allkem that have devoted significant time and effort towards the design, negotiation and completion of the Transaction and thereby going above and beyond their usual duties (**Transaction Completion Bonuses**). In aggregate, the Transaction Completion Bonuses are expected to amount to approximately US\$1.64 million.<sup>50</sup> As discussed in section 4.8(a), Mr Pérez de Solay is entitled to a Transaction Completion Bonus, subject to the same terms and conditions as other eligible Allkem employees.

In connection with the Transaction, and given the importance of retaining key Allkem personnel during the crucial merger implementation and integration phases for NewCo, the Allkem Board has also approved the award of retention bonuses payable to certain employees of Allkem upon completion of a prescribed period of continuing employment with the Combined Group beyond completion of the Transaction (**Retention Bonuses**). In particular, a Retention Bonus of up to US\$250,000 will be payable to members of the Allkem executive team,<sup>51</sup> assuming they complete 12 months of service following implementation of the Transaction. In total, the Retention Bonuses are expected to amount to approximately US\$13 million across approximately 80 individuals, and are designed to be aligned with Livent's corresponding retention program. As discussed in section 4.8(a), in addition to these approximately 80 individuals Mr Pérez de Solay is also entitled to a Retention Bonus, which is subject to the same terms and conditions applicable to other members of the Allkem executive team and pro-rated to reflect cessation of his employment before the end of the full 12-month retention period (that is, at the end of his 9-month notice period).

#### d. Other agreements or arrangements connected with or conditional on the Scheme

There are no agreements or arrangements made between any Allkem Director and any other person, including Livent and/or NewCo, in connection with, or conditional on the outcome of, the Scheme, other than the following matters described elsewhere in this Scheme Booklet:

- i. the proposed payment of a Transaction Completion Bonus and a Retention Bonus to certain executives and employees of Allkem, as set out in section 10.4(c) and, in the case of Mr Pérez de Solay, also in section 4.8(a);
- ii. those arrangements in relation to the appointment of certain Allkem Directors to the NewCo Board, as described in sections 7.5 and 7.6;
- iii. the arrangements in relation to the payment of a special exertion fee to each of the Allkem Directors except for Mr Pérez de Solay, as described in sections 4.8(b), 4.8(c) and 4.8(d);
- iv. the proposed vesting of Allkem Performance Rights set out in section 10.2;
- v. the proposed vesting of Mr Pérez de Solay's FY24 STI and LTI entitlements set out in section 4.8(a); and
- vi. the proposed arrangements described section 4.8(a), in connection with Mr Pérez de Solay stepping down from his role as Managing Director and CEO of Allkem upon Implementation of the Scheme.

<sup>50</sup> Subject to a plus or minus 10% contingency and excluding the Transaction Completion Bonus payable to Mr Pérez de Solay.

<sup>51</sup> As described in the Allkem FY23 Annual Report.

**e. Interests of Allkem Directors in contracts with NewCo and Livent**

Florencia Heredia is a Partner at Allende & Brea, a full-service law firm based in Argentina. Allende & Brea have a legal services contract with Livent. From time to time, lawyers of Allende & Brea (other than Ms. Heredia), provide legal advice to Livent pursuant to that legal services contract.

Except as set out above, no Allkem Director has any interest in any contract entered into by Livent or NewCo.

**f. Benefits from Livent and NewCo**

Other than as described in this Scheme Booklet, no Allkem Director has agreed to receive, or is entitled to receive, any benefit from Livent or NewCo that is conditional on, or is related to, the Scheme, other than in their capacity as an Allkem Shareholder.

**10.5 ASIC relief and ASX waivers**

No ASX waivers or ASIC relief were sought for the purposes of the Scheme or the issue of this Scheme Booklet.

For completeness, Allkem was previously granted a waiver from ASX Listing Rule 5.15(b) to permit Allkem to disclose a production target based, in part, on resources and reserves estimated under Subpart 1300 (being Livent's resources and reserves) on the condition that the Subpart 1300 reserves and resources are reported in accordance with ASX Listing Rule 5.12 and the production target is reported in accordance with ASX Listing Rule 5.16.

**10.6 Formal disclosures and consents**

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- a. to be named in this Scheme Booklet in the form and context in which they are named; and
- b. if applicable, to the inclusion of each statement or report it has made (if any) in the form and context in which the statement or report appears in this Scheme Booklet.

<b>Name</b>	<b>Role</b>
Arcadium Lithium plc	Acquirer under the Scheme
Livent Corporation	Party to the Transaction, and subject of the US Merger
Kroll Australia Pty Ltd	Independent Expert
Behre Dolbear Australia Pty Ltd	Independent Technical Expert
Each of Messrs William Cutler, Sean Kosinski, Marc-Antoine Laporte, Jeffrey Cassoff and Andre-Francois Gravel	Qualified Person; Competent Person in relation to Livent Resources and Reserves
Ernst & Young Strategy and Transactions Limited	Investigating Accountant
Ernst & Young	Independent auditor to Allkem
KPMG LLP	Independent Auditor for Livent
UBS Securities Australia Limited	Joint financial adviser to Allkem Limited
Morgan Stanley	Joint financial adviser to Allkem
King & Wood Mallesons	Australian legal adviser to Allkem
Sidley Austin LLP	US legal adviser to Allkem
Computershare Investor Services (Jersey) Limited	Jersey share registry for NewCo
Computershare Trust Company, N.A.	US transfer agent/share registry for NewCo
Computershare Investor Services Pty Limited	Allkem's Australian share registry and NewCo CDI Registry
Computershare Investor Services Inc.	Allkem's Canadian branch share registry

Livent has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of the Livent Information in the form and context in which it appears in this Scheme Booklet, and all references to and statements based on the Livent Information, in each case in the form and context in which they appear, and to the distribution of this Scheme Booklet to Allkem Shareholders.

Kroll has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A and references to and statements based on the Independent Expert's Report, in each case in the form and context in which they appear.

Behre Dolbear has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion in this Scheme Booklet of the Independent Technical Expert's Report set out in Annexure B, in the form and context in which it appears, and references to and statements based on the Independent Technical Expert's Report, in each case, in the form and context in which they appear.

Ernst & Young Strategy and Transactions has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of the Independent Limited Assurance Report contained in Annexure C, in the form and context in which it appears.

Each person named in the table above:

- a. has not authorised or caused the issue of this Scheme Booklet;
- b. does not make or purport to make any statement or report in this Scheme Booklet other than:
  - i. Livent in respect of the Livent Information;
  - ii. Kroll in respect of the Independent Expert's Report;
  - iii. Behre Dolbear in respect of the Independent Technical Expert's Report; and
  - iv. Ernst & Young Strategy and Transactions in respect of the Independent Limited Assurance Report; and
- c. to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet, other than:
  - i. Livent in respect of the Livent Information;
  - ii. Kroll in respect of the Independent Expert's Report;
  - iii. Behre Dolbear in respect of the Independent Technical Expert's Report; and
  - iv. Ernst & Young Strategy and Transactions in respect of the Independent Limited Assurance Report.

## 10.7 International offer restrictions

This Scheme Booklet does not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Scheme Booklet may not be distributed to any person and no NewCo Securities may be offered or sold, in any country outside Australia, except to the extent provided below.

### a. Argentina

The NewCo Securities will not be marketed in Argentina by means of a public offer of securities (as such term is defined under Articles 2 and 83 of the Argentine Capital Markets Law No. 26,831, as amended). No application has been, or will be, made with the Argentine Comisión Nacional de Valores (Argentine securities commission) to offer the NewCo Securities in Argentina. This Scheme Booklet does not constitute an offer to sell any of such

securities to any prospective purchaser in Argentina under circumstances in which such offer would be unlawful. This Scheme Booklet may be distributed, and the NewCo Securities issued, only to existing Allkem Shareholders.

### b. British Virgin Islands

The NewCo Securities may not be offered in the British Virgin Islands unless NewCo or the person offering such securities on its behalf is licensed to carry on business in the British Virgin Islands. Given they will not be so licensed, the NewCo Securities may be offered only to existing Allkem Shareholders in the British Virgin Islands from outside the British Virgin Islands.

### c. Canada

Although Allkem is a reporting issuer in each of the provinces of Canada, this Scheme Booklet has not been prepared in accordance with disclosure requirements applicable in Canada.

Allkem is a reporting issuer in certain provinces of Canada. As previously announced, Allkem is a "designated foreign issuer" in Canada under National Instrument 71-102—*Continuous Disclosure and other Exemptions relating to Foreign Issuers*. Allkem is subject to Australian disclosure requirements and satisfies its Canadian securities legislation requirements relating to continuous disclosure (including any requirements relating to information circulars and proxies) by complying with such Australian disclosure requirements.

The NewCo Securities will be issued by NewCo in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities laws.

No Canadian securities regulatory authority has reviewed or in any way passed upon this document or the merits of the Scheme.

### d. China

This Scheme Booklet does not constitute a public offer of NewCo Securities, whether by way of sale or subscription, in the People's Republic of China (PRC) (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

The NewCo Securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorisation to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

#### e. Hong Kong

**WARNING:** The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice. This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are “professional investors” (as defined in the Securities and Futures Ordinance and any rules made thereunder) or in other circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Scheme Booklet is for the exclusive use of Allkem Shareholders in connection with the Scheme. No steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in

Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Scheme by Allkem Shareholders.

#### f. Japan

The NewCo Securities have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the “FIEL”) pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This Scheme Booklet is for the exclusive use of existing Allkem Shareholders in connection with the Scheme. This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by Allkem’s Shareholders of the Scheme.

#### g. Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been, or will be, obtained in relation to any offer of the NewCo Securities. Such securities may not be issued or transferred in Malaysia except to persons who are Allkem Shareholders in compliance with the Scheme.

#### h. New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of NewCo Securities under the Scheme is being made to existing Allkem Shareholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

#### i. Singapore

This Scheme Booklet and any other document relating to the Scheme have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Scheme is not regulated by any financial supervisory authority in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the **SFA**) will not apply.

This Scheme Booklet and any other document relating to the Scheme may not be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA, including the exemption



under section 273(1) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to NewCo Securities being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person. Any investment referred to in this Scheme Booklet may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment.

None of Allkem, Livent or NewCo is in the business of dealing in securities or holds itself out, or purports to hold itself out, to be doing so. As such, Allkem, Livent and NewCo are neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

#### j. United Kingdom

Neither Scheme Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (the **FSMA**)) has been published or is intended to be published in respect of the NewCo Securities.

This Scheme Booklet does not constitute an offer of transferable securities to the public within the meaning of the UK Prospectus Regulation or the FSMA. Accordingly, this Scheme Booklet does not constitute a prospectus for the purposes of the UK Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the NewCo Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Allkem.

In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together **Relevant Persons**). The investments to which this Scheme Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Scheme Booklet.

#### k. United States

This Scheme Booklet is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the Securities Act. The NewCo Securities to be issued as Scheme Consideration to Eligible Shareholders under the Scheme have not been and will not be registered under the Securities Act. The NewCo Securities that will be issued to Livent Stockholders pursuant to the US Merger, which are not covered by this Scheme Booklet, will be registered under the Securities Act pursuant to an effective registration statement thereunder.

It is intended that an exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act in connection with the issuance of NewCo Securities as Scheme Consideration to Eligible Shareholders under the Scheme will be relied upon.

The Court was made aware at the time of the First Court Hearing that approval of the Scheme by the Court will be relied upon for the purpose of qualifying for the Section 3(a)(10) exemption under the Securities Act with respect to the NewCo Securities to be issued to Allkem Shareholders pursuant to the Scheme.

None of the SEC, any US state securities commission or any other US regulatory authority has approved or disapproved of the securities to be issued by NewCo or passed comment on or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary may be a criminal offence.

## 10.8 Fees and expenses

All of the persons named in section 10.6 as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

Allkem estimates that it will incur approximately US\$55.1 million (excluding GST) in external transaction costs relating to the Transaction, which includes the following amounts (all excluding GST):

- a. fees and expenses paid or payable to Allkem's professional advisers, constituting:
  - i. financial advisory fees of approximately US\$37.0 million;
  - ii. legal fees of approximately US\$10.3 million;
  - iii. fees of approximately US\$0.6 million payable to the Independent Expert;
  - iv. tax and accounting advisory fees of approximately US\$3.1 million;
  - v. technical advisory fees of approximately US\$1.0 million;
  - vi. fees payable to the Independent Technical Expert of approximately A\$0.2 million; and

- b. Share registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Scheme, of approximately US\$2.9 million in aggregate.

Of this, Allkem estimates that approximately US\$21.1 million will be paid irrespective of whether the Scheme becomes Effective (and is Implemented).

An outline of Livent's fees and expenses is provided in section 6.21.

## 10.9 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Allkem Director that has not previously been disclosed to Allkem Shareholders.

## 10.10 Information in relation to Mineral Resources and Mineral Reserves of Livent

Information in this Scheme Booklet in relation to Livent's estimates of mineral resources and mineral reserves for its mineral properties is reported in accordance with the requirements of NI 43-101; which means that they are classified as both "foreign estimates" and "qualifying foreign estimates" for the purposes of the ASX Listing Rules. Section 6.5(c) provides the disclosures required under ASX Listing Rule 5.12 in respect of those estimates.

Following closing of the Transaction, subject to the disclosure obligations of the SEC and as reporting issuer in Canada, NewCo intends to prepare and report its estimates of mineral resources or mineral reserves for its mineral properties in accordance with the requirements of Subpart 1300 (and for so long as NewCo remains a reporting issuer in Canada, also in accordance with NI 43-101). Such estimates are substantially consistent with those prepared in accordance with NI 43-101, as reflected in the NI 43-101 technical report summaries for such properties to be filed in Canada pursuant to applicable Canadian securities laws. NewCo will not, due to its Foreign Exempt Listing on ASX, be required to report estimates of mineral resources or ore reserves in accordance with the requirements of the JORC Code.

As Subpart 1300 will be the primary reporting standard used by NewCo following Implementation, the below table sets out excerpts of relevant key terms used in the JORC Code and Subpart 1300:<sup>52</sup>

<sup>52</sup> This table sets out certain requirements and definitions included in the JORC Code and Subpart 1300, and is not intended to be a fulsome summary of the requirements under each of the JORC Code and Subpart 1300.

Table 10.10 Key terms used in the JORC Code and Subpart 1300

Key Term / Concept	JORC Code <sup>53</sup>	Subpart 1300 <sup>54</sup>
<b>Mineral Resources</b>		
Definition of “Mineral Resource”	<p>A concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction (clause 20).</p> <p>The location, quantity, grade (or quality) continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling (clause 20).</p> <p>Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories (clause 20).</p>	<p>A concentration or occurrence of material of economic interest in or on the Earth’s crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction (s 229.1300).</p> <p>A mineral resource is a reasonable estimate of mineralization, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. It is not merely an inventory of all mineralization drilled or sampled (s 229.1300).</p> <p>All disclosure of mineral resources by the registrant must be exclusive of mineral reserves (s 229.1300).</p>
Definition of “Inferred Mineral Resource”	<p>That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes (clause 21).</p> <p>An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration (clause 21).</p>	<p>That part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability (s 229.1300).</p> <p>Because an inferred mineral resource has the lowest level of geological confidence of all mineral resources, which prevents the application of the modifying factors in a manner useful for evaluation of economic viability, an inferred mineral resource may not be considered when assessing the economic viability of a mining project, and may not be converted to a mineral reserve (s 229.1300).</p>
Definition of “Indicated Mineral Resource”	<p>That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit (clause 22).</p> <p>Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered (clause 22).</p> <p>An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve (clause 22).</p>	<p>That part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve (s 229.1300).</p>

<sup>53</sup> All references to a clause in this column are references to the JORC Code.

<sup>54</sup> All references to a section or item in this column are references to Subpart 1300 of Regulation S-K under the United States Securities Act of 1933, as amended.

**Definition of “Measured Mineral Resource”**

That part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit (clause 23).

Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered (clause 23).

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve (clause 23).

That part of a mineral resource for which quantity and grade or quality are estimated on the basis of conclusive geological evidence and sampling. The level of geological certainty associated with a measured mineral resource is sufficient to allow a qualified person to apply modifying factors, as defined in this section, in sufficient detail to support detailed mine planning and final evaluation of the economic viability of the deposit. Because a measured mineral resource has a higher level of confidence than the level of confidence of either an indicated mineral resource or an inferred mineral resource, a measured mineral resource may be converted to a proven mineral reserve or to a probable mineral reserve (s 229.1300).

**Process of Declaration of a Mineral Resource**

A Mineral Resource (including location, quantity, grade, continuity and other geological characteristics) is declared by a Competent Person from specific geological evidence and knowledge, including sampling (clause 20).

The disclosure of mineral resources must be based upon a qualified person’s initial assessment, which includes and supports the qualified person’s determination of mineral resources (discussed below) (ss 229.1300; 229.1302).

When determining the existence of a mineral resource, the qualified person must:

- 1) be able to estimate or interpret the location, quantity, grade or quality continuity, and other geological characteristics of the mineral resource knowledge, including sampling; and
- 2) conclude that there are reasonable prospects for economic extraction of the mineral resource based on their initial assessment. At a minimum, the initial assessment must include the qualified person’s qualitative evaluation of relevant technical and economic factors likely to influence the prospect of economic extraction to establish the economic potential of the mining property or project (s 229.1302).

The qualified person must provide a technical report summary that identifies and summarizes the information reviewed and conclusions reached by the qualified person about the mineral resources determined to be on each material property (s 229.1302).

Additional requirements for the initial assessment and technical report summary are provided in section 229.1302.

Ore Reserves / Mineral Reserves<sup>55</sup>

Definition of “Ore Reserve” (under the JORC Code) / “Mineral Reserve”, (under Subpart 1300)	<p>An ‘Ore Reserve’ is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified (clause 29).</p> <p>The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported (clause 29).</p>	<p>A ‘Mineral Reserve’ is an estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted (s 229.1300).</p>
Definition of a “Probable Ore Reserve” / “Probable Mineral Reserve”	<p>The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve (clause 30).</p>	<p>The economically mineable part of an indicated and, in some cases, a measured mineral resource (s 229.1300).</p>
Definition of “Proved Ore Reserve” / “Proven Mineral Reserve”	<p>The economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors (clause 31).</p>	<p>The economically mineable part of a measured mineral resource and can only result from conversion of a measured mineral resource (s 229.1300).</p>
Process of Declaration of an “Ore Reserve” / “Mineral Reserve”	<p>A Competent Person may convert Indicated Mineral Resources or Measured Mineral Resources into Ore Reserves through the application and analysis of Modifying Factors to those Mineral Resources, including by diluting materials and allowing for losses (clause 12, clause 29).</p>	<p>The disclosure of mineral reserves must be based on a qualified person’s preliminary feasibility (pre-feasibility) study or feasibility study, which includes and supports the qualified person’s determination of mineral reserves (discussed below) (s 229.1300; 229.1302).</p> <p>The pre-feasibility study must include the qualified person’s detailed evaluation of all applicable modifying factors to demonstrate the economic viability of the mining property or project (s 229.1302).</p> <p>The qualified person must produce a technical report summary that identifies and summarizes the information reviewed and conclusions reached by the qualified person about the mineral reserves determined to be on each material property (s 229.1302).</p> <p>Additional requirements for the pre-feasibility study, feasibility study and technical report summary are provided in section 229.1302.</p>

<sup>55</sup> References to an “Ore Reserve” throughout this table refer to the concept as defined under the JORC Code, and references to a “Mineral Reserve” throughout this table refer to the concept as defined under Subpart 1300.

Other definitions / concepts		
Scoping Study and/or Initial Assessment	An order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified (clause 38).	A preliminary technical and economic study of the economic potential of all or parts of mineralization to support the disclosure of mineral resources. The initial assessment must be prepared by a qualified person and must include appropriate assessments of reasonably assumed technical and economic factors, together with any other relevant operational factors, that are necessary to demonstrate at the time of reporting that there are reasonable prospects for economic extraction. An initial assessment is required for disclosure of mineral resources but cannot be used as the basis for disclosure of mineral reserves (s 299.1300).
Preliminary Feasibility Study (also called Pre-feasibility Study)	<p>A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined (clause 39).</p> <p>It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study (clause 39).</p>	<p>A comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a qualified person has determined (in the case of underground mining) a preferred mining method, or (in the case of surface mining) a pit configuration, and in all cases has determined an effective method of mineral processing and an effective plan to sell the product (s 229.1300).</p> <p>1) A pre-feasibility study includes a financial analysis based on reasonable assumptions, based on appropriate testing, about the modifying factors and the evaluation of any other relevant factors that are sufficient for a qualified person to determine if all or part of the indicated and measured mineral resources may be converted to mineral reserves at the time of reporting. The financial analysis must have the level of detail necessary to demonstrate, at the time of reporting, that extraction is economically viable (s 229.1300).</p> <p>2) A pre-feasibility study is less comprehensive and results in a lower confidence level than a feasibility study. A pre-feasibility study is more comprehensive and results in a higher confidence level than an initial assessment (s 229.1300).</p>

**Key Term / Concept****JORC Code****Subpart 1300**

Feasibility Study (also called Bankable Feasibility Study and Definitive Feasibility Study)

A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study (clause 40).

A comprehensive technical and economic study of the selected development option for a mineral project, which includes detailed assessments of all applicable modifying factors, as defined by this section, together with any other relevant operational factors, and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is economically viable. The results of the study may serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project (s 229.1300).

- 1) A feasibility study is more comprehensive, and with a higher degree of accuracy, than a pre-feasibility study. It must contain mining, infrastructure, and process designs completed with sufficient rigor to serve as the basis for an investment decision or to support project financing (s 229.1300).
- 2) The confidence level in the results of a feasibility study is higher than the confidence level in the results of a pre-feasibility study. Terms such as full, final, comprehensive, bankable, or definitive feasibility study are equivalent to a feasibility study (s 229.1300).

Modifying Factors

Considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors (clause 12).

Modifying factors are the factors that a qualified person must apply to indicated and measured mineral resources and then evaluate in order to establish the economic viability of mineral reserves. A qualified person must apply and evaluate modifying factors to convert measured and indicated mineral resources to proven and probable mineral reserves. These factors include, but are not restricted to: mining; processing; metallurgical; infrastructure; economic; marketing; legal; environmental compliance; plans, negotiations, or agreements with local individuals or groups; and governmental factors. The number, type and specific characteristics of the modifying factors applied will necessarily be a function of and depend upon the mineral, mine, property, or project (s 229.1300).

Competent person /  
Qualified person

A Competent Person is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member.

A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.

If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration.

If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources.

If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves.

A Qualified person is an individual who is:

- 1) A mineral industry professional with at least five years of relevant experience in the type of mineralization and type of deposit under consideration and in the specific type of activity that person is undertaking on behalf of the registrant; and
- 2) An eligible member or licensee in good standing of a recognized professional organization at the time the technical report is prepared. For an organization to be a recognized professional organization, it must:
  - i. Be either:
    - A. An organization recognized within the mining industry as a reputable professional association; or
    - B. A board authorized by US federal, state or foreign statute to regulate professionals in the mining, geoscience or related field;
  - ii. Admit eligible members primarily on the basis of their academic qualifications and experience;
  - iii. Establish and require compliance with professional standards of competence and ethics;
  - iv. Require or encourage continuing professional development;
  - v. Have and apply disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides; and
  - vi. Provide a public list of members in good standing (s 229.1300).

“**Relevant experience**” means, for purposes of determining whether a party is a qualified person, that the party has experience in the specific type of activity that the person is undertaking on behalf of the registrant. If the qualified person is preparing or supervising the preparation of a technical report concerning exploration results, the relevant experience must be in exploration. If the qualified person is estimating, or supervising the estimation of mineral resources, the relevant experience must be in the estimation, assessment and evaluation of mineral resources and associated technical and economic factors likely to influence the prospect of economic extraction. If the qualified person is estimating, or supervising the estimation of mineral reserves, the relevant experience must be in engineering and other disciplines required for the estimation, assessment, evaluation and economic extraction of mineral reserves (s 229.13).



- 1) Relevant experience also means, for purposes of determining whether a party is a qualified person, that the party has experience evaluating the specific type of mineral deposit under consideration (e.g., coal, metal, base metal, industrial mineral, or mineral brine). The type of experience necessary to qualify as relevant is a facts and circumstances determination. For example, experience in a high-nugget, vein-type mineralization such as tin or tungsten would likely be relevant experience for estimating mineral resources for vein-gold mineralization, whereas experience in a low grade disseminated gold deposit likely would not be relevant (s 229.1300).

*Note 1 to paragraph (1) of the definition of Relevant Experience:* It is not always necessary for a person to have five years' experience in each and every type of deposit in order to be an eligible qualified person if that person has relevant experience in similar deposit types. For example, a person with 20 years' experience in estimating mineral resources for a variety of metalliferous hard-rock deposit types may not require as much as five years of specific experience in porphyry-copper deposits to act as a qualified person. Relevant experience in the other deposit types could count towards the experience in relation to porphyry-copper deposits.

- 2) For a qualified person providing a technical report for exploration results or mineral resource estimates, relevant experience also requires, in addition to experience in the type of mineralization, sufficient experience with the sampling and analytical techniques, as well as extraction and processing techniques, relevant to the mineral deposit under consideration. Sufficient experience means that level of experience necessary to be able to identify, with substantial confidence, problems that could affect the reliability of data and issues associated with processing (s 229.1300).
- 3) For a qualified person applying the modifying factors, as defined by this section, to convert mineral resources to mineral reserves, relevant experience also requires:
  - i. Sufficient knowledge and experience in the application of these factors to the mineral deposit under consideration; and
  - ii. Experience with the geology, geostatistics, mining, extraction and processing that is applicable to the type of mineral and mining under consideration (s 229.1300).

## 10.11 Competent and Qualified Persons Statements, Technical Information and Forward-Looking Statements

### a. Allkem Competent Persons Statements and Technical Information

Each of the Competent Persons and Qualified Persons referred to in this section 10.11(a) has consented to their identification in this Scheme Booklet, and to the attribution of the relevant resource and reserve estimates that they reviewed, to them.

#### i. Mt Cattlin

Any information in this Scheme Booklet that relates to Mt Cattlin Mineral Resources is extracted from the ASX announcement entitled “Allkem confirms material growth profile underpinned by 40 Mt Resource” dated 25 September 2023, and is based on information compiled by Albert Thamm, who is a Competent Person for the purposes of the JORC Code (**Mt Cattlin Mineral Resources Announcement**).<sup>56</sup> The Mt Cattlin Mineral Resources Announcement is available to view on [www.Allkem.co](http://www.Allkem.co) and on [www.asx.com.au](http://www.asx.com.au). Allkem confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in that announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Any information in this Scheme Booklet that relates to Mt Cattlin Ore Reserves is extracted from the ASX announcement entitled “Allkem confirms material growth profile underpinned by 40 Mt Resource” dated 25 September 2023, and is based on information compiled by Daniel Donald, who is a Competent Person for the purposes of the JORC Code (**Mt Cattlin Ore Reserve Announcement**). The Mt Cattlin Ore Reserve Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com>. Allkem confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserves estimates in the original market announcement continue to apply and have not materially changed. Allkem confirms

that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

The scientific and technical information relating to Mt Cattlin contained in this Scheme Booklet is derived from, and in some instances is an extract from, the technical report entitled “Mt Cattlin Stage 4 Expansion Project” (**Mt Cattlin Technical Report**) which has been reviewed and approved by Albert Thamm, F.Aus.IMM (who is an employee of Galaxy Resources Pty. Ltd) as it relates to geology, drilling, sampling, exploration, QA/QC and mineral resources and Daniel Donald F.Aus. IMM (an employee of Entech Pty Ltd) as it relates to mining methods, Ore Reserves, site infrastructure, capital cost, operating cost estimates, mining cost, financial modelling and economic analysis in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The Mt Cattlin Technical Report is available for review under Allkem’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Allkem confirms that all the material assumptions underpinning the scientific or technical information in the original market announcement continue to apply and have not materially changed.

#### ii. Olaroz

Any information in this Scheme Booklet that relates to Olaroz Mineral Resources is extracted from the ASX announcement entitled “Olaroz Mineral Resource Update, and Stage 1 & 2 Operations Update” dated 25 September 2023, and is based on information compiled by Mr. Murray Brooker and Mr Michael Gunn, both of whom are Competent Persons for the purposes of the JORC Code (**Olaroz Announcement**). The Olaroz Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com>. Allkem confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcement.

The scientific and technical information relating to Olaroz contained in this Scheme Booklet is derived from, and in some instances is an extract from, the technical report entitled “Technical Report, Olaroz Lithium Facility” (**Olaroz Technical Report**) which has been reviewed and approved

<sup>56</sup> Allkem Shareholders should also note Allkem’s September 2023 Quarterly Activities Report dated 26 October 2023, which rectifies a typographical error in Table 4 of the Mt Cattlin Mineral Resources Announcement. The corresponding table in section 5.5(a) of this Scheme Booklet is accurate.

by Murray Brooker (Hydrominex Geoscience Pty Ltd), as it relates to geology, modelling, and Mineral Resource estimates, and Michael Gunn, BSc. Chemical Engineering (Gunn Metallurgy), as it relates to processing, facilities, infrastructure, project economics, and capital and operating cost estimates in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The Olaroz Technical Report is available for review under Allkem’s profile on SEDAR+ at <https://www.sedarplus.ca>. Allkem confirms that all the material assumptions underpinning the scientific or technical information in the original market announcement continue to apply and have not materially changed.

### iii. Cauchari

Any information in this Scheme Booklet that relates to Cauchari Mineral Resources and Ore Reserves is extracted from the ASX announcement entitled “Cauchari Mineral Resource and Ore Reserve Update and Project Update” dated 25 September 2023, and is based on information compiled by Frederik Reidel, who is a Competent Person for the purposes of the JORC Code (**Cauchari Announcement**). The Cauchari Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com> (**Cauchari Announcement**). Allkem confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the original market announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

The scientific and technical information relating to Cauchari contained in this Scheme Booklet is derived from, and in some instances is an extract from, the technical report entitled “Technical Report, Cauchari Lithium Brine Project” (**Cauchari Technical Report**) which has been reviewed and approved by Frederik Reidel, CPG (Atacama Water SpA) as it relates to geology, modelling, and Mineral Resource and Ore Reserve estimates; and Marek Dworzanowski, FSAIMM, FIMMM, Chartered Engineer with the Engineering Council of the United Kingdom registration (Metallurgical Engineer, Independent Consultant), as it relates to processing, facilities, infrastructure, project economics, capital and operating cost estimates in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The Cauchari Technical Report is available for review under Allkem’s profile on SEDAR+ at

<https://www.sedarplus.ca>. Allkem confirms that all the material assumptions underpinning the scientific or technical information in the original market announcement continue to apply and have not materially changed.

### iv. Sal de Vida

Any information in this Scheme Booklet that relates to Sal de Vida Mineral Resources and Ore Reserves is extracted from the ASX announcement entitled “Sal de Vida Update Delivers Improved Economics, Resource and Reserve” dated 25 September 2023, and is based on information compiled by Michael Rosko and Brandon Schneider, both of whom are Competent Persons for the purposes of the JORC Code (**Sal de Vida Announcement**). The Sal de Vida Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com>. Allkem confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserves estimates in that announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcement.

The scientific and technical information relating to Sal de Vida contained in this Scheme Booklet is derived from, and in some instances is an extract from, the technical report entitled “Technical Report, Sal de Vida Lithium Brine Project” (**Sal de Vida Technical Report**) which has been reviewed and approved by Michael Rosko, MSc. Geology (Montgomery and Associates) and Brandon Schneider, MSc. Geological Sciences (Montgomery and Associates), as it relates to geology, modelling, and resource and reserve estimates; Michael Gunn, BSc. Chemical Engineering (Gunn Metals), as it relates to processing, facilities, infrastructure, project economics, and capital and operating cost estimates in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The Sal de Vida Technical Report is available for review under Allkem’s profile on SEDAR+ at <https://www.sedarplus.ca>. Allkem confirms that all the material assumptions underpinning the scientific or technical information in the original market announcement continue to apply and have not materially changed.

## v. James Bay

Any information in this presentation that relates to James Bay Mineral Resources is extracted from the ASX announcement entitled “James Bay Lithium Project Update Confirms Strong Project Economics” dated 25 September 2023, and is based on information compiled by Luke Evans, who is a Competent Person for the purposes of the JORC Code (**James Bay Mineral Resources Announcement**). The James Bay Mineral Resources Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com>. Allkem confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resources in that announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcement.

Any information in this presentation that relates to James Bay Ore Reserves is extracted from the ASX announcement entitled “James Bay Lithium Project Update Confirms Strong Project Economics” dated 25 September 2023, and is based on information compiled by Normand Lecuyer, who is a Competent Person for the purposes of the JORC Code (**James Bay Ore Reserves Announcement**). The James Bay Ore Reserves Announcement is available to view on <https://www.Allkem.co> and on <https://www.asx.com>. Allkem confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Ore Reserves in that announcement continue to apply and have not materially changed. Allkem confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcement.

The scientific and technical information relating to James Bay contained in this Scheme Booklet is derived from, and in some instances is an extract from, the technical report entitled “Technical report on the James Bay Lithium Project, Québec, Canada” (**James Bay Technical Report**) which has been reviewed and approved by Luke Evans, P.Eng. (SLR Consulting (Canada) Ltd.) as it relates to property, geology, drilling, sampling, exploration, QA/QC and mineral resources: Joel Lacelle, P. Eng. (G-Mining Services Inc.); as it relates to site infrastructure and capital cost estimate: Normand Lecuyer, P. Eng. (SLR Consulting (Canada) Ltd.); as it relates to mining methods, mining cost, mining opex, financial modelling and economic analysis: Jeremy

Ison, P.Eng. (Wave International); as it relates to mineral processing and related infrastructures: Darrin Johnson, P. Eng. (WSP Canada Inc.); as it relates to waste rock and tailings management related infrastructures: Joao Paulo Lutti, Eng. (WSP Canada Inc.); as it relates to water management infrastructures: Pierre Groleau Eng. (WSP Canada Inc.); as it relates to environmental and permitting in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects. The James Bay Technical Report is available for review under Allkem’s profile on SEDAR+ <https://www.sedarplus.ca>. Allkem confirms that all the material assumptions underpinning the scientific or technical information in the original market announcement continue to apply and have not materially changed.

## b. Production Target

This Scheme Booklet includes production targets of the Combined Group (or other forward-looking statements of that nature) (see section 7.2(d)(iii) in particular, referred to as the **Key Production Target** in this Scheme Booklet). The information in this Scheme Booklet that relates to the Key Production Target is derived from the ASX release entitled “Allkem and Livent to Create a Leading Global Integrated Lithium Chemicals Producer” dated 10 May 2023, which is available to view on <https://www.Allkem.co> and on <https://www.asx.com> (**Investor Presentation**). The Investor Presentation discloses, for the purposes of ASX Listing Rule 5.16, the material assumptions underpinning the production targets (and other forward looking statements of that nature), which includes material assumptions derived from market announcements released by Allkem. Certain of those market announcements have been updated by Allkem, and disclosed on ASX, as part of a recent process undertaken to update Allkem’s Mineral Resource and Ore Reserve estimates for each of its material projects. Allkem confirms, however, that all material assumptions underpinning the Key Production Target in the Investor Presentation and required by ASX Listing Rule 5.16 continue to apply and have not materially changed.

## c. Livent Qualified Persons Statements

The information regarding Livent’s mining properties has been prepared in accordance with the requirements of Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (**NI 43-101**). The terms “mineral resource,” “measured mineral resource,” “indicated mineral resource,” “inferred mineral resource,” “mineral reserve,” “proven mineral reserve” and “probable mineral reserve” are defined and used, in the Livent Information, in accordance with NI 43-101.

Except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources are estimates based on limited geological evidence and sampling and have a degree of uncertainty as to their existence that is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability. Estimates of inferred mineral resources may not be converted to a mineral reserve. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. A significant amount of exploration must be completed in order to determine whether an inferred mineral resource may be upgraded to a higher category. Therefore, it cannot be assumed that all or any part of an inferred mineral resource exists, that it can be the basis of an economically viable project, that it will ever be upgraded to a higher category, or that all or any part of the inferred mineral resources will ever be converted into mineral reserves.

Livent's mineral resources and mineral reserves estimates for its SdHM property were prepared by William Cutler, Ph.D, CPG, an employee of Integral Consulting Inc., and Sean Kosinski, CPG, an employee of Livent, in connection with the SdHM NI 43-101 Report. Livent's mineral resources estimates for its Whabouchi Mine property were prepared by Marc-Antoine Laporte, P.Geo, an employee of SGS Geological Services, in connection with the Whabouchi NI 43-101 Report. Livent's open pit mineral reserve estimates for its Whabouchi Mine property were prepared by Jeffrey Cassoff, P.Eng., an employee of BBA Inc., in connection with the Whabouchi NI 43-101 Report. Livent's underground mineral reserve estimates for its Whabouchi Mine property were prepared by Andre-Francois Gravel, P.Eng., an employee of DRA Americas Inc., in connection with the Whabouchi NI 43-101 Report. Each of William Cutler, Sean Kosinski, Marc-Antoine Laporte, Jeffrey Cassoff and Andre-Francois Gravel is a "qualified person" within the meaning given in NI 43-101 (a **Qualified Person**, and, together, the **Qualified Persons**). Except for Sean Kosinski, who is a current employee of Livent, each of the Qualified Persons is also an independent consultant to Livent and Allkem in connection with the NI 43-101 Technical Reports. The estimates set out for Livent in this Scheme Booklet have not been prepared in accordance with the JORC Code and have been prepared in accordance with NI 43-101.

## 10.12 Responsibility for information

Allkem has prepared, and is responsible for, the Allkem Information (and is not responsible for the Livent Information). None of Livent, NewCo, or their Related Bodies Corporate or their respective directors, officers, employees and advisers has verified any Allkem Information and none of them assumes any responsibility for the accuracy or completeness of any Allkem Information.

Livent has prepared, and is responsible for, the Livent Information (and has not prepared and is not responsible for the Allkem Information). None of Allkem, its Related Bodies Corporate, or their respective directors, officers, employees and advisers has verified any Livent Information, and none of them assumes any responsibility for the accuracy or completeness of any Livent Information.

## 10.13 Supplementary information

Allkem will issue a supplementary document to this Scheme Booklet if it is required by law or if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- a. a material statement in the Scheme Booklet is or becomes false or misleading in a material respect;
- b. a material omission from this Scheme Booklet;
- c. a significant change affecting a matter included in this Scheme Booklet; or
- d. a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Allkem may circulate and publish any supplementary document by:

- e. making an announcement to ASX;
- f. posting the supplementary document to Allkem Shareholders at their registered address as shown in the Allkem Register, or by email for Allkem Shareholders who have elected to receive communications electronically; or
- g. posting a statement on Allkem's website at [www.allkem.co](http://www.allkem.co),

as Allkem, in its absolute discretion, considers appropriate.

## 10.14 Allkem Directors' statement

The issue of this Scheme Booklet has been authorised by the Allkem Board, and this Scheme Booklet has been signed on behalf of your Allkem Directors.

The Allkem Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

# Glossary



# 11 Glossary

## 11.1 Glossary

The following is a glossary of certain terms used in this Scheme Booklet.

Term	Meaning
2025 Notes	has the meaning given in section 6.8(b).
ACCC	the Australian Competition and Consumer Commission.
Adjusted EBITDA	where used in section 6, has the meaning given to that term in section 6.9(f) and, where used in section 7, has the meaning given to that term in section 7.15.
AEDT	Australian Eastern Daylight Time.
Allkem	Allkem Limited ACN 112 589 910.
Allkem Board	the board of directors of Allkem.
Allkem Competing Proposal	means a Competing Proposal in respect of Allkem.
Allkem Constitution	the constitution of Allkem adopted on 15 November 2022.
Allkem Directors	the directors of Allkem.
Allkem Financial Accounts	has the meaning given in section 5.11(a).
Allkem FY22 Annual Report	the annual report for Allkem for the financial year ended 30 June 2022, as released to ASX on 25 August 2022.
Allkem FY23 Annual Report	the annual report for Allkem for the financial year ended 30 June 2023, as released to ASX on 22 August 2023.
Allkem Group	Allkem and its Subsidiaries.
Allkem Information	all information included in this Scheme Booklet, other than the Livent Information, the Independent Expert's Report, the Independent Technical Expert's Report and the Independent Limited Assurance Report.
Allkem Material Adverse Change	has the meaning it has in the Transaction Agreement.
Allkem Performance Right	means a performance right granted under the PROP, as set out in the table in section 5.7(a), each of which entitles the holder to be issued an Allkem Share for nil consideration upon vesting and exercise.
Allkem Register	the register of shareholders maintained by Allkem in accordance with the Corporations Act (and includes both Allkem's Australian principal share register and Allkem's Canadian branch share register).
Allkem Share	a fully paid ordinary share in Allkem.
Allkem Share Registry	<ol style="list-style-type: none"><li>when used in relation to Allkem's Australian principal share register, means Computershare Investor Services Pty Limited ABN 48 078 279 277; and</li><li>when used in relation to Allkem's Canadian branch share register, means Computershare Investor Services Inc.</li></ol>
Allkem Shareholder	a person entered in the Allkem Share Register as a holder of one or more Allkem Shares.
Allkem Shareholder Approval	the approval of the Scheme Resolution at the Scheme Meeting (or any adjournment of such meeting) by the Allkem Shareholders by the Requisite Majorities under subsection 4.11(4)(a)(ii) of the Corporations Act, or such other threshold as approved by the Court.
Announcement Date	10 May 2023, being the date of announcement of the Transaction to ASX.

Term	Meaning
Appeal	the appeal of a decision of the Court not to make any orders or confirmations for the purpose of approving the Scheme.
Argentinian Merger Control Regulations	means the merger control regulations in place in Argentina from time to time.
AROs	asset retirement obligations.
ASC	Accounting Standards Codification.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or the financial market operated by it, as the context requires.
ASX Listing Rules	the official listing rules of ASX, as modified by any express written waiver or exemption given by ASX.
ATO	the Australian Taxation Office.
AAS	Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Australian Tax Act	the <i>Income Tax Assessment Act 1936</i> (Cth) and the <i>Income Tax Assessment Act 1997</i> (Cth), as the context requires.
Bribery Act	the U.K. Bribery Act of 2010.
Business Day	<p>a. when used in relation to the Scheme Implementation Date and the Record Date, has the meaning given in the ASX Listing Rules; and</p> <p>b. in all other cases, means any day other than:</p> <ol style="list-style-type: none"> <li>i. a Saturday or a Sunday; or</li> <li>ii. a day on which banking and savings and loan institutions are authorised or required by law to be closed in Perth, Western Australia, Australia, Brisbane, Queensland, Australia, the Bailiwick of Jersey or Philadelphia, Pennsylvania, United States of America.</li> </ol>
CAD or CA\$	Canadian dollars.
Canadian Register Shareholder	an Allkem Shareholder who is entered in the Canadian branch register of the Allkem Register as a holder of one or more Allkem Shares as of the Effective Date.
CDI	a CHESS Depository Interest, being a unit of beneficial ownership in shares of an underlying security that is held on trust for the CDI holder by a depository nominee.
CDI Election	a valid election made by an Eligible Canadian Register Shareholder to receive NewCo CDIs as Scheme Consideration, in accordance with the process described in section 3.2(g).
CDN	CHESS Depository Nominees Pty Limited ACN 071 346 506.
CGT	capital gains tax.
CHESS	the Clearing House Electronic Subregister System for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Class Ruling	a class ruling from the ATO in relation to rollover relief under the Australian Tax Act for Allkem Shareholders who are Australian tax residents who are receiving the Scheme Consideration in connection with the Scheme.
Combined Group	NewCo and its Subsidiaries post-closing of the Transaction (including the Allkem Group and the Livent Group).
Competing Proposal	has the meaning given in paragraph 5 of the Transaction Agreement summary in Annexure D.
Conditions	the conditions to Implementation of the Scheme as summarised in section 3.5 and paragraph 1 of Annexure D.
Corporations Act	<i>the Corporations Act 2001</i> (Cth).



<b>Term</b>	<b>Meaning</b>
<b>Corporations Regulations</b>	<i>the Corporations Regulations 2001 (Cth).</i>
<b>Court</b>	the Federal Court of Australia (Western Australian registry), or such other court of competent jurisdiction under the Corporations Act as may be agreed to in writing by Allkem and Livent.
<b>CY</b>	calendar year (commencing on 1 January and ending on 31 December each year).
<b>Deed Poll</b>	the deed poll dated 5 November 2023 executed by NewCo under which NewCo covenants in favour of Eligible Shareholders and Ineligible Overseas Shareholders to perform the obligations attributed to NewCo under the Scheme. A copy of the executed Deed Poll is included in Annexure F of this Scheme Booklet.
<b>dmt</b>	dry metric tonnes.
<b>E&amp;E</b>	exploration and evaluation.
<b>EBITDA</b>	net income/(loss) plus interest expense, net income tax expense, and depreciation and amortisation.
<b>EBITDAIX</b>	earnings or losses from continuing operations before interest, tax, depreciation & amortisation, merger and acquisition costs, purchase price allocation amortisation and adjustments, other income, foreign currency losses, share of loss of associate, and impairments/(writebacks).
<b>Effect</b>	any change, effect, development, circumstance, condition, state of facts, event or occurrence.
<b>Effective</b>	the coming into effect under subsection 411(10) of the Corporations Act of the order of the Court made under subsection 411(4)(b) of the Corporations Act in relation to the Scheme.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>Election</b>	a Share Election or a CDI Election, as the context requires.
<b>Election Date</b>	<p><b>a.</b> in the case of Principal Register Shareholders, 5:00pm (AEDT) on the day that is three Business Days prior to the Record Date;</p> <p><b>b.</b> in the case of Canadian Register Shareholders, 5:00pm (Toronto time) / 10:00pm (UTC) on the day that is three Business Days prior to the Record Date.</p>
<b>Election Form</b>	<p>the form pursuant to which:</p> <ul style="list-style-type: none"> <li>▪ Eligible Principal Register Shareholders (other than the Sale Nominee) may elect to receive Scheme Consideration in the form of NewCo Shares, rather than receive NewCo CDIs by default; and</li> <li>▪ Eligible Canadian Register Shareholders may elect to receive Scheme Consideration in the form of NewCo CDIs, rather than receive NewCo Shares by default.</li> </ul>
<b>Election Withdrawal Form</b>	the form to be completed and returned to the applicable Allkem Share Registry by an Eligible Shareholder who wishes to withdraw their Election.
<b>Eligible Canadian Register Shareholder</b>	an Eligible Shareholder who is a Canadian Register Shareholder on the Record Date.
<b>Eligible Principal Register Shareholder</b>	<p>an Eligible Shareholder who is:</p> <p><b>a.</b> a Principal Register Shareholder on the Record Date; or</p> <p><b>b.</b> the Sale Nominee.</p>
<b>Eligible Shareholder</b>	<p>each of:</p> <p><b>a.</b> a Scheme Shareholder who is not an Ineligible Overseas Shareholder; and</p> <p><b>b.</b> the Sale Nominee.</p>
<b>End Date</b>	has the meaning given in paragraph 5(f) of the Transaction Agreement summary in Annexure D.
<b>Ernst &amp; Young Strategy and Transactions</b>	Ernst & Young Strategy and Transactions Limited.

<b>Term</b>	<b>Meaning</b>
ESG	environmental, social and governance.
ESS Trustee	the trustee of Allkem's "Employee Share Scheme Trust", as appointed under the Employee Share Scheme Trust Deed.
EV	electric vehicle.
Exchange Act	the United States Securities Exchange Act of 1934.
FCPA	the US Foreign Corrupt Practices Act of 1977.
FIFO	first in first out method for inventory costing.
FIRB	the Australian Foreign Investment Review Board.
First Court Hearing	the hearing of the Court of an application for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting, held on 8 November 2023.
FMC	FMC Corporation (NYSE: FMC).
Foreign Exempt Listing	the admission of a company to the official list of ASX as an ASX "Foreign Exempt Listing" pursuant to ASX Listing Rule 1.11.
Form S-4	registration statement on Form S-4 that contains a proxy statement/prospectus filed by NewCo with the SEC.
FY	financial year or full financial year or year end, as the context requires (in the case of Allkem, being the period commencing 1 July and ending 30 June the following calendar year and, in the case of Livent, being the period commencing 1 January and ending 31 December).
Galaxy	Galaxy Resources Limited ACN 071 976 442.
Galaxy/Orocobre Merger	the merger of equals transaction between Orocobre (being the former name of Allkem prior to the merger) and Galaxy, pursuant to a members' scheme of arrangement under part 5.1 of the Corporations Act, which was implemented on 25 August 2021 that led to the formation of Allkem.
GM	General Motors Co.
Governmental Entity	<p>any:</p> <ul style="list-style-type: none"> <li>a. national, federal, state, county, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of, or pertaining to, government, including any arbitral body (public or private);</li> <li>b. public international governmental organisation;</li> <li>c. agency, commission, division, instrumentality, bureau, department or other political subdivision of any government, entity or organisation described in paragraphs (a) or (b) above,</li> </ul> <p>and includes a government, government department or a governmental, semigovernmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX, or any applicable foreign equivalents of the specified bodies.</p>
GST	goods and services tax (or similar value added tax) levied or imposed in Australia under the GST Law.
GST Law	has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Hong Kong	the Hong Kong Special Administrative Region of the PRC.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
Implementation	implementation of the Scheme, and <b>Implement</b> , <b>Implemented</b> , <b>Implementing</b> , and <b>Implementation</b> have corresponding meanings.
Independent Expert or Kroll	Kroll Australia Pty Ltd ABN 73 116 738 535.

<b>Term</b>	<b>Meaning</b>
<b>Independent Expert's Report</b>	the report of the Independent Expert, as set out in Annexure A.
<b>Independent Limited Assurance Report</b>	the report of the Investigating Accountant as set out in Annexure C.
<b>Independent Technical Expert or Behre Dolbear</b>	Behre Dolbear Australia Pty. Limited (ACN 065 713 724).
<b>Independent Technical Expert's Report</b>	the report of the Independent Technical Expert, as set out in Annexure B.
<b>Ineligible Overseas Shareholders</b>	a person who holds one or more Allkem Shares on the Record Date whose address is shown on the Allkem Register as a place outside of Australia, Argentina, British Virgin Islands, Canada, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States (unless otherwise agreed by Allkem, Livent and NewCo in writing, each acting reasonably) or any other jurisdictions agreed by Allkem, Livent and NewCo in writing as lawful and not unduly impracticable or onerous for NewCo to issue such Allkem Shareholder NewCo Shares or NewCo CDIs upon Implementation in accordance with the terms of the Transaction Agreement (each acting reasonably).
<b>Ineligible Shares</b>	the Allkem Shares held by Ineligible Overseas Shareholders as at the Record Date.
<b>Intervening Event</b>	has the meaning given in paragraph 5 of the Transaction Agreement summary in Annexure D.
<b>Investigating Accountant</b>	Ernst & Young Strategy and Transactions Limited ABN 87 003 599 844.
<b>Investment Screening Laws</b>	any applicable US or other laws that are designed or intended to screen, prohibit, restrict or regulate investments on public order or national security grounds and includes approval from FIRB, approval pursuant to the National Security and Investment Act 2022 and approval from the interagency Committee on Foreign Investment in the US.
<b>Irish IntermediateCo</b>	an Irish private company limited by shares that will be formed and will become a party to the Transaction Agreement, and all of the shares in which will be (after Implementation but before the US Merger Effective Time) transferred to NewCo (and which will therefore become a direct wholly-owned subsidiary of NewCo).
<b>IQ</b>	Investissement Québec.
<b>JEMSE</b>	Jujuy Energía y Minería Sociedad del Estado.
<b>Jersey Companies Law</b>	the Companies (Jersey) Law 1991.
<b>JFSC</b>	Jersey Financial Services Commission.
<b>JORC</b>	the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
<b>JORC Code</b>	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012.
<b>kmt</b>	thousand metric tonnes.
<b>ktpa</b>	thousand tonnes per annum.
<b>KPMG</b>	KPMG LLP, Independent Auditor for Livent.
<b>Last Practicable Date</b>	Sunday, 5 November 2023.
<b>LCE</b>	lithium carbonate (Li <sub>2</sub> CO <sub>3</sub> ) equivalent units.
<b>Li<sub>2</sub>O</b>	lithium oxide.
<b>LiOH</b>	lithium hydroxide.
<b>Livent</b>	Livent Corporation.

Term	Meaning
<b>Livent Board</b>	the board of directors of Livent.
<b>Livent Competing Proposal</b>	a Competing Proposal in respect of Livent.
<b>Livent Director RSUs</b>	any outstanding time-vested restricted stock unit held by any Livent non-employee directors.
<b>Livent Group</b>	Livent and its Subsidiaries.
<b>Livent Information</b>	<p>the information regarding the Livent Group, NewCo and the Combined Group in this Scheme Booklet, being the information in the sections, or parts of those sections, described below:</p> <ol style="list-style-type: none"> <li>a. the third and fourth sentences of the “Responsibility statement” paragraph of, and the “Livent estimates and reserves” paragraph of, the Important Notices section;</li> <li>b. questions 12 (but only to the extent that it refers to those parts of section 8 for which Livent is responsible for), 18, 19, 20, 22, 23 and 50-58 in section 2;</li> <li>c. sections 3.1, 3.2(e), 3.3, 3.6 and 3.7;</li> <li>d. section 6;</li> <li>e. section 7, other than: <ol style="list-style-type: none"> <li>i. statements of Allkem’s belief or expectation included in section 7.2(d);</li> <li>ii. statements in section 7.2(d)(ii): <ol style="list-style-type: none"> <li>A. regarding or derived from Allkem’s contribution to NewCo’s total production capacity and references to Allkem’s Naraha Lithium Hydroxide Plant;</li> <li>B. summarising Allkem’s Mt Cattlin mine;</li> <li>C. summarising Allkem’s Sal de Vida operations;</li> <li>D. summarising Allkem’s James Bay operations, including projected production capacity; and</li> <li>E. summarising Allkem’s Cauchari operations, including projected production capacity;</li> </ol> </li> <li>iii. the summary of the Allkem specific redundancy program set out in section 7.7(c);</li> <li>iv. details of the retention programs established by Allkem in section 7.7(d);</li> <li>v. details of the number of NewCo Shares issuable post-Implementation in respect of any Allkem Performance Rights that are replaced by NewCo equity awards as set out in section 7.8(a)(iii);</li> <li>vi. Allkem historical financial information that underpins, in part, (1) the Combined Group Pro Forma Historical Financial Information in section 7.14 and (2) the explanation and reconciliation of non-US GAAP measures in section 7.15;</li> </ol> </li> <li>f. sections 8.3(d) – 8.3(dd), 8.4 and 8.5 (except to the extent that information is provided or prepared by or on behalf of Allkem);</li> <li>g. section 10.10 (other than in relation to the key terms used in the JORC Code);</li> <li>h. section 10.11(b) (except in relation to the production targets for Allkem’s projects, and the information underpinning those production targets, as set out in the market announcements released by Allkem, referred to in section 10.11(b));</li> <li>i. section 10.11(c);</li> <li>j. the second paragraph of section 10.12;</li> <li>k. Annexure H, but only in respect of information that relates to NewCo or rights attaching to NewCo Securities; and</li> <li>l. any other information in this Scheme Booklet (other than the Independent Expert’s Report, the Independent Technical Expert’s Report or the Independent Limited Assurance Report), which was provided by (or was directly derived from information provided by) Livent or its representatives for inclusion in the Scheme Booklet, about Livent, NewCo or the Combined Group (other than to the extent it comprises information about the Allkem Group), or their respective subsidiaries.</li> </ol>
<b>Livent PSUs</b>	the outstanding performance-based restricted stock units of Livent.
<b>Livent RSUs</b>	the outstanding time-vested restricted stock units of Livent.
<b>Livent Shares</b>	a share of common stock of Livent.
<b>Livent Stockholder</b>	a holder of one or more Livent Shares.

<b>Term</b>	<b>Meaning</b>
<b>Livent Stockholder Approval</b>	the affirmative vote of a majority of the outstanding Livent Shares entitled to vote on the adoption of the Transaction Agreement and the approval of the transactions contemplated in the Transaction Agreement including the US Merger at the Livent Stockholder Meeting in favour of such adoption and approval, respectively.
<b>Livent Stockholder Meeting</b>	the meeting of the Livent Stockholders for the purpose of seeking the Livent Stockholder Approval, including any postponement or adjournment thereof.
<b>Material Adverse Effect</b>	has the meaning given in paragraph 5(k) of Annexure D.
<b>MdA</b>	Minera del Altiplano S.A., Livent's Argentine operating subsidiary.
<b>Merger Closing</b>	the closing of the US Merger in accordance with section 2.3 of the Transaction Agreement.
<b>Merger Exchange Ratio</b>	2.406 NewCo Shares for each Livent Share.
<b>Mineral Resources</b>	has the meaning given to it by the JORC Code.
<b>Mt</b>	million metric tonnes.
<b>Nemaska or NLI</b>	Nemaska Lithium Inc.
<b>Net Proceeds</b>	the total proceeds of sale of all of the NewCo CDIs issued as Scheme Consideration in respect of the Ineligible Shares, after the deduction of any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of such NewCo CDIs.
<b>NewCo</b>	Arcadium Lithium plc, a public limited company incorporated under the laws of the Bailiwick of Jersey (originally incorporated as Lightning-A Limited, a private limited company incorporated under the laws of the Bailiwick of Jersey).
<b>NewCo Board</b>	the board of directors of NewCo.
<b>NewCo CDI</b>	a CDI in respect of a NewCo Share registered in the name of CDN, or held beneficially by CDN, to be issued under the Scheme as Scheme Consideration.
<b>NewCo CDI Registry</b>	Computershare Investor Services Pty Limited
<b>NewCo Directors</b>	the directors of NewCo.
<b>NewCo Organisational Documents</b>	the memorandum of association and articles of association of NewCo from time to time.
<b>NewCo Register</b>	the register of shareholders of NewCo.
<b>NewCo Securities</b>	NewCo Shares or NewCo CDIs (as applicable).
<b>NewCo Securityholders</b>	a person registered as a holder of one or more NewCo Securities (whether NewCo Shares or NewCo CDIs, as applicable).
<b>NewCo Share</b>	an ordinary share of NewCo.
<b>NewCo Share Registry</b>	United States: Computershare Trust Company, N.A. Jersey: Computershare Investor Services (Jersey) Limited
<b>NewCo Shareholder</b>	a person entered in the NewCo Register as a holder of one or more NewCo Shares.
<b>NI 43-101</b>	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
<b>Notice of Scheme Meeting</b>	the notice to convene the Scheme Meeting, as set out in Annexure G of this Scheme Booklet.
<b>NYSE</b>	the New York Stock Exchange.
<b>OEM</b>	original equipment manufacturer.
<b>Ore Reserves</b>	has the meaning given to it by the JORC Code.
<b>Orocobre</b>	Orocobre Limited, being the name of Allkem prior to completion of the Galaxy/Orocobre Merger.

<b>Term</b>	<b>Meaning</b>
<b>Person</b>	any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organisation, Governmental Entity or other entity of any kind or nature.
<b>Principal Register Shareholder</b>	an Allkem Shareholder whose Allkem Shares are held on Allkem's Principal Australian share register.
<b>PROP</b>	Allkem's Performance Rights and Options Plan.
<b>Proxy Form</b>	the proxy form for the Scheme Meeting accompanying this Scheme Booklet, or the electronic version of that proxy form, utilised for electronic proxy lodgement at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> .
<b>Q1</b>	quarter 1 of the calendar year, being the period commencing on 1 January and ending on 31 March (in the applicable year)
<b>Q2</b>	quarter 2 of the calendar year, being the period commencing on 1 April and ending on 30 June (in the applicable year).
<b>Q3</b>	quarter 3 of the calendar year, being the period commencing on 1 July and ending on 30 September (in the applicable year).
<b>Q4</b>	quarter 4 of the calendar year, being the period commencing on 1 October and ending on 31 December (in the applicable year).
<b>Record Date</b>	7:00pm (AEDT) on the second ASX trading day after the Effective Date, or such other date and time as may be agreed to in writing by Allkem and Livent.
<b>Regulation S-X</b>	a SEC regulation under the Securities Act.
<b>Related Body Corporate</b>	has the meaning given to it in the Corporations Act.
<b>Relevant Interest</b>	has the meaning given to it in the Corporations Act.
<b>Requisite Majorities</b>	approval of the Scheme Resolution by: <ul style="list-style-type: none"> <li>a. unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Allkem Shareholders present and voting at the Scheme Meeting (either online or in person, or by proxy, attorney or corporate representative); and</li> <li>b. at least 75% of the total number of votes cast on the Scheme Resolution by Allkem Shareholders (either online or in person, or by proxy, attorney or corporate representative).</li> </ul>
<b>S&amp;P index</b>	means a stock market index maintained by S&P Global Inc or its affiliates.
<b>Sale Nominee</b>	the nominee appointed by Allkem to be transferred the Ineligible Shares (after the Record Date and before the Scheme Implementation Date) and sell the NewCo CDIs that would have otherwise been issued to Ineligible Overseas Shareholders under the Scheme, as contemplated by section 3.4.
<b>Scheme</b>	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Allkem, Eligible Shareholders and Ineligible Overseas Shareholders, subject to any alterations or conditions made or required by the Court under subsection 4.1.1(6) of the Corporations Act and agreed to in writing by Allkem, Livent and NewCo.
<b>Scheme Booklet</b>	this document, including the annexures to it.
<b>Scheme Consideration</b>	the consideration to be exchanged for Allkem Shares under the Scheme as summarised in section 3.2(h) and comprising: <ul style="list-style-type: none"> <li>a. for (1) Eligible Principal Register Shareholders who have not made a Share Election and (2) Eligible Canadian Register Shareholders who have made a CDI Election, one NewCo CDI for each Allkem Share held; and</li> <li>b. for (1) Eligible Principal Register Shareholders who have made a Share Election, (2) Eligible Canadian Register Shareholders who have not made a CDI Election, one NewCo Share for each Allkem Share held.</li> </ul>
<b>Scheme Exchange Ratio</b>	one NewCo Share or NewCo CDI for each Allkem Share.

<b>Term</b>	<b>Meaning</b>
<b>Scheme Implementation Date</b>	the date on which Implementation occurs, being the fifth ASX trading day after the Record Date, or such other date as may be agreed to in writing by Allkem and Livent.
<b>Scheme Meeting</b>	the meeting of Allkem Shareholders (and any adjournment thereof) ordered by the Court to be convened under subsection 411(1) of the Corporations Act in connection with the Scheme and for the purpose of obtaining the Allkem Shareholder Approval.
<b>Scheme Order</b>	the order(s) of the Court under subsection 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications or conditions as are thought fit by the Court.
<b>Scheme Resolution</b>	the resolution to be proposed to Allkem Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.
<b>Scheme Share</b>	an Allkem Share held by a Scheme Shareholder as at the Record Date.
<b>Scheme Shareholder</b>	an Allkem Shareholder as at the Record Date.
<b>SDJ</b>	Sales de Jujuy S.A, being the operating company for the Olaroz joint venture, which is indirectly owned 66.5% by Allkem, 25% by TTC and 8.5% by JEMSE.
<b>SEC</b>	the United States Securities and Exchange Commission.
<b>Second Court Date</b>	the first day on which the Court hears an application for an order under subsection 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.
<b>Second Court Hearing</b>	the hearing of the Court pursuant to subsection 411(4)(b) of the Corporations Act to approve the Scheme.
<b>Securities Act</b>	Securities Act of 1933 (US).
<b>SEDAR+</b>	the System for Electronic Document Analysis and Retrieval as available at <a href="http://www.SEDARplus.ca">www.SEDARplus.ca</a> .
<b>Share Election</b>	a valid election made by an Eligible Principal Register Shareholder to receive NewCo Shares as Scheme Consideration, in accordance with the process described in section 3.2(g).
<b>Subpart 1300</b>	Subpart 1300 of Regulation S-K under the Securities Act, issued by the SEC.
<b>Subsidiary</b>	<p>with respect to any Person, any corporation, limited liability company, partnership or other organisation, whether incorporated or unincorporated, of which:</p> <ol style="list-style-type: none"> <li><b>a.</b> at least a majority of the outstanding shares of capital stock of, or other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organisation, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; or</li> <li><b>b.</b> with respect to a partnership, such Person or any other Subsidiary of such Person is a general partner.</li> </ol> <p>To avoid doubt, for the purposes of this Scheme Booklet, Nemaska Lithium is deemed a Subsidiary of Livent and TLC is deemed a Subsidiary of Allkem.</p>

Term	Meaning
<b>Superior Proposal</b>	<p>a. in relation to Allkem, a bona fide written proposal that is not solicited after the date of the Transaction Agreement in breach of the Transaction Agreement and is made after the date of the Transaction Agreement by any Person or “group” (within the meaning of Section 13(d) of the Exchange Act) (other than Livent or any of its affiliates) to acquire, directly or indirectly,</p> <ul style="list-style-type: none"> <li>i. businesses or assets of Allkem or any of its Subsidiaries (including capital stock of or ownership interest in any Subsidiary) that account for all or substantially all of the fair market value of Allkem and its ‘Subsidiaries’ assets or that generated all or substantially all of Allkem’s and its ‘Subsidiaries’ net revenue or earnings for the preceding 12 months, respectively, or</li> <li>ii. all or substantially all of the outstanding Allkem Shares,</li> </ul> <p>in each case whether by way of merger, amalgamation, scheme of arrangement, share exchange, tender offer, exchange offer, recapitalisation, consolidation, sale of equity or assets or otherwise, that in the good-faith determination of the Allkem Board, after consultation with its financial and legal advisors, if consummated, would result in a transaction more favourable to Allkem Shareholders than the Scheme and US Merger (after taking into account the time likely to be required to consummate such proposal, the sources, availability and terms of any financing, financing market conditions and the existence of a financing contingency, the likelihood of termination, the timing or certainty of closing, the identity of the Person or Persons making the proposal and any adjustments or revisions to the terms of the Transaction Agreement offered by Livent in response to such proposal or otherwise), after considering all factors the Allkem Board deems relevant;</p> <p>b. in relation to Livent, a bona fide written proposal that is not solicited after the date of the Transaction Agreement in breach of the Transaction Agreement and is made after the date of the Transaction Agreement by any Person or “group” (within the meaning of Section 13(d) of the Exchange Act) (other than Allkem or any of its affiliates) to acquire, directly or indirectly,</p> <ul style="list-style-type: none"> <li>i. businesses or assets of Livent or any of its Subsidiaries (including capital stock of or ownership interest in any Subsidiary) that account for all or substantially all of the fair market value of Livent’s and its Subsidiaries’ assets, or that generated all or substantially all of Livent’s and its ‘Subsidiaries’ net revenue or earnings for the preceding 12 months,</li> <li>ii. all or substantially all of the outstanding Livent Shares,</li> </ul> <p>in each case whether by way of merger, amalgamation, scheme of arrangement, share exchange, tender offer, exchange offer, recapitalisation, consolidation, sale of equity or assets or otherwise, that in the good-faith determination of the Livent Board, after consultation with its financial and legal advisors, if consummated, would result in a transaction more favourable to Livent Stockholders than the Merger and the US Scheme (after taking into account the time likely to be required to consummate such proposal, the sources, availability and terms of any financing, financing market conditions and the existence of a financing contingency, the likelihood of termination, the timing or certainty of closing, the identity of the person or persons making the proposal and any adjustments or revisions to the terms of this Agreement offered by Allkem in response to such proposal or otherwise), after considering all factors that the Livent Board deems relevant.</p>
<b>TLC</b>	Toyotsu Lithium Corporation, a corporation formed under the laws of Japan.
<b>tpa</b>	tonnes per annum.
<b>Transaction</b>	the proposed combination of Allkem and Livent through the Scheme and the US Merger in accordance with the Transaction Agreement.
<b>Termination Fee</b>	US\$64,600,000.
<b>Transaction Agreement</b>	the transaction agreement dated 10 May 2023 between Allkem, Livent, NewCo and US Merger Sub relating to (among other things) the Transaction, as amended on 2 August 2023.
<b>TSX</b>	the Toronto Stock Exchange and, where the context requires, the financial market that it operates.
<b>TTC</b>	Toyota Tsusho Corporation, a corporation formed under the laws of Japan.
<b>US</b>	the United States of America.
<b>US GAAP</b>	refers to generally accepted accounting principles in the United States.



<b>Term</b>	<b>Meaning</b>
<b>US Merger</b>	the proposed merger between US Merger Sub and Livent in accordance with the Transaction Agreement.
<b>US Merger Effective Time</b>	the date and time the US Merger becomes effective.
<b>US Merger Sub</b>	a Delaware corporation, Lightning-A Merger Sub, Inc., all of the capital stock of which will be transferred to Irish IntermediateCo (and which will therefore become an indirect wholly-owned Subsidiary of NewCo).
<b>UTC</b>	Coordinated Universal Time.
<b>VAT</b>	value added tax.
<b>Voting Eligibility Cut-Off Time</b>	7:00pm (AEDT) on the day that is 2 days prior to the Scheme Meeting.
<b>VWAP</b>	volume-weighted average price.
<b>WAC</b>	weighted average cost method for inventory costing.

## 11.2 Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- a. headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- b. words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;
- c. the singular includes the plural and vice versa;
- d. a gender includes all genders;
- e. a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- f. if a word is defined, another part of speech has a corresponding meaning;
- g. unless stated otherwise, a reference to a section or an Annexure is a reference to a section or an Annexure (respectively) of this Scheme Booklet;
- h. a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- i. unless expressly stated otherwise, a reference to time is a reference to time in Sydney, New South Wales, Australia; and
- j. unless expressly stated otherwise, a reference to dollars, US\$ or \$, is a reference to U.S dollars (**USD**).

# Annexures



# Independent Expert's Report

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Allkem Limited  
Level 25  
Riperian Plaza  
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7 November 2023

Dear Directors

## Part One – Independent Expert's Report

### 1 Introduction

On 10 May 2023, Allkem Limited (**Allkem**) and Livent Corporation (**Livent**) announced that they had entered into a transaction agreement with Arcadium Lithium plc (**NewCo**), the proposed holding company of the combined group, under which it is proposed that Allkem and Livent will combine (the **Transaction Agreement**). The proposed combination is to be brought into effect by way of two separate (but parallel) legal processes, comprising a scheme of arrangement between Allkem and its shareholders (the **Scheme**) and an all-stock combination by way of a merger of Livent into a subsidiary of NewCo (the **US Merger**) (together, the **Transaction**).

Under the terms of the Transaction:

- NewCo will acquire all of the issued shares in Allkem (**Allkem Shares**) held by Allkem Shareholders (**Allkem Shareholders**) and Allkem will become a wholly-owned subsidiary of NewCo;
- Allkem Shareholders<sup>1</sup> will receive either one NewCo CHESS Depository Interest (**NewCo CDI**) which is intended to be quoted on the Australian Securities Exchange (**ASX**), or one share of NewCo (**NewCo Share**), which is intended to be listed on the New York Stock Exchange (**NYSE**) (**Scheme Consideration**);
- pursuant to the US Merger:
  - an indirect, wholly-owned subsidiary of NewCo will merge with and into Livent; and
  - holders of common stock in Livent (**Livent Stockholders**) will receive 2.406 NewCo Shares for each Livent share held (**Livent Share**).

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<sup>1</sup> Allkem Shareholders in certain prohibited jurisdictions, being the "Ineligible Overseas Shareholders", will not receive NewCo CDIs or NewCo Shares under the Scheme. Instead, the Allkem Shares held by Ineligible Overseas Shareholders at the record date for the Scheme will be transferred to the Sale Nominee prior to implementation of the Scheme, and the Sale Nominee will sell the NewCo CDIs issued to the Sale Nominee in respect of those Allkem Shares, and remit to Ineligible Overseas Shareholders the net proceeds of sale, as described in Section 3.4 of the Scheme Booklet.



Consequently, upon implementation of the Scheme (**Implementation**)<sup>2</sup> and completion of the US Merger (together, completion of the Transaction), NewCo will become the new holding company of Allkem and Livent (that is, NewCo will become the new holding company of the **Combined Group**).

While the Scheme and the US Merger are separate legal processes, the Scheme is subject to the US Merger being capable of occurring and reasonably expected to occur promptly after implementation of the Scheme, and the US Merger is conditional on (and only on) implementation of the Scheme having occurred. Therefore, it is intended that neither implementation of the Scheme nor closing of the US Merger will occur unless both are going to proceed. Both of these processes are necessary to bring each of Livent and Allkem under NewCo.

As a result of the Transaction, Allkem and Livent will be wholly-owned subsidiaries of NewCo. The former Allkem Shareholders (other than Ineligible Overseas Shareholders) will become holders of NewCo Shares or NewCo CDIs, and the former Livent Stockholders will become holders of NewCo Shares. Upon completion of the Transaction, former Allkem Shareholders are expected to own approximately 56% of NewCo (either directly through NewCo Shares or through NewCo CDIs) and former Livent Stockholders are expected to own approximately 44% of NewCo (through NewCo Shares). NewCo will have a primary listing on the NYSE (with NewCo Shares expected to trade on the NYSE) and a Foreign Exempt Listing on the ASX (with NewCo CDIs expected to trade on the ASX).

Allkem is an Australian public company that has a global portfolio of lithium chemical and spodumene concentrate operations and projects. Headquartered in Buenos Aires, Argentina, Allkem was formed by the merger of Galaxy Resources Limited (**Galaxy**) and Orocobre Limited (**Orocobre**), which was implemented in August 2021 (the **Galaxy/Orocobre Merger**). It is listed on both the ASX and Toronto Stock Exchange (**TSX**), with its shares quoted and traded on each of these exchanges. Allkem produces lithium products in Australia, Argentina and Japan, with the company's portfolio of production assets including lithium brine operations in Argentina, a hard rock lithium operation in Australia, and a lithium hydroxide conversion facility in Japan. It also has new projects under development in Argentina and Canada. As at market close on 10 May 2023 (Sydney time), immediately prior to the announcement that Allkem and Livent had entered into the Transaction Agreement,<sup>3</sup> Allkem had a market capitalisation of \$5.6 billion<sup>4</sup> (approximately A\$8.3 billion).

Livent is a NYSE-listed, vertically integrated lithium company headquartered in Philadelphia, Pennsylvania, USA, with a long history of producing specialty lithium compounds. It has mining interests in Argentina and Canada, and lithium compound production facilities in the United States, United Kingdom, and China. Livent's primary products, which include battery-grade lithium hydroxide, lithium carbonate, butyllithium and high purity lithium metal, are critical inputs for a variety of applications, but most notably are used in the production of high-energy density cathodes for batteries used in electric vehicles (**EVs**). As at market close 9 May 2023 (New York time), Livent had a market capitalisation of \$5.1 billion.<sup>5</sup>

Completion of the Transaction requires Allkem Shareholder approval of the Scheme and Livent Stockholder approval of the US Merger and is subject to the satisfaction of a number of other conditions precedent. Further details in relation to the Transaction and the conditions precedent are outlined in Section 5 of this report and are set out in the Transaction Agreement, which was lodged with the ASX on 10 May 2023 (Sydney time) and summarised in Annexure D of the notice of meeting and explanatory statement issued by Allkem in respect of the Scheme (the **Scheme Booklet**).

The Scheme is subject to approval by Allkem Shareholders at a meeting (the **Scheme Meeting**) to be held at 10:30am Australian Western Standard Time (**AWST**) (1:30pm Australian Eastern Daylight Time (**AEDT**)) on 19 December 2023. Allkem Shareholders registered on 7:00 pm AEDT on 17 December 2023 will be

<sup>2</sup> Implementation of the Scheme, and Implement, Implemented, Implementing, and Implementation, have corresponding meanings.

<sup>3</sup> Announcement of the Transaction Agreement occurred following ASX market close on 10 May 2023 and prior to the NYSE market open on 10 May 2023.

<sup>4</sup> All currency amounts in this report are denominated in US dollars unless otherwise stated. Calculated as the closing price of Allkem Shares on 10 May 2023 of A\$12.91, multiplied by 641.9 million fully diluted Allkem Shares, converted into \$ at the prevailing exchange rate of A\$1 = US\$0.6778.

<sup>5</sup> Calculated as closing price of Livent Shares on 9 May 2023 of \$24.23, multiplied by 209.8 million fully diluted Livent Shares.



entitled to attend and vote on the resolution to approve the Scheme (**Scheme Resolution**). For the Scheme to proceed, the Scheme Resolution must be approved by at least 75% of the total number of votes cast by eligible Allkem Shareholders (either online or in person, or by proxy, attorney, or corporate representative) and more than 50% of all eligible Allkem Shareholders present and voting (either online or in person, or by proxy, attorney or corporate representative) at the Scheme Meeting.

For the US Merger to proceed, the Transaction must receive the affirmative vote of a majority of the outstanding Livent Shares entitled to vote on the adoption of the Transaction Agreement at the Livent Stockholder Meeting and the approval of the transactions contemplated in the Transaction Agreement.

In order to assist Allkem Shareholders in assessing the Scheme and informing their vote on the Scheme Resolution, the Directors of Allkem (**Allkem Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**), to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Allkem Shareholders, in the absence of a superior proposal. As the US Merger is conditional only on the Scheme being implemented, we have considered the implications of the Transaction as a whole in arriving at our opinion.

This report sets out Kroll's opinion as to whether the Scheme is in the best interests of Allkem Shareholders and will be included in the Scheme Booklet issued by Allkem in respect of the Scheme.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1 of this report.

Kroll's Financial Services Guide is contained in Part Two of this report.

## 2 Scope of report

The Transaction includes a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and requires approval of Allkem Shareholders. Section 412(1) of the *Corporations Act* requires, among other requirements, that an explanatory statement issued in relation to a proposed members' scheme of arrangement, includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. Allkem was required under the Transaction Agreement to appoint an independent expert and provide such assistance and information as reasonably required by them in connection with the preparation of an independent expert's report. In undertaking our work, we have referred to guidance provided by the Australian Securities and Investments Commission (ASIC) in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert's report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Sections 6.1 and 6.2 of this report.



### 3 Opinion

#### 3.1 Background

Allkem was formed in August 2021 through a merger between two ASX-listed lithium chemical companies, Galaxy and Orocobre. The merger saw Allkem become the fifth largest global lithium chemical company with a strong anticipated growth profile of lithium production.<sup>67</sup> A key driver of the merger was to enhance the opportunity for the merged business to take advantage of expected rising demand in lithium, in connection with the electric vehicle (EV) market.

Benefits of the Galaxy-Orocobre merger included:

- combination of two complementary portfolios of operational and development assets across four continents and across different lithium sources, stage of asset and end products;
- an enhanced financial position;
- the potential to generate significant synergies;
- a highly experienced and complementary board and management team; and
- the potential to attract significant shareholder interest with enhanced scale, liquidity and financial capacity and expected inclusion in the S&P ASX 200 Index (and approaching S&P ASX 100 Index eligibility thresholds).

Since this merger the lithium industry has continued to rapidly evolve, with significant increases in demand and prices of lithium since 2021, as a result of the use of lithium in the lithium-ion batteries that power EVs, consumer electronics, and energy storage.

As the world transitions towards cleaner and more environmentally responsible energy sources, lithium has emerged as a critical component in the rechargeable lithium-ion batteries widely used in EVs and renewable energy storage systems. As a result of their high energy density, lightweight construction, and excellent charge-holding capacity, the electrification of transportation has been made possible with the batteries providing the necessary range, performance, and energy efficiency required to make EVs a viable and eco-conscious alternative to traditional internal combustion engine vehicles, leading to their mass adoption. Moreover, lithium-ion batteries are playing a pivotal role in the integration of renewable energy sources like solar and wind into the power grid, enhancing grid stability and helping to ensure consistent power supply.

Critically, lithium is significantly contributing to efforts to reduce carbon emissions and combat climate change. By enabling the transition away from fossil fuels and facilitating the adoption of clean energy solutions, lithium is helping to promote environmental sustainability on a global scale. However, the ever-rising demand for lithium has raised concerns about potential shortages of the critical mineral, with the rapid adoption of EVs and renewable energy systems creating an unprecedented surge in demand that some forecasters believe will outpace the growth in supply.

On 10 May 2023 by Allkem and Livent announced that they had entered into a Transaction Agreement, in relation to the proposed merger. The merger of Allkem and Livent in effect builds on the earlier merger of Galaxy and Orocobre, both in terms of the thematic underpinnings of the lithium industry and the financial and strategic benefits.

It is in this context that we have evaluated the Scheme recognising that the Transaction will bring together two global lithium companies with a highly complementary range of assets, growth projects, and operating skills across lithium extraction and processing.

The Combined Group will have the scale and expertise to capitalise on the growing demand for lithium chemical products, with a portfolio of assets diversified across key geographies, products, and customers

<sup>6</sup> Based on the combined market capitalisation as at ASX market close on 16 April 2021, the day immediately prior to the announcement of the Merger Implementation Deed between Galaxy and Orocobre.

<sup>7</sup> According to the Galaxy and Orocobre merger announcement dated 19 April 2021.



and is expected to benefit from the availability of significant synergies and avoided capital expenditure (capex).

### 3.2 Summary of opinion

**In our opinion, we consider the Scheme, considering the implications of the Transaction as a whole, is in the best interests of Allkem Shareholders, in the absence of a superior proposal.**

As the Transaction does not result in a change of control for Allkem Shareholders, we have assessed whether the Scheme is in the best interests of Allkem Shareholders by considering whether Allkem Shareholders as a whole are, on balance, better off, or at least not worse off, if the Transaction proceeds than if it does not. This assessment has been undertaken through evaluation of the advantages and disadvantages of the Transaction.

The Transaction does, however, result in a change in Allkem Shareholders' underlying economic interest (as a result of the US Merger that brings Livent into NewCo) to which Allkem Shareholders will be economically exposed. Consequently, in evaluating the advantages and disadvantages of the Transaction we have considered the financial impact of the Transaction to Allkem Shareholders as a whole. We have assessed the financial impact (or fairness) of the Transaction by using the 'merger of equals' construct under RG 111, as in Kroll's opinion for the reasons set out in Section 6.2.1 of this report, the merger analysis is the appropriate basis from which to assess the financial benefits of the Transaction. In this context, our assessment of fairness forms part of the overall judgement on whether the Scheme is in the best interests of Allkem Shareholders.

The merger of Allkem and Livent to form NewCo is expected to result in a range of financial (including synergies), strategic, and other benefits for Allkem Shareholders. There are also other changes as a consequence of the Transaction. These benefits and changes include the following.

#### Financial benefits

Following completion of the Transaction, Allkem Shareholders and Livent Stockholders will hold approximately 56.1% and 43.9% of NewCo, respectively. Relative to Allkem Shareholders' collective ownership interest in NewCo, they are contributing a lower proportion of underlying equity value and market equity value and, therefore, the financial terms of the Scheme, considering the Transaction, are fair to Allkem Shareholders.

Allkem Shareholders (and Livent Stockholders) are expected to benefit from the synergies generated as a result of combining the two companies, including operating cost synergies (expected full run-rate of \$125 million in CY27) and the one-time capex savings of approximately \$200 million. Our analysis of the underlying equity value contributed by Allkem Shareholders compared to the underlying equity value they will realise following completion of the Transaction (inclusive of synergies) indicates that they should benefit from an increase in the underlying value of their shares (on an equivalent basis).

Should the Transaction be completed, NewCo will have pro forma cash and cash equivalents of \$983.1 million<sup>8</sup> and \$517.0 million in pro forma debt<sup>9</sup> as at 30 June 2023. Allkem Shareholders will benefit from the higher operating cash flows of the Combined Group (pro forma FY22 Adjusted EBITDA of over \$1 billion) to fund future exploration and development, with the ability to accelerate capital projects where it may be value accretive to do so, and which will de-risk the execution of Allkem's growth strategy compared to a standalone basis.

#### Strategic benefits

The Transaction provides for a number of strategic benefits which are not directly quantifiable, but which are expected to enhance NewCo's revenue growth (refer to Section 3.3.2 of this report) including:

<sup>8</sup> Calculated as Allkem's cash and cash equivalents of \$821.4 million and Livent's cash and cash equivalents of \$167.8 million as at 30 June 2023, adjusted for costs relating to the Transaction (refer to Section 7.14 of the Scheme Booklet for further details).

<sup>9</sup> Calculated as Allkem's debt of \$274.3 million and Livent's debt of \$242.7 million as at 30 June 2023. Both figures exclude lease liabilities and costs related to the Transaction. Information about the existing debt facilities available to each of Allkem and Livent are described in Sections 5.10 and 6.8 of the Scheme Booklet respectively.

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- a global footprint of hard rock, lithium brine, and chemical processing assets, with increased diversification across geographies and product types;
- greater production capacity and capability to supply larger, global customers;
- other potential benefits of scale including higher cost efficiency and negotiating power with suppliers and customers;
- a greater presence in global lithium markets, including the ability to serve a broader customer base given proximity to key lithium customers in Asia and North America;
- increased vertical integration of the business, which may result in greater cost control, supply chain efficiencies, and mitigation of risks associated with supply disruptions;
- greater exposure to faster growing product areas (i.e. compounds for lithium-ion batteries used in EVs); and
- greater depth of management talent.

### Liquidity

Relative to trading in Allkem Shares on the ASX, liquidity in NewCo Shares is expected to be enhanced as a result of NewCo's NYSE listing, expanded shareholder base, and greater scale. However, depending on the proportion of Allkem Shareholders who elect to receive NewCo Shares rather than receive NewCo CDIs, it is possible that trading in NewCo CDIs may be less liquid than current trading in Allkem Shares (refer to Section 3.3.3 of this report).

### NewCo tax position

NewCo intends to maintain tax residency solely in the Republic of Ireland. The Republic of Ireland's tax regime is stable and competitive. In addition to its low-tax regime, there are several features that are advantageous for companies established as holdings companies, such as NewCo, including an extensive double tax treaty network and a favourable taxation regime for foreign dividends. It is expected that Allkem Shareholders will be no worse off than they are currently from these aspects of the legislation.

## 3.3 Advantages and disadvantages

### 3.3.1 Financial benefits

#### The merger ratio is fair

##### *Underlying valuation of Allkem and Livent*

In order to assess the fairness of the Scheme to Allkem Shareholders, Kroll has compared the underlying value contributed to the Combined Group by Allkem Shareholders to the share of the Combined Group that will be owned by Allkem Shareholders following completion of the Transaction.

Kroll has calculated the underlying value of Allkem and Livent as the estimated fair value of each of the assets or businesses of each company, adding net cash and making an allowance for other assets and liabilities. The underlying value is the price that could be realised for each asset or business in an orderly sale, irrespective of capital structure of the company to be acquired.

Kroll has assessed the underlying equity value of Allkem to be in the range of \$5,337 million to \$6,446 million and the underlying equity value of Livent to be in the range of \$4,454 million to \$4,981 million. While our range of assessed values for each company reflects 100% ownership and, therefore, incorporates a control premium, our estimated values do not incorporate judgements as to the level of synergies that might be available to an acquirer and consequently, they do not include a full control premium.



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The valuations of Allkem and Livent are summarised in the following tables.

**Allkem Valuation Summary (\$ millions)**

	Section Reference	Valuation Range	
		Low	High
Mt Cattlin	11.3.2	536	595
Olaroz (66.5%)	11.3.3	1,833	2,047
James Bay	11.3.4	874	1,007
Cauchari	11.3.5	266	501
Sal de Vida	11.3.6	1,249	1,520
Naraha I (75.0%)	11.3.7	185	248
Exploration value <sup>1</sup>	11.3.8	197	347
Corporate	11.3.9	(320)	(337)
<b>Enterprise value of Allkem</b>		<b>4,820</b>	<b>5,929</b>
Kroll estimated net cash	11.3.10	517	517
<b>Equity value of Allkem</b>		<b>5,337</b>	<b>6,446</b>
Fully diluted Allkem Shares on issue (millions)	8.8	642.5	642.5
<b>Equity value per Allkem Share<sup>2</sup></b>		<b>A\$12.76</b>	<b>A\$15.41</b>

Source: Kroll analysis.

Notes:

1. Includes allowance for Olaroz, Sal de Vida and James Bay exploration value, Mt Cattlin exploration and development assets and Advantage Lithium properties.
2. Converted into Australian Dollars at an AUD:USD exchange rate of A\$1 to US\$0.6511 as at 5 November 2023.
3. Table may not add due to rounding.

**Livent Valuation Summary (\$ millions)**

	Section Reference	Valuation Range	
		Low	High
Salar del Hombre Muerto and downstream operations	11.4.2	3,253	3,563
Specialty Lithium	11.4.4	873	890
Nemaska (50.0%)	11.4.5	124	196
Salar del Hombre Muerto Expansion II	11.4.3	637	750
Exploration value <sup>1</sup>	11.4.6	39	61
Corporate	11.4.7	(341)	(349)
<b>Enterprise value of Livent</b>		<b>4,584</b>	<b>5,111</b>
Net debt	11.4.8	(131)	(131)
<b>Equity value of Livent</b>		<b>4,454</b>	<b>4,981</b>
Fully diluted Livent Shares on issue (millions) <sup>2</sup>		208.9	208.9
<b>Equity value per Livent Share</b>		<b>\$21.32</b>	<b>\$23.84</b>

Source: Kroll analysis.

Notes:

1. Includes allowance for Salar del Hombre Muerto and Nemaska exploration value.
2. Refer to Section 6.11(a) of the Scheme Booklet for further details on Livent's securities and capital structure.
3. Table may not add due to rounding.

In assessing the underlying value of Allkem and Livent's equity, Kroll has adopted a discounted cash flow (DCF) analysis as the primary methodology for Allkem and Livent's operating and development assets (refer to Sections 11.3 and 11.4 of this report for detail on these valuations). The values derived from the DCF analysis have been cross-checked using multiples of resources for publicly listed lithium peers and transactions involving lithium peers (refer to Section 11.5 of this report). Technical valuation assumptions (for example, production and processing rates, metal grades and recovery rates, operating and capital costs), project expansion plans and exploration potential were assessed by and reflect the technical judgements of the independent technical specialist, Behre Dolbear Australia Pty Limited (BDA). Kroll then developed financial models and applied economic assumptions including commodity prices, exchange rates, and discount rates to each asset. The DCF analysis considers cash flows from 1 November 2023.



The valuations of Allkem and Livent are heavily dependent on Kroll's key lithium pricing assumptions adopted for valuation purposes (refer to Section 11.2.1 for more detail on the basis of these assumptions). Lithium spot prices have been volatile over the past decade to due increasing demand and at times a surplus of new lithium projects (refer Section 7.6 of this report) and this is likely to continue in the future. Shareholders could reasonably form a view that different commodity price assumptions are warranted. In this regard, we note that while equity value outcomes are highly sensitive to lithium price assumptions, Kroll has assessed that both Allkem and Livent are relatively equally exposed to movement in underlying lithium prices and as such the assessed merger ratio remains relatively constant over a wide range of lithium pricing assumptions. A sensitivity analysis for both Allkem and Livent can be found in Sections 11.3.10 and 11.4.9 of this report, respectively.

Kroll also notes the significant decline in the share prices of both Allkem and Livent since the announcement of the Transaction Agreement, with Allkem Shares and Livent Shares trading 26.1% and 38.2% lower respectively as at 5 November 2023, correlating with a decline in lithium spot prices. This decline has heightened differences between our assessed underlying equity values and the fully diluted market capitalisations of both companies, which in part reflects the fact that our valuation has been performed based on 100% ownership (and therefore incorporates a control premium), but also likely reflects changing sentiment on the lithium market and anticipated downward revisions to forecast lithium prices, which have been evident in some more recent broker forecasts. In this regard, we note that it is likely that these changes have been factored into market prices more quickly and efficiently than they have been into the broker consensus forecast prices that we have relied upon for our underlying valuation.

BDA has prepared valuations of Allkem's and Livent's exploration upside at Mt Cattlin and assets in Argentina. The BDA valuations for these assets can be found in BDA's Independent Technical Specialist Report (ITSR), with detailed discussion of the valuations adopted provided in Section 7 of the ITSR. In general, the exploration upside was valued using cash flow based methods, except for the exploration potential represented by the exploration tenements at Mt Cattlin and two early-stage exploration properties in Argentina, which were valued by BDA using a market approach. The value of the exploration upside is reflected as Exploration Value (separate from the value of those operations and projects) in the preceding tables.

*Assessment of the merger ratio*

Pursuant to the underlying valuations set out previously, Allkem Shareholders are contributing 54.5% to 56.4% of the aggregate estimated underlying equity value of the Combined Group (excluding synergies) as follows.

**Relative Contribution by Underlying Equity Value (\$ millions)**

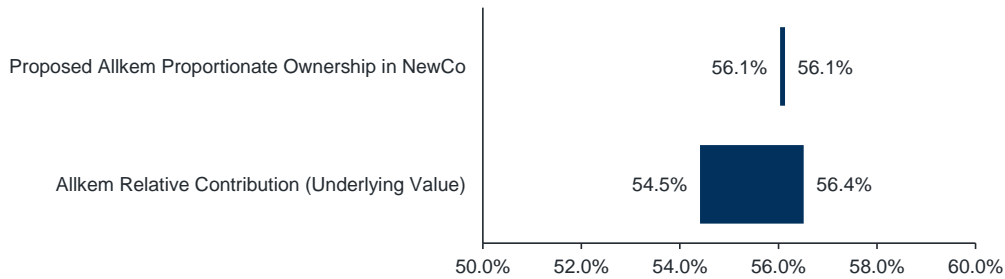
	Underlying Equity Value	
	Low	High
Allkem (equity value)	5,337	6,446
Livent (equity value)	4,454	4,981
<b>Combined Group (aggregate)</b>	<b>9,791</b>	<b>11,426</b>
<b>Relative underlying value contributed</b>		
<b>Allkem Shareholders</b>	<b>54.5%</b>	<b>56.4%</b>
Livent Stockholders	45.5%	43.6%

Source: Kroll analysis.

A comparison of our assessed relative contribution of underlying value by Allkem to the Combined Group, to the proposed approximate 56.1% proportionate ownership percentage (i.e. based on the merger ratio) by Allkem Shareholders in the Combined Group is illustrated as follows.



**Fairness Assessment**



Source: Kroll analysis.

Note:

1. The 56.1% proposed Allkem proportionate ownership in NewCo is approximate.

Kroll's analysis indicates that Allkem Shareholders are contributing approximately 54.5% to 56.4% of the aggregate estimated underlying value of the Combined Group compared to the approximately 56.1% of the Combined Group that they will receive. As the range of underlying value contribution by Allkem Shareholders overlaps the proposed proportionate ownership in the Combined Group that will be held by Allkem Shareholders post-Transaction, **the Scheme, considering the implications of the Transaction as a whole, is fair to Allkem Shareholders.**

*Cross-check of market value relative contribution*

As a cross-check to our primary approach, Kroll has also conducted analysis of the relative contributions of market value made by Allkem and Livent. Although these market values can be more volatile than underlying values, they are objective in that they reflect a wide range of views (for example, concerning the likely trajectory of lithium markets, broader economic and business conditions, and company specific matters such as operating performance) and can be smoothed out over time. Both companies are also widely covered by brokers and have strong institutional support. They also represent the price that shareholders can realise their investment in a liquid market.

Allkem's relative contribution to the aggregate sharemarket value of the two companies (based on daily share closing prices) over the 12 months prior to the announcement of the Transaction Agreement compared to the proposed proportionate share of the Combined Group to be received by Allkem Shareholders, is depicted in the following chart.

**Allkem's Share of Combined Market Value**



Source: S&P Capital IQ, Kroll Analysis.

Note:

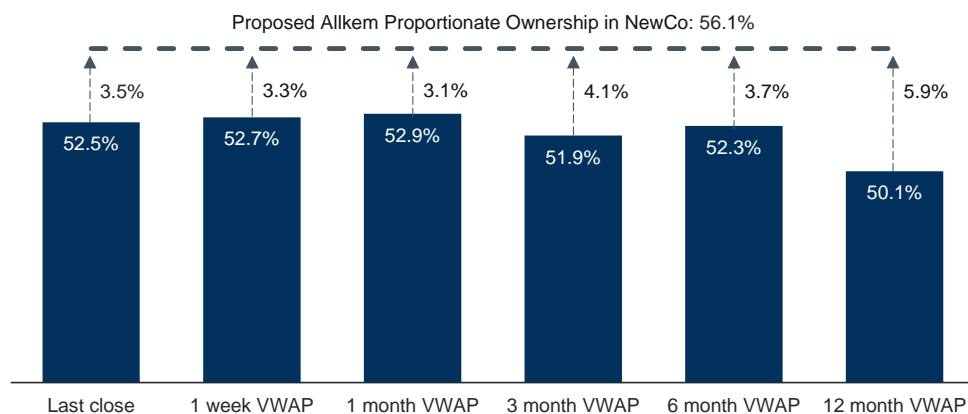
1. Market capitalisations are calculated based on daily closing prices multiplied by the fully diluted number of shares outstanding as at the last practicable date.

**ANNEXURE A**  
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The following graph shows Allkem's relative contributions based on volume weighted average prices (VWAPs) across different periods prior to the announcement of the Transaction Agreement, compared to the proposed proportionate share of the Combined Group received by Allkem Shareholders.

**Comparison of Proposed Allkem Proportional Ownership in NewCo to Allkem's Share of the Allkem-Livent Combined Market Value**



Source: Kroll analysis.

Notes:

1. 56.1% proposed ownership is approximate.
2. Not to scale.

Kroll's analysis of the relative contributions of market value made by Allkem and Livent across various periods up to the announcement of the Transaction Agreement shows that Allkem Shareholders were consistently contributing, although not materially, a lower share of the combined market value than they are receiving (approximately 56.1%).



*Cross-check of other relative contribution parameters*

Other parameters are also useful in considering whether the proposed proportionate ownership by Allkem Shareholders in the Combined Group is fair, as set out in the following table.

**Relative Contribution of Allkem and Livent – Other Parameters**

	Parameter		Contribution (%)	
	Allkem	Livent	Allkem	Livent
<b>Reserves &amp; Resources (Mt LCE)<sup>1</sup></b>				
Resources (Measured, Indicated & Inferred)	33.9	12.7	72.7%	27.3%
Reserves (Proven & Probable)	5.0	4.5	52.5%	47.5%
<b>Production (kt LCE)<sup>1</sup></b>				
Actual (FY23) <sup>2</sup>	29	21	58.2%	41.8%
Guidance (capacity as at 30 June 2024) <sup>3</sup>	46	40	53.7%	46.3%
Guidance (capacity in CY27) <sup>4</sup>	163	85	65.7%	34.3%
<b>Earnings (\$ millions)</b>				
<b>Actual (12 months ended 30 June 2023)<sup>5</sup></b>				
Adjusted EBITDA	765	496	60.7%	39.3%
Adjusted EBIT	672	467	59.0%	41.0%
NPAT	442	351	55.7%	44.3%
<b>Forecast (Broker consensus CY23)<sup>6</sup></b>				
Adjusted EBITDA	797	511	60.9%	39.1%
Adjusted EBIT	721	478	60.1%	39.9%
NPAT	439	396	52.6%	47.4%
<b>Forecast (Broker consensus CY24)<sup>7</sup></b>				
Adjusted EBITDA	710	545	56.6%	43.4%
Adjusted EBIT	642	493	56.6%	43.4%
NPAT	385	406	48.6%	51.4%

Source: Allkem, Livent, Refinitiv, S&P Capital IQ, Broker reports, Kroll analysis.

Notes:

- Reserves and Resources shown on an attributable basis in millions of tonnes (**Mt**) lithium carbonate equivalent (**LCE**). Production figures are shown in thousands of tonnes (**kt**) LCE. The conversion factor used to convert lithium oxide to LCE is 2.473.
- FY23 production is on an attributable basis.
- Allkem capacity guidance sourced from FY23 financial results and is taken as midpoint production guidance of 24,000 tonnes lithium carbonate and 220,000 tonnes spodumene. Livent production capacity guidance sourced from Livent August 2023 Investor Presentation.
- Source: Allkem and Livent merger presentation dated 10 May 2023.
- Allkem net profit after tax (**NPAT**) is shown on an attributable basis.
- Allkem CY23 forecasts approximated as an average of FY23 actual and FY24 median broker forecast.
- Allkem CY24 forecasts approximated as an average of FY24 and FY25 median broker forecast.

In relation to the preceding relative contributions we note:

- while it appears that Allkem is contributing a greater proportion of resources than it is receiving under the proposed ownership ratio, both companies have significant lithium brine assets with very long lives, and it is probable that the resources depicted are not a true indication of the size of these assets. As with any lithium brine asset, of more importance is the level of production or rate at which the brine can be converted into lithium carbonate;
- production is favourable to Allkem on a relative contribution basis based on FY24 guidance, which takes into account completion of the Olaroz expansion. Production guidance also does not reflect the product type being produced, with Livent generally producing more refined lithium carbonate and lithium hydroxide products;
- Allkem is contributing a greater proportion of earnings based on EBITDAIX and EBITIX, however, these figures include non-controlling interests in Olaroz and are therefore overstated on an attributable basis. We also note that this contribution moderates with time; and

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- Allkem is contributing a proportion of earnings based on NPAT lower than the approximate 56% merger ratio, which considers the non-controlling interests in Olaroz.

This analysis, however, should be treated with caution as:

- resources, reserves, and production parameters do not reflect:
  - the different levels of profitability across products (e.g. spodumene from hard rock versus carbonate from lithium brine), the location of the assets (which impacts operating and capital costs), or the jurisdictions and tax regimes in which assets are located;
  - the operational and financial consistency of assets;
  - the probability of success in exploration to increase resources and reserves. The stated resource and reserve parameters are limited by the degree of drilling and exploration that has historically occurred, as well as the recency of estimates;
  - the fact that despite Olaroz being in production, Allkem is yet to establish a reserve estimate for its Olaroz asset;
  - the very long lives that each company's resources already represent based on existing production capacities;
  - the stage of development of each asset, including the time to production (as well as the possibility of delays), the degree of capital expenditure required to reach production, and other general project execution risks;
  - location of assets and degree of geographical diversification, which goes to sovereign risk;
- earnings parameters do not reflect:
  - the inherent volatility in commodity prices (including any correlation or lack thereof in pricing between products) and degree of operating leverage between the companies;
  - potential changes in future earnings as existing projects are disrupted or wound down, or as new projects are pursued;
  - forecast EBITDAIX and EBITIX parameters are on a consolidated basis and include minority interests in certain assets. Therefore, it is likely that Allkem's true forecast EBITDAIX and EBITIX contributions will be less than is shown in the table; and
  - Livent earnings are impacted by pricing of existing contracts which do not necessarily reflect current market prices.

Despite the limitations of the analysis, we find the results to be generally supportive of our underlying value analysis.

### **The merger of Allkem and Livent is expected to result in substantial synergies**

The characteristics of lithium producers (and of natural resource companies more generally) make them less conducive to realising synergies through mergers compared to companies in many other industries, such as those in the financial or industrial sectors. Since these companies deal with commodity products sold on global markets, mergers do not confer pricing power. In addition, these companies typically consist of a portfolio of individual projects and assets across various geographical locations, with limited potential for direct operational synergies at the mine or plant level. For these reasons, the primary area for potential cost savings for mergers of these types typically lies in reducing duplicated expenses across corporate functions, marketing functions, and support services, including technical support for individual operating assets and development projects.

Allkem and Livent, however, have operating and development assets that are in relatively close proximity in Argentina and Canada, creating opportunities for shared infrastructure, coordinated operations, and more efficient logistics. Such proximity can lead to more efficient resource utilisation, cost savings, and capital expenditure savings, creating a particular set of synergies that are not as readily achievable when assets are geographically dispersed.

It has been stated that NewCo expects to achieve pre-tax operating cost synergies of approximately \$125 million per annum by 2027, which reflect savings in operations, procurement, and general and



administrative functions (refer to Section 10.2.2 of this report). Kroll has valued these synergies in the range of \$603 million to \$654 million based on a DCF analysis, which includes the impact of approximately \$40 million in estimated non-recurring costs required to achieve the synergies.

NewCo is also expected to realise approximately \$200 million in one-time capital expenditure savings as a consequence of consolidating infrastructure, streamlining construction and procurement operations, and leveraging complementary engineering work between Allkem's Sal de Vida (**SdV**) asset and Livent's Salar del Hombre Muerto (**SdHM**) asset, as well as through the development of shared downstream processing facilities which will be fed by mineral from Allkem's James Bay asset and Livent's Nemaska asset. Kroll has determined the present value of these one-time capital expenditure savings to be in the range of \$112 million to \$121 million.

To present the potential value change that may be realised by Allkem Shareholders through the Transaction, inclusive of synergies, Kroll has compared the underlying value contributed by Allkem Shareholders to the aggregate value that they will hold in the NewCo post-Transaction in absolute terms – that is, the indicative value realised through the Transaction. This analysis is presented including the indicative effect of the stated potential cost synergies of \$125 million per annum, net of implementation costs, and \$200 million in one-time capital expenditure savings, which are a significant factor in the rationale of the Transaction. The analysis is as follows.

**Value Contributed / Value Realised Analysis (\$ millions)**

	Underlying Value	
	Low	High
<b>Allkem Equity Value Contributed</b>	<b>5,337</b>	<b>6,446</b>
Equity Value Contributed per Allkem Share <sup>1</sup>	A\$12.76	A\$15.41
<b>Indicative Allkem Value Realised</b>		
Allkem (Underlying equity value)	5,337	6,446
Livent (Underlying equity value)	4,454	4,981
Add: Value of cost synergies (inclusive of implementation costs) <sup>2</sup>	603	654
Add: Present value of one-time capex savings	112	121
<b>NewCo Underlying equity value (including synergies)</b>	<b>10,506</b>	<b>12,201</b>
<b>Allkem Shareholders' Share of NewCo (approximately 56.1%)</b>	<b>5,894</b>	<b>6,845</b>
Equity Value Realised per Allkem Share <sup>1</sup>	A\$14.09	A\$16.36
<b>Value Realised (including synergies) (%)<sup>3</sup></b>	<b>10.4%</b>	<b>6.2%</b>

Source: Kroll analysis.

Notes:

1. Calculated as the equity value divided by 642.5 million fully diluted Allkem Shares on issue, converted at an AUD:USD exchange rate of A\$1 = \$0.6511 as at 5 November 2023.
2. The value of the cost synergies is an estimate based on the stated potential annual cost synergies of \$125 million less \$40 million in one-off implementation costs, and one-time capital expenditure savings of \$200 million.
3. Value realised is calculated as Allkem's Share (approximately 56.1%) of the NewCo underlying equity value divided by the Allkem equity value contributed expressed as a percentage increase/(decrease).
4. Changes in value are indicative estimates only and may not representative of resulting changes in value arising from completion of the Transaction.

The analysis indicates that Allkem Shareholders should benefit from an increase in the underlying value of their shares post-Transaction inclusive of the value of any synergies derived as a result of the Transaction. In this regard, we note that there are significant risks associated with the realisation of the synergies, as well as potential upside opportunities that have not been quantified.

There is a risk that not all operating cost synergies or capital expenditure savings are achieved, or that there are delays in achieving those savings, or that integration and transaction costs are greater than expected. Mitigating factors include that the quoted synergies are, in the opinion of Allkem management, at the conservative end of initial estimates. Kroll has also assessed the level of synergies to be in line with or below the anticipated synergies in other comparable transactions in the mining and chemical processing industries.



**The Transaction will allow Allkem Shareholders to share in earnings accretion generated by NewCo**

A benefit of the Transaction is the potential to realise earnings accretion. The extent of accretion for Allkem Shareholders will vary depending on the level and timing of synergies that are realised.

The following table illustrates the earnings per share (EPS) accretion that Allkem Shareholders would experience in the future based on aggregate broker consensus forecast CY25 earnings for both Allkem and Livent.<sup>10</sup> The accretion is first presented assuming that no synergies are realised, and then assuming that 50% of the stated potential operating cost synergies (tax effected) are realised in CY25 (noting the full-rate synergies are not expected to be realised until CY27).

**NewCo CY25 Accretion analysis<sup>1</sup>**

	Allkem	Livent	NewCo <sup>2</sup>	Absolute Change	% Change
<b>Without synergies</b>					
CY25 EPS (Broker median forecast)	74.7¢	234.5¢	84.7¢	10.0¢	13.4%
<b>With synergies<sup>3</sup></b>					
CY25 EPS (Broker median forecast)	74.7¢	234.5¢	89.0¢	14.3¢	19.1%

Source: Broker forecasts, Kroll analysis.

Notes:

1. Assumes Transaction was completed prior to 1 December 2023.
2. Excludes the impact of IFRS to GAAP accounting policy adjustments.
3. EPS calculated on a fully diluted basis.
4. The accretion analysis with synergies assumes that CY25 has 50% of the stated CY27 run rate of operating cost synergies of approximately \$125 million.

NewCo's broker forecast pro forma CY25 EPS of 84.7 cents (excluding significant items and the impact of IFRS to GAAP accounting policy adjustments that arise as a result of the Transaction) is higher than Allkem's broker forecast CY25 EPS of 74.7 cents. NewCo's EPS is expected to further increase as the benefits of net cost synergies (full run-rate of \$125 million per annum by 2027) are progressively realised.

It should be noted that statutory EPS in the first year following the close of the Transaction will be negatively impacted by transaction and integration costs as well as the estimated impact of purchase price adjustments.

**Enhanced financial scale and strength**

Allkem faces several major funding commitments in the short-to-medium term relating to its development assets (Sal de Vida, Cauchari and James Bay), as well as committed or potential expansions at its operating assets (Olaroz, Mt Cattlin, and Naraha). These projects will require substantial upfront capital investment. Relative to Allkem, the Combined Group will have increased financial scale and strength, enabling it to develop the projects efficiently and reducing reliance on securing further debt and/or raising capital, which can be costly (and in the case of equity, potentially dilutive) and difficult to secure.

Should the Transaction be completed, NewCo will have pro forma cash and cash equivalents of \$983.1 million<sup>11</sup> and \$517.0 million in pro forma debt<sup>12</sup> as at 30 June 2023. Allkem's Shareholders will benefit from the higher operating cash flows of the Combined Group (pro forma FY22 Adjusted EBITDA of over \$1 billion) to fund future exploration and development, with the ability to accelerate capital projects where it may be value accretive to do so, which will de-risk the execution of Allkem's growth strategy compared to on a standalone basis.

<sup>10</sup> CY25 forecasts are used as these are the lattermost available broker forecasts for both Allkem and Livent.

<sup>11</sup> Calculated as Allkem's cash and cash equivalents of \$821.4 million and Livent's cash and cash equivalents of \$167.8 million as at 30 June 2023, adjusted for costs relating to the Transaction (refer to Section 7.14 of the Scheme Booklet for further details).

<sup>12</sup> Calculated as Allkem's debt of \$274.3 million and Livent's debt of \$242.7 million as at 30 June 2023. Both figures exclude lease liabilities and costs related to the Transaction. Information about the existing debt facilities available to each of Allkem and Livent are described in Sections 5.10 and 6.8 of the Scheme Booklet respectively.





The Transaction may also generate additional benefits, including the greater scale and diversification of earnings, improving access to capital markets, potentially leading to better credit ratings and lowering borrowing costs.

**Integration and transaction costs are not insignificant**

The costs to implement the Transaction are meaningful and include an estimated \$40.0 million in integration costs to achieve the synergies as well as an estimated \$117.0 million in transaction costs (pre-tax). These costs are expected to be offset by operating cost synergies and capital expenditure savings across a similar time period. A substantial amount of transaction costs will be borne by Allkem (approximately \$21.1 million) regardless of whether or not the Transaction is completed.

**3.3.2 Strategic benefits**

**The Transaction provides a number of strategic benefits that are expected to enhance organic revenue growth**

The Transaction provides for a number of strategic benefits that are expected to enhance NewCo's organic revenue growth over time, but which are not directly quantifiable and as such, are not included in the synergy analysis (refer to Sections 10.2 and 10.4 of this report).

*Diversification*

NewCo will have a more diversified portfolio of lithium assets than Allkem on a standalone basis, across:

- a greater number of hard rock and lithium brine resources;
- product types, including lithium carbonate, lithium hydroxide, butyllithium, and high-purity lithium metal, including a greater weighting towards those products used directly in higher value energy storage and speciality applications, such as in EVs and renewable energy storage systems;
- major lithium extraction regions, including Argentina, Australia, and Canada, as well as chemical processing assets in key regions where EV battery manufacturers operate, including China, Japan, the United Kingdom and the United States. As part of its presence in the United States, the Combined Group is also likely to benefit from the United States Federal Inflation Reduction Act;<sup>13</sup> and
- operating assets (e.g. Salar de Hombre Muerto, Mt Cattlin, Olaroz, Sal de Vida, Naraha, Güemes, Bessemer City, Bromborough, Rugao, and Zhangjiagang) and development assets (e.g. Nemaska, James Bay, Cauchari, as well as several expansion projects).

The benefits of diversification for Allkem Shareholders are as follows:

- lithium prices have historically been volatile, and are expected to remain so in the near future, and diversification may help mitigate the impact of price fluctuations on overall financial performance;
- the lithium sector faces rapidly changing supply and demand profiles on a product-by-product basis, influenced by the adoption of EVs and renewable energy sources, political and regulatory actions, and rising competition. Diversification will assist NewCo in managing these dynamics effectively as they evolve;
- the merger considerably reduces concentration risk associated with high exposure to certain resource types, products, customer end markets, and geographies (including vulnerabilities relating to geopolitical issues);
- diversification of assets and projects helps to mitigate risks to the enterprise if one asset or development project fails, consistently underperforms, or experiences a major problem. The merger reduces this risk; and

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<sup>13</sup> The Inflation Reduction Act provides tax credits where a percentage of minerals in an electric vehicle battery is extracted from (or processed in) countries that have free-trade deals with the United States (including Australia, Canada, and the US). NewCo's global industrial footprint, which is concentrated in these countries, is considered well positioned to benefit from this initiative.

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- concentration of assets in specific regions exposes companies to the sovereign risks associated with those jurisdictions, and the merger substantially reduces this risk by diversifying the geographical and operational footprint.

### *Scale*

Following the Transaction, NewCo will have greater scale than Allkem on a standalone basis. Possible benefits of scale may include:

- higher cost efficiency, with larger mining operators often benefitting from economies of scale that lead to lower costs per unit of production, which ultimately enhances profitability. Lower production costs may allow NewCo to compete more aggressively on contract pricing and reduce the risks associated with declines in lithium prices;
- the potential to enter long-term supply agreements, with larger lithium producers better positioned to secure such agreements with EV and battery manufacturers as they are able to better service the level of supply required by larger companies. These agreements provide a stable source of revenue, strengthen relationships with key customers, and provide greater certainty and visibility with respect to future earnings. They may also enhance NewCo's reputation in the market;
- further exploration and resource expansion, with greater capacity for investment in exploration and development activities;
- greater scale may generate more negotiating power when dealing with suppliers, customers, and other stakeholders, leading to better terms and contracts which reduce operating expenses; and
- a greater presence in global lithium markets, assisting the company in navigating trade dynamics, adapting to changing regulations, and ability to serve a broader customer base. In particular, NewCo's proximity to key lithium customers in Asia and North America, which include leading EV OEMs and battery manufacturers, positions it to meet their growing demand and allows NewCo to integrate itself further into the EV value chain in these key regions.

### *Increased vertical integration*

NewCo will have greater vertical integration of assets across the lithium value chain than Allkem has on a standalone basis by combining with Livent's upstream and downstream assets. Benefits of greater vertical integration for NewCo may include greater cost control (by reducing reliance on external supply), supply chain efficiencies, quality control, mitigation of risks associated with supply disruptions, and the ability to respond more flexibly to market dynamics and changing industry trends.

### *Capacity and expertise to de-risk and accelerate NewCo's growth strategy*

NewCo will draw on Allkem and Livent's complementary experience in hard rock mining, conventional brine extraction, and Direct Lithium Extraction (DLE) based brine processes to accelerate and reduce the risks associated with development of each of the company's pipeline of growth assets.

### *Additional growth opportunities*

The creation of larger, shared processing facilities under NewCo (particularly in respect of the proposed shared processing infrastructure in Bécancour) has the potential to unlock new deposits in the region that have been constrained by lack of processing solutions. To the extent that this results in processing efficiencies and cost savings, Allkem Shareholders should benefit.

### *Greater depth of management talent*

NewCo is expected to have a greater depth of management talent to draw upon by bringing together the strengths and quality of the workforce across both Allkem and Livent.

### **NYSE listing enhances NewCo's ability to pursue future accretive acquisitions**

NewCo's NYSE listing provides enhanced flexibility to pursue acquisitions to drive inorganic revenue growth through the ability to provide vendor shareholders with NYSE listed scrip as consideration for acquisitions, as NYSE listed scrip is typically more attractive to investment managers and pension funds than ASX listed scrip.



### 3.3.3 Liquidity

NewCo will have a primary listing on the NYSE (trading of NewCo Shares) and a Foreign Exempt Listing on the ASX (trading of NewCo CDIs).

#### **NewCo Shares will likely be more liquid than Allkem Shares**

Capital markets in the United States are the largest and most liquid capital markets in the world. NewCo will have a larger shareholder base, comprised of former Allkem Shareholders and Livent Stockholders, and this together with a NYSE primary listing is expected to deliver greater liquidity for NewCo Shares compared to Allkem on a standalone basis.

Greater liquidity may also allow NewCo to access a larger pool of capital available in the US capital markets, which would have the benefit of improved financial flexibility.

NewCo will seek inclusion in key S&P indexes in the United States, however, based on an aggregate market capitalisation of \$7.1 billion<sup>14</sup> as at 5 November 2023, it will not be included in the S&P 500 Index.

#### **ASX listed CDIs may be less liquid than Allkem Shares**

In accordance with the Scheme, Allkem Shareholders (other than Allkem's Canadian Register Shareholders) will receive ASX listed NewCo CDIs in exchange for their Allkem Shares, unless they elect to receive NewCo Shares (Refer to Section 3.3.6 of this report for the treatment of shareholders on Allkem's Canadian branch register). CDIs are an interest in the underlying security of a foreign company (i.e. NewCo Shares). Each NewCo CDI will confer a beneficial interest in one NewCo Share.

The rights associated with NewCo CDIs are economically equivalent to the rights attaching to NewCo Shares. The key features of NewCo CDIs are set out in Section 3.6 of the Scheme Booklet. Importantly, NewCo CDI holders can convert their NewCo CDIs listed on the ASX into NewCo Shares listed on the NYSE, and vice versa.

As a result, the market capitalisation of NewCo CDIs on the ASX will depend on the extent to which Allkem Shareholders elect to take up NewCo Shares and the extent to which NewCo CDI holders convert their NewCo CDIs into NewCo Shares (or vice versa) over time. Therefore, the number of NewCo CDIs available to be traded on the ASX may be reduced and this, in turn, would reduce the liquidity of NewCo CDIs on the ASX.

Assuming that all Allkem Shareholders elect to receive NewCo CDIs and considering Allkem Shareholders' initial approximately 56% holding in NewCo, the market capitalisation of NewCo CDIs on the ASX would initially be approximately A\$6.1 billion.<sup>15</sup> On this basis, and similar to Allkem on a standalone basis, NewCo would be included in the S&P / ASX 200 index in Australia through pro rata CDI inclusion. However, we note that to the extent NewCo CDIs are converted to NewCo Shares, liquidity may fall and vice-versa, potentially impacting inclusion or exclusion in indices. In this regard we also note:

- it is plausible that Allkem Shareholders who reside outside Australia would choose to maintain Australian listed securities rather than NYSE listed securities, particularly as NewCo CDIs are expected to comprise a majority of NewCo's listing; and
- Allkem Shareholders will receive NewCo CDIs as the default option and will only receive NewCo Shares if they elect to receive them.

<sup>14</sup> Calculated as Allkem's fully diluted market capitalisation of \$4.0 billion (closing share price of A\$9.54, converted into US dollars at an exchange rate of US\$0.6511 per A\$1, multiplied by 642,504,458 fully diluted shares outstanding), plus Livent's fully diluted market capitalisation of \$3.1 billion (closing stock price of \$14.97 multiplied by 208,926,748 fully diluted shares outstanding).

<sup>15</sup> Calculated as NewCo's estimated initial fully diluted market capitalisation of \$7.1 billion, multiplied by Allkem Shareholders' initial holding of approximately 56.1%, converted at an exchange rate of A\$1 = \$0.6511.



### 3.3.4 Changes in shareholder protections (takeover laws)

As a company incorporated under the laws of the Bailiwick of Jersey (Channel Islands), NewCo will no longer be subject to Australian takeover laws that prevent a party from acquiring control of NewCo without making a takeover offer to all shareholders, or without seeking the approval of the NewCo Board.

As a safeguard, NewCo's articles of association will permit the NewCo Board to adopt certain takeover defence mechanisms, similar to takeover defence mechanisms adopted by other companies listed on NYSE (for example, a shareholder rights plan), designed to avoid control of NewCo passing without NewCo Board or shareholders' approval and thereby protect against non-negotiated takeover bids made at unfair or inadequate prices or which rely on coercive or unfair tactics.

A comparison of the takeover laws and defence mechanisms applicable to Allkem and NewCo, as well as a comparison of shareholder rights and corporate laws more broadly, is set out in Annexure H of the Scheme Booklet.

### 3.3.5 NewCo Tax position

Although NewCo is incorporated and registered in the Bailiwick of Jersey it intends to maintain tax residency solely in the Republic of Ireland.

The Republic of Ireland's tax regime is stable and competitive. In addition to its low-tax regime, there are several features that are advantageous for companies established as holdings companies, such as NewCo, including an extensive double tax treaty network and a favourable taxation regime for foreign dividends. It is expected that Allkem Shareholders will be no worse off than they are currently from these aspects of the legislation.

Under Irish law, a company will generally only be a resident for tax purposes in Ireland if it is either incorporated in Ireland, or if the place of its central management and control is in Ireland. As NewCo is incorporated in the Bailiwick of Jersey, it must satisfy the requirements to maintain Irish tax residency by ensuring that central management and control of the combined company rests, and continues to rest, in Ireland. NewCo intends to satisfy and maintain these requirements and resolves to not establish tax residency in any other jurisdiction. Failure to do so could increase the amount of tax payable by NewCo and its shareholders.

### 3.3.6 Other considerations

#### Changes in corporate tax rates

NewCo's effective tax rate will reflect the various tax rates of the countries in which it operates. Based on Livent's FY22 effective tax rate of 21.7% and Allkem's FY23 effective tax rate of 36.8% it is anticipated that NewCo's effective tax rate will be lower than that of Allkem on a standalone basis.

#### No significant tax consequences for individual shareholders

Section 9 of the Scheme Booklet sets out a general description of the Australian tax consequences for:

- Australian resident Allkem Shareholders that hold their Allkem Shares on capital account; and
- Foreign resident Allkem Shareholders.

#### Australian resident Allkem Shareholders

If the Scheme is Implemented, Australian resident Allkem Shareholders will be deemed to have disposed of each of their Allkem Shares in exchange for one NewCo CDI or, at their option, one NewCo Share and the disposal will constitute a capital gains tax event. Allkem has applied for a Class Ruling with the Australian Tax Office (ATO) for the benefit for Australian resident Allkem Shareholders, which seeks to confirm certain Australian income tax implications of the Scheme, including the availability of rollover relief for those shareholders.

Assuming that Allkem receives the Class Ruling from the ATO confirming that such relief is available, and to the extent that a capital gain is realised, the rollover relief, which defers the capital gain, should be available if the Allkem Shareholder chooses to obtain the relief. This choice can be evidenced by the way



in which the Allkem Shareholder completes their income tax return in the income year in which they disposed of their Allkem Shares.

The finalised Class Ruling is expected to be published after the Scheme becomes effective. Refer to Section 9.2 of the Scheme Booklet for further details.

Australian resident Allkem Shareholders should also note that the change in tax jurisdiction means that Australian resident taxpayers will not be entitled to receive the benefit of franking credits in the future. However, as Allkem has not and currently does not pay dividends, nor does it expect to in the near future, Allkem Shareholders are no worse off.

#### **Foreign resident Allkem Shareholders**

On the basis that Allkem does not consider the Allkem Shares held by foreign resident Allkem Shareholders meet the requirements of being "indirect Australian real property interests", the Australian Foreign Resident capital gains withholding tax regime should not apply. Accordingly, NewCo should not be required to withhold an amount of the Scheme Consideration from foreign resident Allkem Shareholders. Refer to Section 9.3 of the Scheme Booklet for further details.

Allkem Shareholders who are tax residents of a country other than Australia should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

#### **Change in Board and management structure**

NewCo intends to implement a growth strategy as outlined in Section 10.2 of this report.

The proposed NewCo Board will comprise 12 members, six of whom will be designated by Livent and six of whom will be designated by Allkem. It is proposed that Allkem Chairman Peter Coleman will be the initial Chairman of the NewCo Board. Allkem is expected to designate Alan Fitzpatrick, Florencia Heredia, Leanna Heywood, Fernando Oris de Roa, and John Turner as non-executive directors. Livent is expected to designate Christina Lampe-Önnerud, Michael Barry, Steven T. Merkt, and Pablo Marcet as non-executive directors. Livent's current Chief Executive Officer (**CEO**), Paul W. Graves, will continue to serve as CEO and as the only executive director on the NewCo Board.

Pursuant to the Transaction Agreement, the parties have also since mutually selected the broader senior management team of NewCo, consisting of an approximately equal split of employees from each of Allkem and Livent.

#### **Differences between NewCo Shares and NewCo CDIs**

Although NewCo CDIs and NewCo Shares are economically equivalent, holders of NewCo CDIs will be unable to attend meetings of NewCo Shareholders or directly vote their CDIs at general meetings. They may, however:

- instruct the Depository Nominee, CHESSE Depository Nominees Pty Limited (**CDN**), to vote the units by proxy in the requested manner;
- instruct the Depository Nominee to appoint the NewCo CDI holder or a third party nominated by the CDI holders as proxy, allowing the CDI holder to vote their NewCo Shares at the meeting; or
- covert their NewCo CDIs into NewCo Shares and vote at the meeting. Note that this would incur a fee and, if the shareholder wishes to subsequently sell their interest on the ASX, would require conversion back to NewCo CDIs.

Holders of NewCo CDIs will not be directly entitled to certain other rights conferred on holders of NewCo Shares, including the right to apply to a Bailiwick of Jersey court for an order on the grounds that the affairs of NewCo are being conducted in a manner which is unfairly prejudicial to the interests of NewCo Shareholders; and the right to apply to the Jersey Financial Services Commission to have an inspector appointed to investigate the affairs of NewCo.

Of note is that holders will be able to convert their NewCo CDIs into NewCo Shares (or vice versa) at any time, but this will incur a small fee.



Allkem Shareholders should refer to the Section 3.6 of the Scheme Booklet about the rights and entitlements attaching to NewCo CDIs and NewCo Shares, and the comparison of shareholder rights and corporate laws applicable in respect of Allkem and NewCo in Annexure H of the Scheme Booklet.

#### **Change in risk profile**

There is a risk that integration costs may be greater than anticipated, cost synergies may not be fully realised or may be delayed, and capital expenditure savings may not be achieved such that integration, compensation and transaction costs need to be funded. If NewCo cannot successfully combine the businesses of Allkem and Livent in an efficient and effective manner, the anticipated benefits and synergies of the transaction may not be realised fully, or at all, or may take longer to materialise or cost more than expected such that the value of NewCo Shares is adversely affected.

NewCo's aggregate operations will be substantially more geographically diverse than Allkem's prior to the completion of the Transaction. Doing business in many jurisdictions will create business, legal, political and social risks and require NewCo to comply with the laws and regulations of various jurisdictions on a broader scale. NewCo will also be exposed to risks relating to geopolitical tensions and economic sanctions in the many jurisdictions that the company will operate, which will likely restrict its transactions or dealings in certain areas.

A detailed discussion of the risk factors relating to the business and operations of NewCo is set out in Section 8.5 of the Scheme Booklet.

#### **Ineligible Overseas Shareholders<sup>16</sup>**

Ineligible Overseas Shareholders will not be entitled to receive NewCo Shares or NewCo CDIs under the Scheme. Instead, Ineligible Overseas Shareholders will receive their share of the net proceeds from the sale of the NewCo CDIs that they would otherwise have received under the Scheme by a sale nominee who will sell those CDIs on market. While the sale of NewCo CDIs is intended to be undertaken as soon as practicable following completion of the Transaction, Ineligible Overseas Shareholders receive no assurances as to the price that will be achieved for the sale of the NewCo CDIs or the applicable foreign exchange rate.

Further information on the treatment of Ineligible Overseas Shareholders can be found in Section 3.4 of the Scheme Booklet.

#### **TSX Shareholders**

Shareholders on Allkem's Canadian branch register (i.e. those who hold Allkem Shares traded on the TSX) will receive NewCo Shares by default (traded on the NYSE), although they may instead elect to receive NewCo CDIs (traded on the ASX).

Further information on the treatment of Allkem's Canadian branch registered shareholders can be found in Section 3.2(g) of the Scheme Booklet.

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<sup>16</sup> Ineligible Overseas Shareholders are defined as Allkem Shareholders whose address is recorded in the Allkem share register as at the Record Date (the date referred to in the Scheme Booklet to determine the Allkem Shareholders who will be entitled to receive the Scheme Consideration in respect of the Allkem Shares they hold at that time) as being in a jurisdiction other than Australia, Argentina, British Virgin Islands, Canada, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States, or any other jurisdictions agreed by Allkem, Livent and NewCo in writing as lawful and not unduly impracticable or onerous for the purposes of NewCo offering and/or issuing NewCo Shares or NewCo CDIs upon the Scheme Implementation in accordance with the terms of the Transaction Agreement (each acting reasonably).



### 3.3.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved, or any conditions precedent prevent the Scheme from being Implemented, Allkem will continue to operate in its current form and remain listed on the ASX. Current Allkem Shareholders will remain Allkem Shareholders. As a consequence:

- Allkem will continue to operate as a standalone, ASX and TSX listed entity with management continuing to implement the financial and operating strategies it had in place prior to the announcement of the Transaction Agreement;
- Allkem Shareholders will continue to be exposed to the risks and benefits associated with an investment in Allkem, including the risks and benefits associated with the global macroeconomic environment, volatility in commodity prices, structural trends in the lithium industry, and other issues common to natural resource companies. However, Allkem Shareholders will not benefit from the expected financial, strategic, and other benefits associated with the Transaction;
- the price of Allkem Shares traded on the ASX and TSX may fall (in the absence of a superior proposal for Allkem), to the extent that the market price of Allkem Shares to some degree reflects an assumption that the Transaction will be completed, although it is difficult to predict with any certainty what the change in price may be;
- Allkem may be liable for a \$64.6 million termination fee payable to Livent (or alternatively, Livent may be liable for a \$64.6 million termination fee payable to Allkem) depending on the circumstances of the termination. Those circumstances do not include the failure by Allkem Shareholders to approve the Scheme at the Scheme meeting in and of itself, absent other circumstances. Further information regarding termination fees and the parties' rights to terminate the Transaction Agreement can be found in Section 1.3(c) of the Scheme Booklet and paragraph 4 of Annexure D to the Scheme Booklet; and
- Allkem will incur an estimated \$21.1 million (excluding GST and disbursements) of one-off transaction costs in relation to the Transaction (these costs will be incurred by Allkem irrespective of whether or not the Scheme is Implemented).

## 4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Allkem Shareholders in considering whether to vote in favour of the Scheme Resolution. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Allkem Shareholders. This advice therefore does not consider the financial situation, objectives or needs of individual Allkem Shareholders.

The decision of Allkem Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions in relation to the Scheme may be influenced by their particular circumstances, we recommend that individual Allkem Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2 of this report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

All currency amounts in this report are denominated in US dollars (\$) unless otherwise stated. References to a financial year have been abbreviated to FY and references to calendar year have been abbreviated to CY. For Allkem, the financial year is the 12 months to 30 June and for Livent and the Merged Group, the financial year is the 12 months to 31 December.

**ANNEXURE A**  
**INDEPENDENT EXPERT'S REPORT**



Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Jedlin".

Ian Jedlin  
Authorised Representative

A handwritten signature in black ink, appearing to read "Celeste Oakley".

Celeste Oakley  
Managing Director



KROLL



Independent Expert Report  
and  
Financial Services Guide  
In relation to the proposed merger of Allkem Limited with Livent  
Corporation

KROLL



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## 5 The Transaction

### 5.1 Overview

On 10 May 2023, Allkem and Livent announced that they had entered into a Transaction Agreement with NewCo, the proposed holding company of the combined group, under which it is proposed that Allkem and Livent will combine. The Transaction is to be brought into effect by way of two separate (but parallel) legal processes; namely, the Scheme and the US Merger. Upon completion of the Transaction, NewCo will become the new holding company of Allkem and Livent.

Under the terms of the Transaction:

- NewCo will acquire all of the Allkem Shares held by Allkem Shareholders and Allkem will become a wholly-owned subsidiary of NewCo;
- Allkem Shareholders<sup>17</sup> will receive either one NewCo CDI which is intended to be quoted on the ASX, or one NewCo Share, which is intended to be listed on the NYSE;
- pursuant to the US Merger:
  - an indirect, wholly-owned subsidiary of NewCo will merge with and into Livent; and
  - Livent Stockholders will receive 2.406 NewCo Shares for each Livent Share held.

While the Scheme and the US Merger are separate legal processes, the Scheme is subject to the US Merger being capable of occurring and reasonably expected to occur promptly after implementation of the Scheme, and the US Merger is conditional on (and only on) implementation of the Scheme having occurred. Therefore, it is intended that neither the implementation of the Scheme nor closing of the US Merger will occur unless both are going to proceed. Both of these processes are necessary to bring each of Livent and Allkem under NewCo as wholly-owned subsidiaries.

As a result of the Transaction, Allkem and Livent will be wholly-owned subsidiaries of NewCo. The former Allkem Shareholders (other than Ineligible Overseas Shareholders) will become holders of NewCo Shares or NewCo CDIs, and the former Livent Stockholders will become holders of NewCo Shares. Upon completion of the Transaction, former Allkem Shareholders are expected to own approximately 56% of NewCo (either directly through NewCo Shares or through NewCo CDIs) and former Livent Stockholders are expected to own approximately 44% of NewCo (through NewCo Shares). NewCo will have a primary listing on the NYSE (with NewCo Shares expected to trade on the NYSE) and a Foreign Exempt Listing on the ASX (with NewCo CDIs expected to trade on the ASX).

Allkem will apply for delisting from the official list of the ASX and termination of the official quotation of Allkem Shares on ASX with effect on and from the close of trading on the trading day immediately following the date on which the Scheme is Implemented. Allkem will also apply to TSX for the delisting of Allkem from TSX with effect on and from the close of trading on the trading day immediately following the Scheme implementation date, or such other date agreed in writing with Livent, following consultation with TSX. NewCo will not, if admitted to ASX as a Foreign Exempt Listing, be required to comply with the continuous disclosure requirements under the Australian Corporations Act and most listing rules of the ASX but will be required to comply with applicable US law and certain ongoing requirements of Canadian law.<sup>18</sup> Under US law, NewCo is not generally required to publicly disclose material price-sensitive information until the next quarterly report or a specific disclosure requirement arises in respect of the matter.

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<sup>17</sup> Allkem Shareholders in certain prohibited jurisdictions, being the "Ineligible Overseas Shareholders", will not receive NewCo CDIs or NewCo Shares under the Scheme. Instead, their Allkem Shares held by Ineligible Overseas Shareholders at the record date for the Scheme will be transferred to the Sale Nominee prior to implementation of the Scheme, and the Sale Nominee will sell the NewCo CDIs issued to the Sale Nominee in respect of those Allkem Shares, and remit to Ineligible Overseas Shareholders the net proceeds of sale, as described in Section 3.4 of the Scheme Booklet.

<sup>18</sup> Including the Delaware General Corporation Law, NYSE listing standards, the Securities Act of 1933, and the Securities Exchange Act of 1934, as applicable.



NewCo is incorporated under the laws of the Bailiwick of Jersey (Channel Islands) and intends to maintain tax residency solely in the Republic of Ireland.

The Allkem Board considers that the Scheme is in the best interests of Allkem Shareholders. The Allkem Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, subject to no superior proposal in relation to Allkem emerging and the independent expert continuing to conclude that the Scheme is in the best interest of Allkem Shareholders. Subject to those same conditions, each Allkem Director intends to vote in favour of the Scheme in relation to all Allkem Shares held or controlled by them.

## 5.2 Conditions of the Transaction

### 5.2.1 Scheme Conditions

Implementation of the Scheme is subject to a number of conditions as set out in Exhibit A of the Transaction Agreement and summarised in the Scheme Booklet (Section 3.5; paragraph 1.1 of Annexure D), including:

- Court approval of the Scheme;
- closing of the US Merger being capable of occurring and being reasonably expected to occur as promptly as practicable following Scheme Implementation;
- approval of the Scheme by the requisite majorities of Allkem Shareholders at the Scheme Meeting;<sup>19</sup>
- the affirmative vote of a majority of the outstanding Livent Shares entitled to vote on the adoption of the Transaction Agreement and the approval of the contemplated transactions (including the Scheme and the US Merger) at the Livent Stockholder Meeting in favour of such adoption and approval;
- applicable governmental consents under antitrust laws and investment screening laws of certain jurisdictions listed in the Transaction Agreement have been obtained or made and remain in full force with applicable waiting periods having expired, lapsed, or been terminated;
- no governmental entity has issued any law or order that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Transaction;
- no material adverse effect in respect of either Allkem or Livent having occurred;
- receipt by Allkem of confirmation from the Australian Tax Office (**ATO**) to the effect that there are no material impediments or material issues to be resolved that may prevent the ATO from issuing the Class Ruling confirming that qualifying Australian resident Allkem Shareholders will be eligible to choose rollover relief to the extent to which they receive NewCo Shares or NewCo CDIs in exchange for their Allkem Shares in connection with the Scheme, or if the Class Ruling is not available for all qualifying Australian resident Allkem Shareholders, a confirmation that qualifying Australian resident Allkem Shareholders who hold their shares on capital account are eligible to claim rollover relief will be acceptable to Allkem;
- receipt by Livent of a tax opinion to the effect that under the United States Internal Revenue Code of 1986 (the **Code**), the US Merger should qualify as a "reorganization" under Section 368(a) of the Code; or, the US Merger and the Scheme, taken together, should qualify as an exchange described in Section 351(a) of the Code; and, the transfer of Livent Eligible Shares (as the term is defined in the Transaction Agreement) by Livent Stockholders pursuant to the US Merger (save for certain exceptions) should qualify for an exception to Section 367(a)(1) of the Code;<sup>20</sup>
- neither the Transaction Agreement nor the Deed Poll have been terminated in accordance with its terms (refer to Section 1.3(c) and paragraph 4 of Annexure D to the Scheme Booklet for detail on the circumstances under which the Transaction Agreement may be terminated); and

<sup>19</sup> A majority in number (i.e. more than 50%) of Allkem Shareholders present and voting at the Scheme Meeting (either in person or by proxy or representative) and at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting (either in person or by proxy or by representative).

<sup>20</sup> The opinion essentially regards certain US federal income tax consequences of the Transaction, including regarding NewCo not being treated as a US corporation for US federal income tax purposes under Section 7874 of the Code.



- the obligations of the parties to effect the Scheme are also subject to the satisfaction (or waiver by such party) of the conditions relating to the accuracy of representations and warranties made by the other party, and the performance by the other party of such party's obligations under the Transaction Agreement.

The status of the key Conditions to the Scheme as at the Last Practicable Date<sup>21</sup> is set out in Section 3.5 of the Scheme Booklet. If the Conditions set out in Exhibit A to the Transaction Agreement and the Scheme Booklet are not satisfied or waived, the Transaction will not proceed.

#### 5.2.2 Merger Conditions

The only condition to the US Merger is Implementation of the Scheme.

### 5.3 Exclusivity and termination provisions

The Transaction Agreement also includes certain exclusivity provisions that apply to both Allkem and Livent including a notification obligation and matching right, subject to the Directors' fiduciary obligations. Further details of the exclusivity provisions are contained in paragraph 3 of Annexure D to the Scheme Booklet and Sections 5.3 and 5.4 of the Transaction Agreement.

Allkem Shareholders should also be aware that the Transaction Agreement may be terminated in certain circumstances as detailed Sections 8.1 and 8.2 of the Transaction Agreement and summarised in Section 1.3(c) and paragraph 4 of Annexure D to the Scheme Booklet. In certain circumstances, a termination fee of \$64.6 million is payable by either Livent or Allkem to the other.

If the Transaction Agreement is terminated, the Transaction will not proceed.

### 5.4 Transaction costs

If the Transaction is completed (i.e. the Scheme is Implemented and the US Merger closes) the Combined Group is expected to incur external transaction costs of approximately \$117.0 million (pre-tax) in relation to the Transaction (approximately \$55.1 million for Allkem and approximately \$61.9 million for Livent).

If the Transaction is not completed, Allkem expects that transaction related costs of approximately \$21.1 million (excluding GST and disbursements). These transaction costs are primarily payable to Allkem's financial, legal, tax and accounting advisors, the independent expert, the independent technical expert, and the Allkem Share Registry (refer to Section 10.8 of the Scheme Booklet).

Further details of the estimated transaction costs are set out in Section 10.8 of the Scheme Booklet.

## 6 Scope of the report

### 6.1 Purpose

The Transaction includes a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Allkem Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission such a report to ensure that they are providing the information that is material to the making of a decision by a member. Allkem was required under the Transaction Agreement to appoint an independent expert and provide such assistance and information as reasonably required in connection with the preparation of an independent expert's report.

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<sup>21</sup> The Last Practicable Date as defined in the Scheme Booklet is 5 November 2023.



## 6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides, in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of the shareholders of a company.

The Transaction includes the Scheme and the US Merger. While the Scheme and the US Merger are separate legal processes, the Scheme is subject to the US Merger being capable of occurring and reasonably expected to occur promptly after implementation of the Scheme, and the US Merger is conditional on (and only on) implementation of the Scheme having occurred. Therefore, it is intended that neither implementation of the Scheme nor closing of the US Merger will occur unless both are going to proceed. Accordingly, we consider it appropriate as part of that assessment to consider the implications for Allkem Shareholders of the Scheme in the context of the Transaction as a whole.

RG 111 distinguishes between the analysis required for control transactions and other transactions. In the absence of a change of control, change in the underlying economic interests of security holders or selective treatment of different security holders, the expert should provide an opinion as to whether the advantages outweigh the disadvantages.

As the Transaction does not result in a change of control for Allkem Shareholders, we consider the Scheme will be in the best interests of Allkem Shareholders if Allkem Shareholders as a whole are assessed as being, on balance, better off, or at least not worse off, if the Transaction proceeds than if it does not.

The Transaction does, however, result in a change in Allkem Shareholders' underlying economic interest (as a result of the US Merger) which will bring Livent into the NewCo group, to which Allkem Shareholders will be economically exposed. Consequently, in evaluating the advantages and disadvantages of the Transaction, it is necessary to consider the financial impact of the Transaction as a whole to Allkem Shareholders. We have assessed the financial impact (or fairness) of the Transaction by using the 'merger of equals' construct under RG 111, as in Kroll's opinion for the reasons set out in the following section, the merger analysis is the appropriate basis from which to assess the financial benefits of the Transaction. In this context, our assessment of fairness forms part of the overall judgement on whether the Scheme is in the best interests of Allkem Shareholders.

### 6.2.1 Merger of equals assessment

RG 111 provides for some flexibility in the basis of the assessment of fairness depending on the particular circumstances of the transaction. RG 111.31 states that, "the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the 'bidder' and the 'target'. In this case, the expert may be justified in using an equivalent approach to valuing the securities of the 'bidder' and the 'target'". This alternative analysis is generally referred to as a "merger of equals" analysis and typically involves comparison of the exchange ratio with the relative contributions of each set of securityholders across a range of parameters (e.g. security price, estimated fundamental value, earnings, reserves and resources).

In forming our opinion as to whether the Transaction can be characterised more appropriately as a merger of equals, factors we have considered include:

- whether the Transaction is structured as a merger of equals;
- the proportional ownership of NewCo (as between Allkem Shareholders and Livent Stockholders) on the basis of the proposed merger ratio (i.e. the extent to which it suggests that there is a "change of control" in favour of either party under the Transaction);
- the relative contribution of Allkem Shareholders and Livent Stockholders to NewCo across a range of parameters (e.g. fundamental value, sharemarket value, earnings, reserves and resources);
- whether any shareholders will obtain a controlling stake in NewCo;
- the proposed board and management composition of NewCo;
- the nature of the underlying assets of Allkem and Livent; and



- the relative size and nature of Allkem and Livent.

From the perspective of Allkem Shareholders, the following factors support a merger of equals analysis:

- the Transaction has been structured and announced by Allkem and Livent as a “merger of equals”;
- the Scheme Consideration is a full scrip offer (with no cash alternative), as opposed to a cash offer where shareholders are selling ‘control’ and do not retain any ongoing exposure;
- former Allkem Shareholders will hold approximately 56% of NewCo and former Livent Stockholders will hold approximately 44% of NewCo immediately upon completion of the Transaction. This proportional ownership is within the bounds of other merger of equals transactions and suggests that there has not been a “change of control” in favour of Livent under the Transaction;
- a critical issue for Allkem Shareholders is whether a shareholder obtains control of NewCo through the Transaction. In this respect, based on current shareholdings as at the Last Practicable Date, Section 10.9.2 of this report indicates that it is expected that no shareholder or group of shareholders will have a significant voting or minority ownership and there will be no large minority interest. Therefore, Allkem Shareholders retain the opportunity to receive a control premium for their shareholding interests at some point in the future;
- the board of NewCo will be equally drawn from both Allkem and Livent. The NewCo Board will consist of 12 directors, consisting of six directors designated by Allkem and six directors designated by Livent. Pursuant to the Transaction Agreement, the parties have also mutually selected the broader Senior Management Team of NewCo as of the effective time, consisting of an approximately equal split of representatives from each of Allkem and Livent;
- Allkem and Livent have a complementary global portfolio of high-quality lithium production and development assets. As several of these assets are located in proximity to one another, it is expected that there will be significant synergistic benefits in combining the lithium operations of both companies. Given the structure of the Transaction (specifically, the all-scrip Scheme Consideration and proposed merger ratio), it is expected that both Allkem Shareholders and Livent Stockholders will mutually benefit from the realisation of such synergies and that there are mutual interests in combining the companies; and
- based on the last traded share prices prior to the announcement of the Transaction Agreement, Allkem had a market capitalisation of approximately US\$5.6 billion and Livent had a market capitalisation of approximately US\$4.4 billion. The relative size of the companies is within the bounds of other merger of equals transactions and has also been reflected in the proposed proportional ownership of NewCo by Allkem Shareholders and Livent Stockholders.

Pursuant to the above, we consider that there are numerous factors that demonstrate an intention of mutuality between the companies and no change of control, such that the Scheme should be evaluated under RG 111 as if it was a merger of equals. For these reasons, in our view it is appropriate to analyse the financial benefits (fairness) of the Transaction by adopting a merger of equals analysis, as well as considering the commercial, strategic, and funding benefits the Transaction may deliver.

Having regard to the matters set out above, in forming our opinion as to whether the Scheme, is in the best interests of Allkem shareholders, we have had regard to the following specific factors.

- Financial benefits (fairness):
  - a comparison of the exchange ratio to the relative contributions of Allkem and Livent:
    - on the basis of sharemarket value;
    - on the estimated fundamental value of both businesses, calculated on the same basis;
    - on the basis of key parameters, such as earnings and reserves/resources;
  - the expected quantum and timing of direct synergies expected as a result of the Transaction;
  - potential for indirect synergies, including the optimisation of processes and controls, enhanced collaboration, and other efficiencies gained through the sharing of knowledge and expertise; and
  - transaction and integration costs.





- Strategic and other considerations:
  - other financial implications for Allkem (including but not limited to, access to capital, investment grade balance sheet strength and potential to pursue further growth opportunities, debt ratings, financial covenants, operating margins, impact on free cash flow and ability to pay dividends);
  - impact of any change in Allkem's strategy, management, and Board composition;
  - potential for a sharemarket re-rating and changes in cost of capital (liquidity, breadth of investor base, inclusion in S&P500 and S&P/ASX 200 Index, greater level of diversification);
  - any potential taxation risks and/or consequences for existing Allkem shareholders, including any impact on overseas shareholders;
  - composition of the share register and any changes in liquidity;
  - risk profile of NewCo relative to Allkem;
  - differences between the rights of shareholders in Allkem and NewCo;
  - potential regulatory risks;
  - likelihood of a superior proposal and consideration of any alternatives considered; and
  - implications if the Scheme is not approved.

## 7 Industry

### 7.1 Overview

The lithium industry is rapidly evolving, owing to the significant increase in demand and prices of lithium since 2021, as a result of the use of lithium in the lithium-ion batteries that power EVs, consumer electronics, and energy storage. This demand has resulted in a considerable increase in lithium exploration and investment in the development and production of lithium resources in recent years.<sup>22</sup> Lithium (often referred to by its chemical element symbol, **Li**) itself is a soft, silvery metal with the lowest density of all metals that is widely distributed in the Earth's crust, albeit typically in low concentrations. It is typically extracted from lithium minerals such as spodumene, petalite, lepidolite, and amblygonite, as well as from lithium-rich brine deposits.

Australia is the global leader in lithium extraction, with approximately 47.8% on a LCE<sup>23</sup> basis, followed by Chile, China, and Argentina.<sup>24</sup> Together, these four countries hold approximately 77.5% of the world's lithium reserves.<sup>25</sup> Resources in Australia are exclusively hard rock resources (typically spodumene), while resources in Latin America (Chile and Argentina) are exclusively brine deposits, while China has a combination of the two styles of deposits.

The production of refined lithium products demanded by end users, including lithium carbonate (**Li<sub>2</sub>CO<sub>3</sub>**), lithium hydroxide (**LiOH**), butyllithium and lithium metal is a result of output from hard rock mining of lithium minerals, lithium brine production, and low-grade lithium compound refinement and processing.<sup>26</sup> Lithium carbonate and lithium hydroxide are both widely used in the production of rechargeable batteries for EV's, electronics and energy storage systems (**ESS**). Presently, lithium carbonate is used extensively in lithium iron phosphate (**LFP**) battery chemistries predominantly used in ESS applications, as well as EV's mainly in China, while LiOH is used within high nickel battery chemistries used in the premium EV market due to its higher energy density<sup>27</sup> China is the global leader in lithium processing (for example, China accounts for

<sup>22</sup> "Mineral Commodity Summaries". US Geological Survey. January 2023.

<sup>23</sup> LCE is used in the industry to provide comparable measurement of lithium and lithium compounds. It is the total equivalent amount of lithium carbonate that would be produced if converted based on 100% recovery and no process losses in the extraction of lithium carbonate from the deposit.

<sup>24</sup> "Total National Production". S&P Global Estimates. 1 August 2023.

<sup>25</sup> "Mineral Commodity Summaries". US Geological Survey. January 2023.

<sup>26</sup> "Lithium facts". Government of Canada. 9 March 2023.

<sup>27</sup> "Six factors shaping the lithium market". Wood Mackenzie. 31 May 2023.



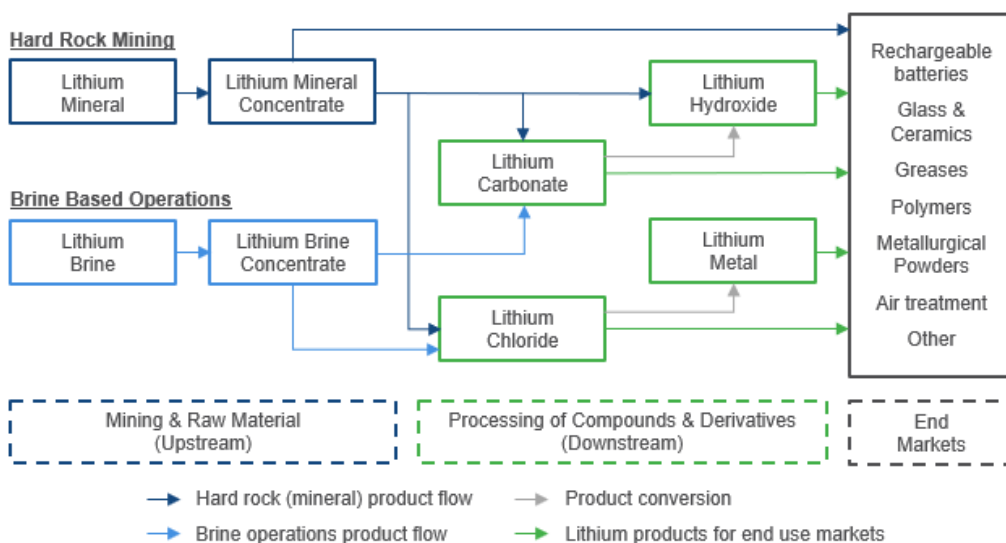
approximately 77% of global lithium hydroxide refining)<sup>28</sup> although in recent years there has also been significant investment amongst lithium producers in downstream processing facilities located outside of China.<sup>29</sup>

In addition to being a key ingredient in lithium-based batteries for use in the passenger EV market, lithium is widely used as a component in rechargeable and non-rechargeable batteries for consumer electronics. It can also be made into alloys with aluminium and magnesium in order to improve strength and decrease weight, with a wide variety of applications from armour plating to aircraft parts. Other lithium end use applications include glass ceramics (lithium oxide), industrial drying systems (lithium bromide), all-purpose and high-temperature lubricants (lithium stearate), in a variety of pharmaceutical applications (lithium carbonate), and as a means of storing hydrogen to be used as a fuel (lithium hydride).<sup>30</sup>

## 7.2 Lithium Production

The lithium production process commences with upstream production of raw lithium materials from mineral conversion (hard rock mining) or brine-based operations. The raw material typically requires further processing into the lithium compounds and derivatives required by end users. A simplified overview of the production process is depicted in the following chart.

Lithium Processing Flow Chart



Source: Tianqi Lithium Corporation Prospectus 30 June 2022, Kroll analysis.

### 7.2.1 Lithium mining (Upstream production)

Upstream production is achieved through two main methods:

- **Hard rock mining:** uses conventional hard rock mining and processing methods to extract minerals containing lithium (the most commonly extracted being spodumene). Rock is crushed and concentrated or beneficiated to produce mineral (mainly spodumene or lepidolite) concentrate.<sup>31</sup>
- **Brine-based operations:** brine rich in lithium salts are mostly found in brine reservoirs located beneath salt flats (or salar). Holes are drilled into the salt flats (extraction wells) and brine is pumped

<sup>28</sup> "Australia's potential in the lithium market". McKinsey & Co., 9 June 2023.

<sup>29</sup> "Australian battery supply chain players want US, EU talks to level playing field". S&P Global Market Intelligence, 12 March 2023.

<sup>30</sup> "Lithium". Royal Society of Chemistry, 2023.

<sup>31</sup> "Mining equipment: The lithium opportunity". Credit Suisse, 26 June 2023.



to the surface to store in large reservoirs or 'ponds' where unwanted salts can be removed from the solution and where evaporation occurs allowing for the brine to increase in lithium concentration. The evaporation process creates a residual lithium product which is then processed into lithium carbonate.<sup>32</sup>

The upstream production method used is ultimately a result of the underlying geology of the resource to be processed. Lithium brine resources are concentrated in the so-called 'Lithium Triangle' of Latin America, a lithium-rich region in the Andean southwest corner of South America, while hard rock resources tend to be more prevalent elsewhere. Some regions have a combination of both hard rock and brine resources.<sup>33</sup>

**Prevalence of Lithium Resource Type by Country**

Hard Rock	Brine	Hard Rock & Brine
Australia	Chile	China
Brazil	Argentina	United States
Canada	Bolivia	
Democratic Republic of Congo		

Source: "These countries are driving lithium production". McKinsey & Co., 25 May 2022.

The raw material created is one key difference between the hard rock and brine production methods, with hard rock mining producing mineral concentrate (such as spodumene concentrate) and brine-based operations producing lithium carbonate. Spodumene concentrate can be used directly in the production of glass and ceramics but must be further refined into lithium carbonate or lithium hydroxide in order to be used in batteries or other applications. The lithium carbonate produced from brine operations can be used directly in end markets or can also be further refined.

The capital input for producing lithium through brine-based operations is high, requiring substantial investment to construct the wells, evaporation ponds, and associated infrastructure.<sup>34</sup> Project lead-in times are long, with project development taking approximately eight to 10 years for brine-based operations, compared to two to three years for hard rock operations. The subsequent operating costs of brine-based operations, however, are comparatively low when compared to hard rock mining and brine-based operations tend to have longer life of mine. Although it is less expensive to mine through brine-based operations than it is through hard rock mining, it can take 12 to 24 months of evaporation before the lithium concentration of the brine reaches extraction levels, with the length of the process also being highly reliant on weather conditions in the region.<sup>35</sup>

The traditional process of extracting lithium from brine is through evaporation ponds. The lithium brine is pumped to surface and distributed to evaporation ponds, with each transfer to a new pond achieving a higher purity until the lithium can be extracted and processed. The brine remains on the ponds for months to years until most of the liquid water content has been removed through solar evaporation. This traditional brine mining process has longer processing times, higher water consumption and typically requires a larger footprint for the evaporation ponds. Direct Lithium Extraction (DLE) is a method of extracting lithium from brine or other sources without the need for traditional evaporation ponds. In a DLE operation, brine is pumped to a processing unit where a resin, membrane or adsorption material is used to extract only the lithium from the brine, while spent brine is reinjected into the basin aquifers.<sup>36</sup>

DLE is an umbrella term aiming to capture a variety of alternate processing routes aiming to speed up or improve the extraction process applied to lithium brine deposits or potentially unlock previously uneconomic resources. While DLE using sorption is a proven technology with a long development and implementation history, a number of new DLE technologies are emerging and are being tested at scale, with a handful of projects in development. New DLE technologies have the potential to nearly double lithium production on

<sup>32</sup> "Mining equipment: The lithium opportunity". Credit Suisse. 26 June 2023.

<sup>33</sup> "These countries are driving lithium production". McKinsey & Co. 25 May 2022.

<sup>34</sup> "The Lithium-Ion Battery Value Chain: New Economy Opportunities for Australia". Australian Government, Australian Trade and Investment Commission. December 2018.

<sup>35</sup> "Mining equipment: The lithium opportunity". Credit Suisse. 26 June 2023.

<sup>36</sup> "Direct Lithium Extraction: A potential game changing technology". Goldman Sachs. 27 April 2023.



higher recoveries and improving project returns. However, the newer DLE technologies are yet to be proven on a commercial scale and it remains unclear what impact DLE will ultimately have on the industry.<sup>37</sup>

### 7.2.2 Downstream Processing

Lithium is extracted through hard rock mining most commonly as spodumene concentrate and through lithium-brine operations with the extracted brine refined into lithium carbonate, while lithium is typically marketed in the form of lithium carbonate, lithium hydroxide, lithium chloride (LiCl), or lithium metal. Therefore, lithium products from brine operations can be used directly in end-markets, but hard rock derived lithium concentrates must be further processed before they can be used in value-added applications. Spodumene concentrate is typically sold and shipped to lithium carbonate or hydroxide conversion plants with the lower realised price for spodumene concentrate reflecting the cost involved in the conversion to lithium carbonate or hydroxide. Lithium brines are the dominant feedstock for lithium carbonate production.<sup>38</sup>

The value of a lithium project's revenue stream is closely tied to the value of the final lithium product that it produces. The value of the final product is impacted by its quality (i.e. product technical specifications or levels of impurity) as well as buyers' needs. Contaminants in lithium carbonate or lithium hydroxide must be reduced below certain limits before the product can be considered battery-grade (purity of 99.5% or greater is considered battery-grade, while purity less than 99.5% is considered technical-grade). Technical-grade products are cheaper to produce, but as they rarely meet the specifications required for use in EV batteries tend to be used for industrial applications to be upgraded into battery-grade lithium by converters. Battery-grade lithium compounds command higher pricing than technical-grade lithium compounds.

Battery-grade lithium carbonate and lithium hydroxide are both required as battery materials for different variations of lithium-ion battery cells that are currently commercialised. In some instances, either compound can satisfy cathode requirements.

China is the global leader in lithium processing, although in recent years there has also been significant investment amongst lithium producers in downstream processing facilities outside of China.<sup>39</sup>

## 7.3 Demand

Demand for lithium has grown significantly in recent years, driven by the demand for lithium-ion batteries used in EVs, renewable ESS, and consumer electronics. This demand has seen a surge in pricing for lithium compounds, which has driven an increase in global exploration and development of new lithium projects.<sup>40</sup> It is anticipated that the demand for lithium will grow at the highest rate of all the energy transition metals.<sup>41</sup>

In 2022, approximately 80% of total demand for lithium was due to manufacturing of rechargeable lithium-ion batteries for electronics, EVs, and renewable energy storage systems.<sup>42</sup> The following figure illustrates the estimated global market share of lithium end use applications in 2022.

<sup>37</sup> "Lithium, Demystifying Direct Lithium Extraction". UBS. 30 June 2023.

<sup>38</sup> "Lithium" Geoscience Australia Australian Resource Reviews, 7 June 2023.

<sup>39</sup> "Australian battery supply chain players want US, EU talks to level playing field". S&P Global Market Intelligence. 12 March 2023.

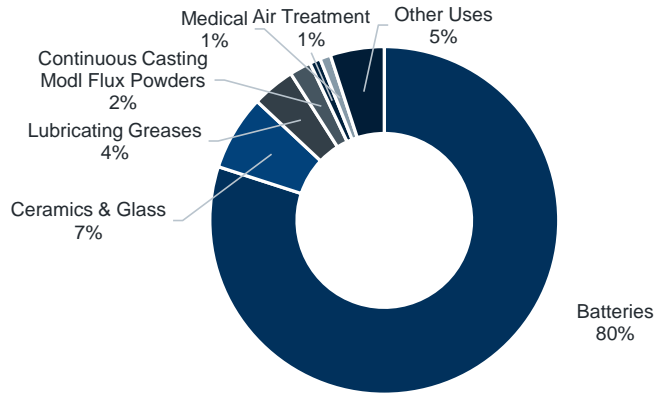
<sup>40</sup> "Lithium facts". Government of Canada. 9 March 2023.

<sup>41</sup> "Mining equipment: The lithium opportunity". Credit Suisse. 26 June 2023.

<sup>42</sup> Mineral Commodity Summaries, United States Geological Survey. January 2023.



**Lithium End Use Applications in 2022**



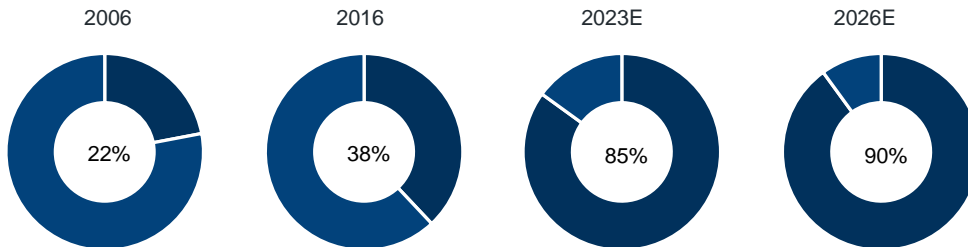
Source: US Geological Survey. Mineral Commodity Summaries. January 2023.

Rechargeable lithium-ion batteries are used in a variety of applications, including EVs, portable electronic devices, electric tools, and ESS applications.<sup>43</sup> Lithium is also used in non-rechargeable batteries for items including heart pacemakers, toys, and clocks.<sup>44</sup> Both lithium carbonate and lithium hydroxide are key materials used in the production of lithium-ion battery cathodes and electrolytes, being the positive electrode, while the negative electrode (anode) is typically made with a graphite material.

The adoption of EVs is critical for governments and auto original equipment manufacturers (**OEMs**) to meet CO<sub>2</sub> emission reduction targets. Governments continue to support EV adoption through various regulatory tools such as subsidies and targets to phase out Internal Combustion Engine (**ICE**) cars and major auto OEMs have also made commitments to increase production of EVs. Many analysts expect that EV sales will surpass ICE sales within the next decade. In addition to the electrification of transportation, the trend to decarbonise electricity generation has also continued to grow globally. Many of these green power installations, such as solar and wind, use lithium battery-based energy storage systems.

Non-battery applications mainly include the use of lithium in the production of ceramics, greases, polymers, metallurgical powders, and glass. Until recent years, these applications have been the primary sources of demand for lithium. The following figures illustrate the progressive increase in lithium demand from the battery industry between 2006 and 2026.

**Battery Demand as a share of LCE Demand from 2006 to 2026**



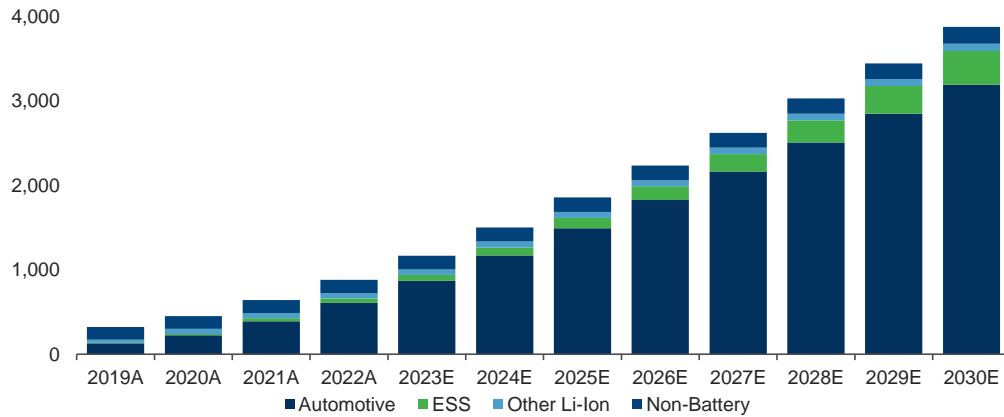
Source: Benchmark Mineral Intelligence, 2023.  
Note: Battery share of LCE is represented in blue. Other uses are shown in grey.

<sup>43</sup> "Mineral Commodity Summaries". US Geological Survey. January 2023.  
<sup>44</sup> "Lithium". Royal Society of Chemistry. 2023.



It is evident that the rapid increase in volume of lithium demanded for rechargeable batteries has had a major impact on overall refined lithium demand. In particular, the automotive sector's influence on the battery industry, and in turn the lithium industry, is forecast to continue to increase substantially through this decade.

**Lithium Demand by Use (kt LCE)**

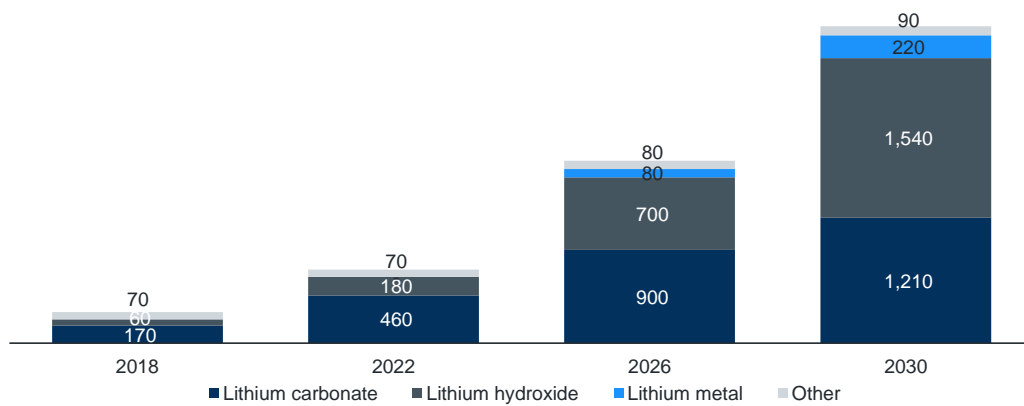


Source: "Lithium, Demystifying Direct Lithium Extraction", UBS 30 June 2023.

Global consumption of lithium in 2022 was estimated to be 879 kilotonnes (kt) LCE, an increase of 37% from 642kt in 2021.<sup>45</sup> While the forecasts for lithium demand vary considerably, it is expected to potentially reach 939kt LCE in 2023, up 15% year-over-year, with estimates of up to 1.5 million tonnes LCE in 2024, largely driven by the continued growing demand for lithium-ion batteries in passenger EVs.<sup>46</sup>

The growth in demand for rechargeable lithium-ion batteries as a result of increasing penetration of EVs is also fuelling demand in refined lithium products, including lithium carbonate, lithium hydroxide, and lithium metal, as shown in the following figure.

**Projected Refined Lithium Global Demand by Product (000's tonnes LCE)**



Source: "Australia's potential in the lithium market". McKinsey & Co., 9 June 2023.

<sup>45</sup> Australian Bureau of Statistics International Trade in Goods and Services, Australia, Cat. No. 5368.0; Company reports; Department of Industry, Science and Resources; Wood Mackenzie; Government of Western Australia Department of Mines, Industry Regulation and Safety.

<sup>46</sup> "Battery Powered: 20 years of lithium demand". Benchmark Source. 9 March 2023.



### 7.3.1 Key end markets for lithium

#### Passenger EVs

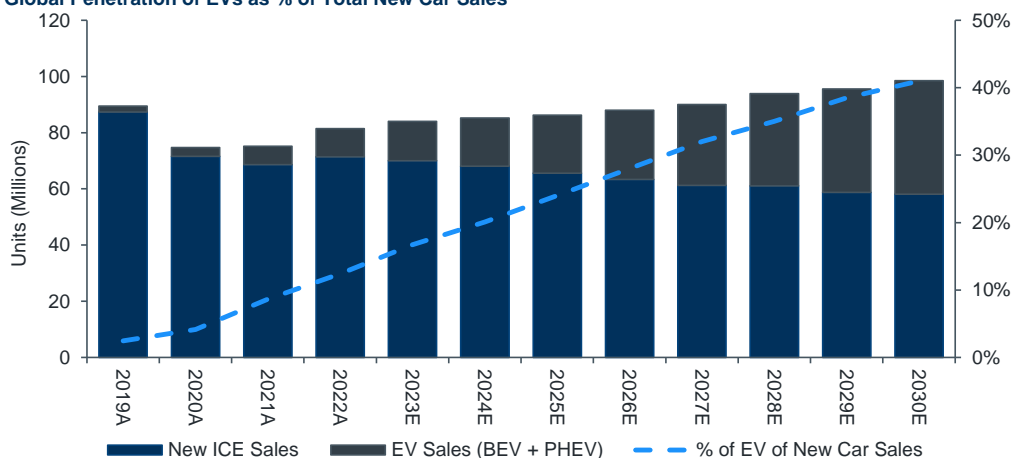
More than 10 million EVs were sold worldwide in 2022, with sales expected to grow by 35% in 2023 to reach approximately 14 million. This significant growth has seen EV's share of the total car market rise from around 4% in 2020 to 14% in 2022, and is set to increase to approximately 18% in 2023.

The increasing penetration of EVs over ICE cars is expected to be driven by the following trends:

- a global push towards clean energy, including legislative changes on tighter vehicle emissions standards and government policies that are supportive of electric vehicle adoption. Zero-emission vehicle targets are now in place in a number of countries, including in emerging markets and developing economies;<sup>47</sup>
- significant investment from major carmakers to developing electric vehicles, with the majority of manufacturers making commitments to release new EV models and setting EV sales targets over the next decade, giving consumers wider choice. Government policy is also supportive of developing EV supply chains and charging infrastructure;<sup>48</sup>
- better battery technologies leading to EVs with better range and charging capabilities;<sup>49</sup> and
- lower cost of EVs due to increased scale of production, improved supply chains post- the COVID-19 pandemic, falling battery prices and increasing government incentives.<sup>50</sup>

The following figure illustrates the forecast increased penetration of EVs as a percentage of total car sales.

**Global Penetration of EVs as % of Total New Car Sales**



Source: International Energy Agency, 2023; Broker reports; Kroll Analysis.

Note: BEV is 'Battery electric vehicle' which are pure electric vehicles. PHEV is 'Plug in Hybrid Electric Vehicle' which comes with both a traditional combustion engine and a battery.

#### Energy Storage Systems

Another key end market for lithium where strong growth is expected is in energy storage systems. The growth of lithium-ion batteries in electricity grids can be attributed to advancements in battery technology reducing the cost of batteries per kilowatt-hour (kWh), and the need for energy storage systems given the rise of renewable energy generation. The role of these systems is expected to be critical in power quality

<sup>47</sup> "Global EV Outlook 2023", International Energy Agency, April 2023.

<sup>48</sup> "Global EV Outlook 2023", International Energy Agency, April 2023.

<sup>49</sup> "EV prices charging down", Royal Automobile Club of Queensland, 12 July 2023.

<sup>50</sup> "EV prices charging down", Royal Automobile Club of Queensland, 12 July 2023.



and bridging applications (i.e. maintaining reliability of the grid), overcoming the problem of intermittent supply and other grid-stabilisation services.<sup>51</sup>

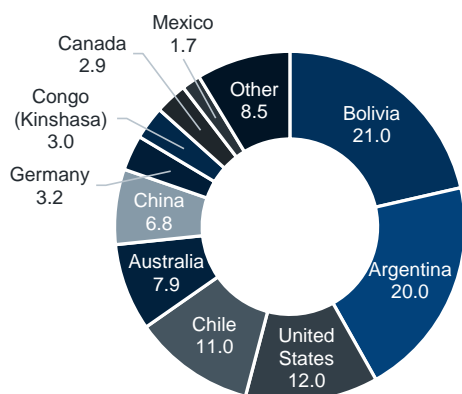
The ESS battery market reached record capacity in 2022, adding an additional 16 gigawatts (GW) (35 GWh) of capacity, up 68% from 2021. It is anticipated that ESS additions will grow by approximately 23% compound average growth rate (CAGR) to 2030, with annual additions reaching 88GW (278 GWh), or 5.3 times 2022 installations. BloombergNEF forecasts global cumulative ESS capacity to reach 508GW (1,432 GWh) by the end of 2030, however, noting that their forecast remains cautious citing lack of policy clarity and reform in the space, fundamental deployment barriers, and the fact that batteries are not yet economically attractive in most parts of the world.<sup>52</sup> It is anticipated that over 90% of ESS capacity will correspond to lithium-ion batteries, with the remaining 10% comprised of lead-acid, flow, and other battery types.<sup>53</sup>

## 7.4 Supply

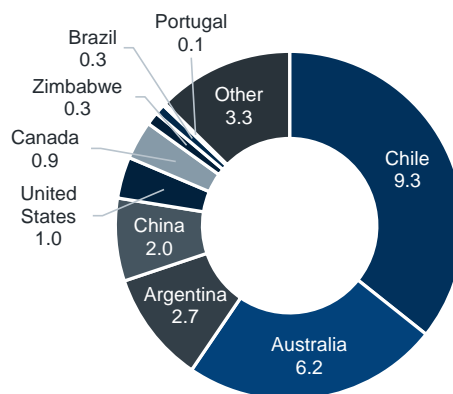
### 7.4.1 Mine supply

In 2022, the majority of lithium reserves were located in Chile (35.6% of world reserves), Australia (23.8%), Argentina (10.4%), China (7.7%), and the United States (3.8%). It is estimated that more than half of the global lithium resources are located in the salt flats of Bolivia, Chile, and Argentina, a region known as the "Lithium Triangle", which contains about 54% of the world's lithium according to the US Geological Survey. Estimated global lithium resources and reserves are depicted in the following charts.<sup>54</sup>

Lithium Resources by Country



Lithium Reserves by Country



Source: US Geological Survey. Mineral Commodity Summaries. January 2023.

Bolivia has the largest lithium resources in the world, at 21.0 million tonnes,<sup>55</sup> but the country has struggled to ramp up industrial production or develop commercially viable reserves unlike its neighbours Argentina and Chile, due to political and technical challenges.<sup>56</sup> Bolivia has recently signed agreements with a Chinese and Russian company to develop the country's large resources, with an ambitious aim to start exporting battery grade compounds in the first quarter of 2025.<sup>57</sup>

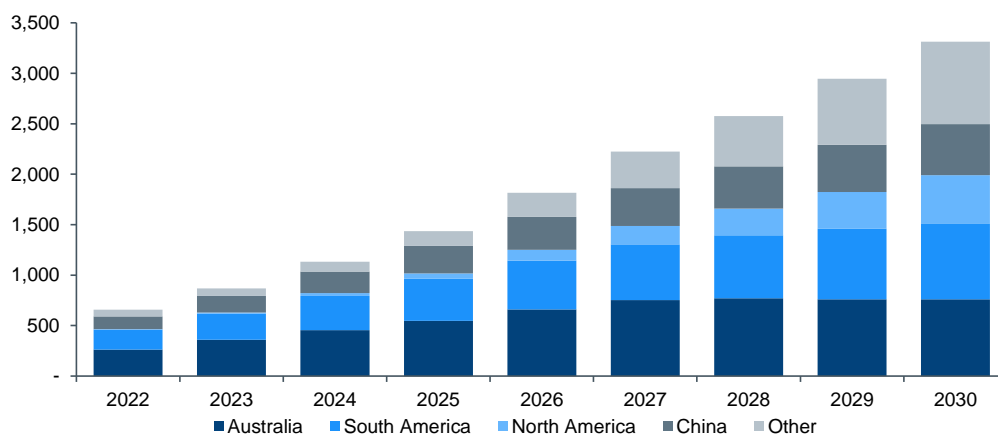
<sup>51</sup> "Energy Explained: Big Batteries". Australian Energy Market Operator, 20 May 2021.  
<sup>52</sup> "1H 2023 Energy Storage Market Outlook" BloombergNEF, 21 March 2023.  
<sup>53</sup> Tianqi Lithium Prospectus, 30 June 2022.  
<sup>54</sup> "Lithium facts". Government of Canada. 9 March 2023.  
<sup>55</sup> On 20 July 2023, Bolivia's president announced that further government studies had increased Bolivia's lithium resources to 23 million tonnes.  
<sup>56</sup> "Latin America's Share of Global Lithium Production Seen Declining", Bloomberg Línea, 13 July 2023.  
<sup>57</sup> "Bolivia's latest partnership with foreign miners draws skepticism", S&P Global Market Intelligence, 27 January 2023.





In 2022, lithium production occurred in only nine countries worldwide.<sup>58</sup> Of those countries, Australia accounted for approximately 47.8% of total global production, Chile 30.0%, China 14.6% and Argentina 5.9% - together, these countries comprised over 90% of the total global production.<sup>59</sup> The forecast global production of lithium is depicted in the following chart.

**Lithium Forecast Production (Supply) by Region (kt LCE)**



Source: JP Morgan, Kroll Analysis.

Based on project portfolios and pipelines, there is a consensus amongst analysts that the four largest producing countries will see absolute increases in mine production capacities in the coming years. In relative terms, however, their importance is expected to decline alongside the growing contribution of countries that do not currently have significant lithium production but are well endowed with lithium resources, including Bolivia, Canada, the United States, and Zimbabwe, which are expected to considerably increase their production above current levels.<sup>60</sup>

The majority of existing global lithium production stems from hard-rock mineral operations in Australia (accounting for nearly half of global production in 2021),<sup>61</sup> two brine operations in Chile, two brine operations in Argentina, and a brine operation in China, as shown in the following table. Smaller operations in Brazil, Canada, China, Portugal, the United States and Zimbabwe also contribute to global production.<sup>62</sup>

<sup>58</sup> According to "Mineral Commodity Summaries 2023", published by the United States Geological Survey. Excludes production data from the United States of America.

<sup>59</sup> According to JP Morgan estimates, excluding lithium recycling.

<sup>60</sup> "Latin America's Share of Global Lithium Production Seen Declining", Bloomberg Línea, 13 July 2023.

<sup>61</sup> "Lithium facts". Government of Canada. 9 March 2023.

<sup>62</sup> "Mineral Commodity Summaries". US Geological Survey. January 2023.



**Top Producing Lithium Projects for 2022**

Project	Location	Controlling Companies	Production (LCE, tonnes) <sup>1</sup>	Global Production Share (LCE, %)
Greenbushes	Australia	Albemarle Corp. ( <b>Albemarle</b> ), Tianqi Lithium Corp. ( <b>Tianqi</b> ), IGO Ltd. ( <b>IGO</b> )	210,000	28.3
Salar de Carmen	Chile	Sociedad Química y Minera de Chile S.A. ( <b>SQM</b> )	152,500	20.5
Mount Marion	Australia	Mineral Resources Ltd. ( <b>MinRes</b> ), Ganfeng Lithium Group ( <b>Ganfeng</b> )	56,878*	7.7
La Negra	Chile	Albemarle	53,248	7.2
Pilgangoora	Australia	Pilbara Minerals Ltd. ( <b>Pilbara Minerals</b> )	50,449*	6.8
Mt Cattlin	Australia	Allkem	17,500 <sup>3</sup>	3.8
Chaerhan Lake	China	Qinghai Salt Lake Industry Co. ( <b>Qinghai</b> )	24,854*	3.3
Wodgina	Australia	Albemarle, MinRes	22,257*	3.0
Salar del Hombre Muerto	Argentina	Livent	21,087	2.8
Salar de Olaroz	Argentina	Allkem, TTC, JEMSE	16,703	2.3
<b>Total</b>			<b>625,476</b>	<b>85.7</b>

Source: S&P Capital IQ Pro. Data retrieved 16 August 2023.

Notes:

1. Production of lithium commodity, whether spodumene concentration or lithium carbonate, is measured as lithium carbonate equivalent.
2. \* indicates the data point is an estimate. Estimated volumes are derived by S&P Global Market Intelligence analysts when a company does not report actual or forecast property production figures.
3. Actual Mt Cattlin FY23 production calculated using a LCE conversion factor of 2.473.
4. It is probable that some of the top producing projects depicted above will not be top producing projects in 2023.

The Greenbushes project, located in Western Australia, is the world's largest lithium mining operation as measured by LCE production, accounting for approximately 28.3% of global production in 2022.<sup>63</sup>

The five largest producing companies (by attributable production), Albemarle, SQM,<sup>64</sup> Pilbara Minerals, Tianqi, and IGO, account for approximately two thirds of global production. As the industry matures, it is envisaged that the emergence of new producers will contribute to a decrease in the dominance of these leading producers.<sup>65</sup>

Strong demand from the EV market is driving investment in new supply, however, project commissioning has been slower than expected, helping to push lithium prices to recent record highs. Commissioning for five of the six lithium projects scheduled for 2022 was delayed into 2023. In total, there are 16 significant projects set to make their first shipments in 2023 or 2024, comprising 10 hard-rock and six brine operations. These projects are expected to bring approximately 567.9kt of LCE capacity online by the end of 2024.<sup>66</sup>

#### 7.4.2 Production supply

The supply of refined lithium products, such as lithium hydroxide, lithium carbonate, and lithium metal, is dominated by a small number of integrated producers including SQM, Ganfeng, Albemarle, Tianqi, and Livent. Production supply has historically been concentrated in markets such as China, which accounted for 77% of global lithium hydroxide refining in 2022,<sup>67</sup> despite having limited resource supply, as noted in Section 7.4.1 of this report. However, companies in other regions of the world, such as Australia, have in

<sup>63</sup> According to S&P Capital IQ Pro data.

<sup>64</sup> Tianqi holds a 45.2% ownership interest in SQM.

<sup>65</sup> "Six factors shaping the lithium market". Wood Mackenzie. 31 May 2023.

<sup>66</sup> "Lithium supply race – delayed hope in 2024". S&P Global Market Intelligence. 16 January 2023.

<sup>67</sup> "Australia's potential in the lithium market". McKinsey & Co. 9 June 2023.



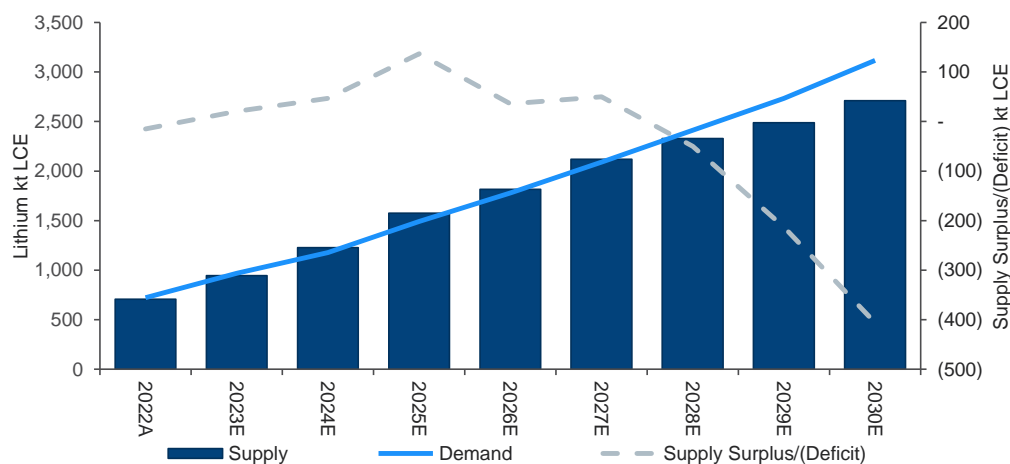
recent years invested in downstream lithium processing plants. Moreover, certain governments have stated their desire to have greater battery processing capacity to capture the growing demand for electric vehicles and energy storage.<sup>68</sup>

### 7.5 Market imbalance

Forecasts of both lithium supply and demand vary across research providers, however numerous industry participants and lithium experts state that based on the current pipeline of planned projects and production capacity, that the global lithium market will potentially be in a supply deficit by the end of the decade. Albemarle, the world's largest lithium producer, expects global lithium demand to exceed supply by 500kt by 2030. Boston Consulting Group estimates that even assuming all new lithium projects in the industry classed as possible or probable go into operation, as well as significant expansion of lithium-recycling projects, lithium supply in 2030 is expected to fall short of projected demand by around 4%, or 100kt LCE.<sup>69</sup> Although projections on the quantum of the deficit differ between consultancies and other producers, there is a wide consensus warning of a looming global shortage.

Individual provider forecasts can differ significantly and, in isolation, do not prove overly useful. Kroll has incorporated multiple data sources to generate a proxy lithium market imbalance curve from 2022 to 2030 as set out in the following chart. The chart highlights the market imbalance towards 2030, with the market appearing to be close to parity over the next five years.

**Kroll Consensus Lithium Supply-Demand Deficit**



Source: Various brokers, research agencies, company estimates; Kroll analysis.

As a consequence of the concerns with respect to lithium market imbalances, supply security has become a priority for major battery companies, resulting in the creation of strategic alliances and joint ventures with exploration and producing companies to ensure a reliable supply of quality products. In recent years major car manufacturers, including but not limited to BMW AG, BYD Co. Ltd., Ford Motor Co., General Motors Co., Mercedes-Benz AG and Tesla, Inc. have entered into offtake or lending arrangements with lithium producers as a means of shoring up supply and becoming more vertically integrated.<sup>70</sup>

One potential solution to reduce supply shortages is through lithium battery recycling. Though lithium recycling supply is low due to the lack of feedstock such as end-of-life batteries, it is expected to increase in the long-term as the supply chain matures and end-of-life battery availability increases.<sup>71</sup>

<sup>68</sup> "Albanese: Keep critical minerals in Australia, make our own batteries". Sydney Morning Herald. 22 February 2023.

<sup>69</sup> "The lithium supply crunch doesn't have to stall electric cars". Boston Consulting Group. 23 August 2022.

<sup>70</sup> Car makers buy into lithium miners in drive to survive". Australian Financial Review, 5 April 2023.

<sup>71</sup> "Future-facing commodities: your questions answered". Wood Mackenzie. 4 May 2023.



## 7.6 Pricing

As illustrated in the following chart, lithium pricing has seen a period of great fluctuation in recent years, with prices peaking at nearly \$80,000 per tonne in 2022.

**Spot Lithium Carbonate Prices (US\$/tonnes)**



Source: S&P Capital IQ Lithium Carbonate EXW China (Battery Grade) Index (Lithium Carbonate EXW China Index).

Lithium carbonate spot prices have been volatile over the past decade due to increasing demand and at times a surplus of new lithium development projects. In early 2018, spot carbonate prices reached \$24,000 per tonne following a surge in demand for use in electronics, EVs, and renewable energy storage. After a number of new projects reached commercial production in 2017 and 2018, spot prices dropped to less than \$5,000 per tonne by the end of 2020.<sup>72</sup>

Energy transition metals, including lithium, have been significantly impacted over the past year by the Russia/Ukraine conflict, the energy trilemma (energy security, energy sustainability, energy affordability), and China's changing growth dynamics.<sup>73</sup> However, prices are expected to enter a period of controlled decline, leveling off to slightly above \$20,000 per tonne by the end of the decade, as illustrated in the consensus analyst forecast pricing for lithium carbonate, lithium hydroxide and lithium spodumene as of 31 October 2023.<sup>74</sup>

**Consensus Lithium Price Forecasts**

Product	2023	2024	2025	2026	2027	Long Term
Lithium Spodumene 6% (\$/dmt)	4,105	2,385	2,000	1,730	1,600	1,405
Lithium Carbonate (\$/tonne)	40,600	26,625	23,655	23,000	22,500	20,000
Lithium Hydroxide (\$/tonne)	46,530	29,375	25,000	24,510	23,950	22,000

Source: Broker reports, Kroll analysis.

Note: Consensus prices are expressed in real terms and reflect the median.

## 7.7 Geopolitical Outlook

Lithium is a critical element and strategic resource for nations to achieve their decarbonisation goals. Amidst a period of increasing geopolitical tensions, protectionism, and nationalism, investments in critical battery minerals, such as lithium, are subject to reviews and actions that safeguard national interests. This scrutiny reflects the importance of protecting critical resources and assets, allowing nations to maintain their

<sup>72</sup> "Lithium facts". Government of Canada. 9 March 2023.

<sup>73</sup> "Battery raw materials: tracking key market dynamics". Wood Mackenzie. 19 April 2023.

<sup>74</sup> Kroll research.



sovereignty in an uncertain global environment.<sup>75</sup> Two geopolitical themes in the lithium industry relate to the security of supply and nationalisation of resources.

#### **Inflation Reduction Act (IRA)**

China dominates the global lithium supply chain, accounting for approximately 77% of global lithium hydroxide refining. The concentration of the supply chain in China has raised concerns in Europe and the United States, with western countries forming the Minerals Security Partnership which aims to strengthen the commercial ties between strategically aligned nations.<sup>76</sup>

In August 2022, the United States passed the IRA which, amongst other items, includes tax incentives and financial support to develop EVs, batteries, and critical minerals as part of a policy to reduce reliance on Chinese and Russian supplies. Such incentives are only valid if the vehicle battery contains a certain amount of critical minerals sourced from the United States or with a country who has a free trade agreement with the United States.<sup>77</sup>

#### **Nationalisation of lithium**

Some countries have moved or are moving towards nationalising their lithium resources in a bid to improve economic security:

- in April 2022, Mexico announced it had nationalised its lithium deposits; and
- in April 2023, the Chilean government announced the nationalisation of its lithium reserves in a bid to boost the economy and protect biodiversity.

## **8 Profile of Allkem**

### **8.1 Background**

Allkem was formed in August 2021 through a merger between two ASX-listed lithium chemical companies, Galaxy and Orocobre. The merger saw Allkem become the fifth largest global lithium chemical company,<sup>78</sup> with a complementary portfolio of lithium assets delivering geographical and product diversification across brine and hard rock, as well as enhanced vertical integration across the lithium chemicals value chain.<sup>79</sup>

Galaxy was incorporated in 1996 in Australia, and commenced trading on the ASX in 2007. At the time of listing, Galaxy was a diversified exploration company with interests in five projects in Western Australia covering a range of commodities.<sup>80</sup> Following listing, Galaxy's activities increasingly focused on lithium, including the development of its flagship Mt Cattlin Lithium/Tantalum Project (**Mt Cattlin**) to produce spodumene (lithium) and tantalum concentrates, with hard rock mining commencing at Mt Cattlin in 2010. In 2012, Galaxy acquired a Canadian lithium and potash exploration and development company, Lithium One Inc (**Lithium One**), for an enterprise value of approximately A\$106.5 million.<sup>81</sup> Lithium One owned the highly prospective Sal de Vida lithium and potash brine project in northwest Argentina (**Sal de Vida**), as well as the James Bay lithium pegmatite project in Canada (**James Bay**). In 2016, Galaxy had acquired its joint venture and operating partner, ASX-listed General Mining Corporation Limited (**General Mining**) for approximately A\$216 million, with the company's assets including the right to earn 50% of the Mt Cattlin project and an option to earn 50% of James Bay project.<sup>82</sup>

<sup>75</sup> "Global Lithium Supply and Australia's Role", Australian Institute and International Affairs, 15 June 2023.

<sup>76</sup> "Global Lithium Supply and Australia's Role", Australian Institute and International Affairs, 15 June 2023.

<sup>77</sup> Critical Minerals and Electric Vehicle Battery Sourcing Requirements Under the IRA: Waiting With Bated Breath, Mayer Brown LLP, 24 March 2023.

<sup>78</sup> Based on the combined market capitalisation as at ASX market close on 16 April 2021, the day immediately prior to the announcement of the Merger Implementation Deed between Galaxy and Orocobre.

<sup>79</sup> According to the Galaxy and Orocobre merger announcement dated 19 April 2021.

<sup>80</sup> "Galaxy Resources debuts on ASX". Galaxy ASX Announcement. 6 February 2007.

<sup>81</sup> "Galaxy to merge with Canada's Lithium One". Galaxy ASX announcement. 30 March 2012. Calculated as undiluted market capitalisation of A\$107.7 million, less surplus cash of approximately A\$1.2 million.

<sup>82</sup> "Galaxy Resources and General Mining to merge creating leading diversified global lithium producer". Galaxy ASX announcement. 30 May 2016.



Orocobre was incorporated in Australia in 2005 and owned a portfolio of diversified tenements primarily located in Argentina, most notably the Salar de Olaroz lithium-potash project.<sup>83</sup> It was listed on the ASX in December 2007 and subsequently also listed on the Toronto Stock Exchange (**TSX**) in June 2010, with its head office located in Buenos Aires, Argentina. Similar to Galaxy, over the subsequent years Orocobre's activities increasingly focused on the development of its lithium assets. In January 2010, the company announced that it had agreed to establish a joint venture with Toyota Group Company, Toyota Tsusho Corporation (**TTC**), and Jujuy Energía y Minería Sociedad del Estado (**JEMSE**)<sup>84</sup> to develop its flagship Salar de Olaroz lithium-potash project, including construction and commissioning of a lithium carbonate plant with the first primary lithium carbonate production occurring in November 2014 (the project subsequently became known as the **Olaroz lithium facility**).<sup>85, 86</sup> In 2016, Orocobre and Canada's Advantage Lithium Corp. (**Advantage Lithium**) announced that they would enter a 50-50<sup>87</sup> joint venture to develop the Cauchari Lithium Project (**Cauchari**), a lithium brine project located adjacent to the Olaroz Lithium Facility.<sup>88</sup> In 2019, Orocobre commenced construction on the Naraha Lithium Hydroxide Plant (**Naraha**) in Japan, a joint venture between Orocobre (75% economic ownership interest) and TTC (25%), which was designed to convert primary grade lithium carbonate feedstock sourced from the Olaroz Lithium Facility into purified battery grade lithium hydroxide, before being delivered to the Japanese battery industry.<sup>89</sup> In 2020, Orocobre acquired the remaining portion of Advantage Lithium that it did not already own for approximately C\$69 million, taking its ownership interest in Cauchari to 100%. Aside from its lithium assets, Orocobre also operated Borax Argentina S.A. (**Borax**), an Argentine boron (or borate) minerals and refined chemicals producer that it had acquired from Rio Tinto PLC in August 2012 for a total consideration of approximately \$8.5 million.<sup>90</sup>

On 19 April 2021, Galaxy and Orocobre announced that they had entered into a Merger Implementation Deed pursuant to which Orocobre would acquire all shares in Galaxy by way of a scheme of arrangement. The scheme of arrangement was implemented on 25 August 2021, with the company retaining its dual listing on the ASX and TSX, its registered office in Brisbane, Australia and its headquarters in Buenos Aires, Argentina. On 6 December 2021 the company changed its name from Orocobre to Allkem.

Key events since completion of the merger are summarised as follows:

- On 21 December 2021, the James Bay Feasibility Study and Maiden Ore Reserve was released, confirming an economically viable, hard rock lithium operation utilising renewable hydropower;<sup>91</sup>
- on January 2021, the construction of ponds and the brine distribution network for Sal de Vida Stage 1 commenced. The Stage 1 schedule is targeting first production in 2H25 with brine evaporation occurring during plant construction, allowing brine feed to plant once commissioned;
- on 4 April 2022, the Salar de Olaroz lithium brine resource was substantially upgraded from 6.85 Mt LCE to 16.2 Mt LCE, and further upgraded to 22.6 Mt LCE on 30 June 2023.<sup>92, 93</sup> Following the resource upgrade in 2023, total Allkem resources at the Olaroz and adjoining Cauchari basins are

<sup>83</sup> Orocobre Prospectus 15 October 2007.

<sup>84</sup> JEMSE is a mining investment company owned by the provincial government of Jujuy, Argentina.

<sup>85</sup> "Orocobre and Toyota Tsusho announce JV to develop Argentine lithium project". Orocobre ASX announcement 20 January 2010. The joint venture is owned by Orocobre (66.5%), TTC (25%) and JEMSE (8.5%).

<sup>86</sup> "Mining Company of the Year award & first primary lithium carbonate production". Orocobre ASX announcement. 27 November 2014.

<sup>87</sup> The joint venture was initially 50-50 between Orocobre and Advantage Lithium, before Advantage Lithium increased its interest in the project from to 75% in 2018 by meeting certain expenditure targets.

<sup>88</sup> "Orocobre partners with Advantage Lithium". Orocobre ASX announcement. 24 November 2016.

<sup>89</sup> "Naraha lithium hydroxide plant groundbreaking ceremony". Orocobre ASX announcement. 6 August 2019.

<sup>90</sup> "Orocobre acquires Borax Argentina S.A.". Orocobre ASX announcement. 21 August 2012.

<sup>91</sup> "James Bay Lithium Project Feasibility Study and Maiden Ore Reserve". Allkem ASX announcement. 21 December 2021.

<sup>92</sup> "Olaroz interim resource update and Stage 2 economics". Allkem ASX announcement. 4 April 2022.

<sup>93</sup> "Allkem confirms material growth profile underpinned by 40 Mt Resource". Allkem ASX Announcement. 25 September 2023.



- now 28.6 Mt LCE in all resource categories, making it one of the largest lithium resources in the world;<sup>94</sup>
- construction of the Naraha Lithium Hydroxide plant in Japan was completed in early 2022 and the first production of its lithium hydroxide chemical product occurred in October 2022. Battery grade qualification commenced with customers in early July 2023;<sup>95</sup>
  - in December 2022, Allkem transferred ownership of its boron production subsidiary, Borax, to Golden Wattle Springs Pty Ltd along with \$14 million in cash for employee and rehabilitation liabilities;<sup>96</sup>
  - in Q123, the government of Argentina removed export benefits that applied to lithium chemical production, with Allkem estimating that the resulting loss of incentives would be in the order of 1.5% to 4% of export revenue;<sup>97</sup>
  - on 18 July 2023, Allkem announced that Stage 2 of the Olaroz lithium facility had successfully achieved first production and that mechanical completion was 99.5% complete. The Olaroz Stage 2 project involved the construction of 15 additional brine wells, 31 evaporation ponds, three lime plants, a reverse osmosis water plant, a soda ash plant, a carbonation plant, accommodation, and other services;
  - on 11 August 2023, Allkem updated the mineral resource at James Bay to 110.2 million tonnes at 1.30% Li<sub>2</sub>O, a 173% increase on prior disclosures.<sup>98</sup> Allkem noted that the updated MRE establishes the resource at James Bay as one of the largest spodumene lithium assets in the world with an average lithium oxide percentage of 1.30%;
  - on 22 August 2023, Allkem released its FY23 results,<sup>99</sup> reporting record after tax profit of \$525 million from strong market conditions, record production volumes at Olaroz and record revenue generated from Mt Cattlin; and
  - on 25 September 2023, Allkem updated the market on updated technical studies for its assets, operations and projects at Olaroz, Sal de Vida, Cauchari, James Bay and Mt Cattlin in preparation for Allkem's proposed merger with Livent.<sup>100</sup>

## 8.2 Strategy

Allkem's growth strategy is centred around its commitment to produce materials that assist with global decarbonisation and facilitate the migration to lower emissions solutions for energy and transport. As Allkem produces materials that are core to lithium-ion batteries, which are widely used in EVs and as storage for power grids, it believes it is well positioned to benefit from the global targets around decarbonisation.

The company's strategy is to build its project pipeline and production capacity, enhancing international scale and product capacity to meet the anticipated significant market growth that is underpinned by the global transition to a net zero carbon future. In April 2022, Allkem stated that it intended to expand production three-fold by 2026 and maintain 10% of global lithium production over the next decade.<sup>101</sup> Its strategy of being a vertically integrated producer also allows it to service multiple markets and customers.

Allkem's growth strategy is underpinned by the following core pillars:<sup>102</sup>

- **Growth:** growing a global portfolio of Tier 1 assets that are vertically integrated with production that can be sustainably scaled;

<sup>94</sup> "Allkem confirms material growth profile underpinned by 40 Mt Resource". Allkem ASX Announcement. 25 September 2023.

<sup>95</sup> "First production at Naraha". Allkem ASX announcement. 15 November 2022.

<sup>96</sup> "Sale of Borax and Acquisition of Maria Victoria Completes". Allkem ASX announcement. 16 December 2022.

<sup>97</sup> Allkem December 2022 Quarterly Activities Report and March 2023 Quarterly Activities Report.

<sup>98</sup> "James Bay Mineral Resource". Allkem ASX Announcement. 11 August 2023.

<sup>99</sup> "Allkem delivers record FY23 profit of US\$524.6 million". Allkem ASX Announcement. 22 August 2023.

<sup>100</sup> "Allkem confirms material growth profile underpinned by 40 Mt Resource". Allkem ASX Announcement. 25 September 2023.

<sup>101</sup> "Strategy Presentation – April 2022". Allkem ASX announcement. 5 April 2022.

<sup>102</sup> Ibid.



- **Sustainability:** enabling the transition to net zero emissions, with a focus on human rights and local communities, as well as continually improving safety, quality and productivity;
- **Customer focus:** growing a diversified customer base, while also leveraging expertise and increased scale in its existing relationships;
- **Product quality:** a focus on optimising product quality from hard rock and brine, as well as increasing its production base to deliver product flexibility and reliability; and
- **Cost leadership:** leveraging its expertise across operations and improving bargaining power with suppliers to achieve cost leadership across the portfolio.

### 8.3 Operations

Allkem is the largest lithium focused company listed on the ASX based on forecast lithium production capacity,<sup>103</sup> and the third largest based on its market capitalisation of \$8.2 billion.<sup>104</sup> Its registered office is in Brisbane, Australia, and its headquarters are located in Buenos Aires, Argentina. Allkem operates primarily in Argentina, Western Australia, Japan and Canada. Its focus is on the operation of the lithium business and development of lithium deposits.

#### 8.3.1 Key assets

Allkem's operating assets include the Mt Cattlin lithium spodumene mine in Western Australia, a hard rock open pit mine that has been producing spodumene concentrate since 2010, and the Olaroz lithium brine facility in the Jujuy Province in Argentina (of which Allkem has a 66.5% equity interest), which has been producing lithium carbonate since 2015. It also has a 75% economic interest in the Naraha lithium hydroxide plant in Japan, which commenced production of technical grade lithium hydroxide in 2022, with plant ramp-up complete as of August 2023.

Allkem's development assets include the Sal de Vida lithium brine resource located in the Province of Catamarca in Argentina, the James Bay lithium spodumene mine in Québec, Canada, which is awaiting relevant development approvals, the Cauchari lithium brine resource located immediately south of Olaroz, as well as several other pre-exploration stage tenements.

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<sup>103</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement. 10 May 2023. Measured on a net attributable basis. Includes only lithium production capacity (no other metals) on an LCE basis per annum. Figures are based on publicly disclosed capacity estimates for assets. See pages 30 and 31 of ASX announcement for sourcing details.

<sup>104</sup> Calculated as at market close on 10 May 2023 (Sydney time), immediately prior to the announcement that Allkem and Livent had entered into the Transaction Agreement, of \$12.91 multiplied by 637,658,086 Allkem Shares. Allkem ranked behind Pilbara Minerals and MinRes based on market capitalisation. Rio Tinto Ltd is excluded as it is iron ore focused.



**ANNEXURE A**  
**INDEPENDENT EXPERT'S REPORT**

**KROLL**

The following map shows the location of Allkem's key assets.

**Allkem – Location of Key Assets**



Source: Allkem and Kroll Analysis.

Note:

- Naraha commenced production in October 2022, and currently produces technical grade lithium hydroxide. Operational focus remains on increasing product quality and consistency to meet customer specifications for battery grade lithium hydroxide.

Allkem's key assets are summarised in the table as follows.

**Allkem – Key Assets**

Asset	Location	Ownership	Lithium Source	Product	Capacity (LCE) <sup>1</sup>
<b>Upstream producing assets</b>					
Mt Cattlin	Western Australia	100%	Hard rock, open pit	Spodumene concentrate	27ktpa
Olaroz (Stage 1 & 2) <sup>2</sup>	Jujuy, Argentina	66.5% <sup>3</sup>	Brine	Lithium carbonate	Stage 1: 15-17.5ktpa Stage 2: 25ktpa
<b>Downstream producing assets</b>					
Naraha <sup>4</sup>	Naraha, Japan	75% <sup>5</sup>	n/a	Lithium hydroxide (converted from lithium carbonate)	10ktpa LiOH
<b>Upstream development assets</b>					
Cauchari	Jujuy, Argentina	100%	Brine	Lithium carbonate	25ktpa
James Bay	Québec, Canada	100%	Hard rock	Spodumene concentrate	39ktpa
Sal de Vida (Stage 1 & 2)	Catamarca, Argentina	100%	Brine	Lithium carbonate	Stage 1: 15ktpa Stage 2: 30ktpa

Source: Allkem.

Notes:

- LCE is converted from kilotonnes per annum (**ktpa**) for spodumene concentrate producing assets, where appropriate. LCE is presented on a 100% basis for each asset. LCE capacity for each asset is approximate.
- Olaroz Stage 1 is operating and producing, while construction on Olaroz Stage 2 is now complete and the project is in commissioning phase.
- Olaroz is owned through a joint venture with ownership of 66.5% by Allkem, 25% by TTC and 8.5% by JEMSE.



4. Naraha is in commissioning phase.
5. Naraha is owned through a joint venture with economic ownership of 75% by Allkem and 25% by TTC.

### 8.3.2 Operating segments

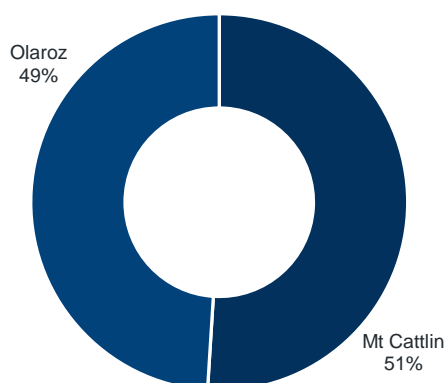
Allkem has five operating segments: Corporate, Olaroz, Mt Cattlin, James Bay, and Sal de Vida.

The Corporate segment includes non-operating assets such as Cauchari and the investment in a Japanese incorporated joint venture, Toyotsu Lithium Corporation (**TLC**), which operates Naraha.

Allkem currently has two segments that are producing and generating revenue; Mt Cattlin and Olaroz. All spodumene concentrate sold by Allkem is produced at Mt Cattlin, while all lithium carbonate sold by Allkem is produced at Olaroz.

The contribution to revenue by operating segment is depicted in the following charts.

**FY23 Contribution to Revenue by Operating Segment**



Source: Allkem.

Note: Allkem has a 66.5% equity interest in Olaroz. The Olaroz revenue contribution is depicted on a 100% basis.

Operation performance by segment is summarised as follows.

**Allkem FY23 Operational Performance by Operating Segment**

Performance Metric	Units	Mt Cattlin	Olaroz <sup>1</sup>
Lithium product		Spodumene Concentrate	Lithium Carbonate
Production	Refer Note 2	130,984	16,703
Sales volume	Refer Note 2	105,291	13,186
Unit cash cost of production	US\$/tonne	909	5,014
Average selling price	Refer Note 2	4,879	43,981
Revenue	US\$ millions	616	592
EBITDAIX	US\$ millions	516	475
Gross profit margin	%	83.8%	88.8%

Source: Allkem.

Notes:

1. Olaroz operating metrics are shown on a 100% basis.
2. Mt Cattlin production and sales volume is shown in dry metric tonnes (**dmt**) of spodumene concentration (excluding low grade) and average selling price is priced in US\$/dmt CIF. Olaroz production and sales volume is shown in tonnes of lithium carbonate and average selling price is priced in US\$/t FOB.

Differences in operating performance between the segments is discussed in further detailed in Sections 8.4 and 8.5 of this report.



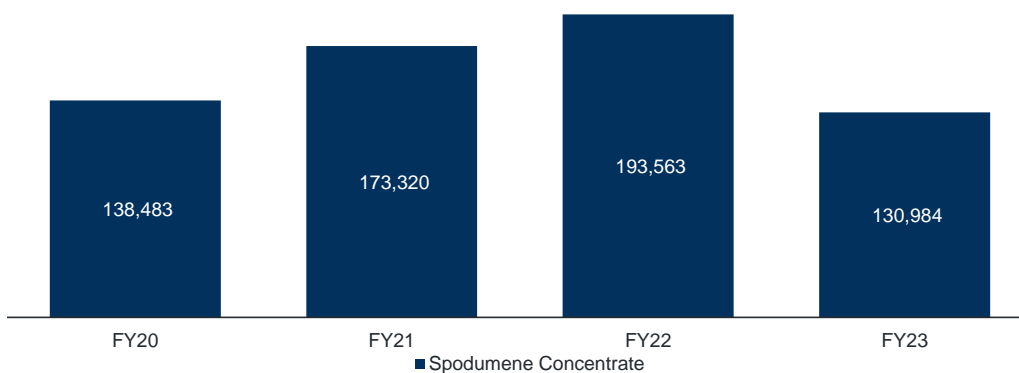
### 8.3.3 Production

All spodumene concentrate production has historically been from Allkem's Mt Cattlin project while all lithium carbonate production has historically been from Allkem's Olaroz project.

#### Mt Cattlin

The aggregate annual production from Mt Cattlin for FY20 to FY23 is shown in the following chart.

**Mt Cattlin Aggregate Annual Spodumene Concentrate Production (dmt)**



Source: Allkem.

Notes:

1. Lithium production amounts are shown as dmt of spodumene concentrate grading approximately 5.6% Li<sub>2</sub>O.
2. Table does not include non-lithium production amounts.
3. FY22 production figures have been restated to include 12 months of operations as per Allkem's FY23 Annual Report and FY23 Results Presentation.

Growth in spodumene concentrate production from FY20 to FY22 reflected the recommencement and ramp-up of operations following operations being scaled back by approximately 50% during 2019 and 2020 to reduce a build-up of inventory and operating costs in a low lithium price environment. Growth in production across this two year period was at a CAGR of 18.2%.

Mt Cattlin produced 130,984 dmt of spodumene concentrate in FY23 at average grade of 5.3% Li<sub>2</sub>O, a 32.3% reduction in production compared to FY22. The decline was associated with the development of the 2NW pit where pre-stripping activities were undertaken, with challenges during this transition delaying access to the main ore body and subsequently production of spodumene concentrate.

Allkem is guiding FY24 spodumene concentrate production of 210,000dmt to 230,000dmt and a unit cost of production of \$850/dmt with higher strip ratio as Stage 4 of the mine is developed.<sup>105</sup>

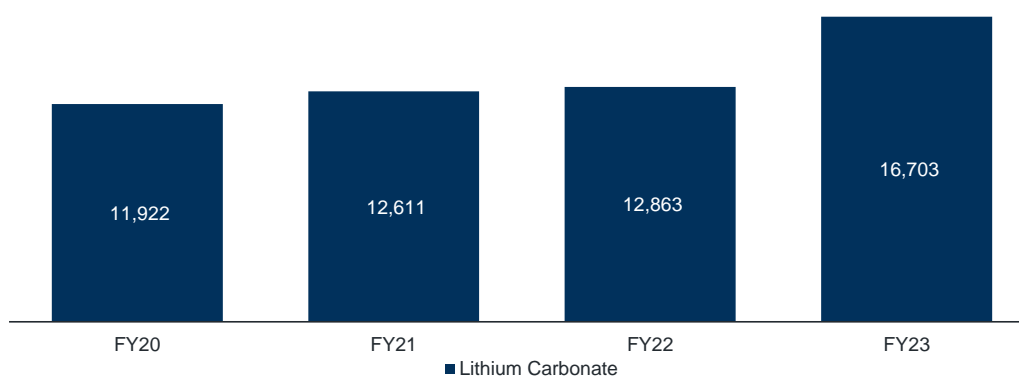
<sup>105</sup> FY24 production guidance excludes low grade spodumene concentrate, unit cost of production excludes marketing and royalties.



### Olaroz

The aggregate annual production from Olaroz for FY20 to FY23 is shown in the following chart.

**Olaroz Aggregate Annual Lithium Carbonate Production (tonnes lithium carbonate)**



Source: Allkem.

Notes:

1. Lithium production amounts are shown as tonnes of lithium carbonate produced.
2. Table does not include non-lithium production amounts.

In FY23 Olaroz produced 16,703 tonnes of lithium carbonate, up 29.9% on FY22, which represents record annual production from the asset nearing full Stage 1 capacity. Olaroz's historical production solely relates to the Olaroz Stage 1 project which commenced operation between 2013 and 2015 with a maximum production capacity of 17,500 tonnes per annum (tpa) of lithium carbonate. Olaroz's stage 2 expansion is scheduled to commence production in 2H23, targeting an additional capacity of 25,000 tpa of lithium carbonate.

Allkem is guiding FY24 lithium carbonate production of 22,000 to 26,000 tonnes combined from stages 1 and 2.

### 8.3.4 Resources and reserves

#### Hard rock resources and reserves (at 30 June 2023)

	Resources <sup>1,2</sup>			Reserves <sup>2</sup>		
	Tonnage (Mt)	Grade (% Li <sub>2</sub> O)	Contained metal (kt Li <sub>2</sub> O)	Tonnage (Mt)	Grade (% Li <sub>2</sub> O)	Contained metal (kt Li <sub>2</sub> O)
<b>Australia</b>						
Mt Cattlin <sup>3,4</sup>	12.1	1.3%	153	7.1	1.2%	84
<b>Canada</b>						
James Bay <sup>5,6</sup>	110.2	1.3%	1,430	37.3	1.3%	475
<b>Total Allkem</b>	<b>119.2</b>	<b>1.3%</b>	<b>1,553</b>	<b>44.4</b>	<b>1.3%</b>	<b>559</b>

Source: Allkem; Kroll analysis.

Notes:

1. Resources are inclusive of reserves.
2. Resource and reserves data is based on latest reported estimate dates. Mineral resource and reserve effective dates are 30 June 2023.
3. Mt Cattlin Mineral Resource figures are total measured, indicated and inferred in-situ, and indicated in stockpiles. Figures have been depleted for mining 1.2 mt at 1.2% lithia January-June 2023. Excludes tantalum oxide by-product.
4. Mt Cattlin Ore Reserves mine designs conducted on a 0.4% Li<sub>2</sub>O cut-off grade and Ore Reserves are reported above a marginal cut-off grade of 0.3% Li<sub>2</sub>O. Excludes tantalum oxide by-product.
5. James Bay Mineral Resource figures are measured, indicated and inferred.

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6. Ore Reserves are estimated using the following metal prices (Li<sub>2</sub>O Conc = US\$1,500/t Li<sub>2</sub>O at 6.0% Li<sub>2</sub>O) and an exchange rate of \$:C\$ 1.30. A minimum mining width of 5 m was used. A cut-off grade of 0.62% Li<sub>2</sub>O was used. The bulk density of ore is variable, is outlined in the geological block model, and averages 2.7 g/cm<sup>3</sup>. The average strip ratio is 3.6:1. The average mining dilution factor is 8.7% at 0.42% Li<sub>2</sub>O.

**Brine resources and reserves (at 30 June 2023)**

	Resources <sup>1</sup>			Reserves	
	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	LCE <sup>2</sup> (kt)	In-situ Lithium (kt)	LCE <sup>2</sup> (kt)
<b>Argentina</b>					
Olaroz <sup>3</sup>	6.7	634	22,630	n/a	n/a
Cauchari <sup>4</sup>	2.4	467	5,950	212	1,128
Sal de Vida <sup>5</sup>	1.8	740	7,172	467	2,486
<b>Total Allkem</b>	<b>10.9</b>	<b>616</b>	<b>35,752</b>	<b>679</b>	<b>3,614</b>

Source: Allkem; Kroll analysis.

Notes:

- Resources are inclusive of reserves.
- Lithium is converted to lithium carbonate with a conversion factor of 5.323.
- Olaroz resources and reserves are reported on a 100% ownership basis. Approximately 4.5 Mt of resources are measured and indicated, the remainder are inferred. The cut-off grade used to report Olaroz Mineral Resource is 300 mg/L. There is no measured Ore Reserve for Olaroz.
- Approximately 1.8 Mt of resources are measured and indicated, the remainder are inferred. The cut-off grade used to report Sal de Vida Mineral Resource is 300 mg/L.
- Approximately 1.6 Mt of resources are measured and indicated, the remainder are inferred.
- Resource and reserves data is based on latest reported estimate dates. Mineral resource and reserve effective dates are 30 June 2023.
- Comparison of values may not add up due to rounding or the use of averaging methods.



### 8.3.5 Board of Directors and Senior Management

Allkem's current Board of Directors and Executive team are set out in the following table.

#### Allkem's Directors and Executive Team

Board of Directors	Executive Team
Mr Peter Coleman (Independent Non-executive Chairman)	Mr Martin Perez de Solay (Managing Director & Group Chief Executive Officer)
Mr Martin Perez de Solay (Managing Director & Group Chief Executive Officer)	Mr Christian Cortes (Acting CFO)
Mr Fernando Oris de Roa (Independent Non-executive Director)	Ms Ileana Freire (Chief Human Resources Officer)
Ms Leanne Heywood (Independent Non-executive Director)	Mr John Sanders (Chief Legal Officer and Company Secretary)
Mr Alan Fitzpatrick (Independent Non-executive Director)	Mr Rick Anthon (Corporate Development)
Mr John Turner (Independent Non-executive Director)	Ms Karen Vizental (Chief Sustainability and External Affairs Officer)
Ms Florencia Heredia (Independent Non-executive Director)	Mr Christian Barbier (Chief Sales & Marketing Officer)
Mr Richard Seville (Non-executive Director)	Mr Robert Edwardes (Chief Projects Officer)
	Mr James Connolly (Chief Technical Officer)
	Mr Hersen Porta (Head of Argentina Operations)
	Mr Denis Couture (Head of Canadian Operations)
	Mr Liam Franklyn (Head of Australian Operations)

Source: Allkem.

### 8.3.6 ESG Capability

Allkem has adopted a sustainability strategy centred around three key aspects: safe and sustainable operations, thriving communities, and responsible products that promote the transition to a net zero carbon future. Allkem publishes an annual sustainability report with extensive reporting on ESG metrics. In FY22, Allkem's sustainability initiatives were recognised with its ongoing inclusion in the Dow Jones Sustainability indices, an improved MSCI ESG rating and joining the FTSE4Good Index series.

Allkem's environmental policy is derived from the benefit that lithium can have on reduction in greenhouse gas emissions. Allkem has estimated with the use of data from the International Energy Agency and other industry sourced data, that for every one tonne of LCE produced and sold into the EV value chain, it can lead to a reduction of approximately 400 to 600 tonnes of greenhouse gas emissions.

Allkem is committed to reducing its own environmental footprint and has a goal to reach net zero carbon emissions by 2035. During FY23, Allkem investigated the most efficient methods to implement the reduction of global greenhouse gas emissions from its operations and projects, to transition the business' scope 1 and 2 emissions to net-zero by 2035. As a result, Allkem's first Net Zero Action plan was developed, which incorporates six emissions reduction and offsetting projects, with an initial focus on opportunities in Argentina. Examples of potential projects include increased use of renewable energy and electrification of site activities.

## 8.4 Profile of Allkem's assets

### 8.4.1 Mt Cattlin

#### Overview

The Mt Cattlin mine is a hard rock, open pit mine that mines and processes approximately 1.8 million tonnes per annum of spodumene concentrate via conventional mining extraction and processing techniques.

## KROLL

Allkem owns 100% of Mt Cattlin which is located two kilometres (**km**) north of Ravensthorpe in Western Australia, approximately 450 km south-east of Perth and 200 km west of the port of Esperance.

The tenements that incorporate Mt Cattlin have been operated since the 1960's, under various owners including Western Mining Corporation, Pancontinental Mining Limited, Greenstone Resources NL, Haddington Resources Limited and Sons of Gwalia Limited. In 2006, Galaxy acquired mining lease M74/12 from then gold producer, Sons of Gwalia Ltd. In 2007, Galaxy commenced resource drilling at Mt Cattlin and released the results of a pre-feasibility study for the Mt Cattlin property, which supported the viability of the project. Galaxy was granted additional mining licenses over the subsequent few years and in 2010 Galaxy consolidated several tenements to form the single M74/244 mining lease, which has an area of 1,830 hectares. The tenement was granted on 24 December 2009 and will expire on 23 December 2030. Allkem owns the freehold title of the land subject to mining operations and the processing plant site.

The Mt Cattlin lithium processing facility and site infrastructure began in November 2009 with spodumene concentrate production and mining activities beginning in June 2010. A depressed lithium market in 2013 led to the mine being put into care and maintenance until 2016 when lithium demand and prices improved. The Mt Cattlin mine has been in continuous production since 2016, although operations were scaled back by approximately half during 2019 and 2020 to reduce inventory and costs in a low lithium price environment.

### Location

The location of the Mt Cattlin mine within Western Australia and Australia is illustrated in the following map:

#### Mt Cattlin location within Western Australia



Source: Allkem, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

Today, Mt Cattlin is operated using conventional open pit mining methods to deliver ore to the processing plant from a series of open pits adjacent to the plant. The method for concentrate production at Mt Cattlin has been operated successfully by Allkem and Galaxy for many years. Mt Cattlin produced approximately 130,984dmt in FY23 at an average product grade of 5.3% lithium oxide (Li<sub>2</sub>O).

In June 2023, Allkem confirmed a mine life extension at Mt Cattlin for the next 4 to 5 years (to 2027 or 2028). Allkem noted the Ore Reserve had increased with higher grades. The next mining stage at Mt Cattlin (Stage 4) consists of two separate cutbacks to optimise ore presentation. A mining proposal for Stage 4 has been submitted to Western Australian regulators and is anticipated to be received by the end of 2023.

Royalties on the production of spodumene are payable to the Western Australian Government at a rate of 5% on the revenue realised from the sale of spodumene concentrate. A royalty payment of A\$1.50 per ton of ore crushed is payable to Lithium Royalty Corp, pursuant to a royalty agreement that Lithium Royalty Corp acquired by way of assignment in 2018 from the previous holder of the royalty.



A summary of recent production and sales statistics achieved at Mt Cattlin is included as follows:

**Mt Cattlin Metrics**

Metric	Units	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	FY22	FY23
<b>Production</b>									
Recovery	%	58%	42%	25%	37%	60%	67%	56%	49%
Concentrate produced	dmt	48,562	24,845	17,606	16,404	38,915	58,059	193,563	130,984
Grade of concentrate	% Li <sub>2</sub> O	5.4%	5.3%	5.3%	5.3%	5.3%	5.3%	5.6%	5.3%
<b>Sales</b>									
Concentrate shipped	dmt	66,011	37,837	21,249	15,702	21,553	46,787	231,560	105,291
Grade of concentrate shipped	% Li <sub>2</sub> O	5.6%	5.4%	5.4%	5.3%	5.2%	5.3%	5.6%	5.3%
Realised price	US\$/dmt CIF	2,178	4,992	5,026	5,284	5,702	4,297	2,017	4,879
Revenue	US\$m	143.8	188.9	106.8	83.0	122.9	201.0	467.0	513.7 <sup>1</sup>
<b>Cash cost of production</b>									
Cash cost of production	US\$/t FOB	349	803	796	1,016	1,033	830	401	909

Source: Allkem Quarterly Activities Reports.

Note: 1. Allkem reported \$616 million of revenues from Mt Cattlin in FY23, however the \$616 million was inclusive of tantalum sales.

Mt Cattlin production recoveries and volumes were reduced in FY23, down 9.6% on spodumene concentrate produced. The decline in production and recovery was driven by lower ore availability and grade related to patchy mineralisation at the top margin of the main ore lens in 1H23, combined with labour and equipment shortages in Western Australia and temporary unfavourable fine-grained mineralisation. Performance in the second half of FY23 reflected a return to FY22 performance levels with recovery improving to 60% and 67% in Q3 and Q4 FY23 and concentrate produced in 2H23 32.1% higher than 2H22.

Revenues from Mt Cattlin rose by 36.2% in FY23, with significant realised price growth of 141.9% offsetting a 54.5% decline in sales volume and slightly lower average grade of concentrate shipped. Cash costs of production remained at elevated levels in line with the final quarter of FY22 as a result of increased stripping ratios.

**Geology and Mineralisation**

Mt Cattlin is located in Western Australia, which is home to some of the world's largest hard-rock lithium resources (measured by LCE) including Greenbushes, Pilgangoora and Wodgina. The Mt Cattlin resource is a spodumene-rich, tantalite-bearing pegmatite within the Ravensthorpe Terrane, with the resource situated amongst the Annabelle Volcanics and the Manyutup Tonalite. The pegmatites that host the lithium-rich mineralisation occur as a series of sub-horizontal sills surrounded by both volcanic and intrusive rocks. The weathering profile across the Mt Cattlin area is typically shallow with fresh rock encountered at varying depths, although some fresh rock is less than 20 metres from the surface.

Lithium and tantalum mineralisation occurs almost exclusively within the pegmatites. In places, they occur as stacked horizons that overlap in cross-section. The current extent of mineralisation covers an area of around 1.6km east-west and 1km north-south. The pegmatites have a diverse mineralogy hosting a rich array of minerals with spodumene as the dominant lithium ore mineral. Several different types of spodumene are present at Mt Cattlin, including green and white varieties. Tantalum is recovered as a by-product from the mining process.



## KROLL

### Mining method

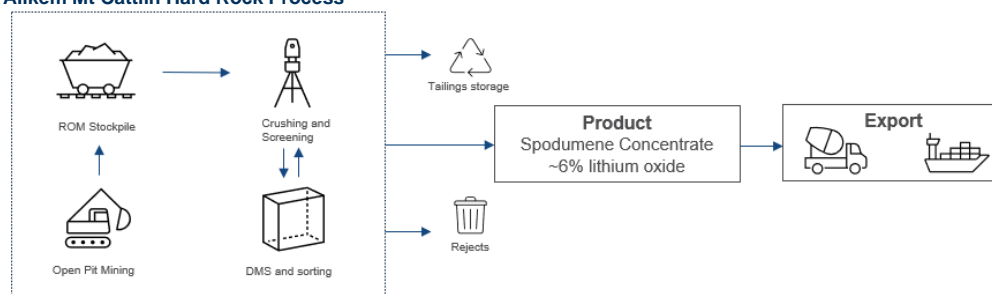
Mt Cattlin utilises conventional processing techniques to generate spodumene and by-product tantalite concentrates from open pit mining of the pegmatite ore deposit.

The mining method used at Mt Cattlin is standard for the industry and broadly involves the following stages:

- drilling and blasting of all material. The ore and waste rock is drilled and blasted with 10 metre high benches and is mined on 2 to 2.5 metre flitches;
- loading and transporting of materials using backhoe excavators and rear dump rigid trucks to the processing plant which is located immediately to the west of the mining area. Earthmoving operations are outsourced to a mining contractor to conduct all drilling, blasting, load, haul and ancillary work;
- the ore is delivered to a conventional crushing and dense medium separation (**DMS**) circuit. During mining operations, the mined ore is diluted with basalt. The processing plant also includes a separate crushing circuit, optical beneficiation circuit, product handling facilities and tailings storage facility; and
- final shipment grades and volumes are verified by a third-party before the spodumene concentrate product is loaded into trucks and transported by road to the Esperance Port for shipment in bulk to customers.

The following diagram details the high-level mining process flow at Mt Cattlin.

#### Allkem Mt Cattlin Hard Rock Process



Source: Allkem, Kroll Analysis.

Mt Cattlin has the capacity to process up to 1.8 million tonnes of ore per year, having received upgrades since the original 1 million tonnes per year capacity facility was commissioned in 2010. The operations workforce at Mt Cattlin is domiciled in the regional towns nearby of Ravensthorpe and Hopetoun, with support from fly-in/fly-out workers from Perth.

### Resources and Reserves

Mt Cattlin's most recent resource and reserve update is summarised in the following tables.

#### Mt Cattlin Lithium Resource (at 30 June 2023)

Category	Ore Tonnes (Mt)	Grade Li <sub>2</sub> O (%)	Contained Metal ('000) t Li <sub>2</sub> O
Measured (In-situ)	0.2	1.0%	2
Indicated (In-situ)	8.8	1.4%	121
<b>Total measured and indicated in-situ</b>	<b>9.0</b>	<b>1.4%</b>	<b>123</b>
Inferred (In-situ)	1.3	1.3%	17
Indicated (Stockpiles)	1.8	0.8%	13
<b>Total Resource</b>	<b>12.1</b>	<b>1.3%</b>	<b>153</b>

Source: Allkem.



Notes:

1. Mineral resource depleted for mining 1.2 Mt at 1.2% lithia January to June 2023.
2. Table may not add due to rounding.

**Mt Cattlin Lithium Reserve (at 30 June 2023)**

Category	Ore Tonnes (Mt)	Grade Li <sub>2</sub> O (%)	Contained Metal ('000)t Li <sub>2</sub> O
Proved (In-situ)	0.2	0.9%	1
Probable (In-situ)	5.2	1.3%	69
Probable (Stockpiles)	1.8	0.8%	13
<b>Total Resource</b>	<b>7.1</b>	<b>1.2%</b>	<b>84</b>

Source: Allkem.

Notes:

1. Ore reserves mine designs were conducted on a 0.3% Li<sub>2</sub>O cut-off grade and ore reserves are reported above a marginal cut-off grade of 0.3% Li<sub>2</sub>O.
2. Table may not add due to rounding.

**Exploration and Expansion**

Allkem's mining lease at Mt Cattlin expires in 2030. Allkem has acquired several other tenements in the Ravensthorpe area and has an active exploration program that includes surface geology mapping, rock chip and soil sampling, remote sensing and airborne and ground geophysics. Tenements nearby have been explored for copper, gold, manganese, lithium and tantalum. A number of exploration and prospecting licenses that Allkem holds are contiguous with M74/244. Mt Cattlin's Ore Reserve was revised in 2023 and provides a projected 4 to 5 year Life-of-Mine via open pit methods. The recent category upgrades in the latest Mineral Resource Estimate (**MRE**), and substantial increases in pricing for spodumene concentrate have contributed to the increase in Ore Reserves. The next mining stage at Mt Cattlin consists of two separate cutbacks to optimise ore presentation. The Allkem Board, subject to regulatory approval, has approved mining of the first cutback, which is expected to result in continued spodumene production into 2026. In the second cutback, mining methods are being evaluated to assess the best method of extraction.

**8.4.2 Olaroz**

**Overview**

The Olaroz lithium facility is located in the Jujuy Province, northwest Argentina, and is a lithium brine resource that produces high quality lithium carbonate chemicals for the battery, technical, and chemical markets. Olaroz is operated by the Olaroz joint venture and is managed through an operating company, Sales de Jujuy S.A. (**SDJ**), which is jointly owned by Allkem (66.5%), TTC (25%), and JEMSE (8.5%). The joint venture holds several tenements that cover the majority of the Salar de Olaroz. Allkem commenced exploration of Olaroz in 2008 and under Stage 1 of the project has been extracting lithium since 2013 and producing lithium carbonate since 2015. Construction on Stage 2 of the project has now been finalised and production is scheduled for H2 CY23, with further commissioning to take place during the remainder of 2023, with ramp up expected to take one year. Stage 2 achieved first wet production in July 2023.<sup>106</sup>

**Location**

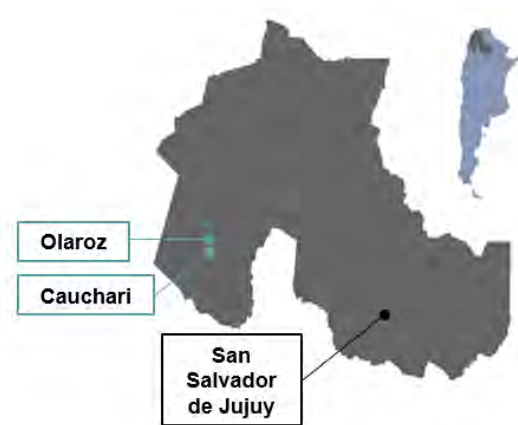
Olaroz is located in Salar de Olaroz, situated in the high-altitude Central Andean Dry Puna ecoregion of the Andean Altiplano (high plateau) of northwest Argentina, where many lithium brine resources are present given its favourable climate. It is approximately 230 km northwest of the capital city San Salvador de Jujuy in the Jujuy Province, at an altitude of 3,900 metres. The joint venture holds properties that cover the majority of the Salar de Olaroz (approximately 47,615 hectares).

The location of the Olaroz site within the Jujuy Province of Argentina is illustrated in the following map.

<sup>106</sup> Allkem "Olaroz Mineral Resource Update, and Stage 1 & 2 Operations Update". September 2023.



**Olaroz location within the Jujuy Province, Argentina**



Source: Allkem, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

In addition to its stake in SDJ, Allkem owns 100% of six tenements located immediately to the north of Olaroz, which cover an additional 9,575 hectares. It also owns the Maria Victoria property which covers approximately 1,800 hectares in the northern part of the Salar de Olaroz, acquired in December 2022. While none of these additional properties are currently in production, additional exploration drilling and test work is planned to confirm their scale with the aim that they eventually contribute to the long-term expansion of production at Salar de Olaroz. Allkem also owns the Cauchari project located immediately south of Olaroz (refer to Section 8.4.4 of this report for further information).

Olaroz is well connected to infrastructure, located adjacent to a paved international highway (Ruta Nacional 52) that links San Salvador de Jujuy with the major shipping ports of Antofagasta, Chile, which are used to export the lithium carbonate product and import key materials, chemicals, and equipment used in the production of lithium carbonate. It is also located in proximity to the cities of San Salvador de Jujuy and Salta, which have regular flights to the Argentine capital of Buenos Aires.

Olaroz is subject to the Provincial Mining royalty, which is limited to 3% of the mine head value of the extracted ore. Additionally, Allkem pays a 4.5% export duty on the FOB price is to be paid when exporting lithium products.

**Activities**

Allkem (then Orocobre) commenced exploration of Olaroz in 2008, with exploration results over subsequent years indicating that the Salar de Olaroz contained a significant volume of brine that would support long project life and multiple stages of development.

In January 2010, Allkem entered into an agreement with TTC where TTC would provide \$4.5 million of funding to fund the completion of the Definitive Feasibility Study (**DFS**) and other associated pre-development activities and could purchase a 25% interest based on the net present value of the DFS.

In May 2011, Allkem announced results of a DFS of the Salar de Olaroz project, which indicated strong project fundamentals with a large resource of 6.4 million tonnes of LCE that would underpin a long project life. The results of the DFS that supported commencement of construction of Stage 1 of the Olaroz project (**Olaroz Stage 1**), based on drilling to a depth of 200 metres and gravity and electrical geophysics.

Olaroz Stage 1 consisted of brine evaporation ponds and a carbonate processing plant designed to produce 17,500tpa of lithium carbonate. Development of Stage 1 of the project occurred from 2012 to 2014, with installation of production wells, water and gas infrastructure, power generation, 4.5 square-kilometres (**sq**



km) of evaporation ponds, and a processing plant with a production capacity of 17,500tpa of lithium carbonate. Construction of Stage 1 was completed in 2015.

Drilling to support the next stage of the Olaroz Project, Olaroz Stage 2, occurred to depths of between 450 and 600 metres. The data indicated that the Salar de Olaroz occupies a deep basin, which has been confirmed by a 1,400-metre-deep exploration drilling hole that did not intersect the basement rocks beneath the salt lake. Olaroz Stage 2 commenced construction in 2019 and is expected to be completed in the second half of 2023. It comprises 15 extra brine wells, an additional 9km<sup>2</sup> of evaporation ponds (31 additional ponds), a standalone processing plant capable of processing 25,000tpa of lithium carbonate, and relevant supporting infrastructure.

Olaroz holds all necessary environmental approvals for the Stage 1 and Stage 2 production and SDJ has received relevant permissions required for the Olaroz development and operating activities from both provincial and federal authorities.

To date, Allkem has funded JEMSE's contributions to the funding of developments at Olaroz. Allkem will be repaid its contribution to JEMSE's funding for Stage 1 of Olaroz from the future dividends of SDJ. JEMSE has elected to not contribute funding to Stage 2.

TTC has exclusive rights to market and sell all lithium products produced by the Olaroz lithium facility from Stage 1 and Stage 2 for a period of 20 years from the commencement of production from Stage 2. The rights are subject to oversight from a marketing committee jointly comprised of an equal number of TTC and Allkem representatives.

#### **Geology**

Mineralisation in the Salar de Olaroz consists of lithium dissolved in a saline brine. The brine is highly concentrated with lithium as a result of the evaporation of water that flows into the salar as groundwater and occasionally as surface water flows. The concentrated brine with lithium exists throughout the salar in spaces between grains of sediment, extending a considerable distance away from the salar beneath alluvial gravel fans that exist around its edges. These extremities have been largely unexplored by the company to date. Following extensive drilling the resource remains open in all directions. In addition to lithium, the salar has other elements including sodium, magnesium, and boron, which are impurities that are removed in the ponds and processing plant.

#### **Operations and Infrastructure**

Olaroz Stage 1 operations consist of established lithium brine evaporation ponds, a 17,500tpa processing plant designed to produce technical grade lithium carbonate and associated supporting infrastructure.

The Olaroz Stage 2 expansion, for which construction of infrastructure is now complete, is designed to deliver an additional 25,000tpa of technical grade lithium carbonate from 31 additional evaporation ponds. Approximately 9,500 tonnes of this production will be utilised as feedstock for the Naraha Lithium Hydroxide Plant in Japan. First production from Olaroz Stage 2 occurred in July 2023, while the ongoing focus will remain on further commissioning to progressively increase production volumes and product quality over a one year period.

General facilities include wellfields, evaporation ponds, liming plants, freshwater production wells, a reverse osmosis plant, a gas fuelled power generation plant, boilers for steam generation, a lithium processing plant, soda ash storage, lithium carbonate bagging and other storage areas for supplies, a laboratory, warehouses, refuelling and equipment workshops, offices and control facilities, camp, transport control and a security facility.

#### **Mineral Processing**

Olaroz's bore field and evaporation ponds have been operating since 2013, while processing of lithium on site and sale of the final lithium carbonate product commenced in 2015 upon completion of the Olaroz Stage 1 development.

The lithium brine, which is contained within sediments in the salar, is extracted by pumping using a series of production wells which pump the brine into evaporation ponds to commence the concentration process. Olaroz Stage 1 pumps brine from two wellfields with wells operating at depths of up to 450 metres. Pipelines

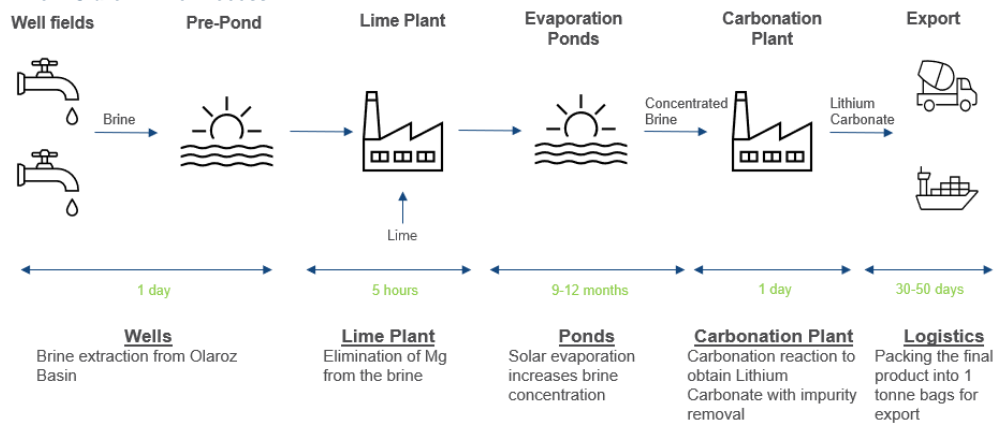
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transfer the brine to transfer ponds, where it is then pumped to the evaporation ponds. The ponds are located directly south of the processing plant and on the lower slopes of the alluvial fan.

The Olaroz lithium carbonate production process is broadly comprised of the following steps:

- removal of the bulk of the magnesium content by addition of slaked lime to the brine;
- increasing lithium concentration through evaporation;
- removing other salts during evaporation by crystallisation;
- polishing of the brine by removal of calcium and magnesium at an intermediate temperature and carbonate concentration;
- precipitation of lithium carbonate product using high temperature and sodium carbonate additions; and
- product filtration, drying and bagging.

### Allkem Olaroz Brine Process



Source: Allkem, Kroll Analysis.

The Olaroz Stage 2 expansion includes a substantial increase in evaporation pond area and a second processing plant to increase productive capacity up to a combined 42,500tpa of lithium carbonate from the combined Stage 1 and Stage 2 facilities.

### Mineral Resources

Olaroz's reported mineral resources are summarised as follows.

#### Olaroz Lithium Mineral Resource Estimate (at 30 June 2023)

Category	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li (kt)	LCE (kt)
Measured	3.3	659	2,170	11,540
Indicated	1.2	592	720	3,840
<b>Total Measured and Indicated</b>	<b>4.5</b>	<b>641</b>	<b>2,890</b>	<b>15,380</b>
Inferred	2.2	609	1,360	7,250
<b>Total</b>	<b>6.7</b>	<b>634</b>	<b>4,250</b>	<b>22,630</b>

Source: Allkem "Olaroz Mineral Resource Update, and Stage 1 & 2 Operations Update". September 2023.

Notes:

1. JORC definitions were followed for mineral resources.
2. Resources are inclusive of reserves.



3. Olaroz is managed through the operating joint venture company SDJ, which is owned 66.5% by Allkem, 25% by TTC and 8.5% by JEMSE. In addition to its stake in SDJ, Allkem also owns 100% of six properties immediately to the north of Olaroz, these properties are reported on a 100% basis.
4. Resource is reported at a cut-off grade of 300 mg/l.
5. Numbers may not add up due to rounding.
6. Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.323.
7. Resources shown on a 100% basis.
8. Resource has been depleted for the historical well production which is approximately 0.291 million tonnes of LCE.

### Operating Performance

#### Olaroz Production and Sales Statistics

Metric	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	FY22	FY23
Production (tonnes)	2,972	3,445	3,289	4,253	4,102	5,059	12,863	16,703
Sales (tonnes)	3,157	3,440	3,721	3,131	2,904	3,430	12,512	13,186
Average price received (US\$ / tonne)	27,236	41,033	40,317	46,706	52,738	38,054	23,398	43,981
Third party price received (US\$ / tonne)	27,236	41,033	43,237	53,013	53,175	38,062	23,398	46,172
Cash costs of goods sold <sup>1</sup> (US\$ / tonne)	3,811	4,301	4,563	4,682	4,924	5,882	4,282	5,014
Revenue (US\$ millions)	86	141	150	151	159	132	293	592
Gross cash margin (avg. price) (US\$ / tonne)	23,425	36,732	35,754	42,024	47,814	32,172	19,116	38,967
Gross cash margin (%)	86%	90%	89%	90%	91%	85%	82%	89%

Source: Allkem.

Notes:

1. Excludes royalties, export tax and corporate costs.
2. Production and sales statistics shown on a 100% basis.

### 8.4.3 James Bay

#### Overview

The James Bay project is a lithium spodumene project in Québec, Canada that was first discovered in the 1960s but was not systematically explored until 2008. James Bay is a hard rock resource that Allkem proposes to develop as an open pit lithium spodumene project, leveraging expertise from Allkem's operational Mt Cattlin project. Allkem owns 100% of the James Bay project, which is located approximately 130 km east of James Bay and the Cree Nation of Eastmain community.

In 2011, Galaxy signed a joint venture agreement with Lithium One to explore and develop James Bay. Galaxy initially acquired a 20% equity stake in the project, however assumed 100% ownership in 2012 after Galaxy completed a merger with Lithium One.

James Bay comprises two contiguous packages of mining tiles, covering an area of approximately 11,130 hectares. All mining titles held at James Bay by Allkem are classified as 'map designed claims' under the Québec Mining Act, which provides Allkem with the exclusive right to explore for mineral substances on the land. Allkem has obtained all necessary permits and certifications from government agencies to allow for exploration at James Bay.

#### Location

The location of the James Bay project within Québec, Canada is illustrated in the following map:



#### James Bay project location within Québec



Source: Allkem, Livent, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

James Bay sits on indigenous land and is subject to the James Bay North Québec Agreement (**JBNQA**). Galaxy entered into a Preliminary Development Agreement (**PDA**) between the Cree Nation of Eastmain, the Grand Council of the Cree Nations and the Cree Nations Government in 2019. The PDA will be replaced by an Impact Benefit Agreement (**IBA**) prior to commencing construction of James Bay. Allkem and the Cree Nations have begun negotiations on the IBA.

James Bay revenues are subject to two net smelter return (**NSR**) royalties: a 0.50% NSR royalty located on six claims of James Bay held by Ridgeline Royalties Inc., and a 1.50% NSR royalty held by Lithium Royalty Corp.

Allkem presently expects construction activity at the James Bay project to commence in CY23 with commissioning to follow in late CY25.

#### Geology and Mineralisation

Spodumene is the dominant lithium-bearing mineral found at James Bay and is a relatively rare pyroxene that is composed of lithia (8.03%  $\text{Li}_2\text{O}$ ), aluminium oxide (27.40%  $\text{Al}_2\text{O}_3$ ) and silica (64.58%  $\text{SiO}_2$ ). It is found in lithium rich granitic pegmatites.

#### Mining method

James Bay is currently in an engineering stage with procurement for long lead items underway alongside recruiting of staff, procurement of additional ancillary services and installation of infrastructure to connect hydro power to the site. However, the mining process involves a conventional three-stage crushing circuit, followed by a dense media separation (**DMS**) plant. The selected process is similar to that currently utilised at Mt Cattlin. The pegmatite deposit will be mined by conventional open pit methods. All material will require drilling and blasting and will be removed using mining excavators and haul trucks. The current process design is based on an annual throughput of 2 million tonnes of ore to produce a final product grade of 6.0%  $\text{Li}_2\text{O}$ , with flexibility to increase recovery by reducing concentrate grade to 5.6%  $\text{Li}_2\text{O}$ .

#### Mineral Resources and Ore Reserves

On 11 August 2023, Allkem updated the mineral resource at James Bay to 110.2 million tonnes, a 173% increase on prior disclosures. Allkem noted that the updated MRE establishes the resource at James Bay as one of the largest spodumene lithium assets in the world.

James Bay's most recent resource update is summarised in the following table.



**James Bay Mineral Resource Estimate (at 30 June 2023)**

Category	Ore Tonnes (Mt)	Grade Li <sub>2</sub> O (%)	Contained Metal ('000) t Li <sub>2</sub> O
Measured	-	-	-
Indicated	54.3	1.30	706
<b>Total Measured and Indicated</b>	<b>54.3</b>	<b>1.30</b>	<b>706</b>
Inferred	55.9	1.29	724
<b>Total Resource</b>	<b>110.2</b>	<b>1.30</b>	<b>1,430</b>

Source: Allkem ASX Announcement "James Bay Mineral Resource", 11 August 2023.

**James Bay Ore Reserves (at 30 June 2023)**

Category	Ore Tonnes (Mt)	Grade Li <sub>2</sub> O (%)	Contained Metal ('000) t Li <sub>2</sub> O
Proved	-	-	-
Probable	37.3	1.27	474
<b>Total Resource</b>	<b>37.3</b>	<b>1.27</b>	<b>474</b>

Source: Allkem.

**Ore Reserve update**

Allkem released the James Bay Feasibility Study and Maiden Ore Reserve on 21 December 2021, detailing an approximately 320ktpa operation, utilising hydropower, conventional mining methods, a process flowsheet and a 2 tonnes per annum (tpa) plant design similar to Mt Cattlin.

The Maiden Ore Reserve from 2021 remains current, however, the reserve will be re-evaluated considering the recently expanded resource.

**Exploration and Expansion**

Following Allkem's release of the updated MRE at James Bay in August 2023, the company is currently planning an additional drilling campaign to start in November 2023 to expand on the updated MRE.

**8.4.4 Cauchari**

**Overview**

The Cauchari project is a lithium brine project in the Puna region of Argentina, situated in immediate proximity to Olaroz. The Cauchari project was acquired by Orocobre in 2020 following Orocobre's acquisition of Advantage Lithium Corp. Previously, Cauchari had been a joint venture between the two companies. Allkem assumed 100% ownership of the Cauchari project following the Galaxy/Orocobre merger in 2021. Drilling campaigns have been carried out on the salar since 2011.

The Cauchari tenements cover 28,906 hectares and consist of 22 mining concessions. The 22 mining concessions held at the Cauchari projects are held as applications for exploitation permits. Provided the title holder fulfills the legal requirements, the exploitation permits are expected to be granted. Cauchari is subject to the Provincial Mining royalty, which is limited to 3% of the mine head value of the extracted ore. Additionally, Allkem pays a 4.5% export duty on the FOB price is to be paid when exporting lithium products.

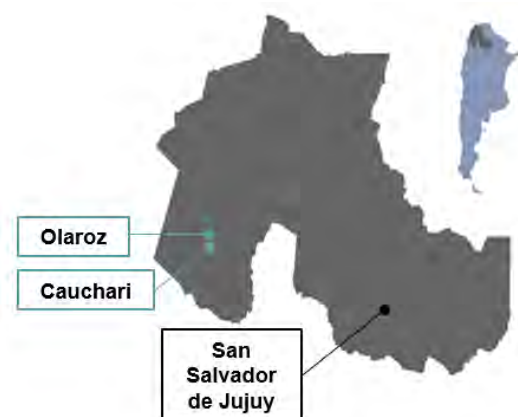


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### Location

The location of the Cauchari project within the Jujuy Province and Argentina is illustrated in the following map.

#### Cauchari location within the Jujuy Province



Source: Allkem, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

### Geology and Mineralisation

Cauchari is located in Salar de Cauchari, which is located in the high-altitude Puna ecoregion in northwest Argentina, immediately to the south of Allkem's Olaroz operation. Salar de Cauchari is a mixed style salar, with a halite nucleus in the centre of the salar overlain with up to 50 metres of fine grain sediments. Lithium and potassium concentrations have been measured and indicated at the Cauchari project.

### Mining method

Cauchari is currently in a pre-development stage, therefore a mining method has not been established for the site. However, as discussed earlier, given the proximity of the Cauchari site to the Olaroz mine, and the similarities in the initial chemistry analysis between the Cauchari resource to the Olaroz resource, Allkem expects the mining method at Cauchari to be similar to the method used at Olaroz, discussed in Section 8.4.2 of this report.

### Mineral Resource and Ore Reserve update

Allkem's most recent Cauchari project lithium resource estimate as reported at 30 June 2023 is summarised in the following table. The total resource estimate at Cauchari is 1,120,000 tonnes with a total LCE of 5.95 Mt (measured, indicated and inferred). Results of the brine chemistry analysis confirmed the similarity of the resource composition at Cauchari to the adjacent Olaroz salar where Allkem produces lithium carbonate via conventional lithium processional technologies. As a result, Allkem believes there is a reasonable prospect that the Cauchari brine could be successfully processed using similar technologies.



**Cauchari Lithium Resource Estimate (at 30 June 2023)**

Category	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li (kt)	LCE (kt)
Measured	0.7	527	345	1,850
Indicated	1.1	452	490	2,600
<b>Total Measured and Indicated</b>	<b>1.8</b>	<b>476</b>	<b>835</b>	<b>4,450</b>
Inferred	0.6	473	285	1,500
<b>Total</b>	<b>2.4</b>	<b>467</b>	<b>1,120</b>	<b>5,950</b>

**Cauchari Lithium Ore Reserve Estimates (at 30 June 2023)**

Category	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li (kt)	LCE (kt)
Measured	0.1	571	43	231
Indicated	0.3	485	169	897
<b>Total Measured and Indicated</b>	<b>0.4</b>	<b>501</b>	<b>212</b>	<b>1,128</b>

Source: Allkem "Cauchari Mineral Resource and Ore Reserve Update and Project Update". September 2023.

Notes:

1. JORC and CIM definitions were followed for mineral resources.
2. Resources are inclusive of reserves.
3. Resources and reserves are reported at a cut-off grade of 300 mg/L.
4. Numbers may not add up due to rounding.
5. Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.323.

**Exploration and Expansion**

Cauchari had significant drilling campaigns carried out between 2011 and 2018, with six major geological units identified and correlated. Allkem expects substantial mechanical completion, pre-commissioning and commissioning activities to have been completed by 1H27 with first production expected in 2H27 and ramp up expected to take one year.

**8.4.5 Sal de Vida**

**Overview**

The Sal de Vida project is a lithium brine project in Stage 1 of a construction phase. Sal de Vida is located in the Catamarca Province of Argentina and is located approximately 200 km south of Allkem's Olaroz and Cauchari assets. The Sal de Vida project was acquired by Galaxy in 2012 following Galaxy's merger with Lithium One. Allkem owns 100% of the Sal de Vida project. Multiple drilling campaigns have been carried out at Sal de Vida between 2009 and 2021. A total of 40 brine well, core and reverse circulation drill holes have been completed.

The Sal de Vida tenements cover 26,253 hectares and consist of 31 mining concessions. The Sal de Vida deposit is a brine system that sits within the salar system of the Hombre del Muerto basin. The basin is considered to be typical of a mature Argentinian salar, containing relatively high concentrations of lithium brine due to the presence of lithium-bearing rocks and local geothermal waters associated with Andean volcanic activity. Sal de Vida is located within the province of Catamarca, 650km from the city of San Fernando del Valle de Catamarca. Antofagasta de la Sierra is the nearest village, 145km south of the project site.

The 31 mining concessions held at the Sal de Vida project are all in good standing with statutory annual payments and reporting obligations up to date.

**Location**

The location of the Sal de Vida project within the Province of Catamarca and Argentina is illustrated in the following map:



**Sal de Vida location within the Province of Catamarca**



Source: Allkem, Livent, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

Sal de Vida is subject to the Catamarca Province Law 4757 which requires provincial royalties that are generally limited to 3% of the mine head value of the extracted ore, calculated as the sales price less direct cash costs related to exploitation and excluding fixed asset depreciation. Allkem and the Province of Catamarca executed a Royalties Commitment Deed in December 2021, with Allkem to pay a maximum amount of 3.5% of net monthly revenue from Sal de Vida. Similar to Allkem's other Argentine assets, Allkem's lithium product exports are subject to a 4.5% export duty on the FOB price.

Sal de Vida currently has a two-stage execution plan as follows:

- Stage 1 is aimed at a production capacity of 15,000tpa of lithium carbonate. As at 31 August 2023, construction of the first two strings of ponds was completed, with the third string at 59% of construction completion.<sup>107</sup> Allkem is targeting Stage 1 first production in 2025 ; and
- Stage 2 will aim to expand production capacity by an additional 30ktpa to bring the Sal de Vida operational capacity to 45,000tpa. Estimated development capital for Stage 2 is \$657 million. Stage 2 construction is anticipated to commence upon completion of Stage 1 construction with the first Stage 2 production occurring approximately 2.5 to 3 years later.<sup>108</sup>

**Geology and Mineralisation**

The Sal de Vida Lithium-enriched brines are found in evaporative saline lakes and salars. The salar system of Hombre del Muerto, where Sal de Vida is located, has brines of similar geology and mineralisation to Olaroz, discussed in Section 8.4.2 of this report.

**Mining method**

The Sal de Vida process is contained within sediments in the salar and is extracted from wells extending to a depth of up to 300 metres. The lithium carbonate production process is in line with the process at Olaroz discussed and depicted in Section 8.4.2 of this report.

**Mineral Resource and Ore Reserve update**

Allkem's most recent Sal de Vida project lithium resource estimate as reported as at June 2023 is summarised in the following table. The total resource estimate at Cauchari is 1,347,467 tonnes with a total LCE of 7.172 Mt.

<sup>107</sup> Allkem "Sal de Vida Update Delivers Improved Economics, Resource and Reserve". September 2023.

<sup>108</sup> Allkem "Sal de Vida Update Delivers Improved Economics, Resource and Reserve". September 2023.



**Sal de Vida Lithium Mineral Resource Estimate (at 30 June 2023)**

Category	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li (kt)	LCE (kt)
Measured	0.9	752	660	3,516
Indicated	0.8	742	564	3,004
<b>Total Measured and Indicated</b>	<b>1.6</b>	<b>747</b>	<b>1,225</b>	<b>6,520</b>
Inferred	0.2	556	122	652
<b>Total</b>	<b>1.8</b>		<b>1,347</b>	<b>7,172</b>

**Sal de Vida Lithium Ore Reserve Estimate (at 30 June 2023)**

Category	Brine Volume (billion m <sup>3</sup> )	Average Li Grade (mg/L)	In-situ Li (kt)	LCE (kt)
Measured	0.1	799	83	445
Indicated	0.5	748	383	2,041
<b>Total Measured and Indicated</b>	<b>0.6</b>	<b>757</b>	<b>467</b>	<b>2,486</b>

Source: Allkem "Sal de Vida Update Delivers Improved Economics, Resource and Reserve", September 2023.

Notes:

- JORC definitions were followed for mineral resources and mineral reserves.
- Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.32.
- A 300 mg/L lithium cut-off grade was applied to the resource and reserve estimates.
- Numbers may not add due to rounding.

#### 8.4.6 Naraha Lithium Hydroxide Plant

Located in Japan, Naraha is a joint venture between TTC and Allkem operated by TLC, a Japanese incorporated company. Naraha is designed to convert technical grade lithium carbonate feedstock that has been produced at Olaroz, into purified battery grade lithium hydroxide, with an estimated annual production capacity of approximately 10 ktpa lithium hydroxide. TLC is managing delivery of the plant and will have ongoing management responsibility with input from a technical oversight committee comprised of personnel from TTC and Allkem to provide strong governance and reporting practices.

Construction of the plant was completed during 2022, with the first production of technical grade lithium hydroxide occurring in late October 2022. Work on product quality and operational improvements is now complete, which has allowed battery grade lithium hydroxide qualification testing to commence with customers in July 2023.

Product quality exceeded expectations in Q4 2023, allowing approximately 670 tonnes of technical grade lithium hydroxide to be sold to third party customers during the March quarter of 2023.

## 8.5 Financial performance

### 8.5.1 Historical financial performance

The following table summarises the financial performance of Allkem, based on Australian Accounting Standards, for FY21, FY22 and FY23.

ANNEXURE A  
INDEPENDENT EXPERT'S REPORT



Allkem Financial Performance (\$ millions)

	FY21 <sup>1</sup> Audited	FY22 <sup>1</sup> Audited	FY23 Audited
Revenue	66.4	744.7	1,207.8
EBITDAIX <sup>2</sup>	3.4	512.0	909.8
Depreciation and amortisation <sup>3</sup>	(18.8)	(49.9)	(98.8)
EBITIX <sup>4</sup>	(15.4)	462.1	811.0
Net finance costs	(21.1)	(14.2)	48.2
EBTIX <sup>5</sup>	(36.4)	447.9	859.2
Other income <sup>6</sup>	1.7	31.7	66.0
Share of net loss from associate	(1.7)	(3.0)	(2.1)
Significant and non recurring items <sup>7</sup>	13.3	(49.1)	(93.2)
<b>Total profit/(loss) for the year before tax</b>	<b>(23.1)</b>	<b>427.6</b>	<b>829.9</b>
Income tax expense	(67.9)	(92.9)	(305.3)
<b>Profit/(loss) for the period - continuing operations</b>	<b>(91.0)</b>	<b>334.7</b>	<b>524.6</b>
Discontinued operations	1.6	2.5	(3.3)
<b>Profit/(loss) for the period</b>	<b>(89.5)</b>	<b>337.2</b>	<b>521.3</b>
(Profit)/losses attributable to non-controlling interests	29.8	(31.5)	(79.6)
<b>Profit after tax attributable to Allkem Shareholders</b>	<b>(59.6)</b>	<b>305.7</b>	<b>441.7</b>
<b>Growth</b>			
Revenue growth	<i>nmf</i>	1021.5%	62.2%
EBITDAIX growth	<i>nmf</i>	<i>nmf</i>	77.7%
EBITIX growth	<i>nmf</i>	<i>nmf</i>	75.5%
<b>Profitability</b>			
Gross margin	62.3%	80.6%	88.2%
EBITDAIX margin	5.1%	68.8%	75.3%
EBITIX margin	(23.1)%	62.1%	67.1%
<b>Other</b>			
Effective tax rate	294.0%	(21.7)%	(36.8)%
Net interest cover (times) <sup>8</sup>	<i>nmf</i>	32.5	(16.8)
<b>Per share metrics</b>			
Weighted average number of shares (basic) (millions)	330.9	592.5	637.3
Weighted average number of shares (diluted) (millions)	330.9	595.4	640.9
Basic earnings per share (cents)	(18.0)	51.6	69.3
Diluted earnings per share (cents)	(18.0)	51.3	68.9

Source: Allkem Annual Reports and Results Presentations, Allkem management; Kroll analysis.

Notes:

- FY21 and FY22 results have been restated to align with the presentation of Allkem's FY23 results as per Section 5.11 of the Scheme Booklet.
- EBITDAIX is earnings before interest, taxes, depreciation, amortisation, merger costs, gains from financial instruments, foreign currency gains/(losses) and share of associate's losses. FY22 includes an elimination of unrealised profits of \$18.2 million for sales by Olaroz to the equity accounted associate. FY23 includes an elimination of unrealised profits of \$44.4 million for sales by Olaroz to the equity accounted associate.
- Allkem's FY22 depreciation and amortisation expense presented does not include amortisation of customer contracts due to purchase price allocation associated with the Galaxy acquisition.
- EBITIX is earnings before interest, taxes, merger costs, gains from financial instruments, foreign currency gains/(losses) share of associate's losses.
- EBTIX is earnings before taxes, merger costs, gains from financial instruments, foreign currency gains/(losses), and share of associate's losses.
- Other income includes gains from financial instrument.
- Significant and non-recurring items are summarised in the table below.
- Net interest cover is calculated as EBITIX divided by net finance costs.

In relation to the financial performance of Allkem, we note:

- analysis of Allkem's historical trend performance is difficult due to the impact of the Galaxy/Orocobre merger effective 25 August 2021 and the COVID-19 pandemic. As such, Allkem's financial performance for FY22 includes the results of Galaxy for the ten months from the acquisition date to 30 June 2022 and FY23 is the first full year of earnings from Galaxy. Moreover, Allkem sold its Borax



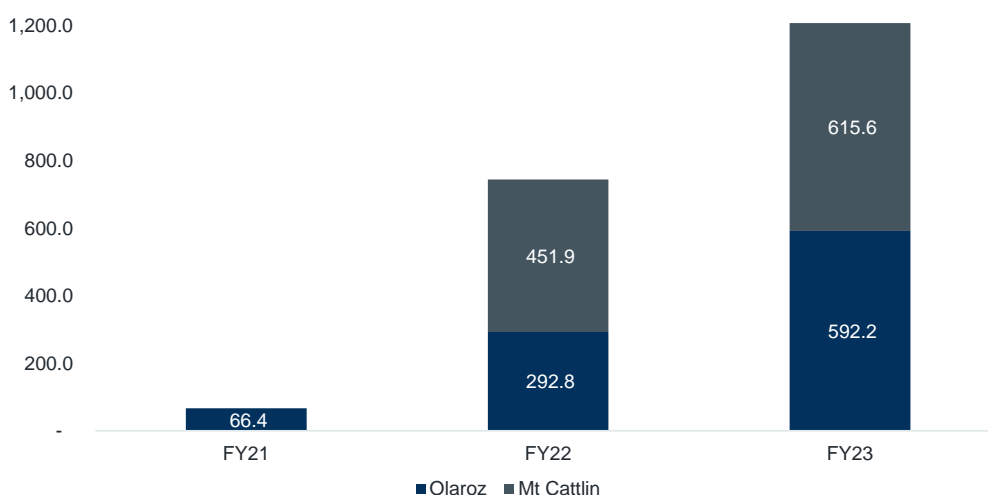
business on 16 December 2022, with revenues generated from Allkem's borax business now classified as discontinued operations for all prior periods; and

- Allkem reported record revenues, EBITDAIX and profit in FY23. Higher realised lithium pricing for both carbonate and spodumene products as well as record production volumes at Olaroz resulted in 62.2% revenue growth and net profit after tax increasing 56.7% in FY23.

#### Revenue from contracts with customers by segment

Allkem's revenue by segment is illustrated as follows:

#### Revenue by Segment (\$ millions)



Source: Allkem Annual Reports and Presentations.

Note: Allkem's borax business was sold in December 2022 and has been excluded from historical presentation

- revenue increased by 1021.5% in FY22 mainly reflecting the 10 month contribution of revenue from Mt Cattlin as well as 341.1% revenue growth at Olaroz due to a 369.6% increase in pricing due to increased market demand, partially offset by a 6.1% decline in sales volume;
- in FY23, revenue grew by 62.2% relative to FY22 as a result of:
  - the full 12-month contribution of revenue from Mt Cattlin (compared to 10 months' contribution in FY22); and realised spodumene price growth of 119.7%, partially mitigated by a 47.5% decline in concentrate shipped at Mt Cattlin. Revenues at Mt Cattlin (including tantalum sales) rose 36.2% in FY23; and
  - 102.3% revenue growth at Olaroz due to sales volume increasing 5.4% and lithium carbonate price growth of 88.0%; and

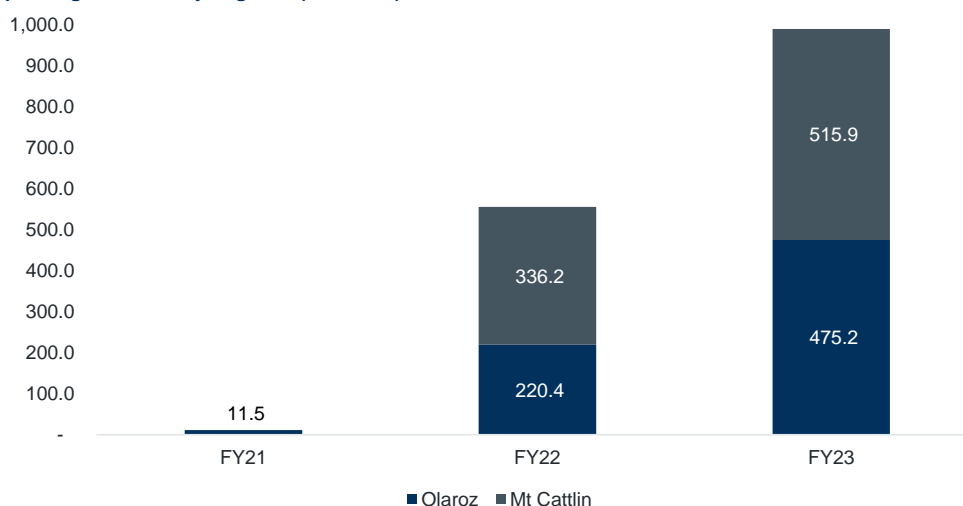
Mt Cattlin operated at a gross cash margin of circa 80% in FY22 with average cash costs of production of \$420/tonne in a strengthening price environment. Cost control initiatives implemented in FY21 under Galaxy ownership continued in FY22. Similarly, margin performance was strong at Olaroz, with gross cash margin recorded of 82% in FY22. Gross cash margins at both Olaroz (88.8%) and Mt Cattlin (83.8%) remained high in FY23, with higher realised spodumene and lithium carbonate (88.0%) prices offsetting increases in cash cost of production at both resource sites.

#### EBITDAIX by segment

Allkem's EBITDAIX by segment is illustrated as follows:



Operating EBITDAIX by Segment (\$ millions)



Source: Allkem Annual Reports and Presentations

Notes:

- Allkem's borax business was sold in December 2022 and has been excluded from historical presentation
  - The presentation of segment EBITDAIX above does not sum to Allkem EBITDAIX. Other business segments have EBITDAIX impacts but have not been shown as they do not generate revenue.
- in FY22, EBITDAIX margins improved to 68.8% with higher lithium pricing, improved gross margins and cost management aiding performance. The segment EBITDAIX contribution from Olaroz increased substantially in FY22 as a result of higher lithium carbonate FOB pricing, higher quality grades being sold and gross margin improvement. Segment EBITDAIX contribution from Mt Cattlin was the most significant driver of EBITDAIX, contributing \$336.2 million of EBITDAIX in the final ten months of FY22;
  - EBITDAIX further increased by 77.7% in FY23 relative to FY22 as a result of higher volumes, higher prices and improved cash margins. Segment EBITDAIX contribution significantly improved at both Olaroz (up 115.6%) and Mt Cattlin (up 53.5%) as a result of higher lithium carbonate prices and sales volumes at Olaroz as well as higher spodumene concentrate prices at Mt Cattlin;
  - depreciation and amortisation costs increased by 165.4% in FY22 and 98.0% in FY23 as a result of the consolidation of Mt Cattlin in August 2021;
  - lower net finance costs in FY22 mainly due to higher interest income on deposits and reduced interest rates for a large portion of the year, reduced Mizuho project finance outstanding balance from the repayment of around \$19 million Stage 1 and full repayment of pre-export finance loans at SDJ SA. Net interest income in FY23 reflects higher interest income from short term deposits in Argentina with ARS Denominated deposits attracting high interest rates;
  - other income rose \$30.0 million in FY22 to \$31.7 million, and rose a further 108.5% in FY23 to \$66.0 million as a result of gains from financial instruments;
  - share of net loss from associates relates to Allkem's 75% economic interest (49% ownership interest) in Toyotsu Lithium Corporation (TLC). TLC has been equity accounted as Allkem does not have control of TLC but has significant influence;
  - a breakdown of significant and non-recurring items is presented as follows:



**Significant and Non-recurring Items (\$ millions)**

	FY211	FY22	FY23
Acquisition costs	(1.2)	(12.8)	(9.9)
Inventory adjustment due to purchase price allocation	-	(12.4)	-
Amortisation of customer contracts due to PPA for merger	-	(13.4)	-
(Impairment/write-downs)/realisation of inventory write-downs	18.1	(0.2)	-
Foreign currency loss	(3.6)	(10.3)	(83.3)
<b>Total significant and non-recurring items</b>	<b>13.3</b>	<b>(49.1)</b>	<b>(93.2)</b>

Source: Allkem Annual Reports and Presentations.

- non-recurring items fluctuated between years, mainly reflecting gains and losses on inventory balances, foreign currency losses and the impacts of the Galaxy/Orocobre merger (including acquisition costs and purchase price allocation adjustments including amortisation of customer contracts and inventory adjustments). FY21 includes profit from the sale of inventories at Olaroz that were previously written down to net realisable value in FY20. Foreign currency losses were significant in FY23 (\$83.3 million) due to a 105.0% devaluation of the Argentine Peso against the US Dollar as the Argentine economy suffered from significant inflation;<sup>109</sup>
- the Group's effective tax rate of 22.4% in FY22 reflects the utilisation of tax losses, foreign tax rates on Allkem subsidiaries, foreign currency movements and hyperinflation in Argentina. The effective tax rate in FY23 was 36.8% as a result of the 35% Argentinian tax rate and additional tax imposts that increase Allkem's effective tax rate;
- the material interests included in Allkem's non-controlling interests include a 27.32% interest in Sales De Jujuy Pte Ltd in Argentina held by TTC and 33.5% interest in Sales De Jujuy S.A. in Argentina held by TTC and JEMSE; and
- after incurring losses per share of 18 cents in FY21, Allkem reported earnings per share (**EPS**) of 51.6 cents in FY22. EPS increased by 34.3% to 69.3 cents per share in FY23 as a result of higher revenues driving higher profits. No dividends were declared in any of the periods presented.

**8.5.2 Outlook**

As Allkem has not provided earnings guidance for FY24 or beyond. In order to provide an indication of Allkem's expected future financial performance, Kroll has considered broker forecasts.

As far as Kroll is aware, Allkem is followed by 19 brokers, two of whom are advising on the Transaction. Of the remaining 17 brokers, 12 have published forecasts following the release of Allkem's September 2023 quarterly activities report to the ASX on 26 October 2023. Kroll has focussed only on those brokers who have published a report following the September quarterly activities report as the basis for the broker consensus. While these forecasts are highly sensitive to assumptions as to future lithium prices and exchange rates, they provide an indication of the expected future performance of Allkem.

<sup>109</sup> Allkem FY23 Annual Report.



ANNEXURE A  
INDEPENDENT EXPERT'S REPORT



Allkem's broker consensus for FY24 to FY26 is summarised as follows.

**Allkem Broker Consensus (\$ Millions)**

	Actual	Broker Consensus		
	FY23	FY24	FY25	FY26
<b>Underlying revenue</b>	<b>1,207.8</b>	<b>1,212.2</b>	<b>1,314.5</b>	<b>1,587.0</b>
<b>Underlying EBITDAIX</b>	<b>909.8</b>	<b>684.7</b>	<b>734.5</b>	<b>981.4</b>
<b>Underlying EBITIX</b>	<b>811.0</b>	<b>630.7</b>	<b>654.0</b>	<b>780.9</b>
<b>Growth</b>				
Underlying revenue growth	62.2%	0.4%	8.4%	20.7%
Underlying EBITDAIX growth	77.7%	(24.7%)	7.3%	33.6%
Underlying EBITIX growth	75.5%	(22.2%)	3.7%	19.4%
<b>Profitability</b>				
Underlying EBITDAIX margin	75.3%	56.5%	55.9%	61.8%
Underlying EBITIX margin	67.1%	52.0%	49.8%	49.2%

Source: Broker reports.

With regard to the Allkem broker consensus summarised above, we note:

- broker consensus figures in the table above represent the median of the 12 broker forecasts. All 12 broker forecasts are included in the calculation of median forecasts revenue, EBITDAIX and EBITIX. More detail is shown in Appendix 3;
- 11 of the 12 brokers provided EBITDAIX forecasts out to FY26, whilst one provided a forecast to FY25. The FY26 EBITDAIX forecast therefore only includes 11 of the 12 brokers;
- 10 of the 12 brokers provided EBITIX forecasts out to FY26, whilst one provided a forecast to FY25. The FY26 EBITIX forecast therefore only includes 10 of the 12 brokers, whilst the FY25 EBITIX forecast includes 11 of the 12 brokers. One broker did not provide EBITIX forecasts;
- EBITDAIX forecasts for two of the 12 brokers were adjusted to include eliminations related to consolidation (which is assumed similar to that of FY23);
- Allkem's FY23 EBITDAIX were above broker expectations mainly due to lower than expected costs while its net profit after tax were slightly below broker estimates due to higher depreciation & amortization and interest expense;
- broker consensus revenue for FY24 is 0.4% higher than in FY23, driven by increase in the production of Spodumene and Lithium Carbonate attributable to Mt Cattlin and Olaroz respectively. Revenue growth in FY24 is estimated to be partially offset by lower spodumene and lithium prices. Revenue growth is expected to increase to 8.4% in FY25, followed by growth of 20.7% in FY26 reflecting the volatility in lithium and spodumene prices along with the start of spodumene production from James Bay from either FY25 or FY26; and
- broker consensus EBITDAIX for FY24 is 24.7% lower than in FY23, followed by growth of 7.3% in FY25 and growth of 33.6% in FY26, again reflecting the sensitivity of Allkem's performance to lithium price expectations.



## 8.6 Financial position

The financial position for Allkem, based on Australian Accounting Standards, as at 30 June 2022 and 30 June 2023 is summarised in the following table.

### Allkem Financial Position (\$ millions)

	As at 30 June 2022 Audited	As at 30 June 2023 Audited
Trade receivables and prepayments	54.2	108.8
Inventory (current)	76.2	126.5
Trade payables	(93.9)	(127.5)
<b>Net working capital</b>	<b>36.5</b>	<b>107.8</b>
Inventory (non-current)	53.4	86.7
Property, plant and equipment	2,557.9	2,943.5
Exploration and evaluation assets	425.0	467.6
Investment in associates	0.9	4.0
Intangible assets	525.0	520.5
Other receivables (current and non-current)	87.2	107.7
Financial assets at fair value through other comprehensive income	4.0	3.5
Deferred tax assets	25.2	3.1
Provisions (current and non-current)	(73.7)	(61.4)
Derivative financial instruments (current and non-current)	(1.4)	-
Deferred tax liabilities	(785.8)	(849.4)
Other assets/(liabilities)(net)	(76.3)	(253.7)
<b>Total funds employed</b>	<b>2,777.9</b>	<b>3,079.9</b>
Cash	663.5	821.4
Loans and borrowings	(311.7)	(274.3)
Lease liabilities	(48.4)	(53.2)
<b>Net cash/(debt) (including leases)</b>	<b>303.4</b>	<b>493.9</b>
<b>Net assets</b>	<b>3,081.4</b>	<b>3,574.0</b>
<b>Equity attributable to Allkem Shareholders</b>	<b>2,988.6</b>	<b>3,403.2</b>
Equity attributable to non-controlling interests	92.8	170.6
<b>Total equity</b>	<b>3,081.4</b>	<b>3,573.8</b>
<b>Statistics</b>		
Number of shares at period end (millions)	637.658	637.658
NTA per ordinary share <sup>2</sup>	3.970	4.780
Gearing ratio <sup>3</sup>	(10.9%)	(16.0%)

Source: Allkem Annual Reports and Results Presentations; Kroll analysis.

Notes:

1. NTA per ordinary share share is calculated as (Net assets less intangibles less deferred tax assets/ Number of shares at period end).
2. Gearing ratio is calculated as (net debt/(net debt + total equity)).
3. Allkem's financial position is presented in accordance with Australian Accounting Standards.

In relation to the financial position of Allkem as at 30 June 2023 we note:

- inventories increased at 30 June 2023 reflects higher finished product stores and non-current work in progress;
- Allkem is capital intensive. Property, plant and equipment of \$2,943.5 million at 30 June 2023 represented almost 95.6% of total funds employed and mainly includes plant & equipment (\$653.7 million), mine properties (\$1,726.9 million) and work in progress (\$477.6 million). The useful lives are as follows: buildings and infrastructure: 20 to 30 years; plant: 5 to 40 years; leased plant and equipment: lease period of 1 to 10 years; and mining extraction equipment and mine properties: units of production. Work in progress mainly relates to the Sal de Vida and Olaroz Stage 2 project expansion and is not depreciated;
- exploration and evaluation assets of \$467.6 million mainly includes a \$356.4 million fair value associated with the acquisition of Galaxy in FY22 (Sal De Vida and James Bay projects). Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest, to



the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves or sale;

- intangibles of \$520.5 million mainly relates to goodwill recognised on acquisition of Galaxy. Goodwill of \$439.2 million and \$80.6 million has been allocated to the Sal De Vida and James Bay projects, respectively;
- current and non current other receivables includes \$41.7 million of Value Added Tax (VAT) recoveries due from the Argentina revenue authority. Allkem records VAT at fair value due to the hyperinflationary economy in Argentina and the highly devaluing local currency. Fair value has been determined using a discounted cash flow technique. The gains and losses are recognised in finance costs in the income statement as change in fair value of financial assets;
- provisions include \$61.3 million of provisions for employee benefits, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of undisturbed areas); and
- deferred tax liabilities of \$849.4 million mainly relate to property, plant and equipment and exploration and evaluation assets.

#### 8.6.1 Tax

Allkem operates and earns profits in different jurisdictions and their corresponding corporate tax rates. The main corporate tax rates applied for FY23 taxable income were 30% for Australia, 35% for Argentina, 38% for Canada (before abatements and reductions) and 17% for Singapore. Allkem's reported effective tax rate for FY23 was 36.8%, measured as income tax expense divided by net profit before tax.

Deferred tax assets includes \$77.2 million related predominantly to financial liabilities and other non-financial liabilities including purchase price allocations on mining properties acquired from Galaxy.

#### 8.6.2 Debt

Loans and borrowings of \$274.3 million correspond to a \$28.5 million outstanding project loan facility for Olaroz Stage 1, \$162.0 million outstanding project loan facility for Olaroz Stage II, and \$83.8 million in related party loans.

#### 8.6.3 Hedging

Allkem is exposed to foreign exchange risk arising from currency exposures to \$A and ARS exchange rates arising from the purchase of goods and services, VAT receivables and income tax payables. Allkem does not currently undertake any hedging of foreign currency items.



## 8.7 Cash flow

Allkem's statement of cash flows, based on Australian Accounting Standard, for FY21 to FY23 is summarised as follows.

### Allkem Cash Flows (\$ millions)

	FY21 Audited	FY22 Audited	FY23 Audited
<b>EBITDAIX</b>	<b>3.4</b>	<b>512.0</b>	<b>909.8</b>
Changes in working capital and other adjustments <sup>1</sup>	(11.4)	(65.9)	(80.7)
<b>Cash flows from operating activities</b>	<b>(8.0)</b>	<b>446.1</b>	<b>829.1</b>
Income taxes paid	-	-	(79.1)
Net financing costs <sup>2</sup>	(10.4)	(4.5)	40.9
<b>Net operating cash flow<sup>3</sup></b>	<b>(18.4)</b>	<b>441.6</b>	<b>790.9</b>
Capital expenditure (net) <sup>4</sup>	(94.0)	(237.2)	(493.7)
Payments for exploration and evaluation assets	(1.1)	(22.7)	(40.5)
Proceeds from financial instruments and financial assets	3.5	32.0	66.4
Cash acquired from business combination	-	209.5	-
Loans provided to related party	-	(18.7)	(15.5)
Disposal of subsidiary & deposit payments	-	-	(19.3)
Investment in associates	-	-	(5.7)
<b>Cash flow after investing activities</b>	<b>(110.0)</b>	<b>404.5</b>	<b>282.6</b>
Proceeds from issue of shares (net of transaction costs)	119.4	(0.6)	-
Payments of lease liabilities	(3.3)	(9.4)	(9.3)
Proceeds from borrowings	114.0	44.8	-
Repayment of borrowings	(31.0)	(33.7)	(36.1)
Payments of treasury shares	-	-	(17.9)
Dividends paid to non-controlling interests	-	-	(3.7)
Proceeds from minority interests	-	1.9	0.8
<b>Net cash generated/(used)</b>	<b>89.0</b>	<b>407.5</b>	<b>216.4</b>
<b>Opening cash and cash equivalents</b>	<b>171.8</b>	<b>258.3</b>	<b>663.5</b>
Net cash generated/(used)	89.0	407.5	216.4
Effects of exchange rate changes	(2.4)	(2.3)	(58.5)
<b>Closing cash and cash equivalents</b>	<b>258.3</b>	<b>663.5</b>	<b>821.4</b>
<b>Statistics</b>			
Cash conversion ratio <sup>5</sup>	<i>nmf</i>	86.3%	86.9%

Source: Allkem Annual Reports and Results Presentations; Kroll analysis.

Notes:

- Adjustments to reconcile EBITDAIX with net cash receipts from operating activities. Includes changes to reconcile EBITDAIX to profit/(loss) after tax as described in Section 8.5.1 of this report. Also includes changes to profit/(loss) after tax to cash flows from operating activities including non-cash employee benefits expense, depreciation and amortisation, impairment loss, gain on disposal of assets, gain on financial instruments, share of net losses of associates, unwinding of discount on rehabilitation provision, FX loss on equity raise, non-cash finance costs, unrealised foreign exchange, and merger and acquisition costs.
- Finance costs less interest received.
- Cash receipts from customers less payments to suppliers and employees.
- Purchases of plant, property and equipment less proceeds from sale of assets.
- Calculated as (net operating cash flows/EBITDAIX).
- Allkem's cash flow statement is presented in accordance with Australian Accounting Standards.

In relation to the cash flows of Allkem, we note:

- Allkem experienced strong cash conversions of 86.3% in FY22 and 86.9% in FY23. Between FY22 and FY23, gross cash margin increased from 82% to 88.8% at Olaroz. In FY23, Allkem reported a gross cash margin of 78% at Mt Cattlin, similar to its FY22 gross cash margin of 80%;
- FY23 is the first full year of earnings from Galaxy. Strong earnings from operations from Mt Cattlin and Olaroz in FY23 were used to fund significant purchases of property, plant & equipment of \$493.7 million and payment for exploration and evaluation assets of \$40.5 million; and
- no dividends were declared in any of the periods presented.



## 8.8 Capital structure and ownership

As at Last Practicable Date, Allkem had the following securities on issue:

- 639,321,293 fully paid ordinary shares;<sup>110</sup> and
- 3,317,768 performance rights.

### 8.8.1 Ordinary shareholders

As at 5 November 2023, Allkem had 50,999 registered shareholders. The top 20 registered shareholders accounted for 73.9% of shares on issue and mainly included institutional nominees. Retail investors (investors holding 5,000 shares or fewer) accounted for 88.8% of shareholders and 7.9% of shares on issue.

As at 5 November 2023, substantial shareholders have provided the following notifications of their holdings.

Substantial Shareholder	Date of Notice	Number of Shares	Percentage
State Street Corporation and certain subsidiaries	12 September 2023	35,185,964	5.50%
Toyota Tsusho Corporation	8 August 2022	39,296,636	6.15%

Source: Allkem ASX releases.

### 8.8.2 Allkem Performance Rights and Option Plan

As part of the Performance Rights and Option Plan (**PROP**), equity incentives are made to executives and employees who have an impact on the Group's performance and are delivered in the form of performance rights (**Allkem Performance Rights**). There are currently no options issued or outstanding.

Performance rights are supported by the Allkem Employee Share Scheme (**ESS**) Trust, which has been established to facilitate and manage the issue or acquisition of shares on the settlement of vested Allkem Performance Rights.

Detail of the proposed treatment of Allkem Performance Rights is set out in Section 10.2 of the Scheme Booklet.

<sup>110</sup> Excludes 134,603 issued Allkem Shares currently held by the ESS Trustee to cover vested but unexercised Allkem Performance Rights (123,707 Allkem Shares) and a small surplus to cover future vesting of Allkem Performance Rights (10,896 Allkem Shares).

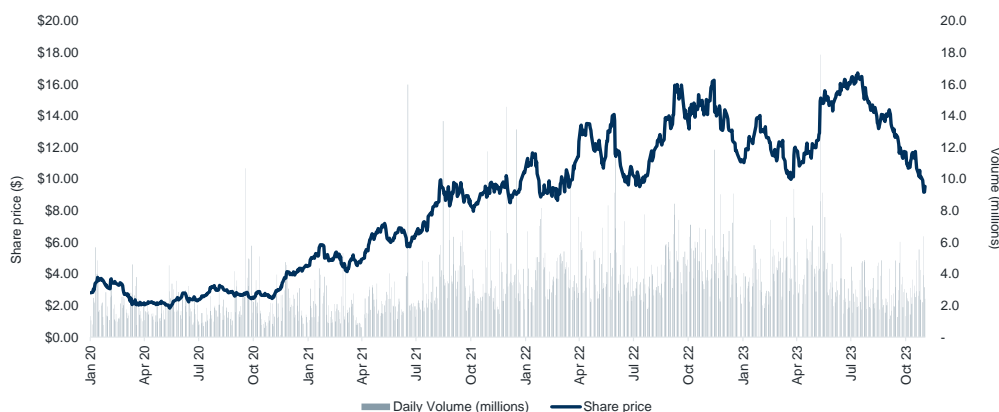


## 8.9 Share price performance

### 8.9.1 Recent sharemarket trading

Allkem's share price performance and the volume of shares traded between 2 January 2020 to 5 November 2023 is illustrated as follows.

**Allkem Share Price and Volume from 2 January 2020 to 5 November 2023**



Source: S&P Capital IQ; Kroll analysis.

Note 1: this chart shows the share price performance of Orocobre only until 26 August 2021, the day after the scheme of arrangement in relation to the merger of Galaxy and Orocobre was implemented.

Allkem's<sup>111</sup> share price has performed strongly over the period. Similar to other lithium producers, Allkem was the beneficiary of large increases in the price of lithium products that occurred from January 2021. The magnitude of lithium price increases can be observed by the growth of the Lithium Carbonate EXW China Index, which increased from \$7,100/t on 31 January 2020 to \$79,550/t on 31 March 2022, or by approximately 11.2 times. Spot prices have since moderated to \$22,325/t as at 1 November 2023, but still remain higher than they were less than three years ago.

As a result, Allkem's share price has historically been correlated to comparable companies, which have fluctuated based on changing investor sentiment towards the lithium sector (particularly as a result of developments in the EV industry) and expected future lithium prices. Movements in Allkem's share price has also been volatile over the analysed period, with the share price moving significantly based off lithium industry sentiment and EV manufacturer developments.

After initially performing strongly in early 2020 following higher observed lithium prices, Allkem's share price generally declined until March 2020 and thereafter languished in a range of A\$2.02 to A\$2.28 until 14 May 2020, when it declined to reach A\$1.84. This reflects challenges including:

- the release of a disappointing December 2019 Quarterly Report;
- the impact of a market-wide sell-off in response to the outbreak of the COVID-19 pandemic;
- the impact of Argentine lockdowns which necessitated the suspension of Allkem's Olaroz operations between 23 February 2020 and 9 April 2020; and
- an announcement on 28 April 2020 that the Olaroz Stage 2 Expansion would be materially delayed.

Allkem's share price recovered strongly from 15 May 2020, tracking the broader recovery of equity markets, to reach a high of A\$3.28 on 6 August 2020, which represented a 78.3% recovery since its May low.

<sup>111</sup> Trading as Orocobre prior to 6 December 2021, the date Allkem's name changed from Orocobre Limited to Allkem Limited.



Subsequently Allkem's share price drifted lower for the majority of the remainder of the year, closing at A\$2.45 on 2 November 2020. Notable events during this period included:

- large trading volumes during August and September 2020 attributable to a A\$125 million institutional placement and A\$43 million share purchase plan;
- the removal of Allkem from the S&P/ASX 200 Index in September 2020; and
- significant share price declines across ASX lithium companies following Tesla's Battery Day event in September 2020.

The share price performed strongly for the rest of the calendar year rising to A\$4.55 on the close of trading on 29 December 2020. This period was characterised by both a broader sharemarket recovery and improving investor sentiment towards the lithium sector as the outlook improved for EV sales in Europe and the United States.

Allkem's overall share price performance was positive from 4 January 2021 until its merger with Galaxy on 25 August 2021, increasing from a closing price of A\$4.50 on 4 January 2021 to a closing price of A\$9.50 on 25 August 2021. During this period, Allkem benefitted from continued increased lithium prices, which can be observed by the growth of the Lithium Carbonate EXW China Index, which increased from \$6,700/t on 31 December 2020 to \$15,950/t on 31 August 2021, or by approximately 2.4 times.

Allkem's shares traded within a relatively narrow range of A\$7.97 to A\$10.22 from 25 August 2021 until mid-December 2021, when Allkem's share price again began to increase, reaching a closing price of \$11.66 on 13 January 2022. Allkem's share price performance was supported by a positive production and delivery announcement from Tesla, Inc. (**Tesla**) on 4 January 2022, increasing 7.7% on the day, as well as continued rapid increases in lithium prices.

Allkem's share price declined over the remainder of January 2022 but recovered in February and April 2022, again supported by continued increases in lithium prices, with the Lithium Carbonate EXW China Index reaching \$79,550/t by 31 March 2022. Allkem's share price reached A\$13.52 on 14 April 2022, but subsequently declined to \$10.70 by 12 May 2022. Allkem's share price recovered during the remainder of May, reaching \$14.10 on 30 May 2022, but subsequently declined again in June. Investor sentiment tilted negative in June as brokers warned that lithium prices may peak in the near-term.<sup>112</sup>

Allkem's share price slid to \$9.52 by 12 July 2022. During this period, lithium carbonate prices continued to climb, however, the S&P Capital IQ Spodumene 6% FOB Australia Index (**Spodumene 6% FOB Australia Index**) declined from \$4,975/t to \$4,750/t between 30 June 2022 and 29 July 2022. Allkem's share price recovered over the remainder of July and into September 2022. Market sentiment towards the lithium sector improved following the announcement on 27 July that a deal regarding the US Inflation Reduction Act of 2022 had been reached with Senator Joe Machin. The Act committed \$US369 billion to green energy investment over 10 years and was signed into law on 16 August 2022.

Allkem's share price declined with the Comparable Companies Index from November 2022 to January 2023. Sentiment towards the lithium sector turned negative in November, following speculation that a major Chinese cathode producer had cut its output forecasts<sup>113</sup> and further speculation from brokers that a decline in lithium prices was in the horizon.<sup>114</sup>

After reaching A\$11.04 on 3 January 2023, Allkem's share price recovered alongside the Comparable Companies Index for the remainder of January. Sentiment towards the Australian lithium sector improved following corporate mergers and acquisitions activity including an agreement by IGO and Tianqi Lithium Corporation (**Tianqi**) to acquire ASX-listed lithium explorer Essential Metals Limited and announcement by SQM that it would pay A\$20 million for a 19.9% stake in Azure Minerals Limited. Allkem's share price declined in February and March 2023 as Lithium prices slid, with the Lithium Carbonate EXW China Index reaching \$46,975/t on 22 March 2023.

<sup>112</sup> "Goldman is wrong: Lithium miners brush off share price rout", Australian Financial Review, 2 June 2022.

<sup>113</sup> "Energy, lithium drag ASX 0.1pc lower as oil prices slip", Australian Financial Review, 15 November 2022.

<sup>114</sup> "Lithium producers crushed on warning demand at risk", Australian Financial Review, 15 November 2022.



Allkem recovered alongside the Comparable Companies Index in late March 2023, supported by a positive share price reaction to its announcement on 27 March that the Olaroz resource estimate had increased 27% to 20.7 Mt LCE. Investor sentiment towards the lithium sector also improved in the period following an announcement by Lontown Resources Limited (**Liontown**) that it had received a \$5.5 billion bid from Albemarle at a 63% premium to its last closing price.<sup>115</sup> Allkem's share price benefitted from a recovery in lithium prices starting from early May 2023 and the announcement of the Transaction Agreement on 10 May 2023, caused Allkem's share price to increase 16.4% by the close of trading on the following day.

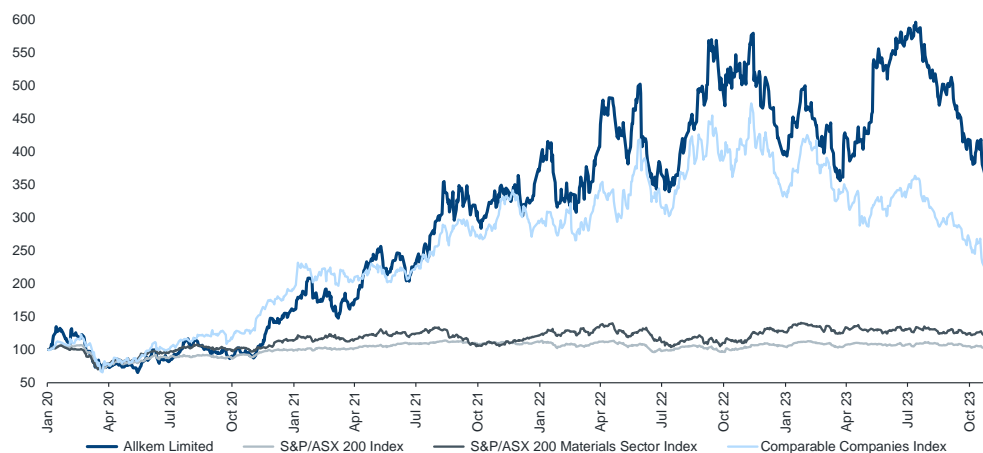
Allkem's share price has declined steadily since July 2023, from a high of \$16.73 on 13 July 2023 to \$9.54 on 5 November 2023. This decline has largely been driven by wider share market declines, the considerably lower lithium prices seen in the spot markets, and also negative sentiment relating to expectations for future lithium price forecasts, which has been evident in the lower lithium price forecasts seen in recent broker reports.

### 8.9.2 Relative share price performance

Allkem is a member of a number of indices including the S&P/ASX 200 Index (0.24% weighting) (**ASX 200 Index**) and the S&P/ASX 200 Materials Sector Index (0.85% weighting) (**ASX 200 Materials Index**).<sup>116</sup>

The relevant indices chosen for comparative performance are the ASX 200 Index, the ASX 200 Materials Index and the Comparable Companies Index.<sup>117</sup> The performance of Allkem shares relative to these indices from 2 January 2020 until 5 November 2023 are illustrated as follows:

**Allkem Share Price Performance Relative to Indices**



Source: S&P Capital IQ; Kroll analysis.

Allkem and the Comparable Companies Index outperformed the ASX 200 Index and ASX 200 Materials Index from over the period until November 2022, reflecting the positive impact of rising lithium prices. Over the period from 1 January 2020 to 31 August 2022, the Allkem share price increased by 413.9%, the Comparable Companies Index increased by 308.3% and the Lithium Carbonate EXW China Index increased by 901.7%.<sup>118</sup> The ASX 200 Index and ASX 200 Materials Index increased by 2.6% and 10.2%, respectively.

<sup>115</sup> Liontown received an additional 'best and final' proposal from Albemarle in September 2023 at an additional 20% premium to the prior offer. However, on 16 October 2023, it was announced that Albemarle and Liontown were not proceeding with the proposed transaction.

<sup>116</sup> S&P Capital IQ and Kroll analysis. Index weightings as at 5 November 2023.

<sup>117</sup> An index developed by Kroll comprising the market capitalisations of comparable major lithium producers globally. Includes Allkem, Livent, Albemarle, SQM, Pilbara Minerals, MinRes and IGO. Excludes companies which are in the development stage or only recently began producing.

<sup>118</sup> Calculated based on closing prices as at 2 January 2020 and 14 November 2022.

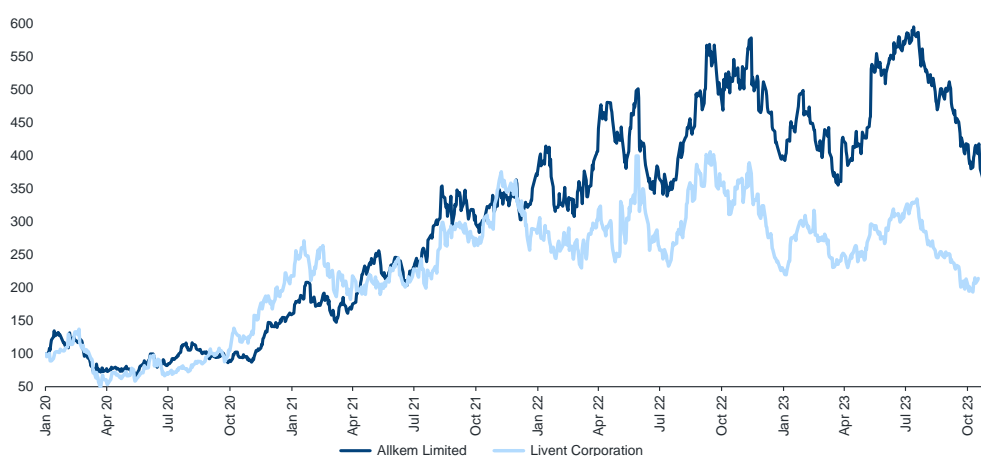




From 1 November 2022 until the announcement of the Transaction Agreement on 10 May 2023, the Allkem share price and Comparable Companies Index underperformed the broader indices, following a decline in lithium prices. Over this period, Allkem's share price declined 14.2%, the Comparable Companies Index decreased by 23.1% and the Lithium Carbonate EXW China Index decreased by 64.3%, whilst the ASX 200 Index and ASX 200 Materials Index increased by 4.0% and 15.7%, respectively.

The performance of Allkem shares relative to Livent shares from 1 January 2020 until 5 November 2023 is illustrated as follows.

#### Allkem Share Price Performance Relative to Livent



Source: S&P Capital IQ; Kroll analysis.

The Allkem share price has outperformed the Livent share price since December 2021. The divergence was likely driven by the outperformance of spodumene pricing against both lithium carbonate and lithium hydroxide pricing during 2022. Over the course of 2022, spodumene prices increased by 387.9% (as measured by the Spodumene 6% FOB Australia Index).<sup>119</sup> In contrast, lithium carbonate prices (as measured by the Lithium Carbonate EXW China Index) increased by 95%<sup>120</sup> and lithium hydroxide prices (as measured by the S&P Capital IQ Lithium Hydroxide EXW China Index (**Lithium Hydroxide EXW China Index**)) increased by 141%.<sup>121</sup>

Allkem has significant existing exposure to spodumene pricing through its Mt Cattlin mine (spodumene sales represented 58.7% of revenue whilst lithium carbonate sales represented 38.0% of sales in FY22). By contrast, Livent does not produce spodumene. As stated in Section 9.7 of this report, 51.1% of Livent's revenue in FY22 was derived from sales of lithium hydroxide, with the remainder being sales of butyllithium, high purity lithium metals and other compounds, lithium carbonate and lithium chloride.

<sup>119</sup> Calculated as the price of the Spodumene 6% FOB Australia Index on 30 December 2022 divided by the price on 31 December 2021.

<sup>120</sup> Calculated as the price of the Lithium Carbonate EXW China Index on 30 December 2022 divided by the price on 31 December 2021.

<sup>121</sup> Calculated as the price of the Lithium Hydroxide EXW China Index on 28 December 2022 divided by the price on 30 November 2021.



### 8.9.3 Liquidity

An analysis of the volume of trading of Allkem Shares, including the VWAP for various periods up to 10 May 2023, the last day of trading prior to the announcement of the Transaction Agreement, is set out as follows.

#### Allkem Liquidity to 10 May 2023

Period	Price (A\$)			Cumulative value (A\$ million)	Cumulative volume (million)	Percentage of issued capital
	Low	High	VWAP			
1 day	12.67	12.96	12.89	55.81	4.33	0.7%
1 week	11.92	12.96	12.57	272.5	21.7	3.4%
1 month	10.89	12.96	11.94	1,128.5	94.5	14.8%
3 months	9.80	12.96	11.62	3,104.7	267.2	41.9%
6 months	9.80	16.75	12.41	6,543.3	527.2	82.7%
12 months	9.32	16.75	12.63	13,777.5	1,088.0	170.6%

Source: Capital IQ, Allkem, Kroll Analysis.

In the 12 months to 10 May 2023, 170.6% of Allkem shares were traded. This level of trading indicates that Allkem shares are liquid.

## 9 Profile of Livent

### 9.1 Background<sup>122</sup>

Livent's history dates back to 1944, when Lithium Corporation of America was founded in Minnesota and over the following decades worked alongside the United States federal government to develop applications and markets for lithium carbonate and lithium hydroxide. In 1954, Lithium Corporation of America opened the first of its production facilities in Bessemer City, North Carolina, which remains a key location for Livent's assets today. In 1970, the company developed the market use of butyllithium<sup>123</sup> in solution and styrene butadiene rubber applications; advances that led it to open a butyllithium facility in the United Kingdom in 1980, which remains in operation today.

Lithium Corporation of America was acquired by FMC Corporation (**FMC**) in 1985 to form FMC Lithium. In 1991, FMC Lithium began supplying Sony Electronics with the material for its first lithium-ion batteries used in hand-held camcorders, while FMC Lithium's investment in product development led to the first completed application of lithium hydroxide in nickel-rich cathodes in 1995. In 1996, FMC Lithium opened sites in Argentina and commenced extracting lithium at the Salar del Hombre Muerto (**SdHM**) in 1997. The company's international expansion continued, opening butyllithium sites in India<sup>124</sup> and China between 2007 and 2009, further expanding in 2017 with the opening of a lithium hydroxide production plant in Rugao, China.

In 2017, FMC announced the planned separation of FMC Lithium into a publicly traded company through an initial public offering on the New York Stock Exchange, which was completed in October 2018. FMC Lithium was renamed to Livent during this process, with Livent becoming a fully independent publicly listed company in March 2019.

In November 2020, Livent was part of a consortium that acquired the business and certain assets of Nemaska Lithium Inc. (**Nemaska**), a company located in Québec, Canada, which was a fully integrated lithium hydroxide development project. Livent's initial ownership interest in the project was 25%.

In February 2022, Livent began engineering work on a second lithium carbonate expansion project in SdHM, to increase output capacity by approximately 30 ktpa on an LCE basis by the end of 2025. (Refer to Section 9.5 of this report for further details on Livent's expansion plans).

<sup>122</sup> "Reimaging Possibilities: 2022 Sustainability Report". Livent. July 2023.

<sup>123</sup> Butyllithium is an organolithium compound used to initiate polymerization in the manufacturing of synthetic rubber and other polymers.

<sup>124</sup> Indian site subsequently sold in 2023.



In June 2022, Livent doubled its ownership interest in Nemaska to 50% through a transaction with the Pallinghurst Group and its investors for their 25% stake in Nemaska, with the remaining 50% stake held by Investissement Québec. Once complete, Nemaska is expected to be a fully integrated hard-rock mining and lithium hydroxide manufacturing development project located in Québec, Canada, with 32 ktpa nameplate lithium hydroxide production capacity. The project is nearing the completion of its engineering work and is expected to begin production in 2025.

## 9.2 Strategy<sup>125</sup>

Livent pursues a growth strategy focused on supplying high performance lithium compounds to leading global automotive Original Equipment Manufacturers (**OEMs**) and battery/cathode manufacturers, as well as maintaining its reputation as a leading global producer of other lithium products including butyllithium and high purity lithium metals.

Key components of Livent's growth strategy include:

- **expanding production capabilities** to meet customers' volume requirements, maintain industry-leading lithium processing capabilities, and align modular lithium hydroxide expansion to match timing and geography of customers' needs;
- **diversifying sources of supply** by expanding low-cost global resources and pursuing additional sources of lithium;
- **expanding applications and process technology capabilities** by testing lithium extraction technologies to access new potential lithium sources and more efficient production, as well as accelerating investment in or acquisition of new capabilities, human capital, and new technologies;
- **developing next generation lithium compounds** to advance and support next generation battery technologies and manufacturing processes, as well as investing and partnering with customers to further their own research and development;
- **investing in people**, including hiring and retaining top industry talent across functions, and cultivating an inclusive and positive working environment; and
- **advancing a cleaner, healthier, and more sustainable future** by integrating sustainability across operations, expansion projects and research and development initiatives.

Livent has various expansion plans related to its goals of reaching lithium carbonate production capacity in Argentina of approximately 100 ktpa on an LCE basis by the end of 2030, and at least doubling its production capacity of lithium hydroxide to 55 ktpa, excluding Nemaska. Nemaska provides exposure to up to an additional 32 ktpa of lithium hydroxide on a 100% ownership basis.

## 9.3 Operations

### 9.3.1 Overview<sup>126</sup>

Livent is a fully integrated lithium producer listed on the NYSE, with a market capitalisation as at market close 9 May 2023 (New York time) of \$5.1 billion.<sup>127</sup> The company uses its proprietary DLE process technologies on a commercial scale for brine-based lithium extraction and manufacturing. Livent has a combined workforce of approximately 1,350 full-time, part-time, temporary, and contract employees and operates manufacturing sites in the United States, England, China and Argentina. Livent's corporate headquarters are located in Philadelphia, Pennsylvania, United States.

The company produces and sells refined lithium compounds for use in applications that have specific performance requirements, including battery-grade lithium hydroxide and lithium carbonate for use in high performance lithium-ion batteries; butyllithium, which is used in the production of polymers and pharmaceutical products; as well as a range of specialty lithium compounds, including high purity lithium

<sup>125</sup> "Reimagining Possibilities: 2022 Sustainability Report". Livent. July 2023.

<sup>126</sup> "Reimagining Possibilities: 2022 Sustainability Report". Livent. July 2023.

<sup>127</sup> Calculated as closing price on 9 May 2023 of \$24.23 multiplied by 209.5 million fully diluted Livent Shares.

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**INDEPENDENT EXPERT'S REPORT**

**KROLL**

metal, which is used in non-rechargeable batteries and the production of lightweight materials for aerospace applications. It also provides lithium phosphate, pharmaceutical-grade lithium carbonate, high purity lithium chloride, and specialty organics; and uses lithium carbonate and lithium chloride as feedstock in the process of producing performance lithium compounds.

It has commercial partnerships with automotive OEMs, including Tesla, BMW and General Motors, to provide battery-grade lithium hydroxide.

Livent's global asset footprint is illustrated in the following map:

**Livent's global asset footprint**



Source: Livent, Kroll analysis.

Livent has six manufacturing sites and ten offices around the world with its primary research and development and innovation facilities located in Bessemer City, North Carolina which also has processing facilities.

Livent also works closely with a manufacturing partner based in Rugao, China. The Rugao facility produces lithium hydroxide for Livent under an exclusive contract manufacturing relationship, complementing the lithium hydroxide it produces at Livent's Bessemer City site. In addition, Singapore is a major commercial hub for Livent's global business.

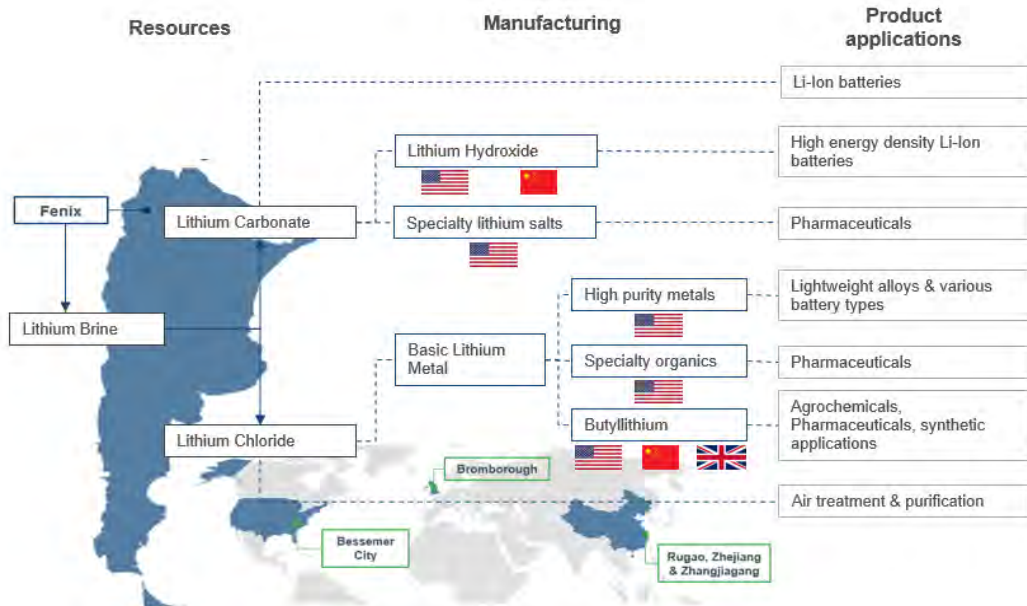
Livent extracts lithium at its Fénix site from naturally occurring lithium-rich brine deposits at SdHM, Argentina, which is located in the high Andes mountains, approximately 1,300 km northwest of Buenos Aires. The Fénix site is also where Livent manufactures lithium carbonate.

In addition, Livent has a 50% interest in Nemaska, which owns one spodumene mine asset (**Wahabouchi**) and a lithium hydroxide conversion facility (**Bécancour**), both located in Québec, Canada. Currently in late-stage engineering work, Nemaska is expected to be a fully-integrated with first spodumene production by the end of 2025.

# KROLL

Livent's current production flow from its key Fénix asset in Salar del Hombre Muerto is detailed as follows:

## Livent Operational Flow



Source: Livent.

### 9.3.2 Products and Markets Served

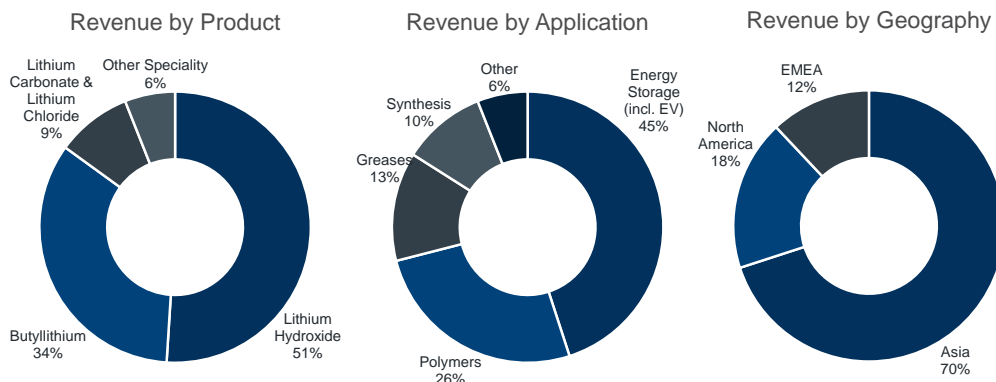
Livent manufactures and sells performance lithium compounds, including:

- **Lithium hydroxide and lithium carbonate:** for energy storage and specialty applications, including EVs, renewable energy storage, electronic devices, power tools and lubricating greases;
- **Butyllithium:** for polymers for automobile interiors, rubber for tires and hospital equipment, pharmaceuticals (e.g., statins), agrochemicals and chemical applications in electronics; and
- **High-purity lithium metal:** for non-rechargeable batteries like those used in pacemakers and solid state rechargeable batteries (**SSBs**), as well as aluminium-lithium alloys for aerospace applications.



Livent had \$813 million in revenue in FY2022, which consisted of the following products, applications, and geographies:

**Livent FY22 Revenue Breakdown**



Source: Livent Investor Presentation. June 2023.

**9.3.3 Mineral resources and mineral reserves**

Mineral resource and mineral reserve estimates for SdHM and Nemaska (Whabouchi Mine) on an attributable basis are set out as follows.

**SdHM Mineral Resource Estimate (inclusive of lithium reserves) as of 31 December 2022**

Resource Category	Lithium (000's t)	LCE (000's t)
Measured	520	2,800
Indicated	810	4,300
<b>Total Measured &amp; Indicated</b>	<b>1,300</b>	<b>6,900</b>
Inferred	890	4,700

**SdHM Mineral Reserves Estimate as of 31 December 2022**

Reserve Category	Lithium (000's t)	LCE (000's t)
Proven	150	810
Probable	580	3,100
<b>Total Proven &amp; Probable</b>	<b>730</b>	<b>3,900</b>

Source: NI 43-101 Technical Report, Pre-Feasibility Study, Project Fenix, Salar del Hombre Muerto, Catamarca, Argentina, filed on 16 October 2023.

Notes:

- 000's t means thousand tonnes.
- Values rounded to two significant figures. Totals may not add due to rounding.
- A conversion factor of 5.323 is used when converting lithium mass to LCE.
- Further detail about the basis for these mineral resources and mineral reserves is set out in Section 6.5(c) of the Scheme Booklet.



**Whabouchi Mine Mineral Resource Estimate (inclusive of lithium reserves) as of 31 December 2022**

Resources Category	Attributable Tonnes (Mt)	Grade (% Li <sub>2</sub> O)
Measured	4.8	1.60
Indicated	16.0	1.43
<b>Total Measured &amp; Indicated</b>	<b>20.9</b>	<b>1.47</b>
Inferred	4.1	1.31

**Whabouchi Mine Mineral Reserves Estimate as of 30 September 2023**

Reserve Category	Attributable Tonnes (Mt)	Grade (% Li <sub>2</sub> O)
Proven	5.2	1.40
Probable	13.8	1.28
<b>Total Proven &amp; Probable</b>	<b>19.1</b>	<b>1.31</b>

Source: NI 43-101 Technical Report Pre-Feasibility Study on the Whabouchi Mine, Nemaska, Québec, filed on 16 October 2023.

Notes:

1. The above tables represent Livent's attributable portion (50%) of the property's total mineral resources and mineral reserves.
2. The effective date of the Mineral Resource Estimate is 31 December 2022. The effective date of the Mineral Reserve Estimate is 30 September 2023.
3. Totals may not add due to rounding.
4. Further detail about the basis for these mineral resources and mineral reserves is set out in Section 6.5(c) of the Scheme Booklet.

**9.3.4 Board of Directors and Management**

Livent's current Board of Directors and Executive team are set out in the following table<sup>128</sup>.

**Livent's Directors and Executive Team**

Board of Directors	Executive Team
Pierre R. Brondeau (Chairman and Independent Director)	Paul Graves (President and Chief Executive Officer)
Robert C. Pallash (Independent Director)	Gilberto Antoniazzi (Chief Financial Officer)
G. Peter D'Aloia (Independent Director)	Sara Ponessa (General Counsel and Secretary)
Christina Lampe-Önnerud (Independent Director)	Juan Carlos Cruz (Chief Communications Officer and Global Head of Public Affairs)
Michael F. Barry (Independent Director)	Barbara Fochtman (Chief Operations and Engineering Officer)
Steven T. Merkt (Independent Director)	Walter Czarnecki (Chief Commercial Officer)
Pablo Marcet (Independent Director)	Alicia Markmann (Chief Human Resources Officer)
Andrea E. Utecht (Independent Director)	Rob Davies (Chief Administrative Officer, Asia Pacific)
Paul W. Graves (President, CEO, and Director)	Sarah Maryssael (Chief Strategy Officer)

Source: Livent.

**9.3.5 ESG Capability<sup>129</sup>**

In 2020, Livent announced long-term sustainability goals which guide the execution of Livent's ESG strategy. Livent has developed an operational framework to achieve 2030 sustainability targets, including reducing operational intensities and transitioning 30% of its energy mix to renewables, as well as achieving overall carbon neutrality by 2040.

<sup>128</sup> Livent corporate website.

<sup>129</sup> "Growing Responsibly: 2021 Sustainability Report". Livent. 2021.



Livent's diverse product portfolio allows it to manufacture products for different lithium markets and support an array of applications with varying chemistries and requirements. Its products can be found across numerous industries, including rechargeable batteries for EVs, renewable energy storage solutions, portable consumer electronics and power tools. As the pace of electrification accelerates and the demand for decarbonisation grows, there has been a heightened customer focus on securing long-term lithium volume commitments from reliable sources.

## 9.4 Profile of major assets

### 9.4.1 Salar del Hombre Muerto (SdHM)<sup>130</sup>

#### Overview

SdHM is located in northwest Argentina in the northeastern portion of the Catamarca Province, bordering Salta Province. SdHM is a salar covering an area of nearly 600km<sup>2</sup>. SdHM is separated into Western and Eastern Subbasins.

Minera del Altiplano S.A. (**MdA**), Livent's Argentine operating subsidiary, owns and operates lithium brine production facilities and related chemical processing plants in the Western Subbasin of SdHM. The operation, referred to as Fénix, broadly encompasses the areas used for lithium brine production and processing, and is located exclusively within the Western Subbasin of SdHM. MdA holds a title to mining concession rights to extract resources from SdHM. These mineral concession rights include a total of 143 contiguous mining concessions in the Western Subbasin and one concession in the Eastern Subbasin, which when combined cover an area of approximately 327km<sup>2</sup>. Livent began operations in the SdHM in 1997 and continues to process lithium in essentially the same way as when operations began.

Fénix is scheduled to undergo several phased expansions designed to increase nominal lithium carbonate production capacity to 100 ktpa on an LCE basis by 2030. The First Expansion, which is currently underway, is designed with the aim to more than double Livent's current lithium carbonate production capacity to approximately 38 ktpa on an LCE basis.

#### Location

SdHM is located in the high Andes (4,000 metres above sea level), about 1,300km northwest of Buenos Aires. SdHM is a hydrologically closed (endorheic) basin characterised by a dry former lake bed that evolved into a salt pan (salar).

SdHM's location within the Province of Catamarca and Argentina is illustrated in the following map.

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<sup>130</sup> NI 43-101 Technical Report, Pre-Feasibility Study, Project Fenix, Salar del Hombre Muerto, Catamarca, Argentina, filed on 16 October 2023.





**Fénix location within the Province of Catamarca**



Source: Allkem, Livent, Google Maps.

Notes:

3. Locations are approximate and illustrative
4. Blue boxes denote project locations. Black denotes city locations.

SdHM can be accessed using either vehicles or planes. The site is approximately 400km away by road from the nearest major city of Salta. SdHM can also be accessed from the city of Catamarca, which is approximately 650km away by road.

Livent maintains a runway suitable for light-duty aircraft approximately 1km east of Fénix. Departures from the runway occur several times per day, weather permitting, to regional airports in Catamarca and Salta.

**Activities**

Livent began initial geological investigations of SdHM in the early 1990s, and in 1991, entered into an agreement with the Argentine federal government and the Catamarca Province in connection with the development of the SdHM exploration site. In 1993 and 1994, the Argentine federal government assigned all of its rights and obligations under the agreement to the Catamarca Province and the agreement now governs limited matters related to Livent's production activities.<sup>131</sup> Livent began pilot lithium production in 1997 and commercial lithium production in 1998.

**Geology**

Like other lithium-rich salars in the lithium triangle, SdHM consists of evaporite deposits formed within an isolated basin. A bedrock saddle near the centre of the salar separates the basin into the Western and Eastern Subbasins, each covering an area of approximately 348km<sup>2</sup> and 240km<sup>2</sup>, respectively. The Eastern Subbasin is dominated by borate evaporites and clastic sediments (such as sand, silts and clays) whereas the Western Subbasin is relatively free of clastic sediment and is dominated by halite (sodium chloride salt) deposits.

**Operations and Infrastructure**

Fénix operations consist of a Selective Adsorption (SA) plant where lithium chloride is removed from raw brine using a trade secret SA process, pre-concentrate ponds, finished salar brine ponds, a carbonate plant, and associated supporting infrastructure.

Infrastructure to support the site include an auxiliary services plant, operations camp with two facilities to house personnel, infrastructure for water supply and distribution, shop and warehouse facilities and administrative offices.

<sup>131</sup> Refer to page 94 of the Form S-1 Registration Statement (Preliminary IPO Prospectus) dated 27 August 2018 for more details on the agreement.



Power for Fénix is generated onsite at the auxiliary services plant. The primary fuel source of the auxiliary services plant is natural gas which is piped to the plant. Diesel is used for fuel generators at lithium brine production wells and as a backup for the auxiliary services plant.

#### **Water Supply**

The SA plant requires fresh water in order to extract lithium. From the start of operations in 1997 to the present, fresh water has been supplied by a small dam (dique) located at the terminus of the Rio Trapiche, and from a series of groundwater pumping wells installed in the Trapiche alluvial aquifer.

Livent manages groundwater resources at the Trapiche aquifer to prevent excessive drawdown by monitoring and using numerical modelling tools. Livent monitors and reports aquifer conditions (such as water levels and water quality) to local authorities as part of its Environmental Control Program.

The current freshwater supply to Fénix is not sufficient to meet projected demands following plant expansions. Consequently, Livent is constructing a 31km aqueduct to convey fresh water from the Rio de Los Patos Aquifer to Fénix. Prior to construction of the aqueduct, Livent commissioned a series of investigations to ensure freshwater supply from the Rio de Los Patos Aquifer is sufficient to meet project demands.

#### **Mineral Processing**

Unlike conventional lithium brine processes, Livent uses a unique SA process to remove lithium from raw brine. The SA plant is fed lithium brine extracted using production wells. At the SA plant, lithium chloride is removed from raw brine using a trade secret process. The brine is loaded into a column where the lithium is absorbed onto media. The media is then stripped of the lithium-rich brine where it proceeds to the next step that removes water for recycling and further concentrates the lithium chloride brine. The brine is then polished to remove other elements.

In 2012, Livent began directing some of the flow from the production wells is directed into pre-concentrate ponds before being fed into the SA plant. These shallow ponds cover approximately 330 hectares and promote evaporation and concentration of brine. The use of higher concentration brine from the pre-concentrate ponds allows Livent to increase the production capacity at the SA plant. However, feed from the pre-concentrate ponds is not required to process raw brine,

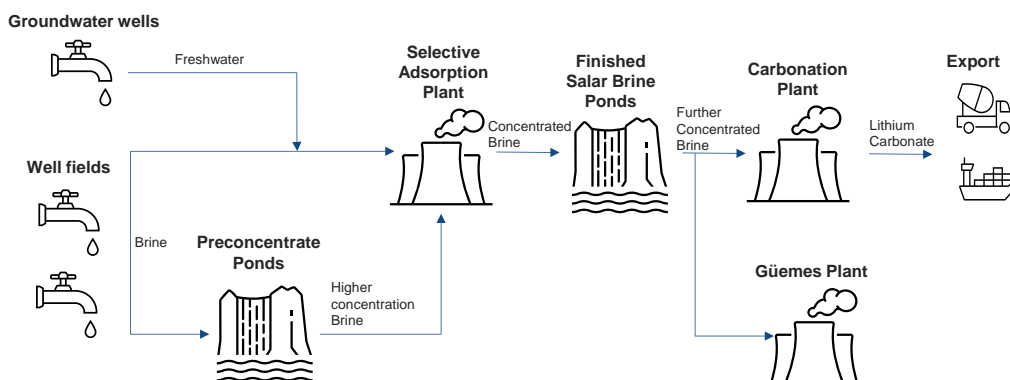
After passing through the SA plant, concentrated lithium brine is directed to a series of small evaporation (Finished Salar Brine (**FSB**) ponds) which further raise the concentration of the brine. A concentrated brine stream is directed from the FSB ponds to the carbonate plant as feed for finished lithium carbonate, or is transported to the lithium chloride processing facility at Güemes. At the carbonate plant, concentrated brine is conditioned and reacted with sodium carbonate to produce lithium carbonate and sodium chloride.

The slurry is filtered, repulped, centrifuged and dried before packaging. Finished lithium carbonate is packaged into woven polyethylene super sacks and stored onsite until they are shipped.

Effluent from the SA plant, referred to as spent brine, is a mixture of brine that has been stripped of lithium and fresh water. Spent brine is directed to equalisation ponds before being discharged to an artificial lagoon. At the artificial lagoon, spent brine recharges to the salar or is evaporated.



**Fénix Brine Process**



Source: Livent; Kroll analysis.

**Expansion projects**

The First Expansion is currently underway with two more expansions planned beyond the First Expansion. See Section 9.5 for additional details on the planned expansions.

**Mineral resources and mineral reserves**

Salar de Hombre Muerto's reported mineral resources and reserves are summarised as follows.

**SdHM Mineral Resource Estimate (inclusive of lithium reserves) as of 31 December 2022**

Resource Category	Lithium (000's t)	LCE (000's t)
Measured	520	2,800
Indicated	810	4,300
<b>Total Measured &amp; Indicated</b>	<b>1,300</b>	<b>6,900</b>
Inferred	890	4,700

**SdHM Mineral Reserves Estimate as of 31 December 2022**

Reserve Category	Lithium (000's t)	LCE (000's t)
Proven	150	810
Probable	580	3,100
<b>Total Proven &amp; Probable</b>	<b>730</b>	<b>3,900</b>

Source: NI 43-101 Technical Report, Pre-Feasibility Study, Project Fenix, Salar del Hombre Muerto, Catamarca, Argentina, filed on 16 October 2023.

Notes:

1. 000's t means thousand tonnes.
2. Values rounded to two significant figures. Totals may not add due to rounding.
3. A conversion factor of 5.323 is used when converting lithium mass to LCE.
4. Further detail about the basis for these mineral resources and mineral reserves is set out in Section 6.5(c) of the Scheme Booklet.

**9.4.2 Nemaska<sup>132</sup>**

**Overview**

Nemaska is a joint venture project between Livent and Investissement Québec that owns one spodumene mine asset (**Whabouchi**) and a lithium hydroxide conversion facility (**Bécancour**), both located in Québec, Canada. In November 2020, Livent invested in Nemaska via a joint venture with the Pallinghurst Group. Both companies equally owned Québec Lithium Partners (**QLP**), which had a 50% equity ownership in

<sup>132</sup> Livent. 2022 10-K.

## KROLL

Nemaska. The remaining 50% of Nemaska was owned, and continues to be held, by the Canadian government through Investissement Québec. In June 2022, Livent acquired Pallinghurst's 50% of QLP, increasing Livent's ownership stake in Nemaska to 50%.

Nemaska engages in the exploration and evaluation of lithium hard rock mining properties in Canada, owning a 100% interest in Whabouchi that consists of 35 claims covering an area of 1,632 hectares located in the Eeyou Istchee/James Bay area of Québec province, and the Sirmac property, which comprises 24 mining claims covering an area of 1,101 hectares located to the northwest of Chibougamau. Nemaska is headquartered in Québec City, Canada.

### Location

The location of the Nemaska project within Québec and Canada is illustrated in the following map:

#### Nemaska project location within Québec



Source: Allkem, Livent, Google Maps.

Notes:

1. Locations are approximate and illustrative
2. Blue boxes denote project locations. Black denotes city locations.

Whabouchi is accessible by several roadways and by air through the Nemiscau airport, located 18km west of the property, and covers a total of approximately 1,632 hectares. The property is comprised of 35 claims that initially expire from late 2024 through 2025 but are renewable by Nemaska, subject only to declaring proof of exploration and paying renewal rights, and a lease covering 138 hectares from the Ministère des Ressources naturelles et des Forêts of the Province of Québec, which expires on 25 October 2037. The claims and the lease grant the right to explore for mineral substances and their associated surface leases grant rights to develop necessary infrastructure. The mining lease grants rights to extract lithium and operate the mine.

### Activities

Whabouchi is undergoing late stage engineering work and site clearing for the lithium hydroxide conversion facility in Bécancour, Québec, approximately 1,300km (by road and rail) from the mine. A pre-feasibility study was recently completed to establish mineral resources and reserves and production estimates for Whabouchi. The study also includes required capital expenditures, environmental and other permits, infrastructure development, and construction and operational design plans for the property.

Livent is providing technical advisory support, marketing and sales, and other services to Nemaska pursuant to contractual arrangements that are in place or under negotiation.

Livent's 2Q23 results presentation provided the following update on the Nemaska project:<sup>133</sup>

<sup>133</sup> "Livent Q2 2023 Earnings Presentation". Livent, August 2023.



- Total capital spend for Nemaska has been revised to approximately \$1.6 billion, split across Whabouchi (\$0.4 billion) & Bécancour (\$1.2 billion). Livent expects that funding sources for project development will include prepayments from customers, government funding, debt financing and contributions from Nemaska's two current shareholders. Livent anticipates its own funding contributions for the project development will not exceed 10 to 15% of total project spend;
- Whabouchi is designed to have a capacity of approximately 235 ktpa of spodumene concentrate at 5.5% Li<sub>2</sub>O with first production expected in 2025. Whabouchi is expected to be one of the largest lithium assets in North America. Spodumene sales to customers is expected to commence in 1H25 until the Bécancour plant is able to take spodumene as feedstock for lithium hydroxide conversion; and
- Bécancour nameplate capacity is approximately 32 ktpa of lithium hydroxide monohydrate with first production expected in 2026. Nemaska has signed a customer agreement with Ford Motor Company for up to 13 ktpa of hydroxide over an 11-year period from the Bécancour facility. The Bécancour site has additional land available to increase future lithium hydroxide production capacity.

#### Geology and Mineralisation<sup>134</sup>

The mineralisation at the Whabouchi deposit is found in spodumene pegmatites. At Whabouchi, a spodumene-bearing pegmatite dyke swarm occurs and is composed of interconnecting dykes and plug shaped intrusions. The corridor occupied by the dyke swarm has been recognised on a strike length of 350m with a width ranging from 60m to 330m.

The Whabouchi pegmatite sampled from drill core averages 1.4% Li<sub>2</sub>O with values up to 5.2% Li<sub>2</sub>O. Mineralogical assessment at the site has shown the presence of other Li-bearing minerals such as petalite, muscovite and holmquistite.

#### Mineral resources and mineral reserves

Nemaska's reported mineral resources and mineral reserves, located at the Whabouchi Mine, are summarised as follows on an attributable basis.

##### Whabouchi Mine Mineral Resource Estimate (inclusive of lithium reserves) as of 31 December 2022

Resources Category	Attributable Tonnes (Mt)	Grade (% Li <sub>2</sub> O)	Attributable Li Oxide (Mt Li <sub>2</sub> O%)
Measured	4.8	1.60	0.078
Indicated	16.0	1.43	0.229
<b>Total Measured &amp; Indicated</b>	<b>20.9</b>	<b>1.47</b>	<b>0.307</b>
Inferred	4.1	1.31	0.054

##### Whabouchi Mine Mineral Reserves Estimate as of 30 September 2023

Reserve Category	Attributable Tonnes (Mt)	Grade (% Li <sub>2</sub> O)
Proven		5.2
Probable		13.8
<b>Total Proven &amp; Probable</b>	<b>19.1</b>	<b>1.31</b>

Source: NI 43-101 Technical Report Pre-Feasibility Study on the Whabouchi Mine, Nemaska, Québec, filed on 16 October 2023.

Notes:

1. The above tables represent Livent's attributable portion (50%) of the property's total mineral resources and mineral reserves.
2. The effective date of the Mineral Resource Estimate is 31 December 2022. The effective date of the Mineral Reserve Estimate is 30 September 2023.
3. Totals may not add due to rounding
4. Further detail about the basis for these mineral resources and mineral reserves is set out in Section 6.5(c) of the Scheme Booklet.

<sup>134</sup> Whabouchi Lithium Mine and Bécancour Conversion Plant Technical Report. April 2023.



### 9.4.3 Production Facilities

Livent's production facilities are located across Argentina, the United States, England and China, detailed as follows:

- **Güemes, Argentina:** brine extract from SdHM is transported to Livent's facility in Güemes, Argentina for processing. This facility produces lithium chloride, which is used to produce high purity lithium metal and butyllithium;
- **Bessemer City, United States:** Livent's facility in Bessemer City is its largest manufacturing facility, and is engaged in the production of lithium hydroxide, butyllithium, specialty organics, high purity lithium metal and several other inorganic products. Additionally, this is where Livent's development and innovation facilities are located. Livent concluded a lithium hydroxide expansion project at Bessemer City at the end of 2022 which is expected to increase hydroxide manufacturing capacity by 50%;
- **Bromborough, England:** the Bromborough facility services Europe and international butyllithium and organometallic compound needs for the polymer and pharmaceutical markets;
- **Rugao, China:** the Rugao facility produces lithium hydroxide for the high-performance grease and lithium-ion battery markets under an exclusive contract manufacturing relationship with Livent; and
- **Zhangjiagang, China:** Livent's Zhangjiagang supplies butyllithium to the Asian polymer and pharmaceutical markets.

### 9.5 Expansion Plans

As noted earlier and summarised as follows, SdHM is scheduled to undergo several phased expansions designed to increase nominal lithium carbonate production capacity to 100,000 tonnes lithium carbonate per year.

#### SdHM Lithium Carbonate expansion overview

	First Expansion	Second Expansion	Third Expansion
Status	Ongoing	Engineering	Evaluating
Location	Argentina	Argentina	Argentina
Capacity	~38 ktpa in 2 phases	30 ktpa	TBD
First Production	2H23; 1Q24	2025	2029 / 2030
Capex	~\$450m in 2023 / 24	\$500-700m	TBD
Flow Sheet	Existing DLE	Existing DLE	Conventional evaporation pond

Source: Livent Corporation, Investor Presentation, August 2023.

The first expansion, designed to double lithium carbonate production capacity to approximately 38 ktpa, is currently underway. In February 2022, Livent announced that it began engineering for an additional lithium carbonate expansion project in Argentina (Second Expansion). This expansion will increase Livent's lithium carbonate capacity by 30 ktpa, with first production as early as the end of 2025 and ramp-up in 2026. In May 2022, Livent also announced that it is exploring an additional expansion (Third Expansion) in Argentina, also at SdHM, that would add additional lithium carbonate capacity by repurposing existing ponds that will no longer be needed for expanded operations and deploy a more conventional pond evaporation-based process.

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Livent is also undergoing several expansion programs for its lithium hydroxide plants, summarised as follows.

**Lithium Hydroxide expansion overview**

	<b>US Plant (Bessemer City)</b>	<b>China Plant</b>	<b>Recycling Plant</b>
Status	Complete	Engineering	Evaluating
Location	United States	China	North America / Europe
Capacity	5 ktpa	15 ktpa	10 ktpa
Commercial Production	2023	2024	2025
Capex	n.a.	~\$25m	TBD
Feedstock	Carbonate	Carbonate	Recycled Materials

Source: Livent Corporation, Investor Presentation, August 2023.



## 9.6 Environmental and Regulatory Overview<sup>135</sup>

Livent is subject to and incurs capital and operating costs to comply with numerous foreign, United States federal, state and local environmental, health and safety laws and regulations, including those governing employee health and safety, the composition of the company's products, the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the usage and availability of water, the cleanup of contaminated properties and the reclamation of its mines, brine extraction operations and certain other assets at the end of their useful life.

Livent's business and its customers are subject to significant requirements under the European Community Regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals (**REACH**). REACH imposes obligations on European Union manufacturers and importers of chemicals and other products into the European Union to compile and file comprehensive reports, including testing data, on each chemical substance, and performing chemical safety assessments. Currently, certain lithium products are undergoing a risk assessment review under REACH, which may eventually result in restrictions in the handling or use of lithium carbonate and other lithium products that Livent produces, which may increase production costs. In addition, REACH regulations impose significant additional responsibilities and costs on chemical producers, importers, downstream users of chemical substances and preparations, and the entire supply chain. South Korea has a similar Act on the Registration and Evaluation of Chemicals which is known as "K-REACH." Both REACH and K-REACH may lead to increases in the costs of raw materials Livent purchases and the products Livent sells in the European Union and South Korea, respectively.

In June 2016, modifications to the Toxic Substances Control Act in the United States were signed into law, requiring chemicals to be assessed against a risk-based safety standard and for the elimination of unreasonable risks identified during risk evaluation. Other initiatives in Asia and potentially in other regions will require toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by Livent. These assessments may result in heightened concerns about the chemicals involved and additional requirements being placed on the production, handling, labelling or use of the subject chemicals.

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<sup>135</sup> Livent. 2022 10-K.





## 9.7 Financial performance

### 9.7.1 Consolidated financial performance

The US GAAP consolidated financial performance for Livent from FY20 to 1H23 is summarised in the following table.

Livent Consolidated Financial Performance (\$ millions)

	FY20 Audited	FY21 Audited	FY22 Audited	1H23 Reviewed
<b>Revenue</b>	<b>288.2</b>	<b>420.4</b>	<b>813.2</b>	<b>489.3</b>
Cost of sales <sup>1</sup>	(242.6)	(323.1)	(415.1)	(175.3)
<b>Gross profit</b>	<b>45.6</b>	<b>97.3</b>	<b>398.1</b>	<b>314.0</b>
Operating expenses <sup>2</sup>	(23.3)	(27.8)	(31.4)	(22.1)
<b>EBITDAIX<sup>3</sup></b>	<b>22.3</b>	<b>69.5</b>	<b>366.7</b>	<b>291.9</b>
Depreciation and amortisation	(25.0)	(25.1)	(27.7)	(13.8)
<b>EBITIX<sup>4</sup></b>	<b>(2.7)</b>	<b>44.4</b>	<b>339.0</b>	<b>278.1</b>
Net finance costs <sup>5</sup>	(0.3)	(0.3)	-	-
<b>EBTIX<sup>6</sup></b>	<b>(3.0)</b>	<b>44.1</b>	<b>339.0</b>	<b>278.1</b>
Other income/(expenses), net <sup>7</sup>	(19.4)	(16.3)	(15.8)	(35.0)
Share of net loss from associate <sup>8</sup>	0.5	(3.9)	(9.9)	(11.0)
Significant and non recurring items <sup>9</sup>	(0.1)	-	22.1	11.4
<b>Total profit/(loss) for the year before tax</b>	<b>(22.0)</b>	<b>23.9</b>	<b>335.4</b>	<b>243.5</b>
Income tax expense	5.7	(23.3)	(61.9)	(38.5)
<b>Profit after tax</b>	<b>(16.3)</b>	<b>0.6</b>	<b>273.5</b>	<b>205.0</b>
<b>Financial</b>				
Revenue growth	(25.8)%	45.9%	93.4%	35.1%
Cost of sales growth	(8.7)%	33.2%	28.5%	(5.1)%
EBITDAIX growth	(77.7)%	211.7%	427.6%	79.2%
EBITIX growth	nmf	nmf	663.5%	85.3%
<b>Profitability</b>				
Gross margin	15.8%	23.1%	49.0%	64.2%
EBITDAIX margin	7.7%	16.5%	45.1%	59.7%
EBITIX margin	(0.9)%	10.6%	41.7%	56.8%
<b>Interest coverage</b>				
Net interest cover (times)	nmf	nmf	nmf	nmf
<b>Other</b>				
Effective tax rate	(25.9)%	(97.5)%	(18.5)%	(15.8)%
<b>Per share metrics</b>				
Weighted average number of shares (basic) (millions)	146.2	154.7	171.8	179.6
Weighted average number of shares (diluted) (millions)	146.2	184.3	201.6	209.3
Basic earnings per share (cents)	(11.1)	0.4	159.2	114.1
Diluted earnings per share (cents)	(11.1)	0.3	135.7	97.9

Source: Livent Annual Reports and Quarterly Reports (comparative period data if restated); Kroll analysis.

Notes:

- Adjusted to exclude the impact of Argentina remeasurement losses, COVID-19 related costs, other losses and Argentina interest income;
- Calculated as selling, general and administrative expenses and research and development expenses, less depreciation and amortisation;
- EBITDAIX is earnings before interest, taxes, depreciation, amortisation, impairment, gains from financial instruments, foreign currency (losses)/gains, share of associate losses, and COVID-19 related costs. EBITDAIX has been assumed to be comparable to Livent's reported Adjusted EBITDA.
- EBITIX is earnings before interest, taxes, impairment, gains from financial instruments, foreign currency (losses)/gains, share of associate losses, and COVID-19 related costs.
- Excludes interest capitalised in accordance with US GAAP standards of \$12.0 million, \$15.4 million, \$15.8 million and \$8.4 million in FY20, FY21, FY22 and 1H23, respectively.
- EBTIX is earnings before taxes, impairment, gains from financial instruments, foreign currency (losses)/gains, share of associate losses, and COVID-19 related costs
- Includes restructuring and other charges, separation-related costs/income, currency-related items, and COVID-19 pandemic costs. See breakdown in the table titled 'Other Income/Expenses'.



8. Disclosed as by Livent as "Equity in net loss of unconsolidated affiliate".
9. Includes loss on debt extinguishment and the Blue Chip swap gain, a mechanism allowing entities to transfer US dollars out of and into Argentina at a rate that has diverges from Argentina's official exchange rate.

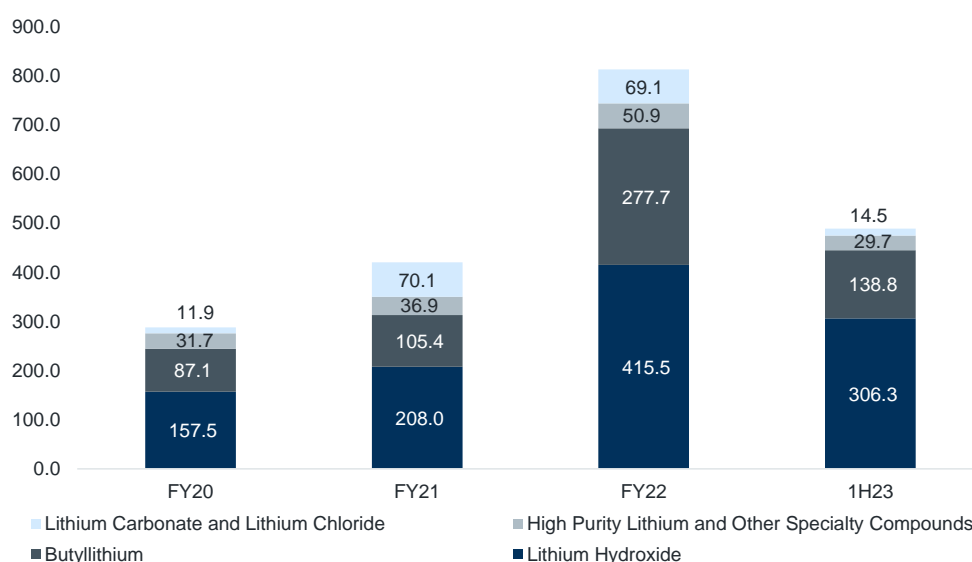
Livent's financial performance is presented in accordance with US GAAP standards. We note the following in respect of the consolidated financial performance of Livent from FY20 to 1H23:

- revenue increased \$132.2 million in FY21 to reach \$420.4 million driven by a combination of higher sales volumes and higher pricing. FY22 revenue of \$813.2 million represented an increase of \$392.8 million compared to FY21, primarily due to higher pricing across all Livent products, partially offset by a slight decrease in sales volumes. 1H23 revenue of \$306.3 million represents an increase of 35.1% on the pcp, driven by higher pricing during both 1Q23 and 2Q23;

#### Revenue by segment

Livent's revenue by segment is illustrated as follows:

#### Revenue by Major Product Category (\$ millions)



Source: Livent Annual Reports (comparative period data if restated); Kroll analysis.

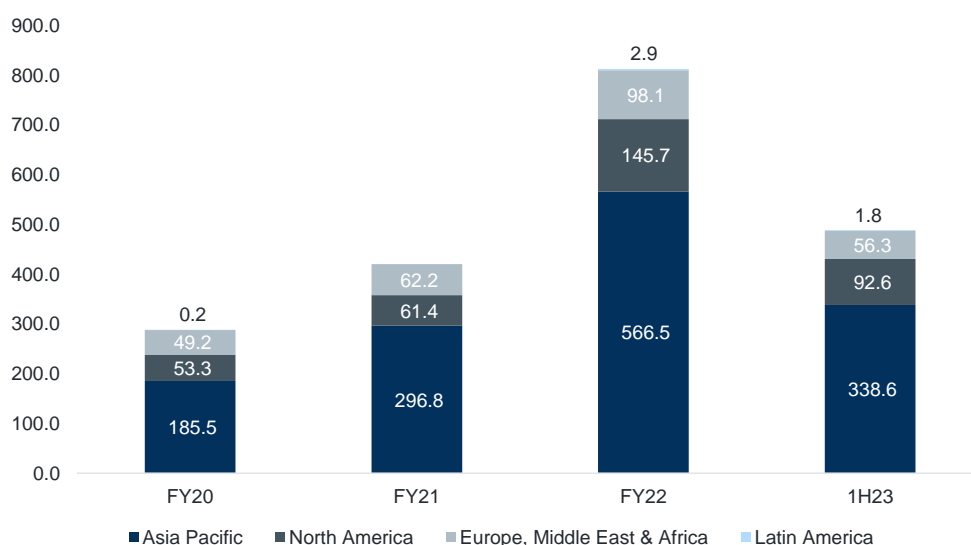
- 1H23 revenue is comprised of sales of lithium hydroxide (62.6%), butyllithium (28.4%), high purity lithium and other speciality products (6.1%), and lithium carbonate and lithium chloride (3.0%). Compared to FY22, sales of lithium hydroxide increased as a proportion of total revenue whilst sales of butyllithium and lithium carbonate and lithium chloride decreased as a proportion of total revenue;



### Revenue by geography

Livent's revenue by geography of sale is illustrated as follows:

#### Revenue by Geography (\$ millions)



Source: Livent Annual Reports (comparative period data if restated); Kroll analysis.

- 1H23 revenue is comprised of sales to the Asia Pacific (69.2%), North America (18.9%), EMEA (11.5%) and Latin America (0.4%). Over the period presented, the proportion of Livent's revenue from Asia Pacific has increased whilst the proportion of revenue from EMEA has decreased;
- gross margin expanded from 15.8% in FY20 to 23.1% in FY21, 49.0% in FY22 and 64.2% in 1H23, driven primarily by higher pricing across Livent's products, partially offset by rising logistics and raw material costs. Rising revenue and gross margin led to gross profit increasing from \$45.6 million in FY20 to \$398.1 million in FY22. In 1H23, gross profit increased 77.0% compared to the pcp, reaching \$314.0 million;
- operating expenses increased 19.3% in FY21 and 12.8% in FY22 primarily due to rising employee compensation. Operating expenses increased 52.4% in 1H23 compared to the pcp, driven by higher professional fees and employee compensation;
- EBITDAIX margin expanded from 7.7% in FY20 to 45.1% in FY22 and 59.7% in 1H23 as a result of revenue growth, gross margin expansion and higher operating leverage. EBITDAIX grew strongly by 211.7% in FY21, 427.6% in FY22 and 79.2% in 1H23 (compared to the pcp). EBITIX followed EBITDAIX growth, turning positive in FY21 and growing strongly by 663.5% in FY22. Because Livent had minimal net finance costs in FY20 and FY21 and no net finance costs in FY22 and 1H23, EBITIX followed EBITDAIX;
- A breakdown of Livent's other income/(expense) is presented as follows:



Other Income/(Expenses) (\$ millions)

	FY20	FY21	FY22	1H23
Restructuring and other charges	(10.7)	(3.8)	(7.5)	(26.1)
Separation-related income/(costs)	1.1	(2.0)	(0.7)	-
Argentina remeasurement losses	(6.6)	(5.3)	(6.7)	(8.9)
COVID-19 related costs	(3.2)	(5.2)	(2.4)	-
Argentina interest income	-	-	1.5	-
<b>Other income (expenses), net</b>	<b>(19.4)</b>	<b>(16.3)</b>	<b>(15.8)</b>	<b>(35.0)</b>

Source: Livent Annual Reports.

- restructuring and other charges in FY20 consisted of severance related costs for management changes, exit costs of \$1.6 million for the closing of the leased office space and legal fees related IPO securities litigation. The IPO litigation settlement was finalized in the second quarter of 2021. Restructuring and other charges declined to \$3.8 million in FY21 but increased to \$7.5 million in FY22, primarily due to higher transaction related fees, exit and severance-related costs and environmental remediation costs. Restructuring and other charges increased to \$26.1 million in 1H23, primarily due to costs associated with the Transaction and \$5.0 million in losses due to a fire at the Bessemer City manufacturing facility;
- the share of net loss from associate relates to Livent's 50% ownership interest in Nemaska (25% prior to 6 Jun 2022). It increased from \$0.5 million in FY20 to \$9.9 million in FY22 and \$11.0 million in 1H23, reflecting higher project-related development costs at the Nemaska Lithium Project progressed;
- gains of \$22.2 million in FY22 and \$11.4 million in 1H23 were recorded in significant and non-recurring items. They relate to the Blue Chip swap, a mechanism allowing entities to transfer United States dollars out of and into Argentina at a rate that diverged from Argentina's official exchange rate. In FY22 and 1H23, Livent transferred United States dollars to support capital projects and realised a gain from the purchase in United States dollars and sale in Argentine pesos;
- total profit/(loss) after tax for the year followed EBTIX, becoming positive in FY21 and growing strongly in FY22 and 1H23. Livent's effective tax rate was 25.9% in FY20, 97.5% in FY21, 18.5% in FY22 and 14.3% in 1H23. Livent's income tax expense/(benefit) is strongly impacted by foreign currency impacts in Argentina, resulting in greater volatility in Livent's effective tax rate; and
- after incurring losses per share of 11.1 cents in FY20, EPS turned positive in FY21 and grew to 159.2 cents in FY22 and 114.1 cents in 1H23.

### 9.7.2 Outlook

In conjunction with the release of its 3Q23 results on 31 October 2023, Livent revised the following FY23 guidance:

- revenue in the range of \$890 million to \$940 million; and
- adjusted EBITDA in the range of \$500 million to \$530 million.

Livent does not provide guidance beyond FY23 or guidance in relation to operating EBIT or earnings. In the absence of this, Kroll has considered brokers' forecasts for Livent. As far as Kroll is aware, nine brokers (excluding advisers) have published reports following the release of Livent's 3Q23 financial results on 31 October 2023. While these forecasts are sensitive to assumptions as to future commodity prices and exchange rates, they provide an indication of the expected future performance of Livent. Further detail is provided in Appendix 3.

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Livent Broker Consensus (\$ millions)

	Actual	Broker Consensus		
	FY22	FY23	FY24	FY25
Underlying revenue	813.2	915.0	1,040.0	1,335.0
Underlying EBITDA	366.7	511.0	545.2	716.0
Underlying EBIT	339.0	477.8	493.4	638.0
<b>Growth</b>				
Underlying revenue growth	93.4%	12.5%	13.7%	28.4%
Underlying EBITDA growth	427.6%	39.4%	6.7%	31.3%
Underlying EBIT growth	663.5%	40.9%	3.3%	29.3%
<b>Profitability</b>				
Underlying EBITDA margin	45.1%	55.8%	52.4%	53.6%
Underlying EBIT margin	41.7%	52.2%	47.4%	47.8%

Source: Livent Broker Reports; Kroll analysis.

With regard to the Livent broker consensus summarised above, we note:

- broker consensus figures in the table above are the median of the nine broker forecasts. More detail is shown in Appendix 3;
- five of the nine brokers provided forecasts out to FY25, whilst all provided a forecast to FY24. The FY25 forecast therefore only includes five of the nine brokers;
- brokers noted that Livent has a high percentage of volumes contracted at fixed prices, providing more visibility into its FY23 financials than for comparable lithium companies;
- brokers expect lithium prices to enter a period of controlled decline following FY23. Nonetheless, most brokers forecast higher operating revenue and profitability in FY24 and FY25, primarily driven by production increases at SdHM;
- brokers expect substantially higher production volumes in FY24 compared to FY23 based on the expansion of nameplate lithium carbonate production capacity to approximately 38,000 tonnes per annum and expansion of nameplate lithium hydroxide production capacity by 15,000 tonnes per annum in the province of Zhejiang in China.



## 9.8 Financial position

The US GAAP financial position for Livent 31 December 2022 and 30 June 2023 is summarised in the following table.

Livent Financial Position (\$ millions)

	As at Dec 31, 2022	As at June 30, 2023
	Audited	Reviewed
Trade and other receivables	141.6	122.3
Inventory (current)	152.3	197.8
Prepayments	61.1	44.8
Payables and provisions (current)	(81.7)	(80.5)
Income tax payable	(13.2)	(3.2)
Derivative financial instruments	-	-
Other liabilities (current)	(52.9)	(56.8)
Other liabilities and derivative financial instruments (current)	(52.9)	(56.8)
<b>Net working capital</b>	<b>207.2</b>	<b>224.4</b>
Property, plant and equipment	973.1	1,144.2
Investments	440.3	455.7
Other receivables and financial and other assets (non-current) <sup>1</sup>	116.4	151.1
Other payables (non-current)	(213.9)	(215.6)
Provisions (non-current)	(6.4)	(6.5)
Derivative financial instruments	-	-
Other payables, provisions and other liabilities (non-current) <sup>2</sup>	(220.3)	(222.1)
Deferred tax liabilities (net)	(15.7)	(18.4)
<b>Total funds employed</b>	<b>1,501.0</b>	<b>1,734.9</b>
Cash	189.0	167.8
Loans and borrowings	(241.9)	(242.7)
Lease liabilities	(5.1)	(7.0)
<b>Net cash/(debt) (including leases)</b>	<b>(58.0)</b>	<b>(81.9)</b>
<b>Net assets</b>	<b>1,443.0</b>	<b>1,653.0</b>
<b>Equity attributable to Livent Shareholders</b>	<b>1,443.0</b>	<b>1,653.0</b>
<b>Statistics</b>		
Number of shares at period end (millions)	179.5	179.7
Net assets per ordinary share (cents)	803.7	919.8
Gearing ratio <sup>3</sup>	3.9%	4.7%

Source: Livent Annual Reports, Quarterly Reports and Results Presentations; Kroll analysis.

Notes:

1. Includes other receivables (non-current), other financial assets and other assets (non-current).
2. Includes other payables (non-current), provisions (non-current) and derivative financial instruments.
3. Gearing ratio is calculated as (net debt/(net debt + total equity)).
4. Livent's financial position is presented in accordance with US GAAP standards.

In relation to the financial position of Livent as at 30 June 2023, we note:

- net working capital of \$224.4 million is primarily comprised of trade and other receivables, inventory, payables and provisions and other liabilities and derivative financial instruments. Livent's net working capital increased by \$51.1 million in FY22 and a further \$17.2 million in 1H23, driven primarily by higher inventories;
- inventory of \$197.8 million is comprised of finished goods, semi-finished goods, and raw materials, supplies. Livent's inventory has grown consistently since 31 December 2020 due to higher inventory valuations as raw material, logistics and other production costs have increased;
- property, plant, and equipment of \$1,144.2 million represents an increase of \$582.8 million since 31 December 2020, primarily due to increases in Construction in Progress due to Livent progressing in its expansion plans at SdHM; and
- other receivables and financial and other assets of \$151.1 million in 31 December 2022 included \$108.5 million of Argentina government receivables and \$19.4 million in advance to contract



manufacturers. Argentina government receivables primarily comprise export tax and export rebate receivables;

- investments of \$455.7 million represented Livent's 50% share of Nemaska. Livent accounts for Nemaska as an equity investment. Investments grew from \$27.2 million on 31 December 2021 to \$440.3 million on 31 December 2022, reflecting an additional 25% indirect equity purchase of Nemaska in FY22;
- a short-term contract liability of \$2.3 million and long-term contract liability of \$198.0 million are included within other liabilities and derivative financial instruments (current) and other payables, provisions and other liabilities (non-current). The \$198.0 million long-term contract liability relates to a transaction which occurred on 25 July 2022 in which Livent entered into a long-term supply contract to deliver battery-grade lithium hydroxide over six years between 2025 and 2030. The contract included an advance payment of \$198.0 million received in the third quarter of 2022.

#### 9.8.1 Tax

Provisions for income taxes attributable to income/(loss) from operations consists of both current and deferred expenses, aggregated by federal, foreign and state tax. In FY22, Livent recorded an income tax provision of \$61.9 million and in 1H23, Livent recorded an income tax provision of \$38.5 million.

Livent's net deferred tax liabilities on 31 December 2022 of \$15.7 million comprised deferred tax assets of \$33.1 million and deferred tax liabilities of \$46.0 million. Livent's net deferred tax liabilities increased to \$18.4 million in 1H23.

#### 9.8.2 Debt

Livent maintains a balance sheet with low gearing levels. The following table summarises the current financing arrangements of Livent as at 30 June 2023.

##### Livent financing arrangement

Type	Issue Currency	Facility Limit	Interest Rate	Undrawn	Carrying Amount	Maturity
Convertible Senior Notes	USD	245.8	Fixed	-	241.9	July 2025
Revolving Credit Facility	USD	500.0	SOFR + margin	500.0	-	September 2027
<b>Total</b>				<b>500.0</b>	<b>241.9</b>	

Source: Livent Annual Reports; Kroll analysis.

Loans and borrowings of \$242.7 million as of 31 December 2022 comprises of \$245.8 million of 4.125% convertible senior notes due in 2025 less \$3.1 million of capitalised transaction costs.

##### Convertible Senior Notes

In 2020, Livent issued \$245.8 million in aggregate principal amount of 4.125% Convertible Senior Notes due in July 2025 (the **2025 Notes**). The 2025 Notes are governed by an indenture, dated as of 25 June 2020 between Livent, as issuer, and U.S. Bank National Association, as trustee (the **2025 Notes Indenture**).

The 2025 Notes can be converted at 114.4885 Livent Shares per \$1,000 of principal, which is equivalent to an initial conversion price of \$8.73 per share, subject to adjustment upon the occurrence of specific events. As at the Last Practicable Date, there is an aggregate principal outstanding of \$245,746,000 2025 Notes on issue which would convert into 28,135,090 Livent Shares if all of the 2025 Notes were exercised. This would be equivalent to approximately 13.5% of Livent's issued share capital as at the Last Practicable Date.

Holders of the 2025 Notes may convert their notes at any time, at their option, on or after 15 January 2025. Further, holders of the 2025 Notes may convert their notes at any time, at their option, prior to 15 January 2025 under circumstances listed in Section 6.8(b) of the Scheme Booklet.

Upon conversion, the 2025 Notes will be settled in cash, shares of Livent or a combination thereof, at Livent's election.



In 3Q23, the holders of the convertible senior notes were notified that the last sale price of Livent's shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, 30 June 2023 was greater than or equal to 130% of the conversion price on each trading date, and as a result, the holder have the option to convert all or any portion of the notes through September 30 2023.

As of 30 June 2023, Livent's remaining borrowing capacity under a \$500 million senior secured revolving credit facility was \$478.8 million, including letters of credit utilization.

#### **Credit Agreement**

The credit agreement for the revolving credit facility is subject to the following covenants as of 31 December 2022:

- The maximum allowable first lien leverage ratio is 3.5 debt to adjusted earnings; and
- The minimum allowable interest coverage ratio is 3.5 adjusted earnings to interest expense.

Livent was in compliance with all requirements of the covenants as of 30 June 2023.

#### **9.8.3 Hedging**

Where appropriate and in accordance with set investment guidelines, Livent enters into a variety of derivative financial instruments in the normal course of business to hedge fluctuations in foreign exchange rates.





## 9.9 Cash flow

Livent's US GAAP statement of cash flows from FY20 to 1H23 is summarised as follows.

### Livent Cash Flows (\$ millions)

	FY20 Audited	FY21 Audited	FY22 Audited	1H23 Reviewed
<b>EBITDAIX</b>	<b>22.3</b>	<b>69.5</b>	<b>366.7</b>	<b>291.9</b>
Changes in working capital and other adjustments <sup>1</sup>	(15.1)	(46.1)	77.5	(120.1)
<b>Cash flows from operating activities</b>	<b>7.2</b>	<b>23.4</b>	<b>444.2</b>	<b>171.8</b>
Income taxes	(0.9)	3.0	10.5	9.8
Financing costs <sup>2</sup>	(8.4)	-	(2.2)	(0.3)
<b>Net operating cash flow<sup>3</sup></b>	<b>(2.1)</b>	<b>26.4</b>	<b>452.5</b>	<b>181.3</b>
Capital expenditure (net) <sup>4</sup>	(124.0)	(131.9)	(336.9)	(157.8)
Investments in Livent NQSP securities	(0.6)	(1.4)	(0.2)	(0.8)
Proceeds from Blue Chip Swap, net of purchases	-	-	22.2	11.4
Proceeds from settlement of long-term supply agreement	10.0	-	-	-
Investments in unconsolidated affiliates	(15.0)	(8.0)	(47.1)	(29.5)
Other investing activities	(1.5)	(2.0)	(2.7)	(3.5)
<b>Cash flow after investing activities</b>	<b>(133.2)</b>	<b>(116.9)</b>	<b>87.8</b>	<b>1.1</b>
Repayments of Revolving Credit Facility (net)	(119.1)	(35.6)	-	-
Proceeds from 2025 Notes	245.8	-	-	-
Proceeds from issuance of common stock - incentive plans	0.8	1.5	3.2	0.4
Repayment of QLP Note	-	-	(13.5)	-
Proceeds from Offering (net) <sup>5</sup>	-	252.2	-	-
Net purchases of treasury stock - Livent NQSP	-	(0.1)	-	-
Payment of deposit to customs authorities	-	-	-	(21.7)
<b>Net cash generated/(used)</b>	<b>(5.7)</b>	<b>101.1</b>	<b>77.5</b>	<b>(20.2)</b>
<b>Opening cash and cash equivalents</b>	<b>16.8</b>	<b>11.6</b>	<b>113.0</b>	<b>189.0</b>
Net cash generated/(used)	(5.7)	101.1	77.5	(20.2)
Effects of exchange rate changes	0.5	0.3	(1.5)	(1.0)
<b>Closing cash and cash equivalents</b>	<b>11.6</b>	<b>113.0</b>	<b>189.0</b>	<b>167.8</b>
<b>Statistics</b>				
<i>Cash conversion ratio<sup>6</sup></i>	<i>nmf</i>	38.0%	123.4%	62.1%

Source: Livent Annual Reports and Results Presentations; Kroll analysis.

Notes:

- Adjustments to reconcile EBITDAIX with net cash receipts. Includes changes to reconcile EBITDAIX to profit after tax, as described in Section 9.7.1 of this report. Also includes changes to reconcile profit after tax to cash flows from operating activities, including depreciation and amortisation, restructuring and other charges, deferred income taxes, share-based compensation, change in investments in trust fund securities, equity in net loss of unconsolidated affiliates, Blue Chip Swap gain, deferred financing fee amortisation, loss on asset disposal, other non-cash adjustments, trade receivables, deferred compensation, inventories, accounts payable, trade and other, contract liability, income taxes, prepaid and other current assets and accrued and other current and long-term liabilities.
- Finance costs less interest received.
- Cash receipts from customers less payments to suppliers and employees.
- Consists of purchases of property, plant and equipment less proceeds from the sale of assets.
- Consists of proceeds from share offering less payments of underwriting fees and expenses.
- Calculated as net operating cash flow / EBITDAIX.
- Livent's cash flow statement is presented in accordance with US GAAP standards.

In relation to the FY22 cash flows of Livent over the period presented, we note:

- Livent generated weak cash flows relative to EBITDAIX in FY20 primarily due to a decrease in accounts payables from FY19. Livent's cash flow conversion improved in FY21 but remained weak primarily due to an increase in trade receivables and inventories compared to FY20;
- Livent generated strong cash flows in FY22 in excess of EBITDAIX, primarily due to a \$198.0 million customer advance payment received for a long-term supply agreement in the third quarter of FY22. This was partially offset by an increase in net working capital, as described in Section 9.8 of this report;



- Livent generated cash flow conversion declined in 1H23 compared to FY22, reflecting an increase in inventories and a decrease in accounts receivable;
- Livent's strong cash flow generation in FY22 helped fund an increase in capital expenditures, primarily to support Livent's expansion plans in Argentina and the US; and
- on June 6, 2022, the Company issued 17,500,000 shares of its common stock as consideration in the private placement to acquire the additional 25% interest of Nemaska.

## 9.10 Capital structure and ownership

As at Last Practicable Date, Livent had the following capital structure:

- 179,810,790 Livent Shares, par value \$0.001 per share (net of Treasury Shares);
- \$245,746,000 aggregate principal amount of 2025 Notes, which if fully converted, would result in 28,135,090 Livent Shares;
- 283,383 Vested Livent Director RSUs, which would convert into 283,383 Livent Shares; and
- 108,501 Treasury Shares.

### 9.10.1 Ordinary stockholders

As at 30 June 2023, the top 20 registered stockholders in Livent accounted for 58.4% of shares on issue. Only two stockholders hold greater than a 5% interest as shown in the following.

#### Largest Livent Stockholders

Substantial Stockholder	Common Stock Held	% of Shares Outstanding
BlackRock, Inc.	28,767,622	16.0%
The Vanguard Group, Inc.	20,001,456	11.1%

Source: Scheme Booklet.

### 9.10.2 Equity incentives

As at the Last Practicable Date, Livent has the following equity incentives on issue:

- 632,983 Livent Restricted Stock Units awarded but subject to vesting which, if vested in full, would convert into 632,983 Livent Shares;
- 130,251 Livent Performance-based Restricted Stock Units (at target) awarded but subject to vesting which, if vested in full, would convert into 130,251 Livent Shares;
- 2,117,703 Livent Options (including 896,730 unvested and 1,220,973 vested) which, if converted in full would convert into 2,117,703 Livent Shares; and
- 323,599 Livent Director Restricted Stock Units awarded (including 40,216 unvested and 283,383 vested) which, if vested in full, would convert into 323,599 Livent Shares.



## 9.11 Share price performance

### 9.11.1 Recent sharemarket trading

Livent's share price performance and the volume of shares traded between 1 January 2020 to 5 November 2023 is illustrated as follows:

**Livent Share Price and Volume from 1 January 2020 to 5 November 2023**



Source: S&P Capital IQ; Kroll analysis.

Similar to other lithium producers, Livent's share price, supported by rising lithium prices, has performed strongly over the period. Livent's share price has historically been strongly correlated to comparable companies in the lithium sector which have fluctuated based on changing investor sentiments and expected future lithium prices.

Livent's share price initially performed strongly in 2020 but declined alongside the broader sharemarket in February and March 2020 in response to the onset of the COVID-19 pandemic. Livent's share price reached a bottom of \$4.19 on 23 March 2020, following which it began a volatile period of recovery until January 2021. Whilst lithium prices declined throughout most of the 2020 period (for example, the Lithium Carbonate EXW China Index fell from \$7,500/t on 31 December 2019 to \$6,700/t on 31 December 2020), the share prices of major lithium producers gained over the year, reflecting both a wider sharemarket recovery and, in the latter half of the year, better investor sentiment towards the lithium sector as the outlook improved for electric vehicle sales in Europe and the United States.<sup>136</sup>

The lithium price increased in 2021, and by the end of the year, had by some measures more than quadrupled.<sup>137</sup> Livent's share price increased from \$18.78 to \$24.38 between 4 January 2021 and 31 December 2021. Livent's share price, like other comparable lithium producers, underperformed the lithium price, possibly reflecting investor expectations that some of the increase in lithium prices would unwind.

On 10 June 2021, Livent announced it entered into a follow-on equity offering of 13,000,000 common shares with several underwriters to offer to the public at a dilutionary price of \$17.50 per share, resulting in a 7.8% decline in share price to close at \$18.90. Livent's share price began to recover in July, and by 8 November 2021, Livent shares had risen to close at \$32.43, likely reflecting market anticipation of further growth in lithium prices. Livent's share price consolidated over the remainder of 2021 and into January 2022, likely reflecting valuation concerns following the intensity of the share price run up in late 2021.

<sup>136</sup> "Update on the global transition to electric vehicles through 2020," International Council on Clean Transportation, October 2021. Pages 2 and 3.

<sup>137</sup> For example, the Lithium Carbonate EXW China Index (battery grade) increased 485.8 from \$6,700/tonnes on 31 December 2020 to \$39,250/tonnes on 31 December 2021.



Livent's share price displayed significant volatility throughout 2022. Despite periods of particularly strong performance in May and between July and September, Livent's share price experienced an overall decline of 22.1% across the year, possibly due to the headwind of rising labour and logistics costs and speculation from brokers in November that a decline in lithium prices was upcoming (as described in Section 8.9.1 of this report).

Livent's share price continued to slide in the first days of January and reached a low of \$18.97 on 5 January 2023. Livent's share price recovered during the remainder of January, before declining in February and March, following a fall in lithium spot prices. Livent's share price generally increased between April and May. Livent's share price responded positively to the announcement on the Transaction Agreement in 10 May 2023 and increased 5.2% by the close of the trading day.

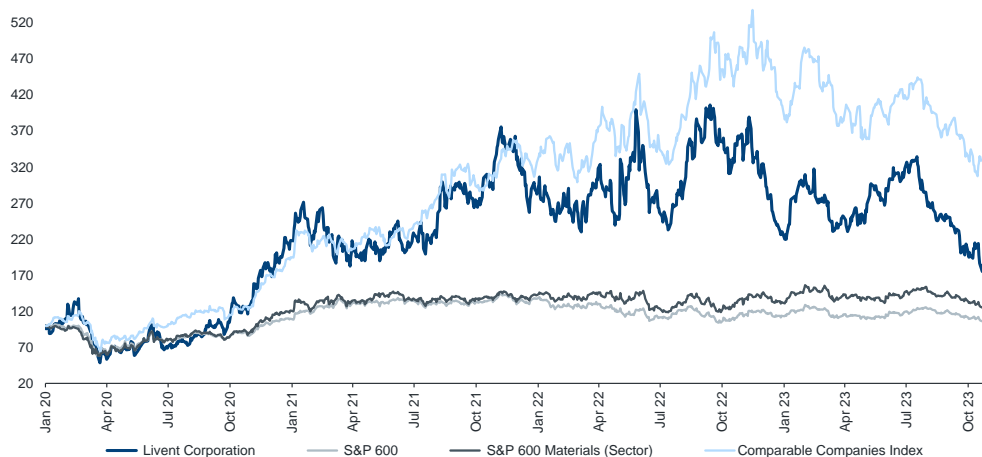
Like Allkem, Livent's share price has declined steadily since July 2023, from a high of \$28.87 on 18 July 2023 to \$14.97 on 5 November 2023. This decline has largely been driven by wider share market declines, the considerably lower lithium prices seen in the spot markets, and also negative sentiment relating to expectations for future lithium price forecasts, which has been evident in the lower lithium price forecasts seen in recent broker reports.

### 9.11.2 Relative share price performance

Livent is a member of a number of indices including the S&P 600 Index (0.25% weighting) and the S&P 600 Materials Sector Index (5.18% weighting).<sup>138</sup>

The relevant indices chosen for comparative performance are the S&P 600 Index, the S&P 600 Materials Index and the Comparable Companies Index. The performance of Livent shares relative to the indices from 2 January 2020 until 5 November 2023 are illustrated as follows:

**Livent Share Price Performance Relative to Indices**



Source: S&P Capital IQ; Kroll analysis.

Livent's share price tracked the Comparable Companies Index between late 2020 and November 2021. Both benefitted from the tailwind of rising lithium prices and outperformed the S&P 600 Index and S&P 600 Materials Sector Index.

Livent's share price began to diverge from the Comparable Companies Index in November 2021. Between 9 November 2021 and 30 December 2022, Livent's share price fell 36.8%, from \$31.44 to \$19.87, compared to the Comparable Companies Index which increased 18.0%. This possibly reflects:

<sup>138</sup> S&P Capital IQ and Kroll analysis. As at 5 November 2023.



- Livent's revenue growth lagging increases in the price of lithium hydroxide. As described in Section 9.7.1 of this report, Livent experience revenue growth of 97.4% in FY21. However, in the same period, lithium hydroxide prices as measured by the Lithium Hydroxide EXW China Index increased 140.9%. The lag is likely attributable to the contracted nature of Livent's revenues leading to Livent's realised prices lagging spot prices, and Livent's considerable exposure to butyllithium, high purity lithium metal and other specialty compounds and lithium carbonate and lithium chloride, which together comprised 48.9% of revenue in FY22; and
- Livent experiencing broker downgrades in December 2021.

Livent broadly tracked the Comparable Companies Index from the beginning of 2023 until the announcement of the Transaction Agreement on 10 May 2023, following which it outperformed until July 2023. Since July 2023, Livent shares have underperformed the Comparable Companies Index.

## 10 Profile of the Combined Group

### 10.1 Overview

The combination of Allkem and Livent to form NewCo brings together two highly complementary businesses to create a global lithium chemicals producer with greater scale, enhanced operational flexibility and reliability, greater capacity and execution expertise to accelerate and de-risk growth, and strengthened ESG capabilities. The Transaction brings together Allkem and Livent's complementary skillsets in conventional and direct lithium brine extraction, hard rock mining, chemical processing, and production of battery grade and specialty lithium products to assist in streamlining existing operations and optimise the design of future developments. The Combined Group will become a more global and vertically integrated lithium chemicals producer than either Allkem and Livent are on a standalone basis.

NewCo will be a global lithium chemicals producer with a vertically integrated business model across hard rock and brine extraction, and chemical processing, to produce a diversified product offering including lithium hydroxide, carbonate, spodumene and lithium specialties. It will have an enhanced global footprint and presence in three major lithium extraction geographies, including the South American "Lithium Triangle", Western Australia, and Canada. On a combined basis, NewCo will have pro forma revenue of \$1,935.3 million and pro forma net income from continuing operations of \$642.8 million for the year ended 31 December 2022, derived from 14 key assets across seven countries. It is expected to have the third largest attributable lithium production capacity by 2027.<sup>139</sup>

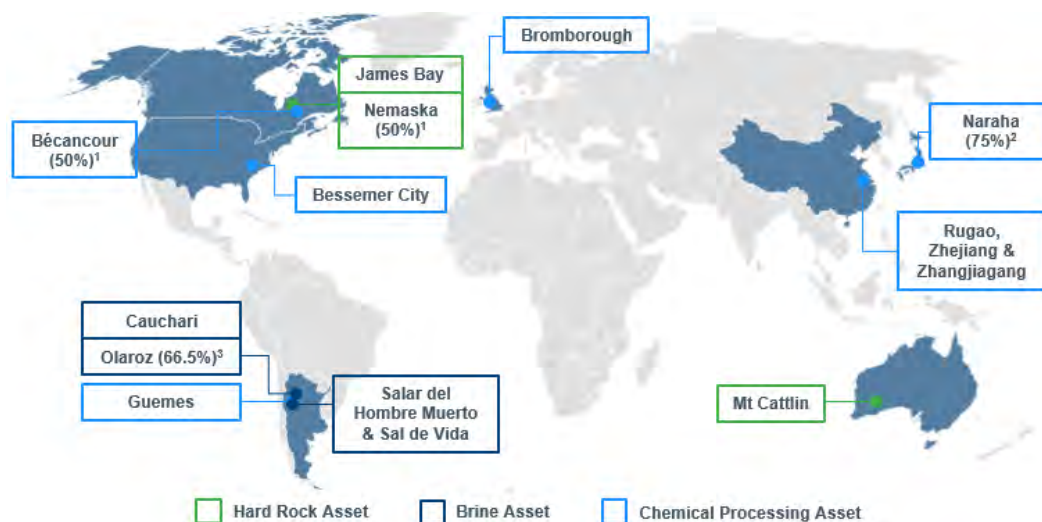
NewCo's geographic footprint is depicted as follows.

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<sup>139</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement 10 May 2023. Measured on a net attributable basis. Includes only lithium production capacity (no other metals) on an LCE basis per annum. Figures are based on publicly disclosed capacity estimates for assets. See pages 30 and 31 of ASX announcement for sourcing details, and page 39 for more information in relation to production capacity estimates for the Combined Group.

# KROLL

## NewCo's Geographic Footprint



Source: Allkem, Livent.

Notes:

1. Remaining 50% economic interest owned by Investissement Québec.
2. Remaining 25% economic interest owned by TTC.
3. Remaining ownership between TTC (25.0%) and JEMSE (8.5%).

A detailed description of the profile of NewCo following completion of the Transaction is set out in Section 7 of the Scheme Booklet.

### 10.1.1 Corporate structure

NewCo is a public limited company incorporated under the laws of the Bailiwick of Jersey (Channel Islands) and intends to maintain tax residency solely in the Republic of Ireland.

Following completion of the Transaction, Allkem and Livent will become wholly owned subsidiaries of NewCo, and NewCo will become the holding company of the Combined Group. NewCo will have a primary listing on the NYSE and a foreign exempt listing on the ASX via CDI. Former Allkem Shareholders will become holders of NewCo Shares or NewCo CDIs,<sup>140</sup> while former Livent Stockholders will be holders of NewCo Shares.

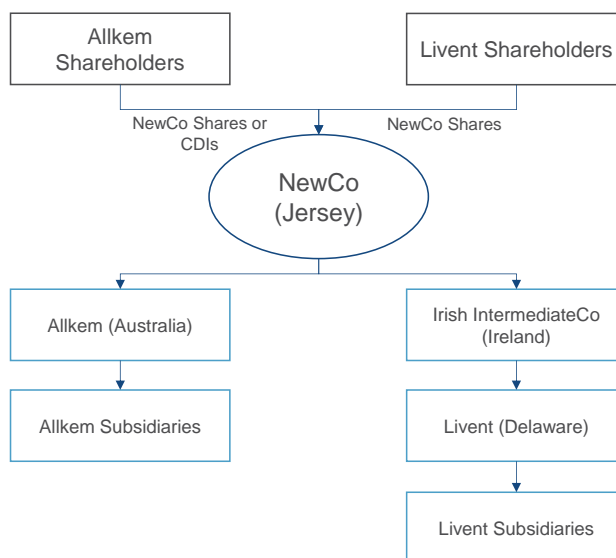
"Allkem Livent plc" is the temporary name of NewCo. As per the Transaction Agreement, it is intended that the name of NewCo will be changed prior to Scheme becoming Effective.

The following diagram is a simplified illustration of the structure of Allkem, Livent, Irish IntermediateCo, US Merger Sub and NewCo following the completion of the Transaction.

<sup>140</sup> Excluding Allkem's Ineligible Overseas Shareholders, who will receive their pro rata share of the Net Proceeds, as set out in Section 3.4 of the Scheme Booklet.



**NewCo Corporate Structure**



Source: Allkem.

**10.2 Corporate strategy**

NewCo is set to benefit from the combination of two highly complementary business models, with diversified product offerings from a global geographical footprint. NewCo is expected to become a global lithium chemicals producer with a broad product suite, creating an enhanced value proposition for shareholders, customers and employees via the integration of two complementary business models, potential for material synergies and an enhanced NewCo strategy. The enhanced NewCo business strategy features:

- enhanced business-critical scale and greater capacity to meet growing customer demand;
- highly complementary and vertically integrated business model;
- greater capacity and execution expertise to accelerate growth; and
- commitment to ESG values.

NewCo will also benefit financially from pro forma revenue of \$1,935.3 million and pro forma cash and cash equivalents of \$983.1 million as at 30 June 2023.<sup>141</sup> NewCo will also have access to fourteen key assets and approximately 2,600 employees globally across seven countries.

**10.2.1 Diversification**

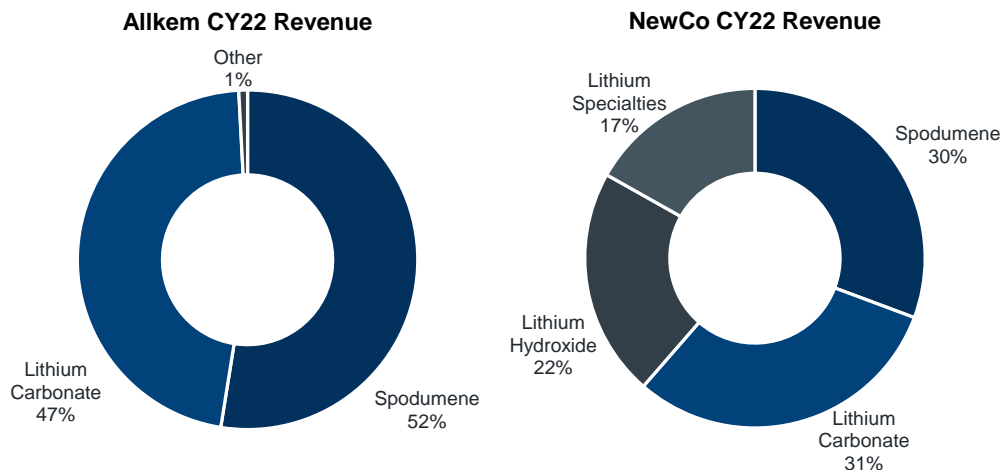
Allkem's shareholders will benefit from reduced exposure to spodumene and lithium carbonate pricing risk, as NewCo will have a more varied revenue base. Allkem has historically relied almost entirely on sales of spodumene concentrate and lithium carbonate, which creates significant risk with production volumes and realised pricing. As discussed in Section 7.6 of this report, lithium pricing has been volatile in recent years. While NewCo performance will continue to be affected by lithium pricing, the diversified product base of NewCo may reduce this risk.

<sup>141</sup> Calculated as Allkem's cash and cash equivalents of \$821.4 million and Livent's cash and cash equivalents of \$167.8 million as at 30 June 2023, adjusted for costs relating to the Transaction (refer to Section 7.14 of the Scheme Booklet for further details).



The diversification benefit for Allkem shareholders is evident in the following charts that highlight Allkem's concentrated revenue base against NewCo's pro-forma revenue pool:

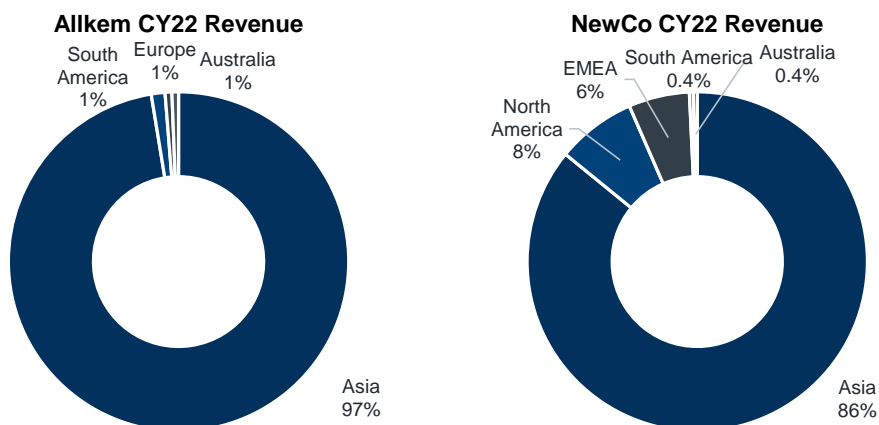
**NewCo Revenue Split by Product**



Source: Allkem & Livent Company filings; Kroll analysis.  
Note: CY22 revenues are presented exclusive of Allkem's divested Borax operation.

Spodumene's share of revenue declines from 52.5% of Allkem's CY22 revenue to 31.0% in the NewCo, while lithium carbonate share of revenue declines from 46.6% to 31.0% in the NewCo.

**NewCo Revenue Split by Geography**



Source: Allkem & Livent Company filings; Kroll analysis.  
Note: CY22 revenues are presented exclusive of Allkem's divested Borax operation.

Allkem's dependence on Asian revenues declines from 97.4% of Allkem's CY22 revenue to 85.9% in the NewCo, still representing the key market for the NewCo. However, Allkem shareholders will benefit from exposure to North American customers as well as greater coverage in EMEA markets.





### 10.2.2 Synergy Potential

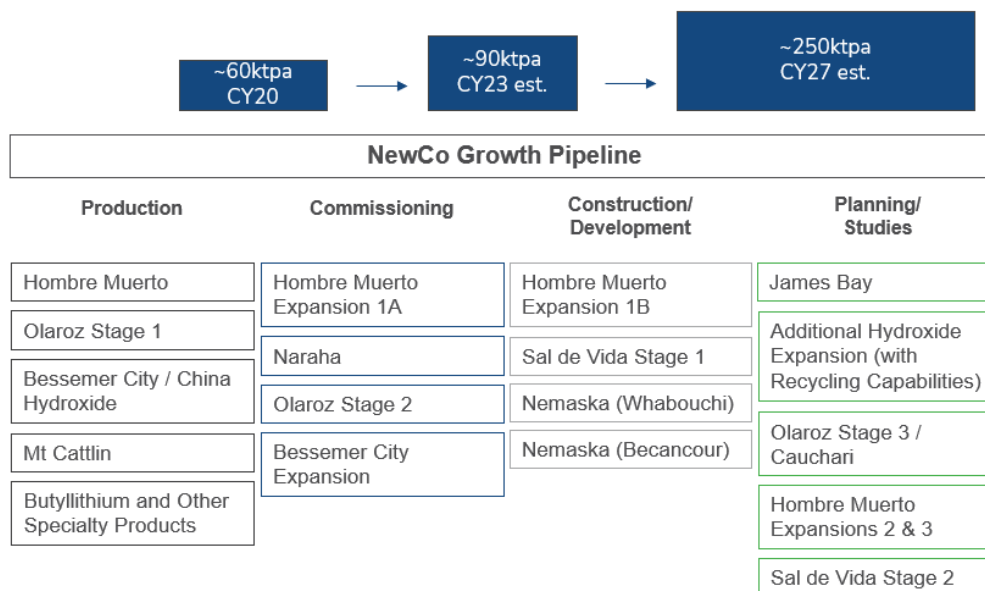
NewCo will bring together teams with extensive experience in project management and delivery, which is anticipated to result in enhanced business capabilities through technological expertise sharing, improved flexibility in product flows, asset optimisation and enhanced marketing efficiencies. NewCo expects to benefit from operational synergies in Argentina and Canada due to asset locations, supply chains and vertical integration, as well as logistics and procurement benefits across the firms operations.

Specifically, NewCo expects to achieve approximately \$125 million of annual pre-tax operating cost synergies by 2027. Operating cost synergies include removing duplicate costs, such as with Allkem's head office operations in Australia, improvement in procurement, enhanced site management, optimised transport and logistics functions at the two sites located in the Salar del Hombre Muerto and at the assets in Quebec. NewCo expects to achieve the majority of the \$125m run rate pretax operating cost synergies within three years. These synergies are expected to cost NewCo \$40 million on a one-off basis for costs such as redundancies, consultant usage and integration costs.

NewCo is also expected to realise approximately \$200 million in one-time capital expenditure savings, driven by consolidating infrastructure, streamlining construction and procurement operations and leveraging complementary engineering work.

### 10.2.3 Capacity

NewCo will become a global leader with respect to the production of lithium, with NewCo expected to benefit from having the third largest attributable lithium production capacity by 2027, growing from approximately 60 ktpa capacity in 2020 to approximately 250 ktpa of capacity in 2027.<sup>142</sup> The following graphic details the planned transition of production capacity for NewCo from 2020 to 2027.



Source: Allkem Livent merger presentation 10 May 2023.

<sup>142</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement. 10 May 2023. Measured on a net attributable basis. Includes only lithium production capacity (no other metals) on an LCE basis per annum. Figures are based on publicly disclosed capacity estimates for assets. See pages 30 and 31 of ASX announcement for sourcing details.



### 10.3 Scale benefits

NewCo is set to benefit from greater size and scale. The merged entity anticipated market capitalisation at announcement date was \$10.6 billion before synergies.<sup>143</sup> Scale benefits that NewCo is likely to experience include:

- greater ability to serve customers with comprehensive footprint and product lines: NewCo will be able to provide customers access to a broader suite of lithium products including specialty products such as butyllithium. NewCo will own and operate multiple lithium chemical manufacturing facilities able to deliver a broad range of lithium chemicals to global customers. Moreover, the geographical footprint of NewCo, discussed in Section 10.1 of this report, will ensure greater access to customers;
- synergies, procurement & sourcing benefits: NewCo, as discussed in Section 10.2.2 of this report, is set to benefit from approximately \$125 million of annual pre-tax operating cost synergies by 2027.<sup>144</sup> NewCo is also expected to realise approximately \$200 million in one-time capital expenditure savings. Synergies will be derived from combination of expertise from the two businesses, as well as optimisation of assets and infrastructure, marketing efficiencies, procurement and cost efficiencies;
- Inclusion in indices: NewCo will seek inclusion in NYSE and US-based indices with the higher combined market capitalisation. NewCo expects to also receive pro-rata CDI inclusion in the S&P / ASX 200 index. Inclusion in key indices is likely to allow for greater liquidity for shareholders and a more diversified shareholder base; and
- new corporate structure: NewCo will benefit from an optimised corporate structure going forward including a strong balance sheet with combined liquidity of \$1.4 billion,<sup>145</sup> incorporation in Jersey and corporate residency in Ireland.

### 10.4 Strategic rationale

NewCo is expected to realise a number of strategic benefits that are not easily quantifiable. Allkem has stated that the strategic benefits of the transaction include:

- **providing business-critical scale and greater capacity to meet growing customer demand:** NewCo will be a leading global lithium chemicals producer with presence in all three major lithium geographies and a combined lithium reserve base ranking amongst the largest in the world. The increased economies of scale realisable from geographically adjacent asset portfolios in Argentina and North America will enhance NewCo's production and project execution efficiency. Further, NewCo's lithium chemical manufacturing facilities will be located in close proximity to key lithium customers in North America and Asia, enabling it to deliver its range of lithium performance chemicals to meet the growing demand of those customers and further integrate into the lithium chemicals value chain that is supported by the US Inflation Reduction Act;
- **value-adding vertical integration:** NewCo is expected to have a broad product offering that will be highly scalable across both potential resource and production assets. This is anticipated to enhance operational flexibility and reliability and result in lower costs and greater value capture across the lithium value chain. NewCo will also bring together complementary expertise in hard rock, brine and lithium chemical processing, with proven ability to produce high-quality products that are sought after by leading battery manufacturers and EV OEMs;
- **greater capacity to de-risk and accelerate growth with a deeper pool of technical, capital and projects expertise:** Allkem and Livent have highly complementary assets and business models which will enable the acceleration and de-risking of growth projects. Allkem and Livent have complementary expertise in hard rock mining and conventional and direct lithium extraction-based processes, respectively, which will enable NewCo to accelerate and reduce the risks associated with developing Allkem's and Livent's respective project pipelines. This may create the potential for

<sup>143</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement. 10 May 2023.

<sup>144</sup> These estimates exclude the impact of approximately \$40 million in estimated non-recurring costs to achieve these synergies.

<sup>145</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement. 10 May 2023.



NewCo to achieve lithium production capacity of approximately 250 ktpa LCE by the end of 2027;<sup>146</sup> and

- **a stronger financial profile which positions NewCo to deliver growth:** on completion of the Transaction, based on NewCo's pro forma cash and cash equivalents of US\$983.1 million<sup>147</sup> and US\$517.0 million in pro forma debt<sup>148</sup> as at 30 June 2023, NewCo is likely to be in a net cash position. Further, cash flow generation from existing operations is expected to provide a more robust financial base from which to accelerate and sustain the growth strategy of NewCo.

## 10.5 Pro forma historical financial performance

The US GAAP pro-forma consolidated financial performance for NewCo for FY22 and 1H23 is summarised in the following table.

**NewCo Consolidated Financial Performance (\$ millions)**

	FY22 <sup>1</sup> Reviewed <sup>2</sup> US GAAP	1H23 <sup>1</sup> Reviewed US GAAP
<b>Revenue from contracts with customers</b>	<b>1,935.3</b>	<b>1,139.2</b>
Cost of sales	872.3	383.5
<b>Gross profit</b>	<b>1,063.0</b>	<b>755.7</b>
Selling, general and administrative expenses	119.6	71.0
Research and development expenses	4.4	2.0
Restructuring and other charges	92.9	36.0
Separation-related costs/(income)	0.7	-
<b>Income/(loss) from operations before equity in net loss of unconsolidated affiliates, interest income, net, and other loss / (gain)</b>	<b>845.4</b>	<b>646.7</b>
Equity in net loss / (gain) of unconsolidated affiliates	16.5	9.6
Interest income, net	(16.2)	(43.6)
Loss on debt extinguishment	0.1	-
Other loss / (gain)	(30.8)	9.0
<b>Income from operations before income taxes</b>	<b>875.8</b>	<b>671.7</b>
Income tax expense (benefit)	232.9	180.5
<b>Net income from continuing operations</b>	<b>642.8</b>	<b>491.3</b>
Net income from continuing operations attributable to non-controlling interests	49.9	39.7
<b>Net income from continuing operations attributable to NewCo</b>	<b>592.9</b>	<b>451.6</b>

Source: Allkem, Livent.

Notes:

1. FY22 is the year ending 31 December 2022 and 1H23 is the six months ending 30 June 2023
2. Allkem had net income (loss) from discontinued operations of \$(1.2) million for the year ended 31 December 2022 which has been excluded from NewCo's Consolidated Financial Performance given it is not reflective of the business going forward.

In relation to the US GAAP pro-forma consolidated financial performance for NewCo, we note:

- analysis of NewCo's historical trend performance is difficult due to the limited data available. NewCo has prepared 18 months of pro-forma historical financial performance however there are no prior

<sup>146</sup> "Allkem and Livent to merge – presentation". Allkem ASX announcement. 10 May 2023. Measured on a net attributable basis. Includes only lithium production capacity (no other metals) on an LCE basis per annum. Figures are based on publicly disclosed capacity estimates for assets. See pages 30 and 31 of ASX announcement for sourcing details, and page 39 for more information in relation to production capacity estimates for the Combined Group.

<sup>147</sup> Calculated as Allkem's cash and cash equivalents of \$821.4 million and Livent's cash and cash equivalents of \$167.8 million as at 30 June 2023, adjusted for costs relating to the Transaction (refer to Section 7.14 of the Scheme Booklet for further details).

<sup>148</sup> Calculated as Allkem's debt of \$274.3 million and Livent's debt of \$242.7 million as at 30 June 2023. Both figures exclude lease liabilities and costs related to the Transaction. Information about the existing debt facilities available to each of Allkem and Livent are described in Sections 5.10 and 6.8 of the Scheme Booklet respectively.



comparable periods as FY22 data has been presented on a one year basis. As such, we are unable to report growth rates as 1H22 figures are not available for comparison.

- NewCo's net income from continuing operations of \$491.3 million was strong in 1H23, representing 76.4% of FY22 total net income from continuing operations.

#### 10.5.1 Dividend policy

NewCo does not have a dividend policy. It should be noted that no dividends have been proposed, declared, or paid by Livent or Allkem since becoming public companies. Neither company currently has a dividend policy.

#### 10.5.2 Outlook

No outlook has been provided by NewCo.

### 10.6 Pro forma historical financial position

	As at 30 June 2023
	Reviewed US GAAP
Trade receivables and prepayments	340.9
Inventory (current)	440.7
Trade payables	(217.9)
<b>Net working capital</b>	<b>563.7</b>
Property, plant and equipment	5,673.0
Investments	613.7
Goodwill	1,893.4
Other receivables (current and non-current)	311.7
Right of use assets	60.0
Deferred tax assets	3.2
Income tax payable (current)	(189.5)
Deferred tax liabilities <sup>1</sup>	(1,337.4)
Other current liabilities	(12.1)
Accrued and Other Current liabilities	(215.1)
Other Liabilities	(263.7)
<b>Total funds employed</b>	<b>7,100.9</b>
Cash	983.1
Loans and borrowings	(517.0)
Lease liabilities	(60.2)
<b>Net cash/(debt) (including leases)</b>	<b>405.9</b>
<b>Net assets</b>	<b>7,506.7</b>
Common stock and Capital in excess of par value of common stock <sup>2</sup>	6,528.1
Treasury shares <sup>2</sup>	(0.9)
Accumulated other comprehensive loss <sup>2</sup>	(49.9)
Retained earnings <sup>2</sup>	499.2
<b>Equity attributable to NewCo Shareholders</b>	<b>6,976.6</b>
Equity attributable to non-controlling interests <sup>3</sup>	530.0
<b>Total equity</b>	<b>7,506.7</b>

Source: Allkem, Livent.  
Notes:



1. Represents the adjustment to deferred tax liability of \$479.2 million associated with the incremental differences in the book and tax basis created from the preliminary purchase allocation, primarily resulting from the preliminary fair value of property, plant and equipment and inventory. Refer to Section 7.14(e) of the Scheme Booklet for further details.
2. Reflects adjustments to shareholders' equity including elimination of Allkem's historical equity, NewCo shares and replacement awards issued to Allkem shareholders, acceleration and cash settlement of Livent Director Restricted Stock Units and estimated transaction costs. Refer to Section 7.14(e) of the Scheme Booklet for further details.
3. Reflects the preliminary purchase accounting adjustment relating to Allkem's non-controlling interests. Refer to Section 7.14(e) of the Scheme Booklet for further details.

In relation to the financial position of NewCo as at 30 June 2023 we note:

- analysis of NewCo's historical financial position is difficult due to the limited data available. NewCo has prepared a balance sheet as at 30 June 2023 but with no prior comparable periods. As such, we are unable to report growth rates as 1H22 figures are not available for comparison; and
- NewCo had cash and cash equivalents position \$983.1 million with a net cash position of \$405.9 million.

#### 10.6.1 Gearing

On completion of the Transaction, based on NewCo's pro forma cash and cash equivalents of US\$983.1 million<sup>149</sup> and US\$517.0 million in pro forma debt<sup>150</sup> as at 30 June 2023, NewCo is likely to have a net cash position.

NewCo expects to rely on cash generated from operations and external financing to execute its growth strategy. The expansion of NewCo's business or other business opportunities may require substantial amounts of capital. It is anticipated that cash generated from operations, together with borrowing availability under current debt facilities, and other potential financing strategies that may be available to NewCo, will be sufficient to meet these needs in the foreseeable future.

NewCo's net gearing ratio may increase during the medium term as it executes its growth strategy. NewCo intends to maintain an appropriate level of gearing by managing the timing and amount of its capital expenditures, which is within NewCo's control, as well as by NewCo's ability to achieve forecasted operating results and to pursue other working capital financing strategies that may be available to NewCo, which is less certain and outside of NewCo's control.

#### 10.7 Accretion analysis

The following table illustrates the earnings per share (**EPS**) accretion that Allkem Shareholders would experience in the future based on aggregate broker consensus forecast CY25 earnings for both Allkem and Livent.<sup>151</sup> The accretion is first presented assuming that no synergies are realised, and then assuming that 50% of the stated potential operating cost synergies (tax effected) are realised in CY25 (noting the full-rate synergies are not expected to be realised until CY27).

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<sup>149</sup> Calculated as Allkem's cash and cash equivalents of \$821.4 million and Livent's cash and cash equivalents of \$167.8 million as at 30 June 2023, adjusted for costs relating to the Transaction (refer to Section 7.14 of the Scheme Booklet for further details).

<sup>150</sup> Calculated as Allkem's debt of \$274.3 million and Livent's debt of \$242.7 million as at 30 June 2023. Both figures exclude lease liabilities and costs related to the Transaction. Information about the existing debt facilities available to each of Allkem and Livent are described in Sections 5.10 and 6.8 of the Scheme Booklet respectively.

<sup>151</sup> CY25 forecasts are used as these are the lattermost available for both Allkem and Livent.



**NewCo CY25 Accretion analysis<sup>1</sup>**

	Allkem	Livent	NewCo <sup>2</sup>	Absolute Change	% Change
<b>Without synergies</b>					
CY25 EPS (Broker median forecast)	74.7¢	234.5¢	84.7¢	10.0¢	13.4%
<b>With synergies<sup>3</sup></b>					
CY25 EPS (Broker median forecast)	74.7¢	234.5¢	89.0¢	14.3¢	19.1%

Source: Broker forecasts, Kroll analysis.

Notes:

5. Assumes Transaction was completed prior to 1 December 2023.
6. Excludes the impact of IFRS to GAAP accounting policy adjustments.
7. EPS calculated on a fully diluted basis.
8. The accretion analysis with synergies assumes that CY25 has 50% of the stated CY27 run rate of operating cost synergies of approximately \$125 million.

NewCo's broker forecast pro forma CY25 EPS of 84.7 cents (excluding significant items and the impact of IFRS to GAAP accounting policy adjustments that arise as a result of the Transaction) is higher than Allkem's broker forecast CY25 EPS of 74.7 cents. NewCo's EPS is expected to further increase as the benefits of net cost synergies (full run-rate of \$125 million per annum by 2027) are progressively realised.

We note that statutory EPS in the first year following the close of the Transaction will be negatively impacted by transaction and integration costs as well as the estimated impact of purchase price adjustments.

## 10.8 Board of Directors and management

NewCo's proposed Board of Directors will have 12 members, consisting of 6 directors designated by Livent and 6 directors designated by Allkem, with current Allkem chairman Peter Coleman to chair the NewCo board. NewCo's Board of Directors are set out in the following table:

**NewCo's Board of Directors**

Board of Directors	Position	Designated By
Peter Coleman	Chair designate of NewCo	Allkem
Paul W. Graves	Chief Executive Officer designate of NewCo	Livent
Robert C. Pallash	Non-executive Director	Livent
Christina Lampe-Önnerud	Non-executive Director	Livent
Michael Barry	Non-executive Director	Livent
Steven T. Merkt	Non-executive Director	Livent
Pablo Marcet	Non-executive Director	Livent
Alan Fitzpatrick	Non-executive Director	Allkem
Florencia Heredia	Non-executive Director	Allkem
Leanne Heywood	Non-executive Director	Allkem
Fernando Oris de Roa	Non-executive Director	Allkem
John Turner	Non-executive Director	Allkem

Source: Scheme Booklet.



As at the date of this report, the following individuals will be executive officers of NewCo.

**NewCo's Executive Team**

Executive Team	Position	Prior Employer
Paul Graves	Chief Executive Officer	Livent
Gilberto Antoniazzi	Chief Financial Officer	Livent
Sara Ponessa	General Counsel	Livent

Source: Scheme Booklet.

Pursuant to the Transaction Agreement, the parties have also mutually selected the broader senior management team of NewCo as of the effective time, consisting of an approximately equal split of representatives from each of Allkem and Livent.

## 10.9 Capital structure and ownership

### 10.9.1 Share capital

Following Implementation, closing of the US Merger, and the issue of NewCo Shares upon exercise or conversion of replacement NewCo equity awards in respect of the legacy Allkem and Livent equity compensation and incentive programs and Livent's 2025 Notes, it is expected that NewCo's fully diluted share capital will comprise approximately 1,145,182,194 NewCo Shares, being:

- 642,504,458 NewCo Shares issued to Eligible Shareholders or issued to CDN (in respect of the NewCo CDIs) pursuant to the Scheme, or issuable post-Implementation in respect of any Allkem Performance Rights that are replaced by NewCo equity awards; and
- 502,677,736 NewCo Shares issued to Livent Stockholders pursuant to the US Merger or issuable post-Implementation in respect of any Livent equity awards that are assumed by NewCo and in respect of any NewCo Shares issuable pursuant to rights of equity conversion under Livent's 2025 Notes (see Section 7.8 of the Scheme Booklet for further information).

The fully diluted share capital includes the maximum number of NewCo Shares which may be issued following the grant or assumption of any replacement NewCo equity awards in respect of the legacy Allkem and Livent equity compensation and incentive programs, and also includes NewCo's assumption of Livent's 2025 Notes and associated rights of equity conversion.

#### Incentive and equity arrangements

Under the terms of the Transaction Agreement, NewCo will provide former participants in the Allkem incentive schemes with replacement awards in the form of NewCo Shares, which are substantially comparable in value to any lapsed performance rights held immediately prior to the Effective Date of the Scheme.

#### Treatment of the 2025 Notes

As a result of the US Merger, holders of the 2025 Notes will have a right to convert their notes (at the holder's election) into Livent Shares, in accordance with the terms of the 2025 Notes Indenture. Where holders of the 2025 Notes do not elect to convert prior to the close of the US Merger, then the holders' right to convert any outstanding 2025 Notes into Livent Shares will, in accordance with the terms of the 2025 Notes Indenture, become a right to convert into NewCo Shares. The number of NewCo Shares to be issued upon conversion will be adjusted in accordance with the exchange ratio of Livent Shares into NewCo Shares under the terms of the US Merger.

As at the Last Practicable Date, the 2025 Notes on issue have an aggregate principal amount of approximately \$245.7 million, which would convert into 28,135,090 Livent Shares if all of the 2025 Notes were exercised (in exchange for equity).

Further details on the 2025 Notes is set out in Section 9.8.2 of this report.



### 10.9.2 Ownership

Former Allkem Shareholders will collectively hold approximately 56.0% of the shares on issue and former Livent Stockholders will collectively hold approximately 44.0% of the Combined Group.

#### Key shareholders

Based on the most recent shareholding disclosures in each of Allkem and Livent, it is expected that no holder or group of holders will have a significant voting or minority ownership interest in NewCo.

As at the Last Practicable Date, the substantial shareholders of Livent and Allkem are as follows:

- TTC had a 6.1% holding in Allkem which is approximately a 3.7% interest in the issued capital of NewCo;
- State Street Corporation had a 5.5% holding in Allkem which is approximately a 3.3% interest in the issued capital of NewCo;
- Blackrock, Inc. (**Blackrock**) owned approximately 16.0% of the outstanding shares of common stock of Livent which is approximately a 6.5% interest in the issued capital of NewCo; and
- The Vanguard Group, Inc. (**Vanguard**) owned approximately 11.1% of the outstanding shares of common stock of Livent which is approximately a 4.5% interest in the issued capital of NewCo.

As these estimates of interests in NewCo are based on publicly available disclosures from shareholders in Allkem and Livent and based on the anticipated number of shares on issue in NewCo on implementation of the Transaction, the actual interests of these shareholders following implementation of the Transaction may vary.

### 10.10 Liquidity and sharemarket rating

NewCo is likely to have greater relevance to equity investors through increased scale relative to Allkem. Based on Kroll's value range, NewCo will have a market capitalisation of approximately \$10.7 billion to \$12.3 billion. This will position the NewCo comfortably within the key S&P indexes in the US and, through pro rata CDI inclusion, within the ASX 200 Index (refer to Section 1.1(i) of the Scheme Booklet for further details on market positioning).

Presently, both Allkem Shares and Livent Shares are liquid and are widely covered by brokers. The larger market capitalisation of NewCo is expected to result in an increased daily trading volume for the Combined Group in comparison to Allkem standalone. The increased daily trading volume will allow Allkem Shareholders wishing to exit NewCo Shares issued to them, to do so with minimal impact on the NewCo share price.

Additionally, the transaction increases the free float and liquidity of the Combined Group. The larger size of the NewCo may also increase coverage by brokers, attracting the interest of institutional shareholders.

NewCo will have an expanded capital base from which to pursue organic and acquisitive growth opportunities. The US capital markets are the largest and most liquid capital markets in the world. Following implementation, the Combined Group's enlarged share base (comprising the existing Livent and Allkem shareholders), as well as primary listing on NYSE, will deliver greater liquidity for holders of NewCo Shares and NewCo CDIs than is available for Allkem shares listed on ASX.

### 10.11 Changes in risk profile for Allkem Shareholders

The risk profile for Allkem Shareholders is likely to change should they become shareholders in the Combined Group. The key changes in the risk profile for Allkem Shareholders include:

- **product composition:** the Combined Group will have a broader product suite relative to Allkem, and Allkem Shareholders will, therefore, be exposed to the future demand for Livent's products, including downstream lithium products such as Butyllithium and specialty metals. Livent has more significant manufacturing operations and therefore the Combined Group will be subject to risks associated with manufacturing businesses in addition to mining companies;





- **greater diversification:** in products, markets, and distribution channels which could create a more diverse business, resulting in less volatility and less strategy concentration risk through greater diversification of revenue streams;
- **geographic composition:** the Combined Group will have a larger distribution footprint than Allkem alone, however, shareholders will also be exposed to volatility in equity, debt and foreign exchange markets in new geographical markets, as well as changing the relative revenues generated from existing geographical markets. However, the merged company is not expanding into any new markets and, as such, new geographical risk exposures borne by Allkem shareholders should be mitigated by NewCo management expertise in these markets;
- **trends in lithium industry:** there is a risk for Allkem shareholders that recent shifts towards downstream manufacturing of products will create increased competition for NewCo. However, given the strong forecast demand for lithium products (as discussed in Section 7.3 of this report), Kroll considers the risk of saturation in NewCo's product markets as being unlikely; and
- **integration, migration and synergy realisation:** there is a risk that the integration could take longer or cost more than anticipated. There also exists a risk of potential failure to achieve synergies and expected earnings accretion from the Transaction.

A detailed discussion of the risk factors relating to the business and operations of NewCo is set out in Section 8.5 of the Scheme Booklet.

## 11 Valuation Analysis

### 11.1 Approach

#### 11.1.1 Overview

The purpose of our valuations of Allkem and Livent is to enable a comparison of the relative contribution of value by the shareholders of Allkem and Livent to the share of Newco that they each receive.

These valuations represent Kroll's assessment of the underlying value of Allkem and Livent on the basis of 'fair value'.

The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of market distortions, the most reliable evidence for the value of a business is the price at which the business, or a comparable business, has been bought and sold in an arm's length transaction. Where direct market evidence is unavailable, estimates of value are made using methodologies that infer value from other available evidence. Some of the commonly used valuation methodologies for estimating the value of a business include:

- the market approach;
- the income approach; and
- the cost approach.

The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of



the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is typically adopted as there tends to be minimal goodwill, if any.

#### 11.1.2 Selection of valuation methodology

A discussion of the rationale for the selection of the valuation methodologies is set out in the following.

##### Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the discounted cash flow (**DCF**) methodology. A DCF methodology has been adopted as our primary methodology for valuing Allkem and Livent. The DCF methodology is particularly appropriate for assets such as mineral assets where reserves are depleted over time and where significant capital expenditure is required. It is the primary method of valuation in the mining industry.

A DCF methodology can be applied to cash flows to the whole asset or cash flows to equity. Cash flow to the whole asset is most commonly used because an asset should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

DCF values were estimated based on a financial model developed by Kroll on the basis of cash flow models developed by Kroll. These cash flow models were derived from financial models provided by Allkem and Livent. BDA reviewed each of the technical assumptions in the financial models, including those regarding reserve estimates businesses, production profiles, operating costs, capital costs, closure costs and the potential for reserve extensions and applied their judgements on the expected recoverability from these reserves and resources. Kroll determined the economic and financial assumptions used in the cash flow models. Development assets have been included in the cash flow models to the extent that their production schedules can be reliably produced.

Cash flow models were developed on an asset-by-asset basis for Allkem. These cash flow models incorporate future cash flows from Mt Cattlin, Olaroz, James Bay, Cauchari, Sal de Vida Stage 1 and Stage 2 and Naraha Stage 1. No value has been attributed to future cash flows from Naraha Stage 2, downstream developments and expansion projects at James Bay due to their early stage of planning.

Livent is a more vertically integrated producer than Allkem. Production from SdHM is shipped to Livent's worldwide network of production facilities, making it difficult to separate the cash flows from Livent's upstream and downstream assets. Instead, Kroll developed a single cash flow model for Livent's operations. This cash flow model includes future cash flows from Livent's existing downstream operations, SdHM's current operations, and SdHM's First and Second Expansions. We excluded future cash flows from the Third Expansion at SdHM and Livent's lithium recycling and printable lithium projects, which remain in an evaluation phase.

There are uncertainties in relation to certain assumptions underlying the cash flow models developed by Kroll, particularly relating to lithium prices which can have a material impact on value. Consequently, Kroll has considered sensitivities to reflect the impact on value outcomes of these uncertainties.

##### Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and



- there is a substantial operating history and a consistent earnings trend.

Allkem has a relatively short operating history following its formation through the merger of Galaxy and Orocobre in August 2021. Allkem's financial performance for FY22 includes only 10 months of results from Galaxy and FY23 is the first full year of earnings from Galaxy. The FY23 results, however, include a period of unusually elevated lithium prices, which declined considerably in 2023. Nevertheless, a market approach has been used as a cross-check. A market approach is useful in determining the reasonableness of a DCF valuation since the DCF valuation is typically highly sensitive to some of the key assumptions adopted (e.g. commodity prices).

Application of this approach involves the capitalisation of the cash flows or earnings of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. Capitalising cash flows or earnings requires an element of professional judgement as to:

- the level of earnings or cash flows that are expected to be maintainable indefinitely, adjusted for non-recurring items and other known factors likely to impact on future operating performance; and
- an appropriate capitalisation multiple that reflects the risk and growth prospects associated with the level of earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and sharemarket prices for comparable companies, whilst also considering the specific characteristics of the business being valued.

Rule-of-thumb benchmarks are also sometimes considered to be an application of the market approach. In the mining industry, a common rule-of thumb benchmark is the implied multiples of enterprise value (EV) to reserve and resources.<sup>152</sup> As such, we have used reserve and resource multiples as part of our market approach cross-check.

As detailed in Section 11.5 of this report, applying implied multiples to reserves and resources require an element of professional judgement as to:

- development stage of mines and resources;
- differences in regulatory environments;
- business mix of producing companies;
- grade, quality and concentration of materials being produced;
- the prevailing macroeconomic environment of transactions; and
- differences between transaction prices and notional value.

Implied multiples to reserves and resources can be overstated for a business which derives substantial cashflow from downstream businesses, as is the case with Livent, and, to a lesser extent, Allkem. Additionally, implied multiples of reserves and resources can be skewed by the amount of exploration and testing work completed, as the identified reserves and resources reflect only the work to date.

Despite limitations inherent to the market approach, it can still be useful in providing benchmarks that supplement other measures and in understanding the issues that may impact value. As such, Kroll has calculated reserve and resource multiples for comparable transactions and comparable listed companies. These multiples are common valuation metrics for lithium assets.

#### Cost approach

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not capture the growth potential or internally generated intangible value associated with a company such as Allkem and consequently has not been adopted.

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<sup>152</sup> Valuation multiples of financial metrics, such as EBITDA or revenue, were excluded due to the financial impact of some non-lithium-related businesses, currency and reporting of income from affiliates, among other factors.



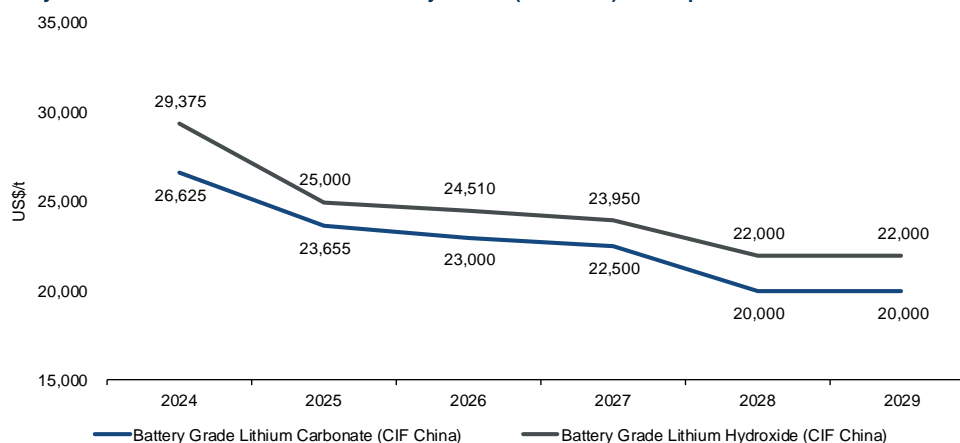
## 11.2 Key Assumptions

### 11.2.1 Lithium prices

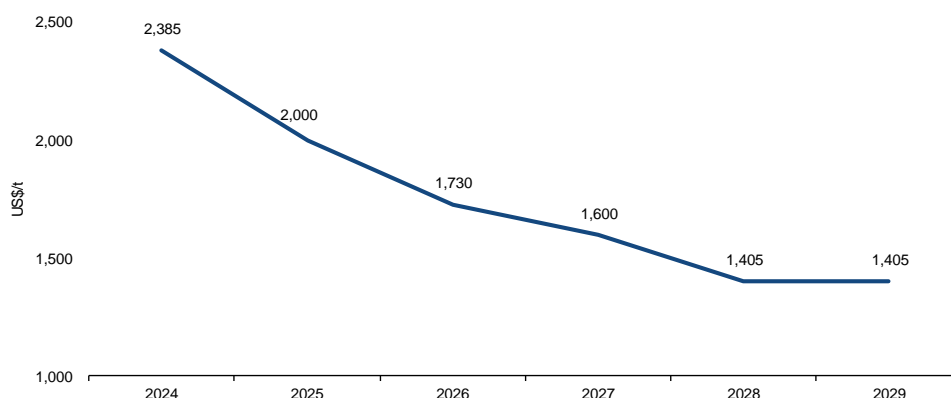
Kroll has assumed that lithium prices (in real terms) will enter a controlled period of decline from current prices to \$20,000/t for lithium carbonate, \$22,000/t for lithium hydroxide and \$1,405/t for spodumene 6% by 2028 (all based on a CIF China basis). All lithium prices are then assumed to remain constant from 2028 onwards.

Kroll's long-term assumptions (in real terms) for battery grade lithium carbonate, battery grade lithium hydroxide, and spodumene concentrate between 2024 and 2029 are shown in the following charts.

#### Battery Grade Lithium Carbonate and Lithium Hydroxide (CIF China) Assumptions



#### Spodumene Concentrate (CIF China) Assumptions



Source: Broker forecasts, Kroll analysis.

Kroll has considered broker consensus forecasts in determining its lithium price assumptions for the DCF analysis. Technical grade lithium carbonate prices and hydroxide prices are assumed to be at a \$2,000/t discount to battery grade prices depicted above.



The range of long-term (i.e. beyond 2027) lithium price projections sit in a range of \$12,500/t to \$30,000/t for battery grade lithium carbonate, \$14,500/t to \$34,375/t for battery grade lithium hydroxide and \$1,150/t to \$2,000/t for spodumene concentrate by 2027.<sup>153</sup>

As indicated by the relatively wide range of broker forecasts, assumptions regarding future lithium prices are subject to considerable uncertainty:

- lithium prices have historically been highly volatile. For example, as described in Section 7.6 of this report, spot lithium carbonate prices reached \$24,000/t in early 2018, before dropping to less than \$5,000/t by the end of 2020;
- as described in Section 7.5 of this report, there is a wide consensus amongst lithium producers and consultancies warning of a looming global shortage in lithium by 2030. However, the quantum of the expected deficit is highly uncertain and depends on factors including the rate of growth of lithium demand from EVs;
- while some long-term trends may be clear (e.g. increased lithium demand driven by adoption of EVs and uptake of energy storage systems), the timing and pace of change is less definitive and can materially impact prices. For example, slower adoption of EVs than expected should ease supply constraints and prices, whereas faster adoption should amplify current supply constraints and prices; and
- increasing demand for lithium does not automatically result in higher prices over the long term. High prices, if sustained for a period of time, are likely to elicit market responses which increase supply or reduce demand and ultimately lead to a moderation of prices. These responses may include producers accelerating the rate of mine development and expanding their mine plans, increased recycling, and a greater push for technological innovation to increase the efficiency of usage of lithium chemicals. We note however that these responses will typically take years to occur.

Kroll's lithium price assumptions are intended to reflect the pricing assumptions that real world acquirers of lithium assets would utilise in determining the price that they are prepared to pay, rather than being accurate predictions of actual future prices.

#### 11.2.2 Exchange rates

An AUD:USD real exchange rate of A\$1.00 = \$0.69 has been assumed for the duration of the Mt Cattlin valuation model based on foreign exchange forecasts by IHS and IMF from October 2023. This exchange rate has been used to translate Australian-dollar-denominated operating and capital expenditures for Mt Cattlin.

A USD:CAD real exchange rate of \$1.00 = C\$1.30 has been assumed for the duration of the James Bay and Nemaska valuation models based on foreign exchange forecasts by IHS and IMF from October 2023. This exchange rate has been used to translate Canadian-dollar-denominated operating and capital expenditures for James Bay and Nemaska.

The functional currency used by Allkem and Livent for all other non-US assets is the US dollar and therefore no currency conversion was required.

#### 11.2.3 Tax depreciation

Tax depreciation schedules for capital expenditures for various asset categories have been allowed for in the financial models.

#### 11.2.4 Discount rates

Projected future cash flows have been discounted to present values at real discount rates in the ranges of 10.5% to 11.0% for Argentine producing assets, 8.5% to 9.0% for Allkem's Australian producing asset (Mt Cattlin) and Japanese downstream asset (Naraha), 13.0% to 13.5% for Argentine development assets and 11.0% to 11.5% for Canadian development stage assets.

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<sup>153</sup> This range excludes one broker which Kroll considers to be an outlier.



The rates are estimates of weighted average costs of capital. The basis for the selection of the rates is set out in Appendix 4 of this report. Kroll has made adjustments for sovereign risk which imply higher discount rates for certain assets. These higher discount rates are described and discussed in the relevant valuation sections.

## 11.3 Valuation of Allkem

### 11.3.1 Overview

Kroll has assessed the value of the equity of Allkem to be in the range of \$5,337 million to \$6,446 million. As our valuation is on the basis of a merger of equals analysis, it represents the estimated full underlying value of Allkem on a standalone basis and excludes any value for synergies that may be available to acquirers of Allkem.

The value attributed to Allkem's equity is an overall judgement as to the opportunities and risks associated with the business in the current economic and geopolitical environment and having regard to a sum of the parts methodology. The methodology and our rationale for the selection of this methodology is set out in Section 11.1.2 of this report.

The valuation of Allkem is summarised as follows.

#### Allkem Valuation Summary (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Mt Cattlin	11.3.2	536	595
Olaroz (66.5%)	11.3.3	1,833	2,047
James Bay	11.3.4	874	1,007
Cauchari	11.3.5	266	501
Sal de Vida	11.3.6	1,249	1,520
Naraha I (75.0%)	11.3.7	185	248
Exploration value <sup>1</sup>	11.3.8	197	347
Corporate	11.3.9	(320)	(337)
<b>Enterprise value of Allkem</b>		<b>4,820</b>	<b>5,929</b>
Kroll estimated net cash	11.3.10	517	517
<b>Equity value of Allkem</b>		<b>5,337</b>	<b>6,446</b>
Fully diluted Allkem Shares on issue (millions)	8.8	642.5	642.5
<b>Equity value per Allkem Share<sup>2</sup></b>		<b>A\$12.76</b>	<b>A\$15.41</b>

Source: Kroll analysis.

Notes:

- Includes allowance for Olaroz, Sal de Vida and James Bay exploration value, Mt Cattlin exploration and development assets and Advantage Lithium properties.
- Converted into A\$ at an exchange rate of A\$1 to US\$0.6511 as at 5 November 2023.
- Table may not add due to rounding.

Kroll's valuation of Allkem implies the following valuation parameters.

#### Allkem Implied Valuation Parameters

	Variable	Range of Parameters	
		Low	High
Resources and reserves (\$ / tonne LCE)	33.9 Mt	142	175
Production (FY23 Actual) <sup>1</sup> (\$ / tonne LCE)	28.6 kt	168,531	207,308
Production (FY24 Guidance) <sup>1</sup> (\$ / tonne LCE)	46.4 kt	103,822	127,702

Source: Kroll analysis.

Note:

- FY23 actual production and FY24 guidance production on an LCE basis as estimated by Kroll. Spodumene production from Mt Cattlin assumed to have a lithium grade of 5.4%.

Whilst our valuation range reflects 100% ownership of Allkem and, therefore, incorporates a control premium, they do not incorporate judgements as to the level of synergies that may be available to potential



acquirers and consequently, they do not include a full control premium. This is consistent with approach in treating the transaction as a merger of equals rather than a control transaction.

We have also considered a range of company-specific factors in forming our view as to the value of Allkem's equity, including:

- Allkem's current strategy, which is based on growing its projects and production capacity. As described in Section 8.2 of this report, Allkem has publicly stated that it intends to expand production three-fold by 2026;
- the relatively high jurisdictional risk associated with Allkem's Olaroz, Cauchari and Sal de Vida projects in Argentina;
- complexity in new lithium project execution, with cost inflationary pressures, labour shortages, government and regulatory risks persistent across the lithium industry. Allkem has recently announced project delays at Sal de Vida and Cauchari and is subject to possible further delays; and
- the increasing complexity for Allkem of managing its operations in different regions, with different regulatory requirements and tax regimes and increased exposure to risks such as legal and cyber-security risks.

### 11.3.2 Mt Cattlin

#### Summary

Kroll has determined the value of Allkem's interest in Mt Cattlin to be in the range of \$536 million to \$595 million.

#### Assumptions

The key assumptions underlying our valuation of Allkem's interest in Mt Cattlin include:

- production at Mt Cattlin until October 2028.
- total spodumene concentrate production of 871.6kdmt over the life of mine,<sup>154</sup> comprising:
  - 795.2kdmt of ex-pit and run of mine stockpiles generated; and
  - 76.4kdmt of tailings and end of mine life stockpiles.
- revenues derived from Kroll's adopted lithium spodumene concentrate pricing assumptions detailed in Section 11.2.1 of this report;
- lithium feed grade fluctuates over the life of mine but averages approximately 1.2% over the life of mine. Average lithium feed grade is expected to decline when the Stage 4a and 4b pit cutbacks are mined beginning in 2024;<sup>155</sup>
- a spodumene concentrate grade of 5.4%. Consequently, spodumene concentrate is assumed to be sold at a \$50/dmt quality discount to Kroll's lithium 6% CIF assumptions. CIF costs are assumed to be \$60/dmt, resulting in a realised FOB (Esperance) price \$110/dmt lower than the lithium 6% CIF forecasts;
- tantalum pentoxide production of 301,401lbs over the life of mine at an average price per pound of \$25;
- operating expenditures of, on average, approximately A\$1,436/dmt of spodumene concentrate over the life of mine. Operating expenditures comprise mining, transport, processing, general and administrative, royalty and refining expenditures. In this regard:
  - mining and processing costs are the largest components of operating expenditures. Mining and processing costs are expected to peak in 2024, driven by a rise in strip ratios as Allkem transitions

<sup>154</sup> Life of mine production figures are calculated starting from 1 October 2023.

<sup>155</sup> In order to even out material movements, Mt Cattlin's mine plan provides for two planned cutbacks (divisions of an open-pit mine plan) following the current stage of mining - Stage 4a and Stage 4b.



into the next phase of mining. Unit costs are expected to peak in 2026, the final production year prior to the last two years of tailing reprocessing; and

- royalty and refining expenditures comprise approximately 14% of total operating expenditures over the life of mine and are directly linked to Mt Cattlin's revenue.
- royalties are a variable cost derived on revenue and volume of processed ore. The two royalties at Mt Cattlin are WA royalty costs, which represent 5% of gross revenues; and a royalty owed to Lithium Royalty Corp (**LRC**) of A\$1.50 per tonne of processed ore (refer to Section 8.4.1 of this report for further discussion). Total royalties at Mt Cattlin over the forecast period total A\$145.1 million, comprising A\$136.8 million of WA state royalties and A\$8.3 million of LRC royalty;
- total capex of approximately A\$106 million over the life of the mine, comprised of A\$57 million in growth capex,<sup>156</sup> A\$30 million in sustaining capex and A\$18 million in closure capex;
- an income tax rate of 30% (the Australian corporate tax rate); and
- an assumed AUD:USD exchange rate of A\$1.00 = \$0.69.

#### Outputs and valuation

The following table summarises projected production and costs for Mt Cattlin for the next five calendar years, as well as for the life-of-mine.

##### Mt Cattlin Model Parameters

	Unit	CY24	CY25	CY26	CY27	CY28	Life of Mine
Spodumene concentrate shipped	kdmt	227.8	162.4	21.5	257.2	70.2	916.3
Operating expenses	A\$/dmt	1,160.0	1,663.5	11,133.2	897.9	1,457.4	1,457.4
Growth capex	A\$m	1.9	3.2	1.6	51.3	0.0	56.7
Sustaining capex	A\$m	23.5	1.0	1.0	1.0	0.8	30.4
Closure capex	A\$m	0.0	0.0	0.0	0.0	17.5	17.5

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- Mt Cattlin has been in operation since late 2016 and has consistently produced high-quality spodumene concentrate, excluding a period of approximately three years between 2012 and 2016 when the mine was placed into care and maintenance due to market conditions;
- the results of Allkem's Ore Reserve update for Mt Cattlin released on 16 June 2023, which confirmed a projected life-of-mine of four to five years using open pit mining methods; and
- higher expected cash costs in the next mining stage (Stage 4) due to increased Strip Ratios.

Kroll has separately considered the value of Mt Cattlin's underground mining potential and other exploration value in Section 11.3.7 of this report.

### 11.3.3 Olaroz

#### Summary

Kroll has determined the value of Allkem's 66.5% interest in Olaroz to be in the range of \$1,833 million to \$2,047 million.

#### Assumptions

The key assumptions underlying our valuation of Allkem's interest in Olaroz include:

- production at Olaroz until FY55;

<sup>156</sup> Capex related to site development and mining.



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- total lithium carbonate production (on a 100% attributable basis) of 1,310.7kt over the life of the resource, comprising 543.0kt of production from Olaroz Stage 1 and 767.6kt of production from Olaroz Stage 2. The ramp up of Olaroz Stage 2 is assumed to drive an increase in production from 26.2ktpa in FY24 to reach Olaroz's combined nameplate capacity of 42.5ktpa in FY26. Production is assumed to remain at nameplate capacity from FY26 onwards;
- battery grade lithium carbonate is assumed to represent 25.1% of total production in FY24 and decline to 17.5% of total production by FY26, with the remainder of production being technical grade lithium carbonate. The Olaroz Stage 2 plant is solely dedicated to the production of technical grade lithium;
- revenues are derived from Kroll's assumed battery grade lithium carbonate (CIF China) pricing. A portion of technical grade lithium carbonate is assumed to be sold at a discount to market prices, reflecting transfer pricing arrangements as product is supplied as feedstock to Naraha, with the remainder sold to market at carbonate pricing assumptions. Realised selling prices are net of commissions paid to TTC and Insurance and Freight (I&F);
- brine lithium grade increases slightly over the life of the resource but averages approximately 688 mg/L;
- well output of approximately 2,045kt LCE over the life of the resource, with pond and process plant recovery of approximately 60-63% over the life of mine;
- average cash costs of \$5,853/tonne of lithium carbonate produced, comprising:
  - costs of reagents including soda ash, lime, carbon dioxide and natural gas and other site operating costs including labour, maintenance, general operating and energy costs;
  - royalty costs calculated as 3.0% of the royalty tax base and export duties calculated as 4.5% of the export duties tax base;
  - costs of export logistics;
- total capex of approximately \$643 million over the life of the resource, comprised of approximately \$508 in sustaining capex, \$111 in capital investments and \$24 million in costs of preliminary feasibility studies. Capital investments relate to enhancements for Olaroz Stage 1; and
- an income tax rate of 35%.

### Outputs and valuation

The following table summarises the projected production and costs for Olaroz for the next five calendar years and projected total production and costs for the life-of-mine:

#### Olaroz Model Parameters

	Unit	FY24	FY25	FY26	FY27	FY28	Life of Resource
Lithium carbonate produced	kt	26.2	36.8	42.5	42.5	42.5	1,310.7
Battery grade	%	25.1%	16.8%	17.5%	17.5%	17.5%	-
Cash costs	\$/tonne	10,647.1	7,194.6	5,780.7	5,856.3	5,844.3	5,853.7
Growth capex	\$m	36.4	79.0	19.7	0.0	0.0	107.7
Sustaining capex	\$m	33.7	15.6	15.6	15.6	15.6	499.7

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- Olaroz has been in operation since 2015 and is a high-quality long-life resource supported by sufficient local infrastructure and capable of sustaining production for over 40 years;
- Olaroz Stage 2 achieved first wet lithium carbonate production in July 2023. Whilst operational risks remain regarding commissioning and ramp-up, the vast majority of capital costs for Olaroz Stage 2 have already been incurred;
- Olaroz faces heightened sovereign risk associated with Argentina. In this regard:



- companies operating in Argentina face elevated risks due to a mix of economic, civil and political factors. Since 2015, the Argentine economy has experienced a recession, a political and social crisis, and a significant depreciation of the Argentine peso against major international currencies. Civil and political unrest is common in Argentina and can lead to suspension of mining operations, delays in project construction, damage to facilities and in the worst-case a loss of operating licenses or expropriation;
- on the other hand, as described in Appendix 4 of this report, it can be argued that the sovereign risks facing Olaroz are not significant. There is no recent history of expropriation activity in Argentina and moreover, Olaroz is an established operation well past the point at which it would be most vulnerable to sovereign risk impacts. Additionally, Olaroz produces lithium for international export markets, with revenue earned in US dollars, resulting in minimal currency risk and exposure to the Argentinian economy; and
- there is no consensus as to the best approach to making valuation adjustments for sovereign risk. There are several approaches (e.g. government bond spreads, credit default swap spreads, country credit ratings and relative volatility of market returns) but there are limitations to each approach. As described in Appendix 4 of this report, Kroll has chosen to include a 2% premium to the cost of equity of Argentinian assets to reflect the greater country risk, but this is ultimately a matter of judgement that is subject to uncertainty.

Olaroz has potential to support additional expansions beyond the current production plan. Kroll has separately considered the value of potential life-extensions to the Olaroz resource in Section 11.3.7 of this report.

#### 11.3.4 James Bay

##### Summary

Kroll has determined the value of Allkem's interest in James Bay to be in the range of \$874 million to \$1,007 million.

The valuation takes into account the value of Allkem's 100% ownership in the James Bay project.

##### Assumptions

The key assumptions underlying our valuation of Allkem's interest in James Bay include:

- production at James Bay until 2043;
- total lithium spodumene concentrate production of 5,845kdmmt over the life of mine, derived from an assumed 2,000 tpa mill feed at an average grade of 1.27%:
  - James Bay is expected to produce an average of 307.6 kdmmt of spodumene concentrate per year over the life of mine, significantly more than Mt Cattlin (which is expected to produce an average of 145.3kdmmt of spodumene concentrate per year over the remaining life of mine);
- spodumene concentrate grade of 5.6%. Consequently, spodumene concentrate is assumed to be sold at a C\$53/dmt quality discount to Kroll's lithium 6% CIF assumptions. CIF costs are assumed to be C\$80/dmt, resulting in a realised FOB (Montreal) price C\$133/dmt less than the lithium 6% CIF assumption;
- site operating costs of, on average, approximately C\$399/dmt of spodumene concentrate over the life of mine. Site operating costs consist of mining, processing and G&A costs. In this regard:
  - mining costs include mining operations, maintenance, engineering, and drilling, blasting and hauling costs;
  - processing costs are costs associated with the processing plant including labour, power, consumables and reagents; and
  - G&A costs include employee transportation costs, surface support and environmental costs;
- royalty costs of, on average, approximately C\$33/dmt of spodumene concentrate over the life of mine. Royalties relate to the IBA that will replace the PDA that Allkem entered into with the Cree Nations



Government in 2019 and two separately negotiated private royalties (refer to Section 8.4.3 of this report);

- total capex of approximately C\$887 million over the life of the resource, comprised of approximately C\$509 million in initial capex, C\$254 million in sustaining capex and C\$125 million in reclamation and closure capex;
- income tax based on Quebec mining duties (according to layered tax rates), Quebec income tax (11.5%) and the Canadian federal income tax rate (15.0%); and
- an assumed USD:CAD exchange rate of \$1.00 = C\$1.30.

#### Outputs and valuation

The following table summarises the projected production and costs for James Bay for the five calendar years starting in 2025 (the first year of production) and projected total production and costs for the life-of-mine:

#### James Bay Model Parameters

	Unit	CY25	CY26	CY27	CY28	CY29	Life of Mine
Spodumene concentrate	kdmt	215.8	339.3	359.2	357.5	323.1	5,844.8
Total operating costs	C\$/dmt	425.1	344.3	345.5	364.2	390.4	429.7
Growth capex	C\$m	15.8	0.0	0.0	0.0	0.0	431.0
Sustaining capex	C\$m	54.9	20.7	42.7	14.7	15.9	253.8
Closure capex	C\$m	0.0	0.0	0.0	0.0	0.0	55.8

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- James Bay is a development asset in an engineering stage that was first systematically explored in 2008 but is not expected to produce first spodumene concentrate until 2025. Allkem has demonstrated the asset has material value with strong internal rates of return and short payback periods;
- James Bay is a large lithium asset with significant potential. James Bay's lithium resource was measured at 110.2 Mt at 30 June 2023. This represents a resource over 10 times the size of Mt Cattlin (9.4 Mt as at 30 June 2023 (depleted for mining)) and the largest Canadian spodumene mineral resource.<sup>157</sup> Moreover, the resource is expected to be capable of sustaining production for 19 years;
- James Bay has yet to achieve first production. Operational risks remain regarding commissioning and ramp-up however Allkem intends to leverage the spodumene concentrate expertise employed at Mt Cattlin and has already de-risked certain elements of the project such as the installation of low-cost and sustainable hydropower. James Bay is planned to have the same 2 million tonne per annum (mtpa) plant capacity as Mt Cattlin with a very similar process design and flowsheet to the process employed at Mt Cattlin. Moreover, Allkem has procured a majority of mechanical equipment, electrical equipment and contractors for the mine site;
- James Bay faces regulatory risk associated with operations in Quebec. In this regard, making a valuation adjustment for regulatory risk for assets in a jurisdiction such as Canada is difficult and involves making subjective judgements. On one hand, it can be argued that the regulatory risks facing James Bay are not significant, given that Allkem has already received federal approval for ESIA and has signed a IBA with the Cree Nations community operation. However, Allkem has not yet received provincial approval; and
- foreign exchange risk. James Bay incurs costs in Canadian dollars which then have to be converted to USD. Kroll and Allkem consider the USD:CAD pair to be of relatively low risk and do not consider this foreign exchange risk material for the valuation of the James Bay project.

<sup>157</sup> Allkem FY23 Results Presentation. August 2023.

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James Bay has significant exploration potential, particularly with respect to the North-West sector which remains open to the northwest. Kroll has separately considered the value of James Bay exploration assets in Section 11.3.7 of this report.

### 11.3.5 Cauchari

#### Summary

Kroll has determined the value of Allkem's 100% interest in Cauchari to be in the range of \$266 million to \$501 million.

#### Assumptions

The key assumptions underlying our valuation of Allkem's interest in Cauchari include:

- production at Cauchari until FY57;
- total lithium carbonate production of 740 kt over the life of the resource. Lithium carbonate production is assumed to begin in FY28 and ramp up to Cauchari's nameplate capacity of 25 ktpa by FY30. Production is assumed to remain at nameplate capacity from FY30 onwards;
- 100% of production is assumed to be battery grade lithium carbonate, with the exception of the ramp up period in FY26 and FY27;
- revenues are derived from Kroll's assumed battery grade lithium carbonate (CIF China). Technical grade lithium carbonate is assumed to be sold at carbonate pricing assumptions. Realised selling prices are net of I&F;
- brine lithium grade is assumed to decrease over the life of the resource, averaging approximately 500 mg/L;
- well output of approximately 1,128 kt LCE over the life of the resource, with a pond and process plant recovery of approximately 67% over the life of mine. This is slightly higher than assumed for Olaroz, reflecting modifications to plant design which capitalise on operational experience and learnings from Olaroz operations;
- average cash costs of \$5,763/tonne of lithium carbonate produced, comprising:
  - costs of reagents including soda ash, lime, carbon dioxide and natural gas and other site operating costs including labour, maintenance, general operating and energy costs;
  - royalty costs calculated as 3.0% of the royalty tax base and export duties calculated as 4.5% of the export duties tax base;
  - costs of export logistics;
  - total capex of approximately \$1,255 million over the life of the resource, representing capital intensity of approximately \$1,695/tonne of lithium carbonate produced. Capex is comprised of approximately \$547 in sustaining capex, \$659 in capital investments and \$49 million in costs of preliminary feasibility studies; and
- income tax rate of 35%.

#### Outputs and valuation

The following table summarises the projected production and costs for Cauchari for the next five calendar years and projected total production and costs for the life-of-mine:



**Cauchari Model Parameters**

	Unit	FY28	FY29	FY30	FY31	FY32	Life of Resource
Lithium carbonate produced	kt	15.5	24.6	25.0	25.0	25.0	740.1
Battery Grade	%	0.0%	79.7%	100.0%	100.0%	100.0%	-
Cash costs	\$/tonne	6,830	5,642	5,791	5,749	5,778	5,763
Growth capex	\$m	0.0	0.0	0.0	0.0	0.0	659.4
Sustaining capex	\$m	18.2	18.2	18.2	18.2	18.2	1,254.6

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- Cauchari is in a pre-development stage and therefore its cost estimates are subject to a higher degree of uncertainty. However, the similarity between Cauchari and Olaroz reduces risks associated with developing the project, as does its proximity to Olaroz, which has been extensively studied and has been producing lithium carbonate since 2015;
- Cauchari site brine has been sampled and tested with results indicating similar characteristics to the Olaroz site brine. As such, a similar process to Olaroz Stage 2 could be used or brine could be pumped from Cauchari to an expanded project at Olaroz;
- whilst there are uncertainties attached to Cauchari's development cost estimates and development timeline (for example, due to regional and global inflation impacts), the recent 48% upward revision in Cauchari's development costs (announced in the Cauchari project update released on 25 September 2023) was reflected in Kroll's cash flow model for the asset. Accordingly, these uncertainties are to a degree reflected within the assumed cash flows; and
- the location of Allkem's Cauchari tenements in the east and west side of the Salar de Cauchari, in between tenements controlled by Lithium Americas (Argentina) and Ganfeng Lithium. Arguably, Allkem's Cauchari tenements can be seen as an attractive acquisition target by Lithium Americas (Argentina) and Ganfeng Lithium.

**11.3.6 Sal de Vida**

**Summary**

Kroll has determined the value of Allkem's interest in Sal de Vida to be in the range of \$1,249 million to \$1,520 million.

The valuation of Sal de Vida considers both the Stage 1 and Stage 2 projects.

**Assumptions**

The key assumptions underlying our valuation of Allkem's interest in Sal de Vida include:

- production at Sal de Vida until FY65;
- total lithium carbonate production of 1,365kt over the life of the resource. Lithium carbonate production under Stage 1 of the project is assumed to begin in FY26 and increase to Sal de Vida's total nameplate capacity of 45.0kt/pa<sup>158</sup> in FY29, following the ramp up of Sal de Vida Stage 2. Production is assumed to remain at nameplate capacity from FY29 onwards;
- battery grade lithium carbonate is assumed to represent 80% of total production from FY27 onwards;
- revenues are derived from Kroll's assumed battery grade lithium carbonate (CIF China). Technical grade lithium carbonate is assumed to be sold to market at carbonate pricing assumptions. Realised selling prices are net of I&F;

<sup>158</sup> Sal de Vida Stage 1 has a nameplate capacity of 15.0kt/pa and Sal de Vida Stage 2 has a nameplate capacity of 30.0kt/pa.



- brine lithium grade is assumed to decrease over the life of the resource, averaging approximately 768 mg/L;
- well output of approximately 2,185 kt LCE over the life of the resource, with a pond and process plant recovery of approximately 74% over the life of mine. This recovery is slightly higher than assumed for Cauchari, reflecting a higher brine quality with lower sulphates;
- average cash costs of \$5,562/tonne of lithium carbonate produced, comprising:
  - costs of reagents including soda ash, lime, carbon dioxide and natural gas and other site operating costs including labour, maintenance, general operating and energy costs;
  - royalty costs calculated as 3.0% of the royalty tax base and export duties calculated as 4.5% of the export duties tax base; and
  - costs of export logistics.
- total capex of approximately \$1,891 million over the life of the resource, representing capital intensity of approximately \$1,359/tonne of lithium carbonate. Capex is comprised of approximately \$854 million in sustaining capex, \$958 million in capital investments and \$80 million in costs of preliminary feasibility studies; and
- income tax rate of 35%.

#### Outputs and valuation

The following table summarises the projected production and costs for Sal de Vida for the next five calendar years and projected total production and costs for the life-of-mine:

**Sal de Vida Model Parameters**

	Unit	FY26	FY27	FY28	FY29	FY30	Life of Resource
Lithium carbonate produced	kt	7.0	14.6	38.3	45.0	45.0	1,365.0
Battery Grade	%	0.0%	79.7%	100.0%	100.0%	100.0%	-
Cash costs	\$/tonne	11,482	9,970	5,975	5,439	5,440	5,562
Growth capex	\$m	328.4	368.1	0.0	0.0	0.0	921.7
Sustaining capex	\$m	11.0	11.0	27.7	27.7	27.7	853.8

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- Sal de Vida's superior brine chemistry, with an initial lithium grade of 798.2 mg Li/L;
- Sal de Vida Stage 1 is currently under construction, with progress reaching 24% as of the end of June 2023;
- Sal de Vida Stage 2 has to date only been studied at a pre-feasibility study level and the accuracy of its cost and production estimates remain highly uncertain. The division of the project into two stages partially reduces some of the risks associated with Sal de Vida Stage 2, as lessons from Stage 1 can be incorporated into Stage 2; and
- whilst there are uncertainties attached to Sal de Vida's development cost estimates and development timeline (for example, due to regional and global inflation impacts), the recent 38% upward revision in Sal de Vida's development costs (announced in the Sal de Vida project update released on 25 September 2023) was reflected in Kroll's cash flow model for the asset. Accordingly, these uncertainties are to a degree reflected within the assumed cash flows.

Similarly to Olaroz, Sal de Vida has potential to support additional expansions beyond the current production plan. Kroll has separately considered the value of potential life extensions to the Sal de Vida resource in Section 11.3.7 of this report.



### 11.3.7 Naraha Lithium Hydroxide Plant

#### Summary

Kroll has determined the value of Allkem's 75% interest in the Naraha Lithium Hydroxide Plant to be in the range of \$185 million to \$248 million.

The valuation considers factors including the outlook for lithium hydroxide, Naraha's strategic alignment to TTC, the de-risked nature of operations given Naraha plant delivery is operated by TLC and technical grade lithium carbonate feedstock is provided from Allkem's Olaroz asset and the unique nature of operational downstream lithium assets.

#### Assumptions

The key assumptions underlying our valuation of Allkem's interest in Naraha include:

- production at Naraha until 2062;
- total battery grade lithium hydroxide production of 390kt over an assumed 40 year operations of the Naraha Stage 1 lithium hydroxide facility. Lithium hydroxide production is assumed to begin in FY23 and ramp up to Naraha's nameplate capacity of 10ktpa by 2025. Kroll has not assigned any value to the Stage 2 operations at Naraha;
- an assumed constant conversion factor from technical grade lithium carbonate into battery grade lithium hydroxide of 91%, that is, to produce one tonne of battery grade lithium hydroxide, it is assumed the Naraha plant requires 0.91 tonnes of technical grade lithium carbonate as feedstock;
- average operating costs of approximately \$18,965/tonne of lithium hydroxide produced, comprising:
  - lithium carbonate costs assumed at approximately \$16,446/tonne reflecting the cost of the lithium carbonate used in the production of lithium hydroxide. Lithium carbonate costs are assumed at a lithium carbonate price per tonne which reflects a discount to Kroll's assumed battery grade lithium hydroxide price (FOB), reflecting the transfer pricing arrangements between Olaroz and Naraha;
  - conversion costs assumed at approximately \$2,519/tonne reflecting costs of running the plant, processing the lithium carbonate and producing the lithium hydroxide;
- total capex of \$58 million over the life of the resource, comprised entirely of sustaining capex; and
- income tax rate of 30.6%.

#### Outputs and valuation

The following table summarises the projected production and costs for Sal de Vida for the next five calendar years and projected total production and costs for the life-of-mine:

##### Naraha Plant Model Parameters

	Unit	2024	2025	2026	2027	2028	Life of Resource
Lithium carbonate processed	tonnes	7,735	9,100	9,100	9,100	9,100	354,445
Lithium hydroxide processed	tonnes	8,500	10,000	10,000	10,000	10,000	389,500
Lithium carbonate costs	\$/tonne	17,909.9	15,242.5	15,389.8	18,655.0	16,380.0	16,445.8
Conversion costs	\$/tonne	2,803.6	2,508.5	2,508.5	2,508.5	2,508.5	2,518.8
Growth capex	\$m	0.0	0.0	0.0	0.0	0.0	0.0
Sustaining capex	\$m	1.5	1.5	1.5	1.5	1.5	58.1

Source: Allkem; Kroll analysis.

Kroll's valuation reflects the following factors:

- Naraha has achieved first production and testing, however, it is still in ramp up phase and therefore its production estimates are subject to a higher degree of uncertainty;



- confidence in lithium carbonate feedstock from Olaroz to supply the Naraha plant. This combination of upstream lithium assets, such as Olaroz, with downstream processing, such as Naraha, provides additional confidence for both Olaroz and Naraha forecasting. Other downstream processing plants that do not have vertical integration would likely suffer a valuation discount as a result of their inability to guarantee feedstock supply;
- the nature of the Naraha joint venture with TTC and the ability to share expertise across both Allkem and TTC; and
- the potential to expand the operations to higher volumes of lithium hydroxide in the future.

### 11.3.8 Exploration value

Kroll has determined the exploration value associated with Allkem's assets to be in the range of \$197 million to \$347 million. Exploration value includes the value of potential resource life extensions at Olaroz and Sal de Vida, development assets at James Bay, underground mining potential at Mt Cattlin and exploration assets acquired as part of Allkem's acquisition of Advantage Lithium. These are summarised in the following table.

#### Valuation of Resource and Exploration Assets

	Valuation Range	
	Low	High
Mt Cattlin	44	67
James Bay	73	158
Sal de Vida	25	33
Olaroz (66.5%)	46	58
Advantage Lithium Properties	9	31
<b>Value of other assets</b>	<b>197</b>	<b>347</b>

Source: Kroll analysis.

#### Olaroz and Sal de Vida resource life extensions

Kroll has valued resource and exploration assets attributed to Olaroz and Sal de Vida by extending the asset cash flow models.

Allkem's brine assets, Sal de Vida and Olaroz, have very long remaining lives and are capable for sustaining production in excess of 40 years. For example Olaroz's current life of resource production represents 8.5% of total measured and indicated mineral resources (of approximately 15.4Mt LCE).

Whilst the cash flow models incorporate resource lives up to FY55 (for Olaroz) and FY65 (for Sal de Vida), a large balance of remnant resources remain at the end of their respective lives. Kroll has determined the value of these remnant resources by calculating the value impact of extending their respective cash flow models by an additional 8 years, up to FY65 for Olaroz and by an additional 10 years, up to FY75 for Sal de Vida, following recommendations provided by BDA.

#### James Bay exploration assets

The North-West Sector of James Bay remains open to the northwest and at depth and there are indications of an extension of the pegmatite resource to the east of the main deposit. Kroll has determined the value of exploration and development assets at James Bay by calculating the value impact of extending the assets cash flow model by an additional 10 years, up to 2053, following recommendations by BDA.

#### Mt Cattlin exploration and development assets

Kroll has attributed value to Mt Cattlin exploration and development assets based on values recommended by BDA. BDA has reviewed the potential for mine life extensions to Mt Cattlin from underground development and has reviewed outlying tenement areas including the northern and southwest target areas and the recently acquired Bald Hill tenements. Based on BDA's recommendations, Kroll has determined the value of underground mining potential at Mt Cattlin to be in the range of \$37 million to \$55 million and exploration tenements at Mt Cattlin to be in the range of \$7 million to \$11 million.





### Advantage Lithium Properties

As part of the Advantage Lithium acquisition, Allkem acquired the Incahuasi, Antofalla Norte, Antofalla and Guayatoyoc prospects in Argentina, totalling 31,320 hectares. The Antofalla properties have since been disposed of. These prospects are generally associated with potassium rich brines with relatively low lithium values. Based on values recommended by BDA, Kroll has determined the value of these properties to be in the range \$9 million to \$31 million.

#### 11.3.9 Corporate

Kroll has determined the value attributed to corporate costs to be in the range of \$320 million to \$337 million.

Allkem's corporate costs comprise head office costs not allocated to individual mine sites. From FY24 onwards, they are estimated to be approximately \$40 million per year before management fees received, the majority of which relates to Australian corporate costs.

Corporate costs include costs associated with:

- the senior executive team (i.e. Chief Executive Officer, Chief Financial Officer, company secretarial and legal, planning and development, corporate affairs, treasury, tax, etc.);
- being a publicly listed company including directors' fees and expenses, annual reports and shareholder costs communications, share registry and listing fees); and
- group shared services (such as human resources, information technology etc.) not allocated to individual mine sites during the year.

Kroll has not considered any value for corporate overhead savings that may be available to acquirers of Allkem.

#### 11.3.10 Net Cash

Allkem's net cash for valuation purposes is \$517 million. This is calculated as 30 June 2023 balances of \$821 million in cash, less \$274 million in loans and borrowings and \$53 million in lease liabilities, plus Allkem's 30 September 2023 reported net cash increase of \$23.3 million since 30 June 2023. As described in Section 8.6 of this report, as at 30 June 2023 Allkem held \$16 million in long term cash deposits funded by shareholders to partially secure Allkem's borrowings, which it classified as other financial assets. These have been excluded from Allkem's net cash for valuation purposes.

#### 11.3.11 Sensitivity Analysis

A sensitivity analysis containing a range of Allkem equity values based on an array of forecasted lithium prices and discount rates is set out in the following table.

Allkem Equity Value Sensitivity Analysis (\$ millions)

		Change in Discount Rate				
		0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Change in lithium price forecasts	(10%)	4,481	4,607	4,738	4,876	5,022
	(5%)	5,024	5,162	5,306	5,458	5,618
	0%	5,565	5,716	5,874	6,039	6,213
	5%	6,105	6,268	6,439	6,619	6,807
	10%	6,645	6,821	7,005	7,198	7,401

Source: Kroll analysis.

Note:

1. The equity values assume the midpoint value of resource and exploration upside in each scenario.



## 11.4 Valuation of Livent

### 11.4.1 Overview

Kroll has assessed the value of the equity of Livent to be in the range of \$4,454 million to \$4,981 million. As our valuation is on the basis of a merger of equals analysis, it represents the estimated full underlying value of Livent on a standalone basis and excludes any value for synergies that may be available to acquirors of Livent.

The value attributed to Livent's equity is an overall judgement as to the opportunities and risks associated with the business in the current economic and geopolitical environment and having regard to a sum of the parts methodology. The methodology and our rationale for the selection of this methodology is set out in Section 11.1.2 of this report.

The valuation of Livent is summarised as follows.

#### Livent Valuation Summary (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Salar del Hombre Muerto and downstream operations	11.4.2	3,253	3,563
Specialty Lithium	11.4.4	873	890
Nemaska (50.0%)	11.4.5	124	196
Salar del Hombre Muerto Expansion II	11.4.3	637	750
Exploration value <sup>1</sup>	11.4.6	39	61
Corporate	11.4.7	(341)	(349)
<b>Enterprise value of Livent</b>		<b>4,584</b>	<b>5,111</b>
Net debt	11.4.8	(131)	(131)
<b>Equity value of Livent</b>		<b>4,454</b>	<b>4,981</b>
Fully diluted Livent Shares on issue (millions) <sup>2</sup>		208.9	208.9
<b>Equity value per Livent Share</b>		<b>\$21.32</b>	<b>\$23.84</b>

Source: Kroll analysis.

Notes:

1. Includes allowance for Salar del Hombre Muerto and Nemaska exploration value.
2. Refer to Section 6.11(a) of the Scheme Booklet for further details on Livent's securities and capital structure.
3. Table may not add due to rounding.

Based on Livent's resources and reserves of 12.7Mt LCE, Kroll's valuation of Livent implies the following valuation parameters of between 361 and 402 \$/t LCE.

In assessing the value of Livent's equity, Kroll has adopted a DCF analysis as a primary methodology (refer to Section 11.1 of this report). The value derived from the DCF analysis has been cross-checked using enterprise value multiples of publicly traded lithium producers and developers (refer to Section 11.5 of this report).

Whilst our valuation range reflects 100% ownership of Livent and, therefore, incorporates a control premium, it does not incorporate judgements as to the level of synergies that may be available to potential acquirers and consequently, it does not include a full control premium. This is consistent with approach in treating the transaction as a merger of equals rather than a control transaction.

The valuation of Livent is fundamentally dependent on Kroll's judgements as to key assumptions adopted for valuation purposes, including as to future lithium prices. As described in Section 11.2.1 of this report, actual future lithium prices are subject to considerable uncertainty. The value of Livent's assets is highly sensitive to changes in assumptions as to future lithium prices and, consequently, a wide range of values could be reasonably estimated.



#### 11.4.2 Salar del Hombre Muerto and downstream operations

##### Summary

Kroll has determined the value of Livent's Salar del Hombre Muerto and downstream operations to be in the range of \$3,253 million to \$3,563 million. Our value includes the value of the lithium carbonate first expansion and the new China lithium hydroxide plant.

##### Assumptions

The key assumptions underlying our valuation of Livent's Salar del Hombre Muerto and downstream operations:

- current lithium carbonate production capacity of 18 ktpa from the Fénix project in Argentina
- current lithium hydroxide capacity of 30 ktpa from five manufacturing facilities, including production from the 5,000 tpa expansion at Bessemer City
- first phase (Phase A) of first expansion is complete with first production in Q4 2023 increasing lithium carbonate production capacity from the Fénix project by 10 ktpa;
- first production from the second phase (Phase B) of first expansion anticipated in 2024 increasing lithium carbonate production capacity by an additional 10 ktpa;
- following the completion of Phase B, production capacity is expected to reach 38 ktpa; and
- additional 15 ktpa of lithium hydroxide capacity in the province of Zhejiang, China expected to be mechanically complete by the end of 2023.

#### 11.4.3 Salar del Hombre Muerto Expansion II

##### Summary

Kroll has determined the value of Livent's Salar del Hombre Muerto Expansion II to be in the range of \$637 million to \$750 million.

##### Assumptions

The key assumptions underlying our valuation of Livent's Salar del Hombre Muerto Expansion II:

- second phase expansion (Phase 2) to add an additional 30 ktpa of lithium carbonate capacity at the Fénix project expected to be completed in 2026; and
- following the completion of Phase 2, production capacity is expected to reach 68 ktpa.

#### 11.4.4 Specialty Lithium

##### Summary

Kroll has determined the value of Livent's specialty lithium business to be in the range of \$873 million to \$890 million. The specialty lithium business includes butyllithium, high purity lithium metal, lithium chloride and specialty organics production.

##### Assumptions

The key assumptions underlying our valuation of Livent's specialty lithium business (which is currently in production):

- annual butyllithium production of approximately 2,600 tonnes in 2023 to 2025, gradually increasing to approximately 3,000 tonnes in 2031;
- annual lithium chloride sold to market of 150 tonnes in 2023 and remaining constant over the forecast period;
- annual purified metals production ramping up to 130 tonnes in 2024; and
- other lithium product production of approximately 11,255 tonnes across the forecast period.



#### 11.4.5 Nemaska Lithium Project

##### Summary

Kroll has determined the value of Livent's interest in Nemaska Lithium to be in the range of \$124 million to \$196 million. The valuation takes into account the value of Livent's 50% ownership in Nemaska Lithium. Our valuation range consists of the Whabouchi Mine and concentrator and a lithium hydroxide conversion plant in Bécancour, Québec.

##### Assumptions

The key assumptions underlying our valuation of Livent's interest in Nemaska include:

- average annual production of 230 ktpa of spodumene concentrate with a 34-year mine life (combined open pit and underground);
- production start-up in 2025;
- commercial sales of spodumene concentrate until the lithium hydroxide facility comes into full production;
- Bécancour conversion plant is expected to produce 32 ktpa of lithium hydroxide; and
- First production of lithium hydroxide expected in 2026.

#### 11.4.6 Other assets

Other assets considered by Kroll include the value of potential resource life extensions at Salar de Hombre Muerto and Nemaska/Whabouchi.

Kroll has determined the value attributed to Livent's other assets to be in the range of \$39 million to \$61 million. Kroll has categorised Livent's other assets, as summarised below:

##### Valuation of Resource and Exploration Assets

	Valuation Range	
	Low	High
Salar del Hombre Muerto	35	56
Nemaska (50.0%)	4	5
<b>Value of other assets</b>	<b>39</b>	<b>61</b>

Source: Kroll analysis.

##### Salar del Hombre Muerto and Nemaska Resource Life Extensions

Kroll has valued resource and exploration assets attributed to Salar del Hombre Muerto and Nemaska by extending the asset cash flow models.

Livent's Salar del Hombre Muerto brine asset has a considerable resource beyond the 40 year mine life. SdHM's current life of mine production represents 32.9% of total measured and indicated mineral resources (of approximately 11.8 Mt LCE). While the cash flow model incorporates a resource life up to FY61, a large balance of remnant resources remain at the end of the mine life. Kroll has determined the value of these remnant resources by calculating the value impact of extending the cash flow model by an additional 10 years, up to FY71 following a recommendation provided by BDA.

According to BDA, Livent's Nemaska/Whabouchi project has potential for the project life to extend beyond the projected 34 years. As such, Kroll has extended the cash flow model by an additional five years following a recommendation provided by BDA.

Livent has other areas of potential growth expected to generate revenue over the next 6 years. These opportunities include:

- a third expansion at Salar del Hombre Muerto to further increase capacity by 2030 (refer to Section 9.5 of this report).
- the addition of a lithium recycling plant in North America or Europe; and



- the production of new forms of lithium, including printable lithium products.

We have not explicitly included value for these opportunities for the following reasons:

- the projects are all in the early design phase with uncertainty on the timing of first production increasing the risk of unforeseen technical or construction difficulties;
- the third expansion at Salar del Hombre Muerto will rely on solar evaporation ponds compared to the current selective adsorption process;
- the absence of a technical study to provide reliable production, cost and capital expenditure assumptions;
- there is risk the developed products will not achieve market-wide acceptance; and
- potential competitors may develop similar or superior products.

#### 11.4.7 Corporate

Kroll has determined the value attributed to corporate costs to be in the range of \$341 million to \$349 million.

Livent's corporate costs comprise head office or regional costs not allocated to individual mine sites. From FY24 onwards, they are estimated to be approximately \$45 million per year, the majority of which relates to the United States, Asia and Argentina-based head office or regional corporate costs.

Corporate costs include costs associated with:

- the senior executive team (i.e. Chief Executive Officer, Chief Financial Officer, company secretarial and legal, planning and development, corporate affairs, treasury, tax, etc.);
- being a publicly listed company including directors' fees and expenses, annual reports and shareholder costs communications, share registry and listing fees); and
- group shared services (such as human resources, information technology etc.) not allocated to individual mine sites during the year.

Kroll has not considered any value for corporate overhead savings that may be available to acquirers of Livent.

#### 11.4.8 Net Debt

Livent's net debt for valuation purposes is \$131 million. This is comprised of \$243 million in long-term debt less \$113 million in cash and cash equivalents as at 30 September 2023.

#### 11.4.9 Sensitivity Analysis

A sensitivity analysis containing a range of Livent equity values based on an array of forecasted lithium prices and discount rates is set out in the following table.

Livent Equity Value Sensitivity Analysis (\$ millions)

		Change in Discount Rate				
		0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Change in lithium price forecasts	(10%)	3,560	3,651	3,745	3,842	3,943
	(5%)	4,026	4,126	4,230	4,337	4,449
	0%	4,492	4,602	4,715	4,832	4,954
	5%	4,959	5,077	5,200	5,328	5,460
	10%	5,425	5,553	5,686	5,823	5,966

Source: Kroll analysis.

Note:

- The equity values assume the midpoint value of resource and exploration upside in each scenario.



## 11.5 Market approach cross-check

### 11.5.1 Implied Multiples

The multiples implied by the mid-point of our selected value ranges have been compared to enterprise value multiples in the lithium industry. Specifically, we compared the trading multiples of comparable public companies based on multiples of enterprise value to LCE tonnes (the \$ per tonne multiples) and multiples from historical transactions. These multiples and comparisons are summarised below and with further detail set out in Appendix 5 of this report.

The value of each respective mine implies the following resource multiples. Total resources have been stated based on those attributable to Allkem and Livent's ownership percentages. For companies or transactions with by-products, the by-product resources have been converted to LCE.

#### Allkem Implied Resource Multiples

	Implied Enterprise Value (\$ millions)	Attributable Resources (Kt LCE)	EV/Resources <sup>1</sup> (\$/t LCE)
Mt Cattlin	565	379	1,637
Sal de Vida I & II	1,382	7,170	197
Olaroz (66.5%)	1,938	16,870	118
James Bay	940	3,536	298
Cauchari	378	5,950	64
<b>Total<sup>2</sup></b>	<b>5,203</b>	<b>33,905</b>	<b>173</b>

Source: Kroll analysis.

Notes:

1. The EV/Resources multiple calculation includes additional value from life of mine extension and exploration value not shown in the implied enterprise value where applicable.
2. The total EV/Resources multiple includes items such as downstream processing plant, corporate SG&A, and net cash not shown in the implied enterprise value.

#### Livent Implied Resource Multiples

	Implied Enterprise Value (\$ millions)	Attributable Resources (Kt LCE)	EV/Resources <sup>1</sup> (\$/t LCE)
SdHM	4,980	11,820	425
Nemaska (50%)	160	906	181
<b>Total<sup>2</sup></b>	<b>5,140</b>	<b>12,726</b>	<b>370</b>

Source: Kroll analysis.

Notes:

1. The EV/Resources multiple calculation includes additional value from life of mine extension and exploration value not shown in the implied enterprise value where applicable.
2. The total EV/Resources multiple includes items such as downstream processing plant, corporate SG&A, and net cash not shown in the implied enterprise value.

Many factors affect the comparability of comparable public company values and transactions. These factors include:

- **development stage:** lithium companies are engaged in exploration, development, and operation of mineral resources. The stage of development and the time left for operation can lead to a difference in multiples depending on time to production and expectations for the asset. Companies often own multiple assets in various stages of operation making it difficult to compare multiples on a consolidated basis;
- **regulatory environment:** the country and legal environment a lithium company operates in impacts the amount of regulatory and tax benefits or disadvantages it faces. The instability of a country and the threat of government interference can also decrease the value of a company. Government interference and ownership can lead to uncertainty for investors, such as the threat of nationalisation and inconsistent disclosure rules;

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- **business mix:** companies with globally diversified production and mine locations can trade at a premium compared to companies that only operate in one region or country. The size and diversification of products may also lead to a company with lithium assets to be valued on a basis other than resource multiples, making it difficult to rely on the resource multiple of that company due to factors other than lithium resources influencing the value;
- **production:** the multiples may be affected by the grade, quality and concentration of the raw minerals being produced. This can obfuscate results as higher quality production will lead to higher profitability that may not be captured in the resource multiples;
- **macroeconomic environment:** transaction values and deal sizes can be impacted by global economic trends such as central bank interest rate policies, supply chain issues, negative consumer and business outlook which may result in pessimistic deal value translating into lower resource multiples and vice versa; and
- **transaction price vs notional value:** the enterprise value arrived from a negotiated deal price can deviate from the intrinsic value of the target company due to differences in negotiation strength, asymmetric information between the buyer and seller, and special interest purchasers willing to pay a premium to achieve post-acquisition synergies. These factors can result in multiples that are not representative of the underlying company on a stand-alone basis.

Other factors affecting the comparability include size, access to infrastructure, status of permitting, resource certainty, method of extraction, cost structure, **grade of resources, expected life of mine, exploration potential, and other mining projects held.**

### 11.5.2 Comparable Companies

Under the comparable public companies analysis, we identified a number of publicly-traded companies engaged in the production or development of lithium as being comparable for purposes of cross-checking the implied mid-point values of our selected value ranges.

None of the selected public companies are identical to Allkem or Livent, or the Allkem and Livent assets, and we do not have access to non-public information regarding those companies or projects.

A number of publicly traded lithium companies are not directly comparable to Allkem or Livent due to factors such as size and diversification leading to the mineral resource multiples being above the range of other lithium companies, including the implied multiples of Allkem and Livent. These companies have been excluded from the analysis, including:

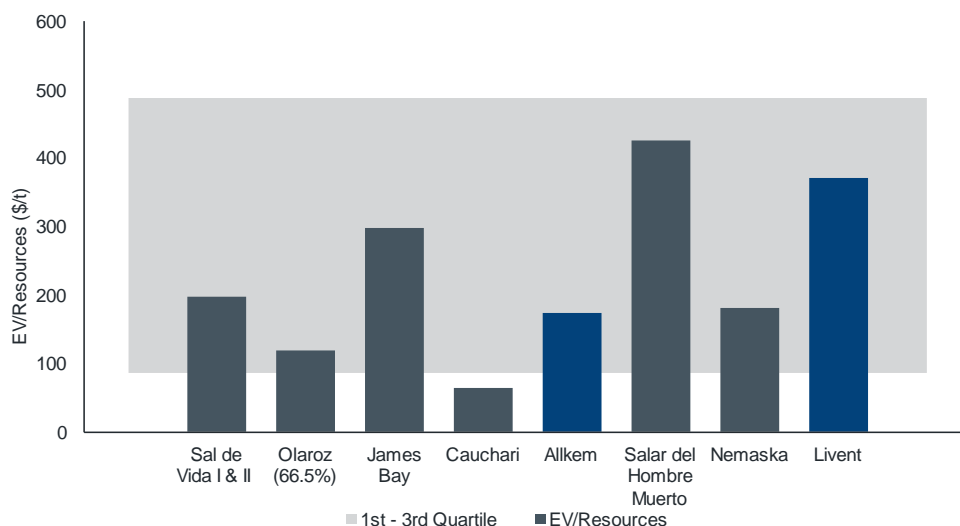
- **Tianqi:** Tianqi owns and operates lithium resource assets in Australia. However, due to the overall size of Tianqi (\$87.4 billion in market capitalization as of 30 September 2023) and its investments in other industries, the resource multiple of Tianqi is not comparable; and
- **MinRes:** MinRes holds interests in the Mount Marion and Wodgina lithium projects located in Western Australia. However, the lithium resource multiple is not comparable due to MinRes' revenue from mining services, investment in energy assets, and significant iron ore resources;
- **Albemarle:** Albemarle is a speciality chemicals company that operates the Greenbushes lithium mine in Western Australia. Albemarle also conducts exploration of lithium resources in Chile via a joint venture. Due to Albemarle's size and diversification, including bromine-based products and catalysts, the resource multiple has been excluded from this analysis; and
- **IGO:** IGO is invested in a lithium-focused joint venture with Tianqi, comprising of a 51% stake in the Greenbushes Lithium Mine and a 100% interest in a downstream processing refinery. Due to IGO's significant nickel resources through its Nova nickel-copper-cobalt operation and nickel exploration assets, the lithium equivalent resource multiple is not comparable to Livent or Allkem.

### Resource Trading Multiples

The following chart compares the resource multiples implied by Kroll's valuation of Allkem and Livent to the interquartile range of the observed resource multiples for a selected group of publicly traded lithium companies, based on enterprise values as of 31 October 2023.



Resource Trading Multiples for Allkem and Livent Compared To Selected Comparable Companies



Source: Capital IQ; Kroll analysis

As set out above, with the exception of Cauchari and Mt Cattlin (not shown above), the implied multiples for Allkem and Livent are within the range of the first and third quartile of the selected publicly traded companies. We note the following related to the presented multiples:

- certain projects have no reported reserves, therefore we have not considered any reserves multiples but have relied on resources multiples in our cross-check;
- inferred resources have been included in the multiple calculation. An inferred mineral resource has a lower level of confidence than those of Measured & Indicated and is estimated on the basis of limited sampling;
- the valuation of Allkem and Livent are on a controlling basis for acquiring the en-bloc equity value of the companies whereas multiples based on market comparable companies do not and generally reflect a minority interest. The market capitalizations of comparable companies used to calculate enterprise value have been adjusted upwards by 30% as an estimated control premium;
- Mt Cattlin is expected to cease production in 2028. Due to its relatively short mine life, the implied resource multiple of \$1,637 per tonne is significantly higher than other Allkem properties. It has therefore been excluded from the above chart due to a lack of meaningful comparable trading multiples; and
- the implied Cauchari multiple falling below the first quartile of the comparable trading multiples is likely due to its considerable undeveloped resource size. Based on the projected life of mine plan, the majority of the LCE resources, if mined, would be after year 30 of mine production.

**Conclusion**

Allkem and Livent include both producing and development stage mines, leading to the companies' implied multiples being in between the multiples of our selected producing and development-stage companies. The multiples are on the lower range of the selected comparable companies due to the larger resources contained in both companies compared to development stage companies that have single assets with low trading values and large producers that have mature mines generating greater profitability thus translating to higher values and multiples.

The Livent and Allkem multiples fall within the first and third quartiles of the selected comparable companies. Nemaska and Olaroz fall near the low end, but are within the range of selected companies.





The lower multiples of these mines are due to unproven expansions and high resources values, much of which is inferred.

Based on the trading multiples cross-check, the implied multiples based on the concluded values of Allkem and Livent are supported by the multiples observed in the market.

### 11.5.3 Comparable Transactions

We have conducted a search for transactions over the past 6 years related to the production or the development of lithium mines. These transactions vary in size, location, and circumstances.

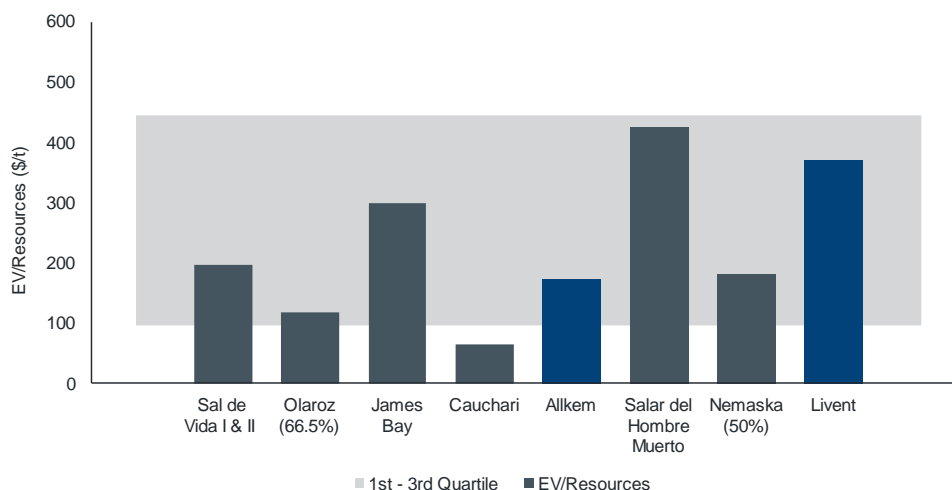
Similar to the difficulties listed above for resource multiples, many lithium transactions lack comparability due to differences in:

- **lithium price:** Transaction multiples and values are sensitive to volatility in lithium prices, limiting comparability of lithium transactions;
- **development stage:** Most target companies and assets are in the development stage thus lacking profitability and containing development risk before the acquired assets can be put into profitable production;
- **business mix:** Transactions for the acquisition of a single asset often lead to a lower overall multiple due to the increased risk from lack of diversification; and
- **production:** Difference in grade, development status, geography, export markets, size, lead to limited comparability between acquired assets. Lithium assets considered in historical transactions also have differing export markets, local regulation, and cost structure, leading to limited comparability.

#### Resource Transaction Multiples

The following chart compares the resource multiples implied by Kroll's valuation of Allkem and Livent to the interquartile range of the observed resource multiples for a selected group of lithium transactions, based on their implied enterprise values.

Resource Trading Multiples for Allkem and Livent Compared To Selected Comparable Transactions



Source: Capital IQ; Kroll Analysis.

The implied resources multiples fall within the range of the multiples of the transactions. We note the following related to the presented multiples:

- some historical transactions are made at less than 100% value suggesting potential minority discount considerations and not reflective of an en-bloc value;



- there are limited number of transactions in the lithium mining industry with public data available; and
- resource multiples implied by transactions are historical and may not reflect current economic environment.

**Conclusion**

Based on the transaction multiples cross-check, the concluded values of Allkem and Livent based on the income approach are support by the observed transaction multiples. Please see Appendix 5 for further detail on the selected transactions.



## Appendix 1 – Kroll disclosures

### Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. He is also Vice Chair of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports. Ian and Celeste were supported by Kroll's mining valuations team, primarily based in Canada and the U.S., who also hold the CFA and/or CPA designations and have extensive experience with mining valuations for many global mining companies, as well as junior or intermediate mining companies and mining-focused private equity and hedge funds.

### Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Allkem Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any Allkem Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

### Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Allkem, Livent, or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Allkem. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of A\$1,050,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

### Declarations

Allkem has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Allkem for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

**ANNEXURE A**  
**INDEPENDENT EXPERT'S REPORT**



**Consents**

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Allkem. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.



## Appendix 2 – Limitations and reliance on information

### Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Allkem and its advisers and Livent and its advisers. Allkem has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Allkem has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Allkem or Livent for this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Allkem in relation to the nature of the business operations, specific risks and opportunities, historical results of Allkem and prospects for the foreseeable future of Allkem. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion and is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

### Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Allkem has requested Kroll limit the disclosure of certain information relating to Allkem. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Allkem. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Allkem.

### Sources of information

In preparing this report we have been provided with and considered the following sources of information:

#### *Publicly available information*

- Scheme Booklet;

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- results presentations and annual reports for Allkem for FY22 and FY23;
- Livent 10Ks and 10Qs between FY20 and 2Q23;
- ASX announcements, press releases, technical reports, media and analyst presentations and other public filings by Allkem including information available on its website;
- Investor announcements, SEC filings, technical reports, media and analyst presentations and other public filings by Livent including information available on its website;
- broker reports and press articles regarding Allkem, Livent and the lithium industry;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- various industry reports; and
- information sourced from Refinitiv and S&P Capital IQ.

### *Non-public information*

- Allkem Board papers and other internal briefing papers prepared by Allkem and its advisors;
- financial models prepared by Allkem and its advisors;
- financial models prepared by Livent and its advisors; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of both Allkem and Livent.

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### Appendix 3 – Broker Consensus

#### Allkem

A summary of the most recent broker forecasts for Allkem following the announcement of its September 2023 quarterly activities report on 26 October 2023 is provided as follows.

**Allkem Broker Forecast Underlying Revenue, Underlying EBITDAIX and Underlying EBITIX (\$ millions)**

	Date of report	Underlying revenue				Underlying EBITDAIX				Underlying EBITIX			
		FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26
Broker 1	26-Oct-23	1,207.8	1,329.0	1,322.0	1,613.0	909.8	936.0	879.0	1,003.0	811.0	785.0	710.0	768.0
Broker 2	04-Oct-23	1,207.8	1,056.0	1,085.0	1,172.0	909.8	650.0	643.0	699.0	811.0	525.0	556.0	611.0
Broker 3	26-Oct-23	1,207.8	1,270.3	2,166.7	3,500.8	909.8	787.4	1,370.0	2,475.4	811.0	751.3	1,308.2	2,320.0
Broker 4	26-Oct-23	1,207.8	1,080.0	1,247.0	1,561.0	909.8	593.0	756.0	982.0	811.0	444.0	654.0	866.0
Broker 5	01-Nov-23	1,207.8	960.0	1,299.0	1,546.0	909.8	475.0	662.0	701.0	811.0	333.0	509.0	463.0
Broker 6	27-Oct-23	1,207.8	1,037.0	1,107.0	1,781.0	909.8	525.0	405.0	981.4	811.0	419.0	259.0	793.8
Broker 7	26-Oct-23	1,207.8	1,033.0	1,515.0	n/a	909.8	661.7	1,004.7	n/a	811.0	630.7	966.7	n/a
Broker 8	27-Oct-23	1,207.8	1,375.0	1,361.0	1,587.0	909.8	814.0	713.0	872.0	811.0	751.0	636.0	764.0
Broker 9	26-Oct-23	1,207.8	1,926.0	3,203.0	4,317.0	909.8	1,317.0	2,198.0	3,095.0	811.0	1,186.0	2,099.0	2,982.0
Broker 10	27-Oct-23	1,207.8	1,291.0	1,307.0	1,407.0	909.8	707.0	611.0	591.0	811.0	535.0	447.0	400.0
Broker 11	27-Oct-23	1,207.8	1,154.0	596.0	764.0	909.8	662.5	14.5	69.5	811.0	n/a	n/a	n/a
Broker 12	26-Oct-23	1,207.8	1,319.0	2,010.0	2,284.0	909.8	744.0	1,198.0	1,401.0	811.0	672.0	1,128.0	1,297.0
<b>Low</b>		<b>1,207.8</b>	<b>960.0</b>	<b>596.0</b>	<b>764.0</b>	<b>909.8</b>	<b>475.0</b>	<b>14.5</b>	<b>69.5</b>	<b>811.0</b>	<b>333.0</b>	<b>259.0</b>	<b>400.0</b>
<b>High</b>		<b>1,207.8</b>	<b>1,926.0</b>	<b>3,203.0</b>	<b>4,317.0</b>	<b>909.8</b>	<b>1,317.0</b>	<b>2,198.0</b>	<b>3,095.0</b>	<b>811.0</b>	<b>1,186.0</b>	<b>2,099.0</b>	<b>2,982.0</b>
<b>Median</b>		<b>1,207.8</b>	<b>1,212.2</b>	<b>1,314.5</b>	<b>1,587.0</b>	<b>909.8</b>	<b>684.7</b>	<b>734.5</b>	<b>981.4</b>	<b>811.0</b>	<b>630.7</b>	<b>654.0</b>	<b>780.9</b>
<b>Mean</b>		<b>1,207.8</b>	<b>1,235.9</b>	<b>1,518.2</b>	<b>1,957.5</b>	<b>909.8</b>	<b>739.4</b>	<b>871.2</b>	<b>1,170.0</b>	<b>811.0</b>	<b>639.3</b>	<b>843.0</b>	<b>1,126.5</b>

Source: Broker reports; Kroll Analysis.

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### Livent

A summary of the most recent broker forecasts for Livent following the announcement of its 3Q23 results on 31 October 2023 is provided as follows.

#### Livent Broker Forecast Operating Revenue, Underlying EBITDA and Underlying EBIT (\$ millions)

	Date of report	Underlying revenue				Underlying EBITDA				Underlying EBIT			
		FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Broker 1	02-Nov-23	813.2	895.0	712.0	1,209.0	366.7	501.0	270.0	716.0	339.0	451.0	212.0	638.0
Broker 2	31-Oct-23	813.2	915.0	1,264.0	1,696.0	366.7	516.0	616.0	818.0	339.0	482.0	566.0	750.0
Broker 3	01-Nov-23	813.2	930.7	1,258.0	n/a	366.7	528.3	619.6	n/a	339.0	497.8	568.6	n/a
Broker 4	01-Nov-23	813.2	923.0	955.0	n/a	366.7	511.0	462.0	n/a	339.0	481.0	396.0	n/a
Broker 5	31-Oct-23	813.2	910.0	1,004.0	n/a	366.7	520.0	561.0	n/a	339.0	471.0	491.0	n/a
Broker 6	01-Nov-23	813.2	912.0	1,040.0	1,335.0	366.7	518.0	536.0	662.0	339.0	488.0	488.0	589.0
Broker 7	31-Oct-23	813.2	915.4	1,053.9	1,471.4	366.7	505.1	551.7	888.1	339.0	474.5	495.7	816.6
Broker 8	01-Nov-23	813.2	908.6	1,056.1	1,242.2	366.7	459.4	545.2	623.8	339.0	430.9	517.2	595.8
Broker 9	02-Nov-23	813.2	997.0	954.0	n/a	366.7	511.0	475.0	n/a	339.0	n/a	n/a	n/a
<b>Low</b>		<b>813.2</b>	<b>895.0</b>	<b>712.0</b>	<b>1,209.0</b>	<b>366.7</b>	<b>459.4</b>	<b>270.0</b>	<b>623.8</b>	<b>339.0</b>	<b>430.9</b>	<b>212.0</b>	<b>589.0</b>
<b>High</b>		<b>813.2</b>	<b>997.0</b>	<b>1,264.0</b>	<b>1,696.0</b>	<b>366.7</b>	<b>528.3</b>	<b>619.6</b>	<b>888.1</b>	<b>339.0</b>	<b>497.8</b>	<b>568.6</b>	<b>816.6</b>
<b>Median</b>		<b>813.2</b>	<b>915.0</b>	<b>1,040.0</b>	<b>1,335.0</b>	<b>366.7</b>	<b>511.0</b>	<b>545.2</b>	<b>716.0</b>	<b>339.0</b>	<b>477.8</b>	<b>493.4</b>	<b>638.0</b>
<b>Mean</b>		<b>813.2</b>	<b>923.0</b>	<b>1,033.0</b>	<b>1,390.7</b>	<b>366.7</b>	<b>507.8</b>	<b>515.2</b>	<b>741.6</b>	<b>339.0</b>	<b>472.0</b>	<b>466.8</b>	<b>677.9</b>

Source: Broker reports; Kroll Analysis.





## Appendix 4 – Discount Rate

When applying a DCF analysis, the cash flows expected to be generated by a business or an asset are discounted to their present value equivalent using a rate of return that reflects the relative risk of the investment, as well as the time value of money. Kroll has estimated the discount rates for each of Allkem and Livent on an asset by asset basis, as each of these assets has their own inherent risk characteristics and are capable of being sold separately. The main differences between the assets exist in their operating status (i.e. whether they are producing or development assets) and their country of operation. It is primarily for these reasons that each asset in the Allkem and Livent portfolio have distinct risk profiles and therefore warrant different discount rates.

Kroll has selected a WACC for each of Allkem's and Livent's assets. To arrive at these WACCs, consideration has primarily been given to the geographical markets that the asset operates in, as well as their operating status. To calculate the WACC for each market, a cost of equity has been calculated using the capital asset pricing model (CAPM), and the cost of debt is based on long-term estimates based on market observations. We have had regard to the individual risk-free rates, market risk premiums, country risk premiums, and costs of debt for each of these markets.

The ranges of discount rates for Mt Cattlin, Olaroz and Cauchari are based on the above discount rates of Australia producers, Argentina producers and Argentina development stage companies, respectively. As Sal de Vida is near production, the selected range of discount rates for Sal de Vida is based on an interpolation between discount rates for Argentina producers and development stage companies. The range of discount rates for James Bay is based on the Canada development stage companies. Cash flows from Naraha and Allkem's other downstream operations are discounted at the producer discount rate as the producer betas reflect volatilities of larger lithium producers that are vertically integrated with downstream operations. The range of discount rates for the corporate costs is based on the Australia producer discount rate since many of the corporate costs are incurred from Allkem's head office in Australia.

Where cash flows cannot be disaggregated by region, such as in the case of Livent's operating assets, the WACC has been calculated with regard to the estimated relative contribution and proportionate risks by geographical market. The range of discount rates for Livent's existing operations and expansion II are based on the discount rates of Argentina producers and Argentina development stage companies, respectively. As Expansion IB is near completion, the selected range of discount rates for Expansion IB is based on an interpolation between discount rates for Argentina producers and development stage companies. The range of discount rates for Nemaska is based on the Canada development stage companies.

The WACC is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to both debt and equity holders. Whilst we have utilised the WACC, we recognise that market participants often use less precise methods for determining a discount rate, including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

As the cash flow forecasts supplied by Allkem and Livent are on a real basis (i.e. excluding the impact of inflation), the WACCs have been calculated on a real basis.

Kroll has selected the following parameters in deriving our discount rates for Allkem and Livent.



Selected WACC Parameters for Allkem and Livent

Parameter	Symbol	Producer				Development Stage			
		Argentina		Australia		Argentina		Canada	
		Low	High	Low	High	Low	High	Low	High
Risk free rate	Rf	4.5%	4.5%	4.0%	4.0%	4.5%	4.5%	4.0%	4.0%
Market risk premium	MRP	5.5%	5.5%	6.0%	6.0%	5.5%	5.5%	5.5%	5.5%
Unlevered beta		1.10	1.20	1.10	1.20	1.50	1.60	1.50	1.60
Tax rate	t	21%	21%	21%	21%	21%	21%	21%	21%
Gearing (debt/(debt+equity))	D/(D+E)	15%	15%	15%	15%	0%	0%	0%	0%
Levered beta	β	1.25	1.37	1.25	1.37	1.50	1.60	1.50	1.60
Country risk premium	CRP	2.0%	2.0%	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Company specific risk premium (alpha)	α	0%	0%	0%	0%	0%	0%	0%	0%
<b>Cost of equity (post tax)</b>	<b>ke</b>	<b>14.0%</b>	<b>14.7%</b>	<b>12.0%</b>	<b>12.7%</b>	<b>15.5%</b>	<b>16.1%</b>	<b>13.5%</b>	<b>14.1%</b>
Cost of debt (pre tax)		7.1%	7.1%	7.1%	7.1%				
Country risk premium	CRP	2.0%	2.0%	0.0%	0.0%				
Tax rate	t	21%	21%	21%	21%				
<b>Cost of debt (post tax)</b>	<b>kd</b>	<b>7.2%</b>	<b>7.2%</b>	<b>5.6%</b>	<b>5.6%</b>				
<b>WACC (nominal)</b>		<b>13.0%</b>	<b>13.6%</b>	<b>11.1%</b>	<b>11.6%</b>	<b>15.5%</b>	<b>16.1%</b>	<b>13.0%</b>	<b>14.1%</b>
<b>WACC (real, rounded)</b>		<b>10.5%</b>	<b>11.0%</b>	<b>8.5%</b>	<b>9.0%</b>	<b>13.0%</b>	<b>13.5%</b>	<b>11.0%</b>	<b>11.5%</b>

Source: Kroll analysis.

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with Allkem or Livent. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

#### WACC

Each of the representative WACCs for the Argentinean, Australian, and Canadian markets have been calculated on the same basis. The weightings to select an appropriate WACC for Livent's operating assets is a matter of judgement and was assessed on the basis geographical footprint of assets, the flow of product between the assets and the types of processing performed in each market, as well as analysis of historical and forecast operational and financial metrics for the assets.

The WACC is calculated by weighting the required returns on interest-bearing debt and common equity capital in proportion to their estimated percentages in an expected industry capital structure.

The general formula for calculating the WACC in real terms is as follows.

$$\text{WACC (real)} = [1 + [R_d * (d\%) + R_e * (e\%)]] / (1 + \pi) - 1$$

Where:

- R<sub>d</sub> = After-tax rate of return on debt capital;
- d% = Debt capital as a percentage of the sum of the debt and equity capital;
- R<sub>e</sub> = Rate of return on equity capital;
- e% = Equity capital as a percentage of the debt and equity capital; and
- π = Long-term projected inflation rate.



### Cost of equity

The cost of equity has been derived from the application of a modified capital asset pricing model (**CAPM**).<sup>159</sup> The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

Whilst we have utilised CAPM we recognise that market participants often use less precise methods for determining an equity discount rate including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

The modified CAPM rate of return on equity capital is calculated using the formula:

$$K_e = R_f + \beta * (R_m - R_f) + \alpha$$

Where:

$K_e$	=	Rate of return on equity capital;
$R_f$	=	Risk-free rate of return;
$\beta$	=	Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment;
$R_m - R_f$	=	Market risk premium ( <b>MRP</b> ); the expected return on a broad portfolio of stocks in the market ( <b>Rm</b> ) less the risk-free rate ( $R_f$ ); and
$\alpha$	=	Alpha including where relevant, size or other company specific risk.

### Risk-free rate of return

The risk-free rate is a key input in the CAPM. It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. Given Allkem and Livent's functional currency in most of the jurisdictions in which it operates is predominantly US\$, we reviewed the spot 20-year US Treasury bond yield of 5.2% as a proxy for the risk-free rate as at 31 October 2023. For Allkem and Livent's assets in Australia and Canada, we also reviewed the spot 10-year Australian Government Treasury bond yield of 4.9% and the spot benchmark Government of Canada long-term bond yield of 3.9%, respectively, as at 31 October 2023.

Prior to 2022, sovereign yields in many developed countries, including the US, have been at or near historical lows in recent years. Periods of high uncertainty are often accompanied by flights to quality, which means investors shift significant capital to liquid assets considered "safe", such as government securities of major advanced economies, lowering yields on these securities.

In addition, to mitigate the impact of the COVID-19 pandemic, the US Federal Reserve, along with other major central banks, implemented a variety of monetary policy tools, including: large-scale purchases of government securities and, in some cases, other financial assets (e.g., corporate bonds), known as quantitative easing (**QE**); and yield curve targeting policies. The objective was generally the same - to drive long-term interest rates lower and provide ample liquidity to financial markets, thereby lowering the cost of capital and softening the impact of mandatory lockdown policies. The combination of investor flights to quality and central bank interventions, particularly during the height of the COVID-19 pandemic, contributed to the record low yields observed during 2020.

During 2022, inflation globally continued to surprise to the upside, with supply chain disruptions and the Russia-Ukraine conflict exacerbating inflationary pressures. This precipitated a significant shift in the major central banks' monetary policy stance relative to December 2021. This stance entails: more and/or larger policy interest rate (cash rate) hikes, and an end to QE policies with the goals to contain inflation and to normalise the size of their balance sheets.

<sup>159</sup> The CAPM is modified by the inclusion of an alpha.



These recent developments have led to a significant increase and higher volatility in interest rates. For example, the spot 10-year Australian Commonwealth Government bond yield decreased from 4.19% on 15 June 2022 to 2.98% on 2 August 2022, before increasing to 5.0% on 31 October 2023. So far in 2023 we have seen a range from 3.19% to 4.93% for the spot 10-year Australian Government Treasury bond yield. Similar movements in the yields of government securities can be seen globally.

During these periods of massive central bank interventions, where risk-free rates appear to be abnormally or artificially low, Kroll recommends the use of normalised risk-free. A normalised risk-free rate is an estimate of a risk-free security that would prevail in the absence of non-market factors affecting rates. A normalised risk-free can be accomplished in a number of ways, including:

- (i) simple averaging; and
- (ii) various "build-up" methods.

The first method of estimating a normalised risk-free rate entails calculating averages of yields-to-maturity on long-term government securities over various periods. This method's implied assumption is that government bond yields will revert to the mean. As of 31 October 2023, the 10-year trailing average and the 5-year trailing average of the 20-year US Treasury bond yield being 2.66% and 2.60%, respectively.

The second method is to normalise risk-free rates relied on build-up models based on the "Fisher equation", which consists of adding a country's projected real rate based on stabilised medium- to long-term economic conditions to the long-term expected inflation. The long-term real rate cannot be observed directly in the market but there are academic papers that provide attempt to estimate such rate. For the US, Australia and Canada, we found that these estimates ranged between -0.3% to 2.2% for the US, -0.3% to 1.0% for Australia and -0.6% to 2.0% for Canada. For the second component of the equation, we use a number of well-established surveys and economic forecasting providers, to arrive at consensus estimates for long-term expected inflation in the US, Australia and Canada. As of 31 October 2023, the long-term estimates of inflation ranged from of 2.2% to 2.7% for the US, 2.7% to 3.3% for Australia and 2.6% to 3.0% for Canada. As a result, utilisation of the Fisher equation as a build-up method would see the normalised long-term risk-free rate existing within the range of 1.9% to 4.9% for the US, 2.4% to 4.3% for Australia and 1.6% to 4.0% for Canada.

Having regard to the prevailing interest rate environment, we have considered the following parameters to derive our proxies for the normalised risk-free rates of 4.5% in the US and 4.0% for Australia and Canada, as illustrated in the following table.

Kroll's normalised risk-free rates for the US, Australia and Canada are each 3.5%. Our approach is to apply the higher of the normalised risk-free rate and the spot yield. We have calculated the risk-free rates of other markets based on the yields of applicable long-term government bonds, and also considered whether these yields require a normalisation adjustment (i.e. when yields are volatile, we may also consider the trailing averages of risk-free yields when selecting a risk-free rate).

The following table summarises the selected risk-free rates for the assessed markets.

**Risk-Free Rates as at 31 October 2023**

Market	Proxy for the Risk-Free Rate	Spot Yield	Midpoint Fisher Equation	Kroll Normalised Rf	Selected Rf
Australia	Australian Government Bonds – 10 Year	4.9%	4.0%	>3.5%	4.0%
Canada	Benchmark Government of Canada Long-Term Bond Yield	3.9%	4.0%	>3.5%	4.0%
US	US Treasury Bonds – 20 Year	5.2%	4.5%	>3.5%	4.5%

Source: Kroll analysis.

#### Market risk premium

The MRP represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond of a government considered safe of default). A forward-looking MRP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate MRP. However, it is important to



understand the level of risk-free rates used to measure the historical MRP and whether the resulting combination of risk-free rate and MRP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e., historical) MRP equates on average to expected premiums in prior periods, the historical average MRP may be a useful starting point in developing a current forward-looking MRP estimate. A reason one might look to the historical MRP is that the expectations of investors will be framed from their experiences, and the average historical MRP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical MRPs when developing current forward-looking MRP estimates.

However, this does not mean that the MRP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking MRP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking MRP estimate is above the historical average. COVID-19 upended the global economy and created an even higher level of uncertainty about short-term and medium-term economic growth prospects. Many countries in the world adopted a lockdown policy that restricted population movement and closed businesses. The shape and the time of the recovery are still uncertain. As such, a lower MRP than historical averages could be appropriate, particularly if we were relying on a spot long-term bond yield as a proxy for the risk-free rate.

The historical MRP has been estimated from a US investor perspective over different periods by various researchers and regulatory authorities. In forming our view we have had regard to quantitative models as well as consideration of a broad range of current economic information and financial markets conditions to arrive at a selected MRP. The quantitative models include the development of an unconditional MRP range, that is, a normal MRP that can be expected over an entire business cycle. Based on an analysis of academic and financial literature and various empirical studies, Kroll has concluded that a reasonable long-term estimate of the normal or unconditional MRP is in the range of 3.5% to 6.0%.

Research has shown that MRP fluctuates during the business cycle. The next assessment is to determine where within the unconditional MRP range the conditional MRP should be, based on current economic and financial markets conditions.<sup>160</sup>

Having regard to the prevailing economic and financial market conditions as of the Valuation Date, Kroll considers an MRP of 5.5% as appropriate for the long-term investment climates in the US and Canada, and 6.0% as appropriate for the long-term investment climate in Australia.

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<sup>160</sup> Factors considered include, but are not limited to, US equity markets, implied equity market volatility, corporate credit spreads, default spread models, US equity market uncertainty index, historical and projected real GDP growth, unemployment, consumer sentiment, business confidence, and sovereign credit ratings.

## ANNEXURE A INDEPENDENT EXPERT'S REPORT



### Beta

Beta ( $\beta$ ) is a statistical measure of the volatility of the price of a specific stock relative to the movement of a general group. Generally, beta is considered to be indicative of the market's perception of the relative risk of the specific stock. For unlisted firms, practical application of the CAPM is dependent upon the ability to identify publicly traded companies that have similar risk characteristics as the subject company/assets in order to derive meaningful measures of beta.

In selecting appropriate betas to apply to the Allkem and Livent assets, Kroll has considered Allkem and Livent's own betas, and betas for selected listed lithium producing companies and development stage lithium companies as at 31 October 2023, as illustrated in the following table.

#### Beta Analysis

Company	Market Capitalisation (US\$ million)	Barra (Levered)			Capital IQ (S&P 500)			
		Global Historical	Local Predicted	Global Predicted	2 Year Weekly		5 Year Monthly	
					Levered	Unlevered	Levered	Unlevered
<b>Livent Corporation</b>	<b>2,622</b>	<b>1.86</b>	<b>1.77</b>	<b>na</b>	<b>1.77</b>	<b>1.68</b>	<b>1.88</b>	<b>1.73</b>
<b>Allkem Limited</b>	<b>3,858</b>	<b>1.38</b>	<b>1.68</b>	<b>1.81</b>	<b>0.90</b>	<b>0.86</b>	<b>1.45</b>	<b>1.24</b>
<b>Large Producers</b>								
Albemarle Corporation	25,547	1.55	1.33	na	1.83	1.66	1.57	1.32
Sociedad Química y Minera de Chile S.A.	13,825	1.03	1.16	na	1.19	1.06	1.09	0.95
Pilbara Minerals Limited	6,989	1.23	1.68	1.73	0.81	0.79	1.63	1.49
Mineral Resources Limited	7,079	1.36	1.64	1.75	0.88	0.74	1.23	1.02
IGO Limited	4,551	1.12	1.38	1.55	0.75	0.71	1.00	0.97
<b>Median</b>	<b>7,079</b>	<b>1.23</b>	<b>1.38</b>	<b>1.73</b>	<b>0.88</b>	<b>0.79</b>	<b>1.23</b>	<b>1.02</b>
<b>Average</b>	<b>11,598</b>	<b>1.26</b>	<b>1.44</b>	<b>1.68</b>	<b>1.09</b>	<b>0.99</b>	<b>1.30</b>	<b>1.15</b>
<b>Development Stage</b>								
Lithium Americas Corp.	2,731	2.28	1.92	2.13	1.82	1.71	1.17	1.03
Argosy Minerals Limited	142	1.76	2.02	2.34	1.06	1.06	1.50	1.50
Sayona Mining Limited	489	1.68	2.03	2.35	0.91	0.89	0.69	0.68
Sigma Lithium Corporation	2,677	0.37	0.96	na	1.38	1.35	0.20	0.20
Liontown Resources Limited	2,175	2.11	2.05	2.27	1.61	1.61	0.40	0.39
Piedmont Lithium Inc.	535	2.09	1.81	2.05	1.02	1.01	0.66	0.66
Core Lithium Ltd	487	1.75	2.10	2.38	0.85	0.83	1.84	1.82
Global Lithium Resources Limited	196	1.64	1.77	2.12	1.38	1.38	1.51	1.50
Vulcan Energy Resources Limited	220	1.69	1.95	2.22	1.59	1.57	1.73	1.72
Standard Lithium Ltd.	478	2.54	1.88	2.21	2.09	2.09	1.98	1.97
<b>Median</b>	<b>488</b>	<b>1.76</b>	<b>1.94</b>	<b>2.22</b>	<b>1.38</b>	<b>1.37</b>	<b>1.33</b>	<b>1.26</b>
<b>Average</b>	<b>1,013</b>	<b>1.79</b>	<b>1.85</b>	<b>2.23</b>	<b>1.37</b>	<b>1.35</b>	<b>1.17</b>	<b>1.15</b>

Notes:

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1. Capital IQ (Local Index) two-year and five-year levered betas are calculated using the latest available data up to 31 October 2023 based on each of the comparable companies' correlation with the S&P 500. Two-year and five-year unlevered betas are calculated using the respective company's average two and five-year debt to equity (D/E) ratio. D/E is defined as Net Debt divided by the summation of Market Capitalisation and Minority interests.
2. The presented market capitalisations reflect closing share prices and exchange rates sourced from S&P Capital IQ and the comparable company's recorded shares on issue. Prices are at 31 October 2023.
3. Albemarle and Lontown market capitalisations and Capital IQ betas are calculated as at 26 March 2023, the last undisturbed trading day prior to the announcement of Albemarle's offer to acquire Lontown, and Lithium Americas, which is as at 30 September 2023, the date proximate to the spin-off of its North American business.
4. Barra betas are as at 31 October 2023, except Albemarle and Lontown, which are as at 31 March 2023, the date proximate to the announcement of Albemarle's offer to acquire Lontown, and Lithium Americas, which is as at 30 September 2023, the date proximate to the spin-off of its North American business.
5. Global historical Barra betas for Livent, Albemarle, Sociedad Química y Minera and Sigma Lithium are not available and have been presented based on local historical betas instead.

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As illustrated above in the historical spot lithium carbonate price chart in Section 7.6 of this report, lithium prices surged in mid-2021 and have remained elevated relative to historical prices. The Allkem and Livent relative share price performance charts in Sections 8.9.2 and 9.11.2 of this report respectively illustrate the benefit of the higher lithium prices on the share prices of listed lithium companies relative to broader stock market indices.

In relation to the observed betas as at 31 October 2023:

- listed development stage lithium companies generally have higher betas than listed lithium producer companies. Based on the data shown above, betas for development stage lithium companies are generally 0.4 to 0.6 higher than betas for lithium producers;
- some listed development stage lithium companies exhibited abnormally low observed betas over a 5-year time horizon, often due to the timing of project-specific events (or lack thereof) relative to the performance of the broader equity indices over the 5-year time horizon;
- Allkem's observed betas over a 5-year time horizon have lower utility due to the 2021 Galaxy – Orocobre merger. Similarly, Allkem and Livent's observed betas are impacted by the announcement of the Transaction on 10 May 2023;
- the observed 5-year historical betas were generally impacted by the onset COVID-19 pandemic on the broader equity indices in early 2020, as well as with the subsequent surge in spot lithium prices in mid-2021, reducing the utility of the 5-year betas as a measure of a predicted beta; and
- the Barra predicted betas are generally higher than the 2- and 5-year historical betas from Capital IQ.

On balance, having regard to the factors discussed above, Kroll has selected an unlevered beta for lithium producers in the range of 1.1 to 1.2 and for lithium development stage companies in the range of 1.5 to 1.6. Based on our selected market gearing of 15% and 0% for lithium producers and lithium development stage companies, respectively, this results in a levered beta in the range of 1.25 to 1.37 for lithium producers and 1.5 to 1.6 for development stage companies.





### Gearing

In selecting an appropriate gearing ratio for Livent and Allkem for the purpose of re-leveraging our selected betas, we have considered the gearing levels of comparable companies as well as Livent and Allkem's gearing, as illustrated in the following table.

#### Gearing Analysis

Company	Market Capitalisation (US\$ million)	Average Gearing As at 31 Oct 2023	
		2 Year	5 Year
<b>Livent Corporation</b>	<b>2,622</b>	<b>6.4%</b>	<b>4.1%</b>
<b>Allkem Limited</b>	<b>3,858</b>	<b>6.4%</b>	<b>8.0%</b>
<b>Large Producers</b>			
Albemarle Corporation	25,547	14.5%	19.4%
Sociedad Química y Minera de Chile S.A.	13,825	14.5%	15.7%
Pilbara Minerals Limited	6,989	3.2%	6.9%
Mineral Resources Limited	7,079	20.8%	16.8%
IGO Limited	4,551	6.0%	4.7%
<b>Median</b>	<b>7,079</b>	<b>14.5%</b>	<b>15.7%</b>
<b>Average</b>	<b>11,598</b>	<b>11.8%</b>	<b>12.7%</b>
<b>Development Stage<sup>2</sup></b>			
Lithium Americas Corp.	2,731	6.3%	6.5%
Argosy Minerals Limited	142	0.1%	5.3%
Sayona Mining Limited	489	2.4%	0.7%
Sigma Lithium Corporation	2,677	1.9%	1.2%
Liontown Resources Limited	2,175	1.6%	0.6%
Piedmont Lithium Inc.	535	0.2%	0.3%
Core Lithium Ltd	487	1.9%	0.4%
Global Lithium Resources Limited	196	0.2%	0.1%
Vulcan Energy Resources Limited	220	1.3%	0.3%
Standard Lithium Ltd.	478	0.1%	6.9%
<b>Median</b>	<b>488</b>	<b>1.4%</b>	<b>0.7%</b>
<b>Average</b>	<b>1,013</b>	<b>1.6%</b>	<b>2.2%</b>

#### Notes:

1. Market capitalisations and gearing sourced from S&P Capital IQ using the latest available date up to 31 October 2023, except for Albemarle and Liontown, which are calculated as at 26 March 2023, the last undisturbed trading day prior to the announcement of Albemarle's offer to acquire Liontown, and Lithium Americas, which is calculated as at 30 September 2023, the date proximate to the spin-off of its North American business.
2. Includes junior producers Sayona Mining Limited, Piedmont Lithium Inc. and Sigma Lithium Corporation.

For any company, there is likely to be a level of gearing that represents the optimal capital structure for that company. In estimating a discount rate, the gearing assumption should reflect this optimal or target capital structure, however, "optimal" as opposed to "actual" capital structures are not readily observable. In practice, both the existing capital structure and those of comparable businesses are used as a guide taking into account the specific circumstances of the relevant entity.

As illustrated above, gearing ratios for comparable lithium producers are generally higher than gearing ratios for comparable lithium development stage companies due to the operating and cash generating nature of producers relative to pre-revenue development stage companies.

Having regard to these factors, we have selected a gearing ratio of 15% for lithium producers and 0% for lithium development stage companies. These ratios are broadly consistent with Allkem and Livent's current gearing ratios, having regard to Allkem and Livent's producing assets and portfolio of expansion and development stage projects.



### Country risk premium

The use of the CAPM and WACC model as described above is generally considered appropriate for the development of a cost of capital for developed capital markets; however, when investing in markets that are considered lesser developed, a Country Risk Premium (CRP) is frequently considered. This premium is generally to reward investors for taking on incremental risks connected with political instability.

To estimate the CRP, we considered yields on US\$-denominated bonds issued by the country in which each mine is located and compared the yields to the US Treasury bonds with similar terms (Country Yield Spread). However, recognizing the fact that Allkem and Livent's operations are not subject to the entire range of geopolitical risk within each country, we have evaluated Allkem and Livent's' exposure to country risk in each of the relevant countries so as to adjust the yield differentials in each country to reflect Allkem and Livent's' exposure to country risk, while having regard to the following factors:

- Allkem and Livent's operations or projects in Australia, Canada, US and UK. are considered to have minimal to no geopolitical risk, as measured by observed Country Yield Spreads. China, which has an A+ sovereign credit rating by S&P and a low observed Country Yield Spread, is also considered to have low geopolitical risk. It follows that Allkem and Livent's assets in Argentina face the highest amount of geopolitical risk within its overall respective businesses;
- Allkem and Livent's production-based revenues are based on selling prices denominated in US dollars and established in a global marketplace (in contrast to a company selling all of its products to local consumers that will have a higher exposure to country risk). Certain operating and capital costs in Argentina are also denominated in US dollars. This has the effect of reducing the amount of country risk faced by Allkem and Livent, all else being equal;
- specifically, we observed that roughly 80% of GDP of Argentina is earned domestically, whereas all of the revenue earned from Allkem and Livent's Argentinean assets is exported. Combined with the fact that Allkem and Livent's revenues and many costs are denominated in US dollars, this supports a meaningful discount to the observed Country Yield Spread for Argentina;
- there is no recent history of expropriation activities in Argentina;
- Allkem and Livent have tax stabilisation agreements in Argentina. All of the regions where Allkem and Livent have upstream operations have established histories of mining in the local economies; and
- Allkem and Livent have not experienced any challenges repatriating its funds from Argentina where they operate, and have remained in compliance with local relevant taxation laws and regulations.

Based on the above factors, we concluded on a CRP of 2% for Allkem and Livent's Argentinean assets.

### Cost of Debt Capital

The rate of return on debt capital is the rate a prudent debt investor would require on interest-bearing debt. We used the yield to maturity of a S&P Capital IQ Materials BBB Debt Yield as of 31 October 2023, which resulted in a computed yield of 7.1%. This yield is an indication of the pre-tax cost of US based debt capital. For discount rates associated with Allkem and Livent's Argentinean assets, a CRP of 2% noted above is added. Lastly, since the interest on debt capital is deductible for income tax purposes, we used the after-tax interest rate in our calculation.

$$R_d = (i + CRP) \times (1 - T)$$

Where:

$R_d$	=	After-tax rate of return on debt capital;
$i$	=	Pre-tax required rate of return on debt capital;
CRP	=	Country Risk Premium; and
$T$	=	Effective income tax rate.

### Tax rate

We have assumed corporate tax rates that vary by region resulting in a blended tax rate across all assets over the forecast period.



**Cross-check**

As a cross check to our WACC, we have considered analysis of recent expert reports involving lithium transactions which indicate nominal after-tax discount rates in the range of 8.0% to 14.5%. This range incorporates, or is below, the range of nominal after-tax WACC's selected by Kroll. However, this is not surprising as the risk-free rates at the time of those reports were broadly 2.0% to 3.0% lower than current risk-free rates. We note, however, that there are limitations in this evidence as not all reports provide details of the assumptions they have utilised in the build-up of their discount rate.



## Appendix 5 – Market Evidence

### Comparable companies

The following table sets out the trading multiples for the comparable companies to Allkem and Livent, as at 31 October 2023, calculated by Kroll using publicly available information including technical and annual reports.

### Comparable Lithium Mining Companies

Company Name	Market Capitalization <sup>1</sup> (US\$ millions)	Net Debt (US\$ millions)	Minority Interest (US\$ millions)	Enterprise Value (US\$ millions)	EV / R&R \$/t
<b>Producing</b>					
Sociedad Química y Minera de Chile S.A.	17,972	829	37	18,838	296
Ganfeng Lithium Group Co., Ltd.	15,872	2,027	764	18,663	399
Pilbara Minerals Limited	9,086	(1,908)	-	7,178	533
<b>Producing - Median</b>					<b>399</b>
<b>Producing - Average</b>					<b>410</b>
<b>Developing and Early Producing</b>					
Sigma Lithium Corporation	3,480	69	-	3,549	1,173
Lithium Americas Corp.	1,405	(214)	-	1,190	62
Lithium Americas (Argentina) Corp.	1,149	(298)	-	851	51
Liontown Resources Limited	3,185	(123)	-	3,063	537
AVZ Minerals Limited	2,264	(12)	11	2,263	260
Piedmont Lithium Inc.	695	(88)	-	608	274
Sayona Mining Limited	635	(141)	86	580	202
Core Lithium Ltd	633	(87)	-	546	524
Standard Lithium Ltd.	621	(44)	-	577	125
Leo Lithium Limited	498	(44)	-	454	176
Vulcan Energy Resources Limited	287	(156)	-	130	5
Global Lithium Resources Limited	254	(41)	-	214	145
Frontier Lithium Inc.	175	(17)	-	158	70
Argosy Minerals Limited	185	(15)	-	169	769
Lake Resources NL	187	(58)	3	132	22
Savannah Resources Plc	95	(6)	-	89	102
Lepidico Limited	57	(2)	5	59	482
<b>Developing and Early Producing - Median</b>					<b>176</b>
<b>Developing and Early Producing - Average</b>					<b>293</b>

Source: Company reports, Capital IQ, Kroll analysis

Notes:

1. Market capitalisation includes a control premium of 30%.

### Producing Stage Companies

#### *Sociedad Química y Minera de Chile S.A*

SQM produces and distributes specialty plant nutrients, iodine derivatives, lithium derivatives, potassium chloride and sulphate, industrial chemicals, and other products and services. The company offers specialty plant nutrients, including potassium nitrate, sodium nitrate, sodium potassium nitrate, specialty blends, and other specialty fertilizers. It also provides iodine and its derivatives for use in medical, pharmaceutical, agricultural, and industrial applications comprising x-ray contrast media, polarizing films for LCD and LED, antiseptics, biocides and disinfectants, pharmaceutical synthesis, electronics, pigments, and dye components. In addition, the company offers lithium carbonates for various applications that include electrochemical materials for batteries, frits for the ceramic and enamel industries, heat-resistant glass, air conditioning chemicals, continuous casting powder for steel extrusion, primary aluminium smelting process, pharmaceuticals, and lithium derivatives, as well as ingredient in manufacturing of gunpowder. Further, it supplies lithium hydroxide for the lubricating greases industry, as well as cathodes for batteries. Additionally, it offers potassium chloride and potassium sulphate for various crops, including corn, rice, sugar, soybean, and wheat; industrial chemicals, including sodium nitrate, potassium nitrate, potassium chloride, and solar salts; and other fertilizers and blends. The company operates in Chile, Latin America and the Caribbean, Europe, North America, Asia, and internationally. The company was founded in 1960 and is headquartered in Santiago, Chile.

#### *Ganfeng Mineral Group*



Ganfeng manufactures and sells lithium products in Mainland China, rest of Asia, the European Union, North America, and internationally. It operates through three segments: Lithium Metal and Compound, Lithium Battery, and Lithium Ore Resource and Others. The company has interests in the Mount Marion mine located in Australia; Cauchari-Olaroz project situated in Jujuy Province, Northwest Argentina; Mariana project located in Salta Province, Argentina; Sonora project situated in Mexico; Pilbara Pilgangoora lithium-tantalum project located in Western Australia; Ningdu Heyuan mine situated in Ningdu County, Ganzhou City, Jiangxi Province; Avalonia project located in Ireland; Qinghai Yiliping lithium salt lake project situated in the Qinghai Province; Goulamina spodumene ore project located in southern Mali, Africa; PPG lithium salt-lake project located in Salta Province, Argentina; and Songshugang tantalum-niobium mine project located in Jiangxi Province. It offers battery-grade lithium hydroxide, battery grade lithium carbonate, cesium and rubidium compounds, lithium chloride, butyl lithium, lithium fluoride, and other lithium compounds; lithium metals in the form of ingots, foils, rods, particles, and alloy powder; polymer lithium battery; and lithium-ion motive power, energy storage, and consumer batteries, as well as copper lithium or lithium aluminium alloy foil. The company also explores for and sells lithium ores; and provides lithium battery recycling solutions. In addition, the company exports lithium products. Its products are used in the manufacture of electric vehicles, portable electronics, chemicals, and pharmaceuticals, as well as used by battery cathode materials manufacturers, battery suppliers, and automobile original equipment manufacturers. Ganfeng Lithium Group Co., Ltd. was founded in 2000 and is based in Xinyu, China.

#### *Pilbara Minerals Limited*

Pilbara Minerals engages in the exploration, development, and operation of mineral resources in Australia. The company primarily explores for lithium. It primarily holds a 100% interest in the Pilgangoora lithium-tantalum project located in the Pilbara region of Western Australia. The company was incorporated in 2005 and is based in West Perth, Australia.

#### **Development and Early Producing Stage Companies**

##### *Sigma Lithium Corporation*

Sigma Lithium Corporation engages in the exploration and development of lithium deposits in Brazil. It holds a 100% interest in the Grota do Cirilo, Genipapo, Santa Clara, and São José properties comprising 29 mineral rights covering an area of approximately 185 square kilometers located in the Araçuaí and Itinga regions of the state of Minas Gerais, Brazil. It serves electric vehicle industries worldwide. The company was formerly known as Sigma Lithium Resources Corporation and changed its name to Sigma Lithium Corporation in July 2021. The company is headquartered in São Paulo, Brazil.

##### *Liontown Resources Limited*

Liontown engages in the exploration, evaluation, and development of mineral properties in Australia. The company explores for lithium, gold, vanadium, copper, and nickel deposits, as well as platinum group elements. Its flagship property is the Kathleen Valley lithium project located in Perth, Western Australia. The company was incorporated in 2006 and is headquartered in West Perth, Australia.

##### *Lithium Americas Corp.*

Lithium Americas Corp. engages in the exploration of lithium resource in the United States. It owns the Thacker Pass project located in Nevada. The company was incorporated in 2023 and is based in Vancouver, Canada.

##### *Lithium Americas (Argentina) Corp.*

Lithium Americas (Argentina) Corp. operates as a resource company. The company explores for lithium deposits. It owns interests in the Cauchari-Olaroz project located in Jujuy province of Argentina; and Pastos Grandes project located in the Salta province of Argentina. Lithium Americas (Argentina) Corp. is headquartered in Vancouver, Canada.

##### *AVZ Minerals Limited*

AVZ Minerals Limited engages in mineral exploration and project development activities. It primarily explores for lithium, caesium, tin, and tantalum deposits. The company's principal projects include a 100% owned Manono Extension project, which comprises of two exploration permits covering an area of 242.25 square kilometres located in the Democratic Republic of the Congo (DRC); and a 75% owned Manono

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project that covers an area of approximately 188 square kilometres located in southern DRC. The company was formerly known as Avonlea Minerals Limited. AVZ Minerals Limited was incorporated in 2007 and is based in West Perth, Australia.

### *Piedmont Lithium Inc.*

Piedmont Lithium Inc., a development stage company, engages in the exploration and development of resource projects in the United States. The company primarily holds a 100% interest in the Carolina Lithium Project that include an area of approximately 3,245 acres located within the Carolina Tin-Spodumene Belt situated to the northwest of Charlotte, North Carolina in the United States. It also owns a real property of approximately 5 acres in Bessemer City, North Carolina; and 61-acre property in Kings Mountain, North Carolina. The company was incorporated in 2020 and is headquartered in Belmont, North Carolina.

### *Sayona Mining Limited*

Sayona Mining Limited, together with its subsidiaries, engages in mineral identification, acquisition, exploration, and development in Australia and Canada. It explores for lithium, graphite, and gold deposits. Its flagship property the North American Lithium project comprises 19 contiguous claims covering an area of 582.31 and one mining lease covering approximately an area of 700 hectares located in Quebec, Canada. The company was formerly known as DiamonEx Limited and changed its name to Sayona Mining Limited in May 2013. Sayona Mining Limited was incorporated in 2000 and is headquartered in Brisbane, Australia.

### *Core Lithium Ltd*

Core Lithium Ltd engages in the development of lithium and various metal deposits in Northern Territory and South Australia. The company primarily explores for copper, gold, silver, uranium, lead, zinc, rare earth elements, and base metals. Its flagship project is the Finiss Lithium project located to the south of Darwin port in the Northern Territory; and Shoobridge Lithium, Anningie and Barrow Creek Lithium, Blueys and Inkheart Lead/Silver, the Bynoe Gold, and Napperby uranium projects located in the Northern Territory. It also holds an 100% interest in the Yerelina Zinc project that covering a totalling area of 500 square kilometers in northern South Australia; Jervois Domain project, which covers three exploration licenses located in the central Northern Territory; and Fitton project located in South Australia. Core Lithium Ltd was incorporated in 2010 and is based in Perth, Australia.

### *Standard Lithium Ltd.*

Standard Lithium Ltd. explores for, develops, and processes lithium brine properties in the United States. Its flagship project is the Lanxess project with area of approximately 150,000 acres located in southern Arkansas. The company was formerly known as Patriot Petroleum Corp. and changed its name to Standard Lithium Ltd. in December 2016. Standard Lithium Ltd. was incorporated in 1998 and is headquartered in Vancouver, Canada.

### *Leo Lithium Limited*

Leo Lithium Limited engages in exploration and mining activities in Mali. Its project include the Goulamina lithium project that covers 100 square kilometres land holding in the Bougouni Region of southern Mali. The company was incorporated in 2019 and is based in West Perth, Australia.

### *Vulcan Energy Resources*

Vulcan Energy Resources Limited engages in the geothermal energy and lithium exploration and development activities in Europe. It holds interests in the Zero Carbon Lithium project. The company was formerly known as Koppar Resources Limited and changed its name to Vulcan Energy Resources Limited in September 2019. Vulcan Energy Resources Limited was incorporated in 2018 and is based in Perth, Australia.

### *Global Lithium Resources Limited*

Global Lithium Resources Limited operates as a lithium exploration company in Australia. The company holds 100% interest in the Marble Bar Lithium project comprising 7 exploration licence located in the Pilbara, Western Australia. It also holds 80% interest in the exploration and future mining rights to lithium and lithium associated co-mineral rights in the Manna Lithium Project consisting of 2 exploration licences located in

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Goldfields, Western Australia. The company was incorporated in 2018 and is headquartered in Perth, Australia.

### *Frontier Lithium Inc.*

Frontier Lithium Inc. engages in the acquisition, exploration, and development of mining properties in North America. Its flagship property includes the PAK Lithium project, which covers approximately 27,069 hectares comprising three mining leases and 1,258 contiguous mining claims located in northwestern Ontario, Canada. The company also holds interest in Spark Pegmatite project located in southeastern Ontario, Canada; and Pennock Pegmatite located in northwest Ontario, Canada; and Bolt Pegmatite located in Ontario, Canada. The company was formerly known as Houston Lake Mining Inc. and changed its name to Frontier Lithium Inc. in May 2016. Frontier Lithium Inc. was incorporated in 1995 and is based in Val Caron, Canada.

### *Argosy Minerals Limited*

Argosy Minerals Limited engages in the exploration and development of lithium projects in Argentina and the United States. Its flagship project is the Rincon lithium project that covers an area of approximately 2,794 hectares of mining concessions located within the Salar del Rincon in Salta Province, Argentina. The company was incorporated in 2010 and is headquartered in Perth, Australia.

### *Lake Resources NL*

Lake Resources NL explores for and develops lithium brine projects in Argentina, Australia, and the United States. The company's flagship project is the Kachi lithium brine project located in Catamarca province, Argentina. It also explores for minerals. Lake Resources NL was incorporated in 1997 and is based in Sydney, Australia.

### *Savannah Resources Plc*

Savannah Resources Plc engages in the exploration and development of lithium properties in Portugal. It holds interest in the Barroso lithium project located in northern Portugal. The company was formerly known as African Mining and Exploration plc and changed its name to Savannah Resources Plc in September 2013. Savannah Resources Plc was incorporated in 2010 and is based in London, the United Kingdom.

### *Lepidico Limited*

Lepidico Limited (**Lepidico**) engages in the exploration, development, and production of lithium chemicals in Australia, Canada, Africa, the United Arab Emirates, Europe, and internationally. The company operates through two segments, Mineral Exploration and Phase 1 Chemical Plant. Its technologies include L-Max technology, a process for converting lithium-mica minerals to lithium and other useful by-products; and LOH-Max process, which produces high quality lithium hydroxide from lithium sulphate. In addition, it holds an 80% interest in the Karibib project located in Namibia. Lepidico Limited was incorporated in 1979 and is based in West Perth, Australia.

## ANNEXURE A INDEPENDENT EXPERT'S REPORT



### Comparable transactions

The following table sets out the key comparable lithium transactions.

#### Comparable Lithium Transactions

Date	Target	Acquirer	Transaction Value (US\$ millions)	Percentage Acquired	Implied EV at Closing (US\$ millions)	Acquired R&R (Kt)	EV \$/t
Dec-18	Sociedad Quimica y Minera de Chile S.A.	Tianqi Lithium Corp	4,066.2	23.8%	18,270.9	46.8	390.5
Apr-19	Desert Lion Energy Inc.	Lepidico Limited	2.4	15.8%	15.5	0.1	137.7
Jun-19	Altura Mining Limited	Yongshan International Co.	17.6	11.8%	148.4	1.4	103.5
Sep-19	Kidman Resources Limited	Wesfarmers Limited	532.9	100.0%	532.9	5.3	100.3
Oct-19	Wodgina	Albemarle Corporation	1,300.0	60.0%	2,166.7	7.5	288.9
Jun-21	Tianqi Lithium Australia	IGO Limited	1,395.0	25.0%	5,580.0	11.3	494.6
Aug-21	Galaxy Resources Limited	Orocobre Limited	1,731.6	100.0%	1,731.6	9.5	182.0
Jan-22	Neo Lithium Corp.	Zijin Mining Group Company Limited	760.1	100.0%	760.1	7.6	99.7
Mar-22	Rincon Mining Pty Limited	Rio Tinto Group	825.0	100.0%	825.0	8.3	99.0
Apr-22	Arcadia Lithium Project	Zhejiang Huayou Cobalt Co.	378.0	87.0%	434.5	2.5	170.8
Apr-22	Lakkor Tso Salt Lake Project	Zijin Mining Group Company Limited	674.7	70.0%	963.9	2.1	450.6
Jul-22	Bikita Minerals Ltd	Sinomine Resource Group Co.	211.8	100.0%	211.8	0.3	761.9
Aug-22	Sonora Lithium Project (Bacanora Lithium)	Ganfeng International Trading (Shanghai) Limited	261.9	71.4%	367.1	0.6	586.3
Oct-22	Lihea Inc.	GFL International Co.	962.0	100.0%	962.0	11.1	87.0
<b>Mean</b>					<b>2,355.0</b>	<b>8.2</b>	<b>282.3</b>
<b>Median</b>					<b>792.5</b>	<b>6.4</b>	<b>176.4</b>

Source: Capital IQ, Mergermarket; Kroll analysis.





*Sociedad Quimica y Minera de Chile S.A. / Tianqi Lithium Corp*

Tianqi agreed to acquire additional 23.8% stake in SQM from Nutrien Ltd. for \$4.1 billion on 25 April 2018. The signing of the agreement was approved by Nutrien on 25 April 2018. Tianqi signed an agreement to acquire a 23.8% stake in SQM from Nutrien Ltd. on 17 May 2018. Tianqi acquired 62.6 million A shares of SQM for \$65 per share in cash, while Nutrien retained ownership of 20.2 million SQM B shares. On 3 December 2018, Tianqi won the auction and acquired the shares. The directors of Tianqi did not participate in the management or decision-making bodies of SQM. The agreement was subject to customary closing conditions, including regulatory approvals, approval by National Economic Prosecutor (Fiscalía Nacional Económica or FNE), and shareholders of Tianqi. On 3 July 2018, Tianqi shareholders approved the transaction. Tianqi won the auction sale for SQM shares and completed the transaction by December 5, 2018. Nutrien planned to use proceeds from the sale to expand its network of farm retail stores in the United States and establish a network in Brazil.

*Desert Lion Energy Inc. / Lepidico Limited*

Lepidico entered into an agreement to acquire Desert Lion Energy Inc. (**Desert Lion**) from a group of shareholders for C\$17.2 million on 5 May 2019. Under the terms of the transaction, Desert Lion shareholders would exchange each of their Desert Lion shares for 5.4 ordinary shares of Lepidico. Each option of Desert Lion would be exchanged for a replacement option of Lepidico reflecting the exchange ratio and any outstanding warrants and convertible notes of Desert Lion would be adjusted to allow for the acquisition of Lepidico ordinary shares upon their exercise. The merged company would be called Lepidico Ltd. Following the completion of the transaction, Lepidico would maintain its primary listing on the ASX under the code "LPD", and the Desert Lion common shares will be delisted from the TSXV. Each company agreed to pay a termination fee to the other party equal to C\$1 million in certain circumstances. No changes to Lepidico's Board of Directors were planned. The merged company would continue to be headquartered in Perth, Australia.

*Altura Mining Limited / Yongshan International Co.*

Yongshan International Co., Ltd agreed to acquire 11.8% stake in Altura Mining Limited from Shaanxi J&R Optimum Energy Co., Ltd for A\$25.1 million on 24 June 2019, comprising 251.36 million shares at A\$0.1 per share.

*Kidman Resources Limited / Wesfarmers Limited*

Wesfarmers Limited (**Wesfarmers**) made an indicative, non-binding and conditional proposal to acquire Kidman Resources Limited (**Kidman Resources**) from Western Areas Limited, Geoff Kinghorn and others for approximately A\$770 million on 17 April 2019. On 23 May 2019, Wesfarmers Limited entered into a scheme implementation deed to acquire Kidman Resources. Wesfarmers agreed to pay A\$1.9 per share in cash by way of a scheme of arrangement. The transaction was funded through Wesfarmers' existing balance sheet capacity and debt facilities. On the effective date, Kidman Resources agreed to appoint two nominees of Wesfarmers as observers to the Kidman Resources Board and all directors of Kidman Resources would resign as soon as practicable on implementation date.

*Wodgina / Albemarle Corporation*

Albemarle signed an exclusivity agreement to acquire 50% stake in Wodgina Hard Rock Lithium Mine from MinRes for approximately \$1.2 billion on 21 November 2018. Albemarle entered into a binding asset sale and share subscription agreement to acquire 50% stake in Wodgina Hard Rock Lithium Mine from MinRes on 14 December 2018. Albemarle entered into a revised agreement to acquire 60% stake in Wodgina Hard Rock Lithium Mine from MinRes for approximately \$1.3 billion on 1 August 2019. The consideration would be paid in cash upon completion of the acquisition. The transaction was funded by borrowing of approximately \$900 million under an unsecured credit facility.

Under the terms of the agreement, Albemarle and MinRes entered into a 50/50 fully integrated joint venture. Albemarle would manage the marketing and sales of lithium hydroxide produced by the joint venture. Albemarle would acquire 50% interest in all mineral rights. The terms included an exclusivity period until 14 December 2018 for the parties to agree upon and execute binding definitive documents. As per a revised agreement, Albemarle and MinRes entered into a 60/40 unincorporated joint venture for operation of the Wodgina Hard Rock Lithium Mine and Kemerton Modules. Under the term of the revised agreement,

## KROLL

Albemarle paid \$820 million in cash upon completion and 40% interest in the first two 25 ktpa modules of the Kemerton facility.

### *Tianqi Lithium Australia / IGO Limited*

Tianqi Lithium Energy Australia Pty Ltd, a subsidiary of Tianqi, announced that it had signed a definitive agreement for a private placement of common shares for gross proceeds of \$1.4 billion on 9 December 2020. The round included participation from new investor, IGO for 49% stake in company. The transaction is expected to close by June 2021, following the satisfaction of conditions precedent, including, but not limited to, Tianqi shareholder approval in early February 2021, and satisfaction of other transaction conditions. IGO agreed to pay a deposit of \$70 million refundable if Tianqi was not able to complete the Transaction. Tianqi agreed to pay a \$70 million break fee and refund the \$70 million deposit if it failed to gain shareholder approval for the transaction.

On 5 January 2021, IGO shareholders approved the transaction.

### *Galaxy Resources Limited / Orocobre Limited*

Orocobre entered into a binding Merger Implementation Deed to acquire Galaxy for A\$1.8 billion in a merger of equals transaction on 19 April 2021. Under the deed, Orocobre and Galaxy would merge via a Scheme of Arrangement pursuant to which Orocobre will acquire 100% of the shares in Galaxy. Under the Scheme, Galaxy shareholders would receive 0.569 Orocobre shares for each Galaxy share held at the Scheme record date. Upon implementation of the Scheme, Orocobre shareholders will own 54.2% of the fully diluted share capital of the combined entity and Galaxy shareholders will own the remaining 45.8%. The agreement was to be terminated under certain circumstances pursuant to which Galaxy would pay Orocobre a break-fee of A\$18.6 million and Orocobre would pay Galaxy a break-fee of A\$18.6 million.

### *Neo Lithium Corp. / Zijin Mining Group Company Limited*

Zijin Mining Group Company Limited (**Zijin**) entered into a definitive agreement to acquire Neo Lithium Corp. (**Neo**) for approximately C\$920 million on 8 October 2021. Under the terms of agreement, Zijin paid C\$6.50 per share in cash with total cash consideration for all of the outstanding equity of Neo, representing approximately C\$960 million. As a part of acquisition, Zijin committed to retaining the current management and professional team at LIEX S.A., Neo Lithium's local operating subsidiary, as well as making contributions to economic and social developments for Catamarca province, Argentina, as it moved forward to advance the development of the project. Under certain circumstances, Zijin was entitled to a C\$44.0 million termination fee and Neo was entitled to a C\$43.9887 million reverse termination fee.

### *Rincon Mining Pty Limited / Rio Tinto Group*

Rio Tinto Group entered into a binding agreement to acquire Rincon Mining Pty Limited and Lithium Extraction Technologies (Australia) Pty from funds of Sentient Equity Partners and others for approximately \$830 million on 21 December 2021. On 28 March 2022, Australia's Foreign Investment Review Board approved the transaction.

### *Arcadia Lithium Project / Zhejiang Huayou Cobalt Co.*

Huayou International Mining (Hong Kong) Limited (**Huayou**) entered into a binding share sale agreement to acquire Prospect Lithium Zimbabwe (Pvt) Ltd (**Prospect Lithium**) from Prospect Minerals Pte Ltd (**Prospect Minerals**) for approximately \$380 million on 22 December 2021. In a related transaction, Huayou agreed to acquire 6% stake in Arcadia Lithium Project (**Arcadia Lithium**) from Kingston Kajese and an additional 7% stake from the Tamari Trust for \$44.24 million. Prospect Minerals agreed to pay \$20 million as break-up fee.

### *Lakkor Tso Salt Lake Project / Zijin Mining Group Company Limited*

Zijin Mining Group Company Limited (**Zijin**) signed a cooperation agreement to acquire an asset bundle consisting of four assets from Dunan Holding Group Co., Ltd and China Zheshang Bank Co., Ltd for CNY 7.7 billion on 28 April 2022. The asset bundle consisted of Lakkor Tso Salt Lake Lithium Mine Project in Gerze County, Ngari, Tibet for CNY 4.9 billion, equity interests or property shares of certain Rushan series enterprises for CNY 710 million, 260,110,468 tradeable shares not subject to trading moratorium of Anhui Jiangnan Chemical Industry Co., Ltd. for CNY 1.4 billion and 89,069,416 tradeable shares not subject to trading moratorium of Zhejiang DunAn Artificial Environment Co., Ltd. for approximately CNY 650 million.



*Bikita Minerals Ltd / Sinomine Resource Group Co.*

Sinomine International Exploration (Hong Kong) Co. Ltd. (**Sinomine**) signed an agreement to acquire a 74% stake in Bikita Minerals for \$180 million on 29 January 2022. The major asset of Bikita Minerals was the Bikita lithium mine project in Zimbabwe. As of 31 December 2021, Bikita reported total assets of \$3.9 million, revenue of \$19.7 million, net assets of (\$17.5 million), operating profit of \$7.6 million.

*Sonora Lithium Project (Bacanora Lithium) / Gangfeng International Trading Limited*

Ganfeng entered into an agreement to acquire a 82.6% stake in Bacanora Lithium Plc (**Bacanora**) from a group of shareholders for approximately £180 million on 6 May 2021. Ganfeng would acquire the remaining 273.2 million shares of Bacanora at a price of £0.675 per share in cash. In a related transaction, Ganfeng would subscribe for a total of 53,333,333 new Bacanora shares at the placing price of £0.45 per share. Post completion of all the transactions, Ganfeng would have 100% stake in Bacanora.

*Lithea Inc. / GFL International Co.*

GFL International Co., Ltd. (**GFL International**) agreed to acquire Lithea Inc. (**Lithea**) from Lsc Lithium B.V. for approximately \$960 million on 11 July 2022. The total consideration included the entire equity interest value and the value of relevant debts of Lithea to be undertaken by Ganfeng Lithium and the specific amount finally will be paid shall be adjusted according to the actual debt amount of Lithea, but ultimately will not exceed the total consideration of the acquisition of \$962 million. Upon the completion of the transaction, GFL would hold no more than 100% equity interest in Lithea.



## Part Two – Financial Services Guide

### What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

### Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Allkem Limited ("Client") to prepare an independent expert's report ("Report") in connection with the proposed merger with Livent Corporation of Client. The Client will provide our Report to you.

### Our details

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SYDNEY  
NSW 2000  
www.kroll.com  
Ph: 02 8286 7200

### Our Authorised Representative

Ian Jedlin  
ASIC authorised representative: No. 000404117  
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

### Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities,
- with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

### Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

### Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll \$1,050,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.



No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

#### **Complaint Redressal**

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer  
Millinium Capital Managers Limited  
GPO Box 615  
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

[info@afca.org.au](mailto:info@afca.org.au)

Website

[www.afca.org.au](http://www.afca.org.au)

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

# Independent Technical Expert's Report



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5 November 2023

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Dear Sirs

**INDEPENDENT TECHNICAL SPECIALIST REVIEW FOR KROLL ADVISORY  
MERGER OF ALLKEM LIMITED AND LIVENT CORPORATION  
BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

## 1.0 INTRODUCTION

Allkem Limited (“Allkem”) has commissioned Behre Dolbear Australia Pty Limited (“BDA”) to prepare an Independent Technical Specialist Report (“ITSR”) and to provide technical input to Kroll Australia Pty Ltd (“Kroll”), who will prepare an Independent Expert Report (“IER”) for Allkem shareholders on the proposed merger of Allkem and Livent Corporation (“Livent”) announced on the ASX on 10 May 2023. The Kroll IER will review both the Allkem and Livent assets, setting out whether, in its opinion, the Scheme is in the best interests of Allkem Shareholders, in the absence of a superior proposal. The ITSR (this report) provides an independent technical assessment of the Allkem and Livent projects and exploration properties and provides a valuation of exploration properties and early-stage projects for incorporation by Kroll in the IER.

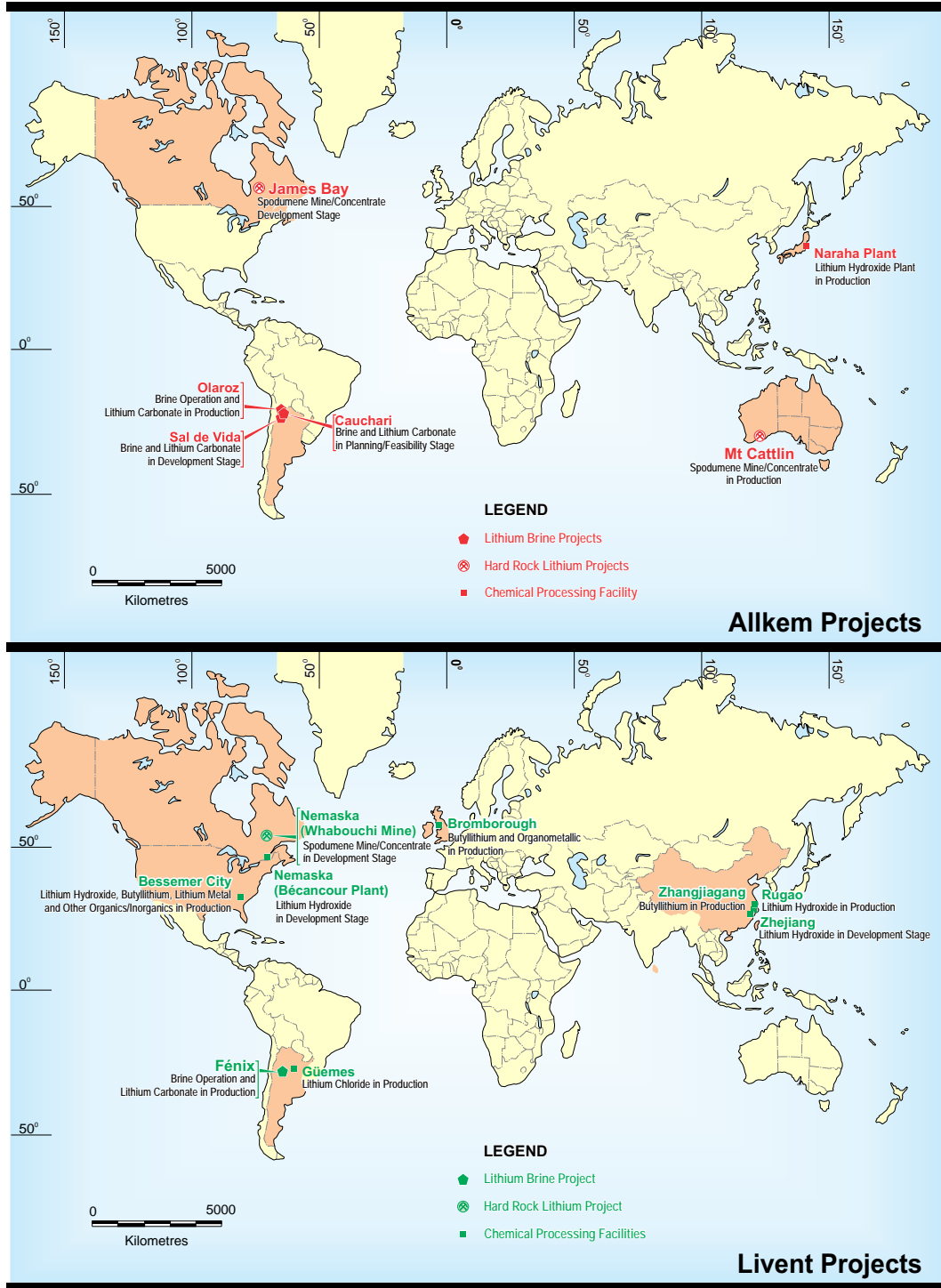
Allkem holds a global portfolio of lithium (“Li”) projects including lithium brine properties, hard rock mining properties and lithium processing facilities. Specifically, the company’s portfolio includes lithium brine operations in Argentina, a hard rock lithium mining and processing operation in Western Australia, a hard rock lithium development project in Québec, Canada, and a lithium hydroxide monohydrate (“LiOH” or “LHM”) conversion facility in Japan (Figure 1).

Livent is a global leader in lithium processing technologies, with nearly eight decades of experience producing a diverse range of lithium chemicals for energy storage and other specialty applications. Livent’s assets include lithium brine operations in Argentina, 50% equity in a hard rock lithium development project in Québec including planned lithium hydroxide processing facilities, and lithium chemical manufacturing sites in the United States, UK, Argentina, and China (Figure 1).

Allkem and Livent have entered into a definitive agreement (“Transaction Agreement”) to merge the two companies to create a leading global lithium producer (“NewCo”), (the “Transaction”). The Transaction is expected to close around the end of Calendar Year 2023, and upon closing of the all-stock merger, Allkem shareholders will own approximately 56% and Livent shareholders will own approximately 44% of NewCo.

Denver      New York      Toronto      London      Guadalajara      Santiago      Sydney

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem - Livent Merger**

Figure 1

**PROJECTS LOCATION MAPS**

BDA - 219 (02 - July 2023)

Behre Dolbear Australia Pty Ltd

## ANNEXURE B INDEPENDENT TECHNICAL EXPERT'S REPORT

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
Behre Dolbear Australia Pty Ltd Page 3

The relevant assets held by Allkem include the following mines, projects, exploration prospects and chemical processing facilities at the following locations, as shown in Figure 1 and in more detail in Figure 2 for projects located in Argentina and Figure 3 for projects located in Canada or Australia, collectively, the "Allkem Assets":

- *Olaroz Lithium Brine Operation ("Olaroz")* - a lithium brine production asset located at Salar de Olaroz in the province of Jujuy in northwest Argentina with a nameplate production capacity of 42,500 tonnes per annum ("tpa") of lithium carbonate (upon commissioning of Stage 2, anticipated by year end 2023); Olaroz is operated in partnership with Toyota Tsusho Corporation ("TTC") and Jujuy Energia y Minería Sociedad del Estado ("JEMSE"), the mining investment company owned by the provincial Government of Jujuy; Allkem is the operator and holds a 66.5% equity interest
- *Sal de Vida ("SdV") Lithium Brine Project* - a development-stage lithium brine project located at Salar del Hombre Muerto in the province of Catamarca in northwest Argentina, approximately 200 kilometres ("km") south of Olaroz, with project construction and early works currently underway and planned to produce 45,000tpa lithium carbonate when Stage 1 and Stage 2 are in operation. Sal de Vida is 100% owned by Allkem
- *Cauchari Lithium Brine Project* - a lithium brine project located at Salar de Cauchari in the province of Jujuy in northwest Argentina, immediately south of the Olaroz facility; the Cauchari project has reached a Prefeasibility Study ("PFS") stage for 25,000tpa lithium carbonate and provides development options beyond the Olaroz Stage 2 expansion. Cauchari is 100% owned by Allkem
- *Mt Cattlin Lithium Mine* - an operational hard rock lithium spodumene mine and concentrator in Western Australia, 100% owned by Allkem, which produces approximately 170,000-180,000tpa of lithium spodumene concentrate grading around 5.6% Li<sub>2</sub>O
- *James Bay Lithium Project* - a hard rock lithium spodumene project in northern Québec, Canada, 100% owned by Allkem. The project is in the development phase with substantial progress in detailed engineering, the procurement of long lead equipment, and with construction contracts being finalised for the first stage of development which contemplates the existing reserves which will produce approximately 330,000tpa of lithium spodumene concentrate grading 5.6% Li<sub>2</sub>O. The James Bay project has received environmental approval from the Federal government and is awaiting final environmental approval from the COMEX, the Québec-Cree Nation environmental approval authority responsible for northern Québec. This approval is anticipated to be received before year end 2023, allowing project construction to commence in 2024. An updated resource has been announced in 2023 which lays the foundation for future expansions or life extensions.
- *Naraha Lithium Hydroxide Plant* - a LiOH processing facility in Japan, operated by Toyotsu Lithium Corporation ("TLC"), where Allkem has a 75% economic interest)
- *Incahuasi and Guayatoyoc Prospects* - a portfolio of brine exploration projects in northwest Argentina.

The relevant assets held by Livent include the following resources, projects and lithium chemical processing facilities at the following locations, as shown in Figure 1 and in more detail in Figure 2 for projects located in Argentina and Figure 3 for projects located in Canada, collectively, the "Livent Assets":

- *Fénix Lithium Brine Operation* - a lithium brine production asset located at Salar del Hombre Muerto in the province of Catamarca, approximately 200km south of Allkem's Olaroz operation in Jujuy province and adjacent to, and immediately west of, Allkem's Sal de Vida project, consisting of the *Hombre Muerto Lithium Brine Operation* which has produced lithium carbonate since 1997. In addition, the Fénix project produces feedstock for Livent's Güemes facility in Salta province 160km to the northeast for the production of lithium chloride. The brine production facilities are currently being expanded to produce 40,000tpa of lithium carbonate in the first stage. Additional staged expansions are anticipated to increase lithium carbonate production capacity up to 100,000tpa by the end of 2030.
- *Nemaska Lithium Project* - currently under development in Québec, Canada, and consisting of the *Whabouchi Mine* a hard rock lithium spodumene deposit located in the James Bay area approximately 140km southeast of Allkem's James Bay Lithium Project and the *Bécancour Lithium Hydroxide Conversion Facility* located between Montreal and Québec City (Livent 50% economic interest); the Whabouchi mine is planned to produce approximately 235,000tpa spodumene concentrate as feed material for the Bécancour conversion plant, which has a planned capacity of 32,000tpa lithium hydroxide; both facilities are anticipated to be in production by year end 2026, with Whabouchi mine operations commencing in 2025.
- *Lithium Chemical Manufacturing Facilities* - Livent has six manufacturing facilities in five countries consisting of Bessemer City in North Carolina, USA, Güemes in Argentina, Bromborough in the UK, and Zhangjiagang, Rugao and Zhejiang (the latter under development) in China.

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Allkem - Livent Merger

Figure 2

**ALLKEM AND LIVENT  
LITHIUM BRINE PROJECTS LOCATION MAP**

BDA - 219 (02 - July 2023)

Behre Dolbear Australia Pty Ltd

ANNEXURE B  
INDEPENDENT TECHNICAL EXPERT'S REPORT



Allkem - Livent Merger

ALLKEM AND LIVENT  
LITHIUM HARD ROCK PROJECTS LOCATION MAPS

Figure 3

BDA - 219 (01 - May 2021)

Behre Dolbear Australia Pty Ltd

## ANNEXURE B INDEPENDENT TECHNICAL EXPERT'S REPORT

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
Behre Dolbear Australia Pty Ltd Page 6

The purpose of this BDA technical specialist review and report is for the information of Allkem shareholders and to assist Kroll, the Independent Expert as per the ASIC guidance in RG111 and RG 112, to provide technical input and advice on the appropriateness of the assumptions adopted in the cash flow valuation models for the Allkem and Livent assets with respect to:

- Ore Reserves/Brine Reserves and Mineral Resources
- production profile and potential expansion cases
- projected capital expenditures
- projected operating expenditures
- projected rehabilitation and closure costs.

In addition, BDA will assist Kroll in providing an opinion as to the fair values of Allkem's and Livent's portfolios of exploration assets or other residual resources not captured in the cash flow models using methodologies appropriate to the stage of development or exploration.

BDA understands that its ITSR will form part of the IER prepared by Kroll and may be provided (in part or in full) to Allkem, Livent and their respective shareholders.

BDA has extensive experience of review and assessment of mining and processing projects and specialises in technical due diligence, Independent Technical Specialist reports, project valuations, technical advisory and review work for companies, financial institutions, and government bodies. In preparing this ITSR, BDA has used a senior experienced team of specialists, as detailed in Section 8 of this report. The BDA Associates listed have extensive experience in geology, resources, reserves, mining, processing, infrastructure, and environmental aspects and have worked previously on both hard rock lithium and salar brine lithium projects. BDA's specialist consultants have many years of technical and operating experience and are respected experts in their field.

BDA has wide experience of similar reviews for corporate transactions and is well-qualified to undertake the work required and has no conflict of interest in undertaking the assignment.

BDA reviewed the Allkem assets in 2021 in its role as the Independent Technical Specialist for Galaxy Resources Limited ("Galaxy") when it merged with Orocobre Limited ("Orocobre") with the merged entity later re-named as Allkem. BDA has visited all the principal lithium brine production projects of Allkem and Livent in Argentina and the spodumene mining operations in Australia as part of this current review. Site visits to the spodumene mining and development projects in Canada were not possible due to travel restrictions resulting from extensive forest fire activity. However, BDA has prior familiarity of these projects and does not view the lack of site visits to the projects as an impediment to its analysis. BDA has had detailed discussions with management and site operations staff on project performance and progress. BDA has reviewed detailed documentation and recent flyover and drone footage to ensure a full understanding of the current status of each of the operations and projects.

BDA's scope of work involves, as appropriate, review of the following project components:

- geology - data collection, resource and reserve estimates, reconciliation data, exploration results
- mining/brine extraction - life of mine plans, production schedules, geotechnical and hydrological factors
- metallurgy - testwork, process design and process performance, metallurgical recoveries
- infrastructure - power, water, transport, site access, product handling logistics
- environmental - environmental and social issues and studies, tenement status, permits and project approvals
- capital and operating cost estimates
- financial model inputs
- consideration of evidence from broadly comparable transactions
- valuation of the exploration properties.

BDA has prepared this Independent Technical Specialist Report for Kroll, based on the information provided, site visits as noted above and detailed discussions with operations and exploration managers.

Resources and reserves have been reviewed in accordance with Australian industry standards and for compliance with the Code and Guidelines for Reporting of Identified Mineral Resources and Ore Reserves - Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 (the JORC Code). The report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015.

BDA is not expert on lithium market pricing and makes no comment on those aspects of the valuations except, where appropriate, to adopt the Kroll pricing deck in consideration of the exploration assets.

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**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets    November 2023  
Behre Dolbear Australia Pty Ltd    Page 7

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## 2.0 EXECUTIVE SUMMARY

### 2.1 Overview

This Independent Technical Specialist Report provides a description of the assets of both Allkem and Livent, an overview of the production estimates and capital and operating cost projections for each of the projects under consideration including those projects in development or near development stages, based on the most recent feasibility study estimates, together with an assessment of the potential of future developments, expansion projects and exploration properties based on drilling, project testwork and, where relevant, resource or reserve estimates and studies. A brief description of the Allkem and Livent assets is provided below, together with a more detailed technical review of each project in Sections 5 and 6.

Operating and development projects have production and costs that can be reasonably well estimated, enabling financial modelling of each project's expected cashflows; these projects have been valued by Kroll. For earlier stage projects and exploration properties, and any residual resources not captured in the expected cash flows, Kroll has requested that BDA provide an assessment of value considering alternative exploration valuation methodologies.

A summary of project valuations is given in Section 2.4 below, with a discussion of valuation methodologies used provided in Section 3.

### 2.2 Allkem Limited Assets

#### 2.2.1 Olaroz Lithium Brine Project

The Olaroz lithium brine project is located in Jujuy Province in northwest Argentina, approximately 230km northwest of the capital city of Jujuy, San Salvador de Jujuy (Figure 2). The operations are at an altitude of 3,900m above sea level and produce lithium carbonate from the Salar de Olaroz brine resource which contains high concentrations of lithium and potassium. The area is part of the "lithium triangle" encompassing parts of Chile, Argentina and Bolivia containing lithium brine resources in deposits known as *salaras* (salars in English). Salars are endorheic (closed) basins located in high altitude desert environments in which ground water containing dissolved minerals accumulates within sands, gravels and clays (Figure 4) and concentrates by evaporation to form concentrated brine solutions enriched in various metal ion species, especially lithium and potassium.

The project is a joint venture partnership with Japanese trading company Toyota Tsusho Corporation (TTC) and the mining investment company owned by the provincial Government of Jujuy, Jujuy Energia y Minería Sociedad del Estado (JEMSE). The partnership with TTC began in January 2010, with the execution of a joint venture agreement to develop the Olaroz lithium project. TTC's participation in the project was through a 25% equity stake at project level. JEMSE became a project partner in June 2012 with an 8.5% equity stake; Allkem has a 66.5% interest in the project. The project is operated through Sales de Jujuy pte JV ("SdJ joint venture" or "SdJ JV").

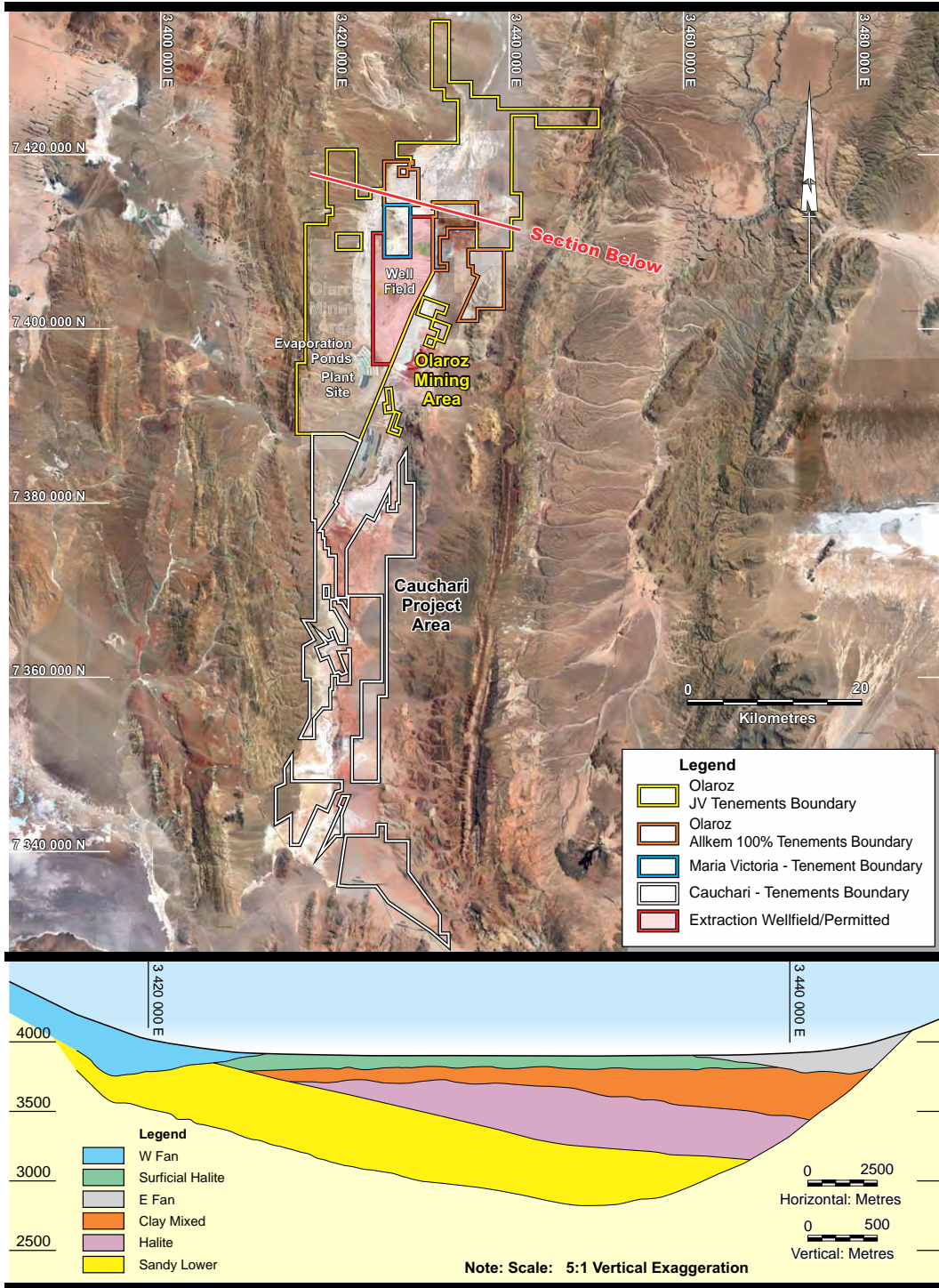
The Olaroz project was the first new lithium brine project to be developed in South America in 20 years. After seven years of planning, development, construction and commissioning, first sales of lithium carbonate from the project occurred in April 2015.

Current contained lithium resources reported as of June 2023 total 4.25 million tonnes ("Mt") Li or 22.63Mt LCE at an average brine grade of 636 milligrams per litre ("mg/L") Li at 100% basis. The totals include brines within tenements held by the SdJ JV and adjacent tenements held 100% by Allkem.

The processing method at Olaroz is based on typical standard brine treatment operations with modifications tailored to suit the brine chemistry and climatic conditions at Olaroz. The processing method begins with the extraction of lithium-rich brine from bore fields drilled to a maximum depth of around 650m on the salar. The brine is pumped and transferred to a series of evaporation ponds which utilise solar radiation and wind for evaporation and concentration along with a precipitation process to remove impurities. The concentrated brine is then fed into the lithium carbonate plant which precipitates, filters and dries the finished high-quality lithium carbonate product (Figure 5).

The Stage 1 Olaroz project had a design capacity of 17.5 thousand tonnes per annum ("ktpa") lithium carbonate. Production has been progressively ramping up since the commencement of operations in 2015. In financial year 2023 ("FY 2023") production totalled 16.7ktpa. Brine grade, processing efficiency and product quality has improved significantly in the past two years and the lessons learned are being applied to the Olaroz Stage 2, 25ktpa expansion project which reached mechanical completion in July 2023.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



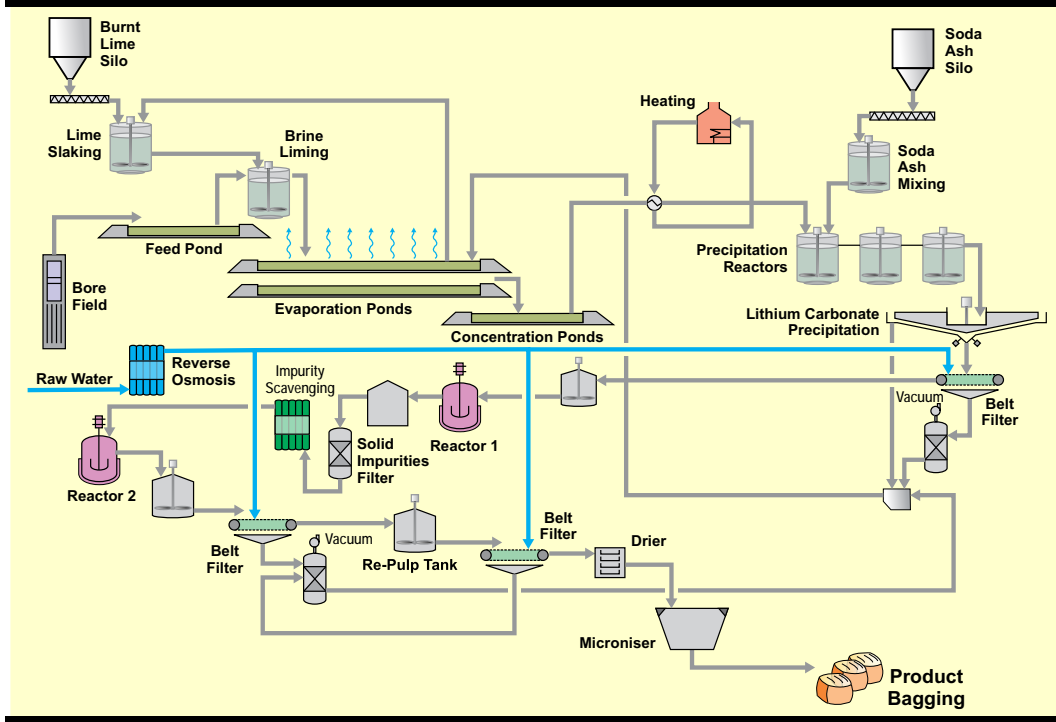
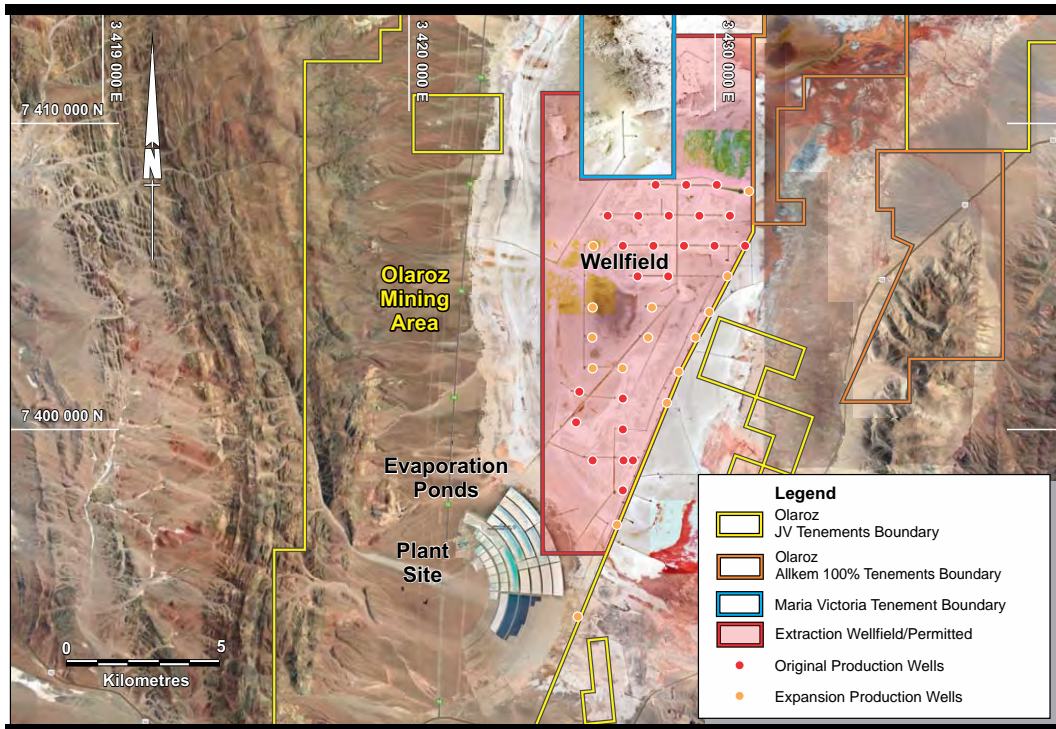
**Allkem** *Olaroz and Cauchari Projects*

**Figure 4** PROJECT AND TENEMENT LOCATION PLAN AND SECTION

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**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*Olaroz Project*

Figure 5

**SITE LAYOUT AND PLANT PROCESS FLOWSHEET**

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The Olaroz Stage 2 project is designed to add 25ktpa production capacity to the Olaroz project, bringing total production capacity to 42.5ktpa lithium carbonate equivalent ("LCE"). Production is anticipated to be technical grade, suitable for conversion to battery grade lithium hydroxide. The Stage 2 project is based on brine extraction from newly installed wells drilled to depths of up to 650m (Figure 5). Stage 2 produced its first lithium carbonate in July 2023 and is now undergoing final commissioning trials with ramp up to 100% capacity anticipated by mid-2024. The capital cost of the Phase 2 expansion was approximately US\$425M as of June 2023.

The Stage 2 plant operates from the same brine resource as the Stage 1 operation but abstracts a considerable portion of the required brine from deep wells below the Stage 1 wellfield. Evaporation ponds for Stage 2 have been placed adjacent to the existing ponds but are designed and constructed to eliminate the design and operational issues associated with the original ponds. The brine treatment and chemical purification and precipitation have also been enhanced with changes to the liming cycle and process operations. These changes have been piloted and proven and a significant overall improvement in lithium recovery and product quality is anticipated from the Stage 2 plant operation.

The Olaroz project has substantial lithium resources available, and the current 32-year project life has the potential for at least another 10 years extension based on the existing permit conditions.

Olaroz retains the capability to add additional production capacity based on the resources within Salar de Olaroz. Expansion of the resource base beyond the perimeter of the current licensed production area and to deeper depths than currently planned is possible, with unexplored properties adjacent to the production area.

The current (FY2023) cash cost of sales of US\$5,014/t of LCE positions the company as one of the lowest cost lithium producers globally.

### 2.2.2 Sal de Vida Lithium Brine Project

The Allkem Sal de Vida project is a lithium brine development project located on the eastern side of Salar de Hombre Muerto ("SdHM") in Catamarca province of northwestern Argentina (Figures 2 and 6), approximately 200km south of Olaroz and immediately to the east of Livent's Fénix brine operation, which has been pumping lithium-rich brines from the western part of the SdHM basin for over 20 years. Allkem operates the Sal de Vida project through its wholly owned subsidiary Galaxy Lithium (Sal de Vida) S.A. ("GLSSA"). Access to the project is by road from the city of Catamarca or from Salta.

The Sal de Vida project is located at an elevation of approximately 4,000m. The property was originally explored by Lithium One Inc. ("Lithium One") in 2009-2012. At that time, the Sal de Vida project encompassed a large area extending across the eastern part of Salar del Hombre Muerto in both Catamarca and Salta provinces. Lithium One completed a programme of geophysical, core drilling, well drilling, brine sampling and hydrogeological investigations culminating in a NI 43-101 resource estimate dated March 2012.

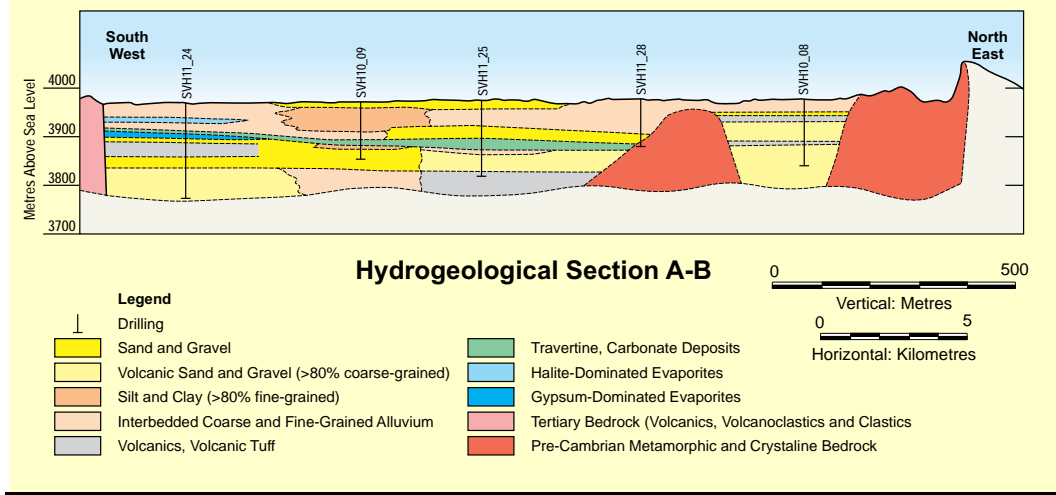
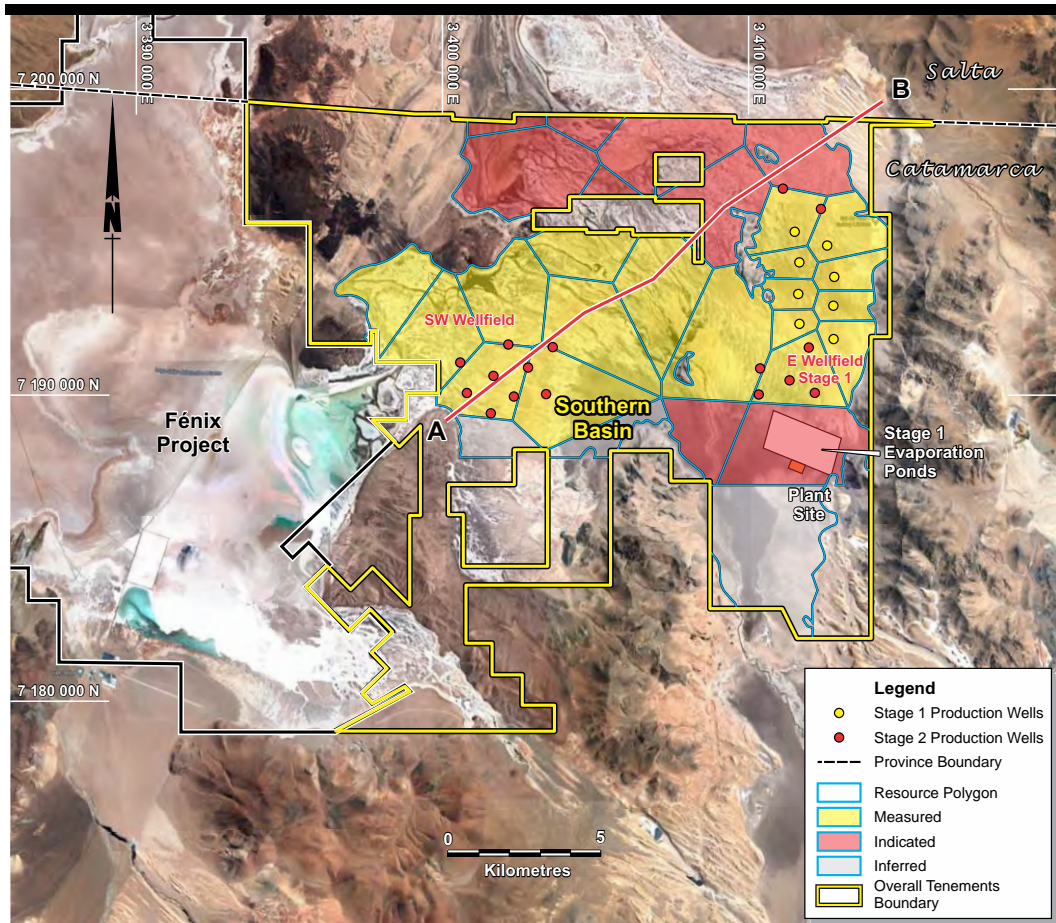
Galaxy acquired Lithium One and the Sal de Vida project in July 2012 and continued exploration on the property incorporating additional drilling, sampling, pump testing and brine evaporation studies. A Definitive Feasibility Study ("DFS") on developing the project was issued in August 2016. The 2016 DFS was based on a JORC compliant brine reserve estimate of 1.1Mt of recoverable LCE to support 25ktpa lithium carbonate production and 95ktpa potash production.

In November 2018 Galaxy sold the northern tenements located in Salta province and those located within the disputed boundary area between Salta Province and Catamarca Province to POSCO, a major South Korean conglomerate. As a result of the sale, Galaxy's tenement holdings at the Sal de Vida project decreased from 38,159 hectares ("ha") to 26,253ha (Figure 6). Following the merger of Orocobre and Galaxy in 2021 to form Allkem, Sal de Vida is now one of Allkem's principal development projects.

An updated Feasibility Study ("FS") and resource and reserve estimate for the Sal de Vida project was published in March 2022; the latest August 2023 JORC (2012) and NI 43-101 compliant Mineral Resources total 1.35Mt Li at 724mg/L Li for 7.17Mt LCE, with Proved and Probable Ore Reserves of 2.49Mt LCE at 757mg/L Li; all estimates based on a 300 mg/L Li cut-off value. Geological modelling data indicates significant scope for increases in resources based on recent pumping data and 3-dimensional ("3D") numerical modelling.

The current project plan is based on an enhanced conventional solar evaporation brine process design and envisages a two-stage development programme to produce approximately 15ktpa (80% battery grade) lithium carbonate in Stage 1, substantial mechanical completion, pre-commissioning and commissioning activities are expected by H1 2025 with first production expected in H2 2025 and ramp up expected to take 1 year (Figure 7). Stage 2 is planned to start after successful ramp up of Stage 1 and to add 30ktpa lithium carbonate capacity. It is expected that a project capacity of 45ktpa of lithium carbonate production could be reached in 2027-2028.





Allkem

Sal de Vida Project

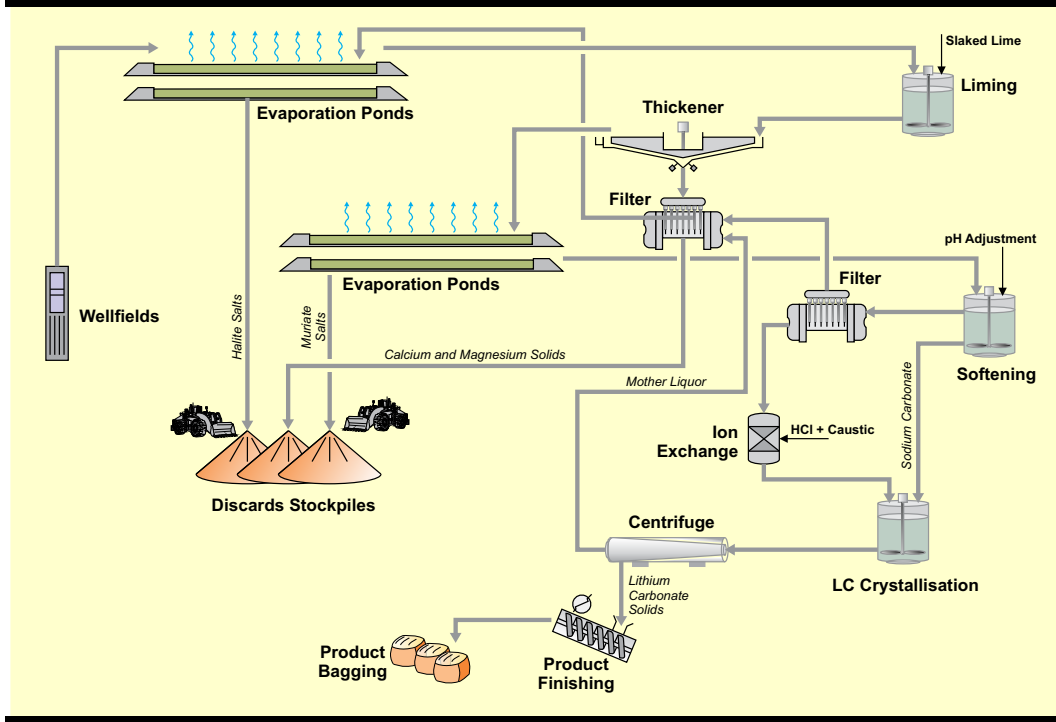
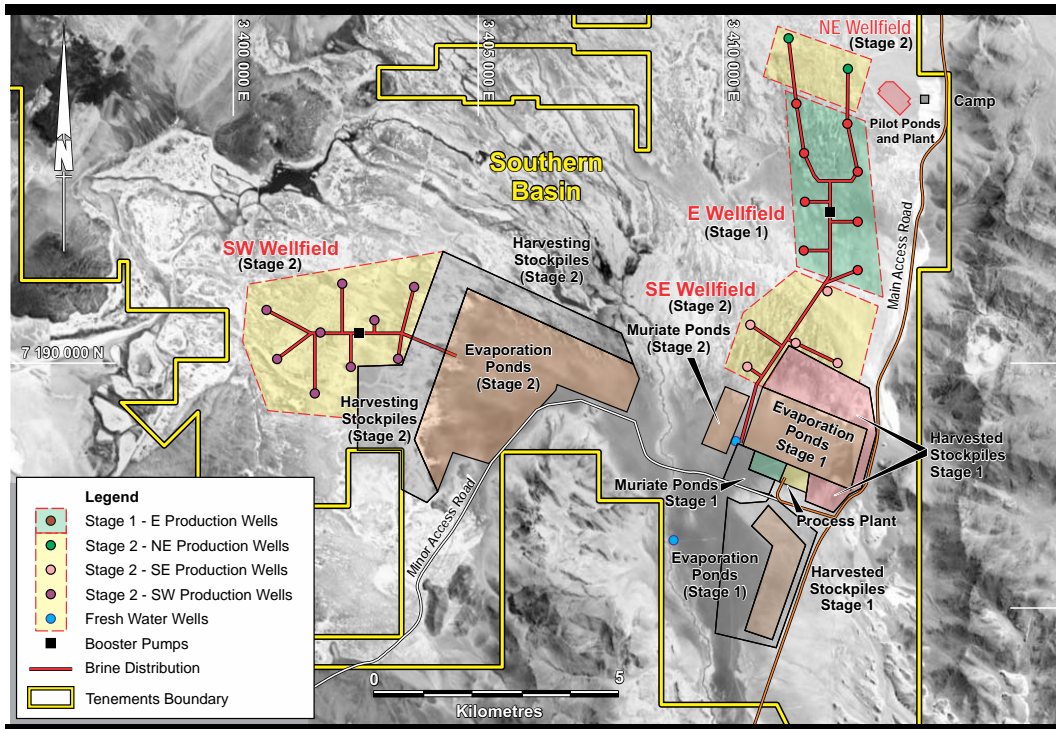
Figure 6

TENEMENT PLAN AND CROSS SECTION

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**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*Sal de Vida Project*

**PROPOSED SITE LAYOUT AND  
 SIMPLIFIED PLANT PROCESS FLOWSHEET**

Figure 7

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Capital costs for Stage 1 of the Sal de Vida project are estimated at US\$374M excluding pre-production costs. Stage 2 capital costs are estimated at US\$657M excluding pre-production costs. Operating costs are estimated at approximately US\$4,529/t lithium carbonate for Stage 1. Stage 2 operating costs benefit from economies of scale and operational synergies with labour, reagents and product handling, reducing estimated costs to US\$3,726/t lithium carbonate. Over the Life-of-Mine, average Stage 1 and Stage 2 operating costs are estimated at approximately at US\$4,003.

### 2.2.3 Cauchari Lithium Brine Project

The Cauchari lithium brine project, formerly owned by Advantage Lithium and now wholly owned by Allkem, is at a Prefeasibility Study stage. The Cauchari project lies immediately south of Olaroz on Salar de Cauchari (Figures 3 and 4). Lithium Americas Corporation ("LAC") and Ganfeng Lithium Limited (Ganfeng), operating as Lithium Argentina, are developing the central portion of Salar de Cauchari for lithium carbonate production. The Allkem Cauchari project lies on either side of the LAC/Ganfeng project currently undergoing commissioning and ramp-up.

Salar de Cauchari is a clastic dominated "immature" salar comprising a halite nucleus in the centre of the salar overlain by up to 50m of fine grained (clay) sediments (Figure 8). Six major geological units have been identified and correlated from drill core cuttings and undisturbed core to a general depth in excess of 600m. No drill holes have reached bedrock. At depth (between 300m and 600m) a deep sand unit has been intercepted in several core holes in the SE sector of the project area.

A technical report and prefeasibility study on the project was completed by Worley Chile S.A. ("Worley") and FloSolutions in October 2019. The project has a substantial Mineral Resource, estimated at 5.95Mt LCE, at an overall average grade of 475mg/L lithium. The resource was estimated based on division of the resource area (117.7km<sup>2</sup>) into three main domains based on density of geological data and confidence in the data. The resource area has been constrained to reflect the topographic data; the lateral boundaries of the tenements adjacent to neighbouring properties (ie. LAC/Ganfeng concessions), the brine/freshwater interface along the eastern and western limits of the salar as interpreted from the drill hole data, and the bottom of the deposit model as defined by the drill holes (Figure 8).

An Ore Reserve estimate was prepared in support of the 2019 Prefeasibility Study. The reserve estimate incorporated a numerical groundwater flow and transport model. Reserves were classified as Proved for brine derived from the Measured resources in the NW wellfield area during the first seven years of operation; Probable reserves were classified from the Measured and Indicated resources remaining in the NW wellfield after Year 7 and from the Measured and Indicated resources from the SE wellfield for the remainder of the project life, estimated at 31 years. The latest (June 2023) reserve totals 1.13Mt of LCE at an overall grade of 501mg/L Li, based on development of an improved 3D numerical model.

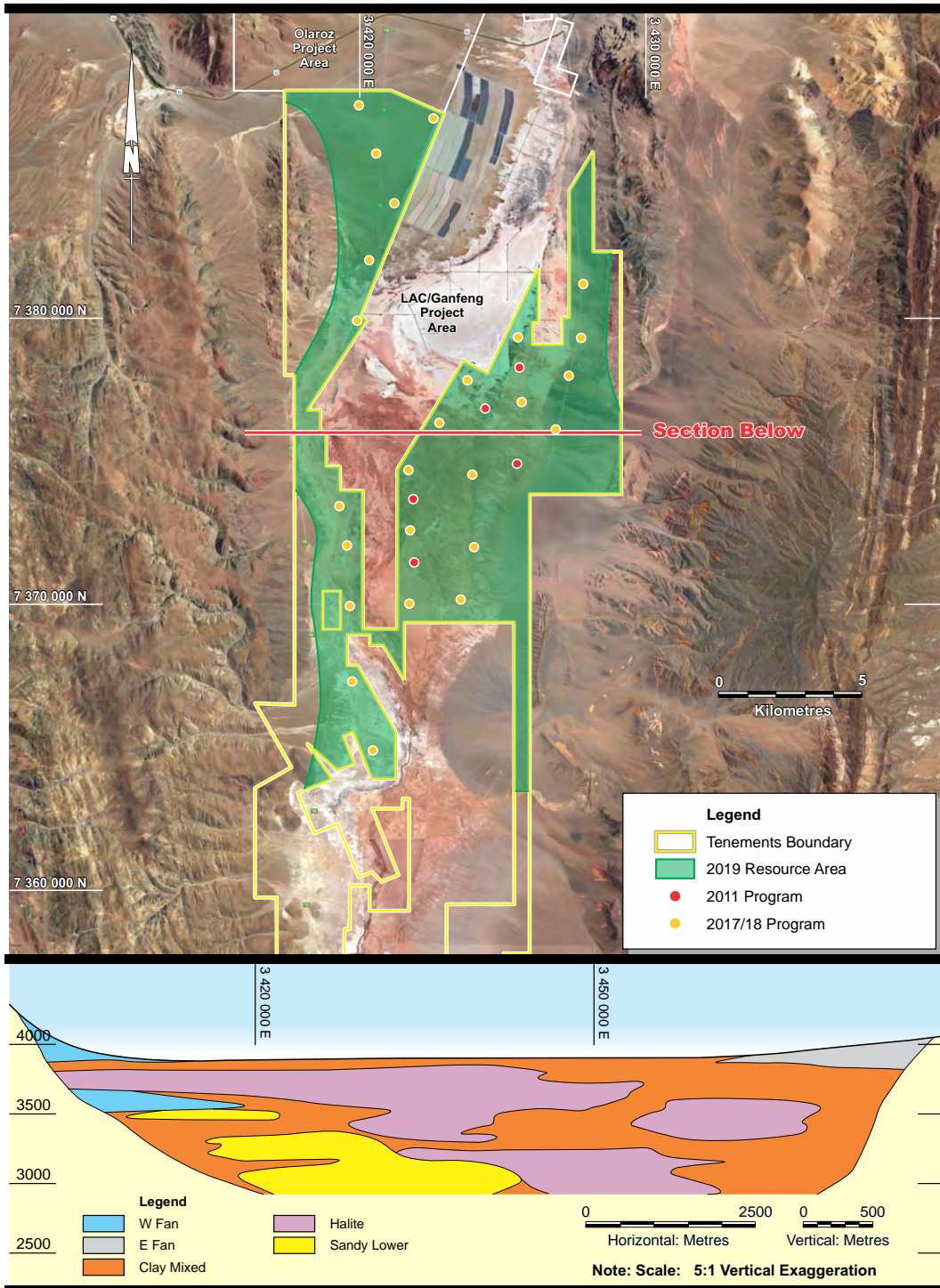
The brine chemical composition is similar to that of Olaroz, although of somewhat lower grade, and a process flowsheet similar to that to be used for Olaroz is proposed (with the inclusion of a purification circuit). There are significant opportunities to share technical management, infrastructure, higher grade brine and other capabilities and services between the operations to reduce costs and improve overall efficiency.

Currently available information indicates the deep sand units may extend to significantly greater depths than currently drilled. If brine of similar concentration exists at these greater depths and hydraulic properties are consistent with depth, there is potential for significant additions to resources.

The Lithium Argentina project operated by the LAC/Ganfeng JV at Cauchari, currently undergoing production ramp-up, is located between the eastern and western Salar de Cauchari tenements held by Allkem and extends northward to border the tenements currently in production at the Olaroz project operated by Allkem. The impact of pumping brine by Lithium Argentina on the resources at the Allkem Cauchari project is under investigation. Allkem has a co-operation agreement in place with Lithium Argentina governing brine extraction activity in proximity to neighbouring tenements at salar de Olaroz and it is anticipated a similar arrangement will be negotiated to manage brine extraction at Salar de Cauchari to limit the volume of brine moving across tenement boundaries.

The development of Cauchari is likely to be undertaken as an extension of the development of Allkem's Olaroz projects, with significant opportunities for sharing of infrastructure, processing plant and management. Additionally, there is opportunity for scope reduction in both the pond design and the removal of purification process further reducing capital costs. The PFS capital cost estimate for a stand-alone project totalled US\$659M based on a project producing 25ktpa battery grade LCE.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*Cauchari Project*

**Figure 8**

**SITE LAYOUT PLAN AND CROSS SECTION**

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#### 2.2.4 Mt Cattlin Lithium Mine

The Mt Cattlin lithium mine is wholly owned by Allkem and is located just north of the town of Ravensthorpe, approximately 450km southeast of Perth and 200km west of the port of Esperance (Figures 1 and 3). Mt Cattlin is an open pit operation, mining and processing approximately 1.6-1.8 million tonnes per annum (Mtpa) of spodumene-rich pegmatite grading approximately 1.1-1.2% Li<sub>2</sub>O, which is processed by crushing, ore sorting and dense media separation ("DMS") to produce a spodumene concentrate grading 5.4-5.6% Li<sub>2</sub>O. The spodumene concentrate is trucked to the port of Esperance and exported mostly to customers in China. The Mt Cattlin pegmatites also contain tantalite and a tantalite concentrate grading 3.5% Ta<sub>2</sub>O<sub>5</sub> is produced and sold locally to the Global Advanced Metals ("GAM") operation at Greenbushes, WA.

The Mt Cattlin operation commenced in 2009, however operations were sporadic with periods of shutdown and care and maintenance during times of low lithium prices. In 2019 approximately 190kt of spodumene concentrate were produced at a grade of 5.9% Li<sub>2</sub>O; in 2020 production dropped to 109kt with the operation working reduced hours due to low lithium prices. With increases in lithium prices, full production resumed late in 2021 and production of around 170-180kt of concentrate is targeted for 2023. Recovery to final product averages around 65% but can be quite variable depending on the nature of the mineralisation. In the latter half of 2022, a zone of fine grained spodumene and lithium micas was mined with recoveries dropping to as low as 20-30%. The change in mineralisation had not been anticipated but is now recognised and is associated with elevated sodium grades; the resource and reserve estimates have been modified to exclude this material type, and Allkem is confident that with detailed grade control drilling the issue should not re-occur.

A number of pits have been mined to date at Mt Cattlin, with the mined-out pits being backfilled with waste and tailings from the processed ore (Figure 9). The NE pit was completed in 2022 and current mining operations are based on the NW Stage 3 pit which is planned to a depth of around 160m.

An upper pegmatite horizon which is currently being mined ranges from 5-20 metres ("m") in thickness and dips shallowly to the northwest. The second pegmatite zone lies approximately 80m below the current ore zone, with grades of around 1.0-1.6% Li<sub>2</sub>O over 10m (Figure 10).

Current Mineral Resources total 9.4Mt at an average grade of 1.2% Li<sub>2</sub>O. Proved and Probable Ore Reserves as of June 2023 totalled 7.1Mt averaging 1.2% Li<sub>2</sub>O. The reserves are based on the ore planned to be mined in the currently planned pit stages (NW Pit Stages 3 and 4) with mining continuing to 2027; the reserves also include 1.8Mt of stockpiled material and tailings, the latter being planned to be processed at the end of mine life in 2028.

Overburden stripping as part of the cutback for the Stage 4a pit will commence in late 2023. The planned Stages 4a and 4b will allow the pit to be deepened to around 245m below surface and are expected to be completed by mid-2027. The Stage 4 pit will provide access to the lower pegmatite horizon but will have a relatively high stripping ratio of 30:1, requiring a substantial pre-strip before accessing the lower pegmatite ore, which ranges from 5-20m in thickness and dips shallowly to the northwest. Allkem is also undertaking an underground mining study to investigate the economics of an alternative underground mining approach. Evaluation and assessment of the underground mining potential is ongoing.

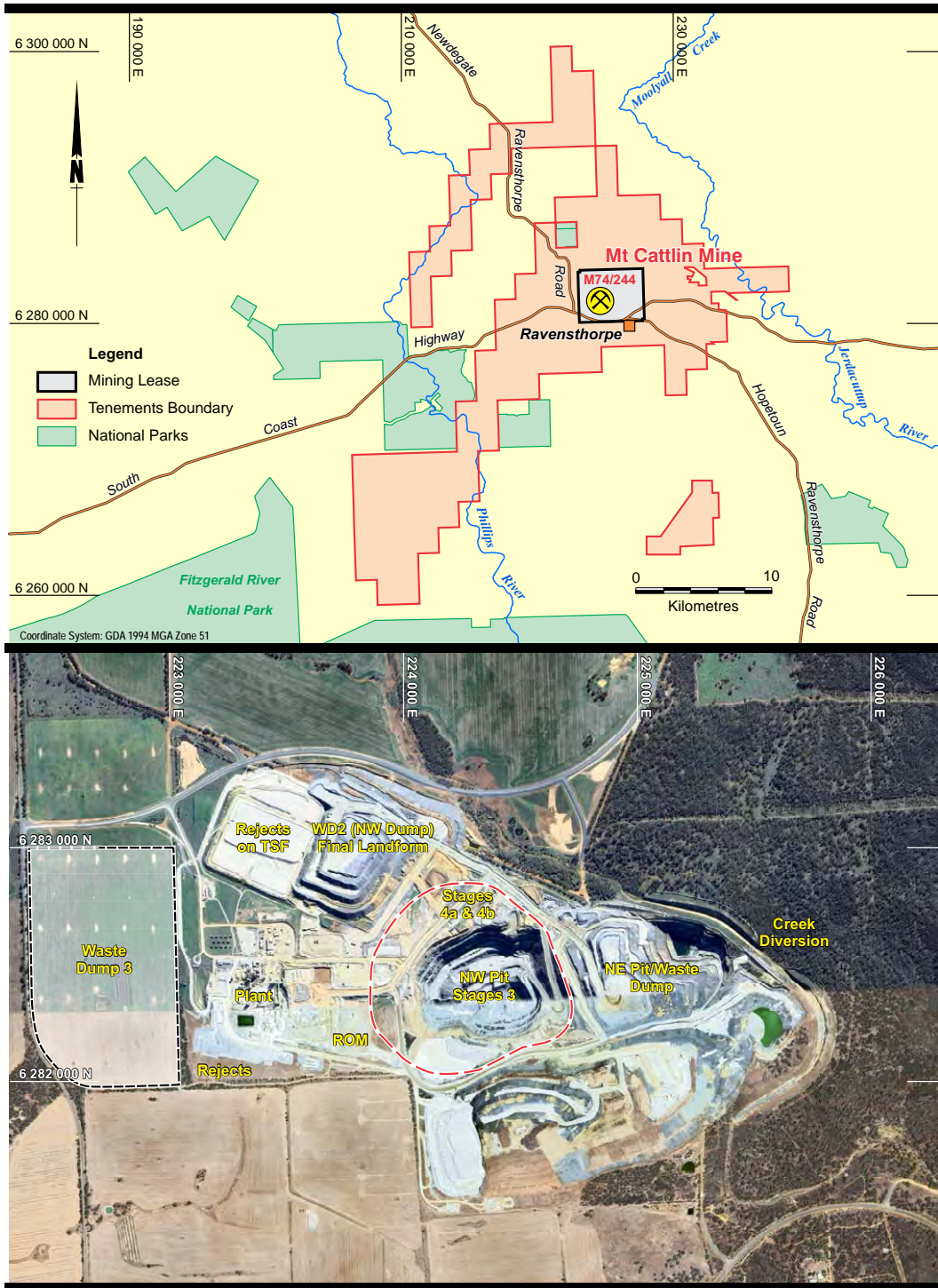
The white lithium-bearing pegmatites contrast with the dark greenish-black basaltic country rocks and dolerites, and mine grade control is largely visual. However, some mixing occurs along the pegmatite contacts and some rafts of basalt or cross-cutting intrusions occur within the pegmatite. These zones are classified as "contaminated ore" and are separately stockpiled and processed through ore-sorters which separate the light-coloured pegmatite and spodumene from the darker mafic rocks before further processing.

Because of the geological characteristics of the ores, gravity separation is the primary concentration mechanism utilised. The initial circuits of the Li and Ta recovery plant separate the particles by size and treat the finer size fraction to recover a Ta concentrate. The "contaminated ore" from the hangingwall or footwall contacts with significant included basaltic country rock or with significant internal waste is treated initially through the ore sorters. The separated pegmatite material is then combined with the 'clean' ore and processed through a dense media separation plant to recover the spodumene concentrate.

Plant performance for 2023 is based on processing around 1.7Mt of ore grading 1.1-1.2% Li<sub>2</sub>O and producing approximately 175kt of spodumene concentrate at a grade of 5.4-5.6% Li<sub>2</sub>O, at an average recovery of around 65%. Figure 10 shows a schematic flowsheet of the Mt Cattlin process plant.

Capital costs for the remainder of the mine life comprise mostly sustaining and rehabilitation costs plus the costs involved in the tailings retreatment project and total around US\$80.3M over 5 years. Current operating costs average around A\$1,185/t of concentrate produced and are scheduled to average approximately A\$1,230/t concentrate over the remaining mine life.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*Mt Cattlin Project*

Figure 9

**TENEMENT LOCATION AND SITE LAYOUT PLAN**

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### 2.2.5 James Bay Lithium Project

The James Bay lithium project is a proposed open pit mine and spodumene concentrate project located in the Nord-du-Québec administrative region in the Eeyou Istchee James Bay territory, approximately 10km south of the Eastmain River and 130km east of James Bay and the Cree Nation of Eastmain and approximately 382km north of Matagami, Québec (Figure 3). Access to the property is available year-round via the Billy Diamond Highway, an all-weather paved road connecting to Matagami, and then south to Montreal.

The property comprises 216 contiguous claim units and an isolated block of eight claim units, covering a total area of 11,130ha (Figure 11). The property is located on Category III Cree land which permits mineral resource extraction.

The Main Deposit comprises a series of pegmatite dykes outcropping over a strike length of approximately 5km and a width of approximately 300m (Figure 11 and 12) and forming topographic highs about 15-20m above the surrounding bush, which is primarily comprised of muskeg and peat. Recent drilling has resulted in identification of a significant extension to the northwest of the Main Deposit extending over a strike length of approximately 2km and a width of 400m (Figure 11). This extension is referred to by Allkem as the NW Sector to distinguish it from the Main Deposit. The NW Sector is considered prospective for discovery of additional spodumene mineralisation.

Allkem reported an updated JORC (2012) Mineral Resource estimate in August 2023. Current Indicated and Inferred Mineral Resources are 110Mt grading 1.30% Li<sub>2</sub>O with 1,430kt of contained Li<sub>2</sub>O at a 0.5% Li<sub>2</sub>O cut-off. There is potential for definition of additional resources, particularly at depth and along strike to the northwest and east of the Main Deposit. Open pit Ore Reserves have been reported as 37.3Mt averaging 1.27% Li<sub>2</sub>O containing 475kt of Li<sub>2</sub>O.

Mining is planned to be undertaken using traditional open pit mining methods. The proposed process plant is based on a three-stage crushing circuit followed by a two-stage Dense Media Separation (DMS) circuit (Figure 12). Planned production capacity is approximately 330ktpa of spodumene concentrate. It is proposed that concentrate product would be transported to Montreal or Trois Rivières, Québec for export. An option to process the concentrate to lithium carbonate or lithium hydroxide in Québec is also under consideration.

A Feasibility Study (FS) report on developing the Main Deposit for production was issued by Allkem in January 2022. This has subsequently been updated in an SEC Technical Report Summary dated August 2023 and an equivalent NI 43-101 report dated September 2023, with an effective date of 30 June 2023. This latter report is based on production of 330ktpa of spodumene concentrate grading 5.6% Li<sub>2</sub>O at an estimated 71% recovery over an approximate 19-year mine life. Initial capital costs are estimated at US\$380.1M (C\$508.7M at USD:CAD exchange rate of 0.75) with total deferred, sustaining capital and mine rehabilitation costs bringing the LOM capital costs to US\$602M (C\$802M at USD:CAD of 0.75). LOM operating costs are estimated at US\$497/t concentrate, including royalties on an FOB Montreal basis.

Engineering design and long lead equipment purchases are well advanced. A power line to the project has been completed and a significant number of the required permits to begin construction have been received. The James Bay project has received environmental approval from the Federal government and is awaiting final environmental approval from the COMEX, the Quebec-Cree Nation environmental approval authority responsible for northern Quebec. This approval is anticipated to be received before year end 2023, allowing project construction to commence in 2024.

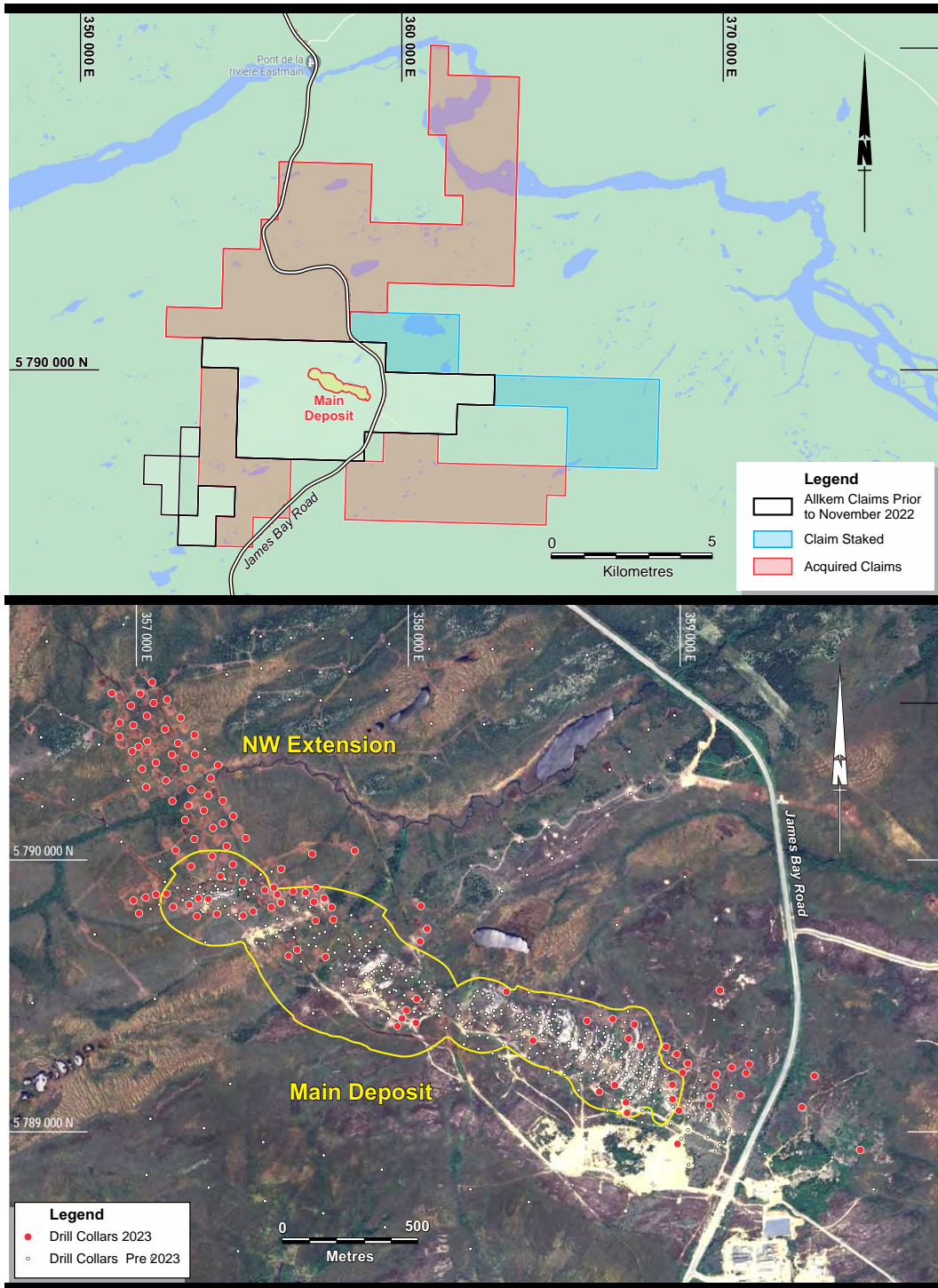
### 2.2.6 Naraha Lithium Hydroxide Project

Allkem has formed a joint venture with Toyota Tsusho Corporation (TTC) to operate a battery grade lithium hydroxide plant in Japan to convert 9,500tpa of technical grade lithium carbonate from Allkem's Olaroz operation to 10,000tpa of battery grade lithium hydroxide. The plant has been constructed in Naraha, Japan (Figures 1 and 13). The Naraha project announced first production in October 2022 and commencement of commercial production in May 2023.

The technical grade lithium carbonate product from the Olaroz plant is mixed with water and a lime slurry in a reactor to precipitate calcium carbonate (Figure 13). This precipitate is removed from the Li bearing liquor and is washed using a clarifier, thickener and filter with the calcium carbonate solids recycled through a kiln to recover CaO and the liquors recycled.



**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*James Bay Project*

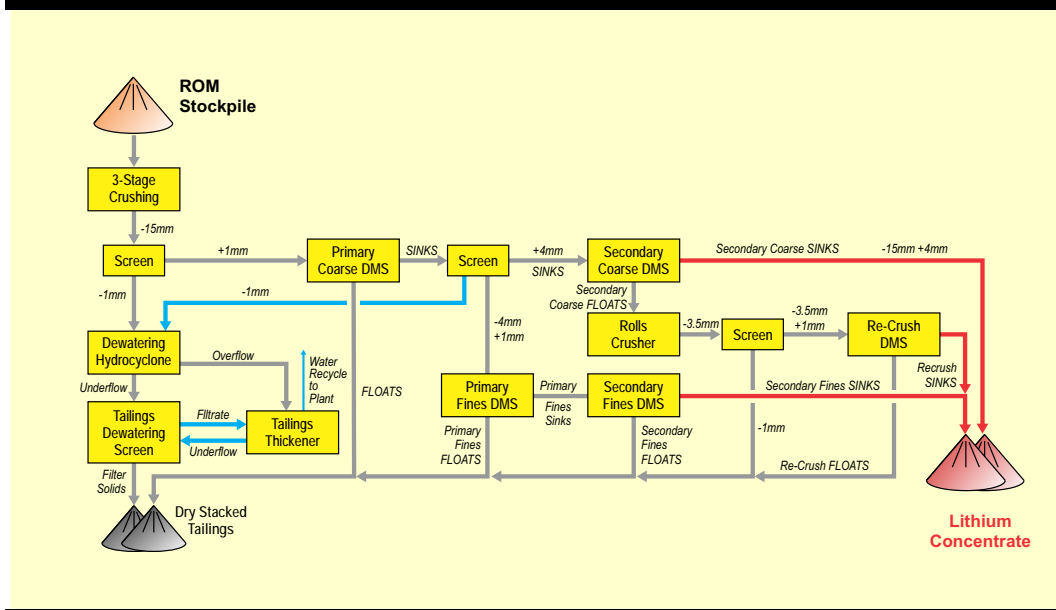
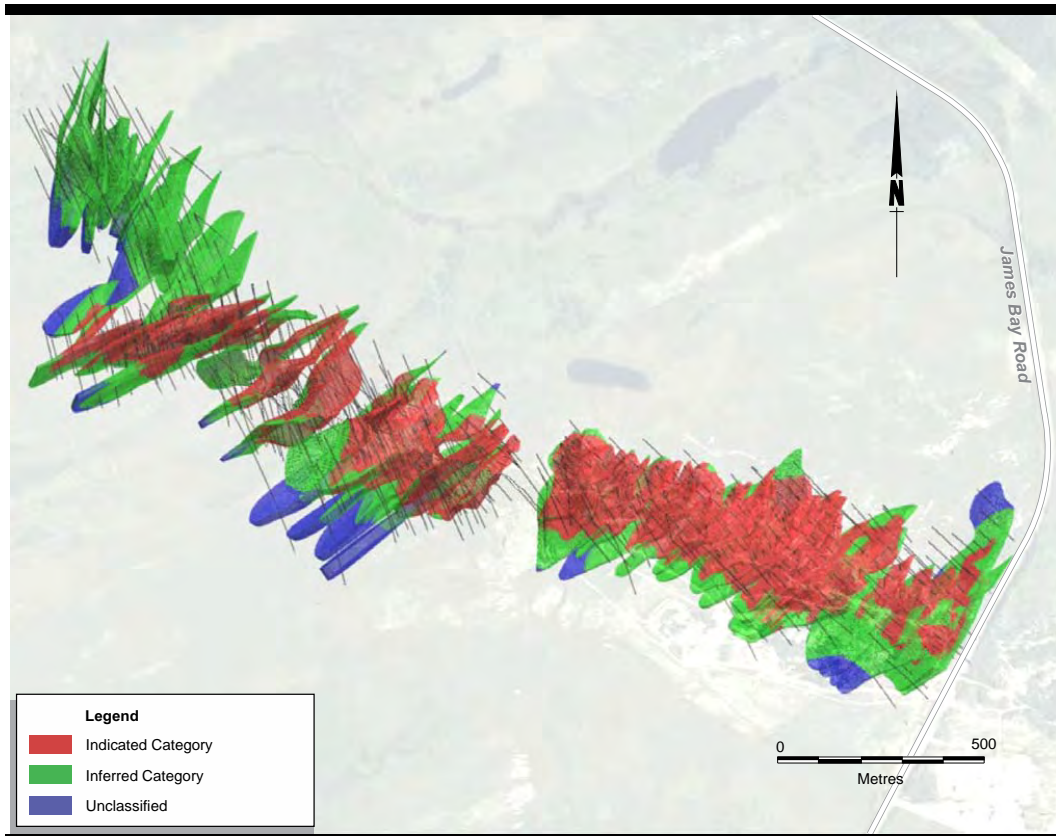
Figure 11

**TENEMENT AND DRILL HOLE PLANS**

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Allkem

James Bay Project

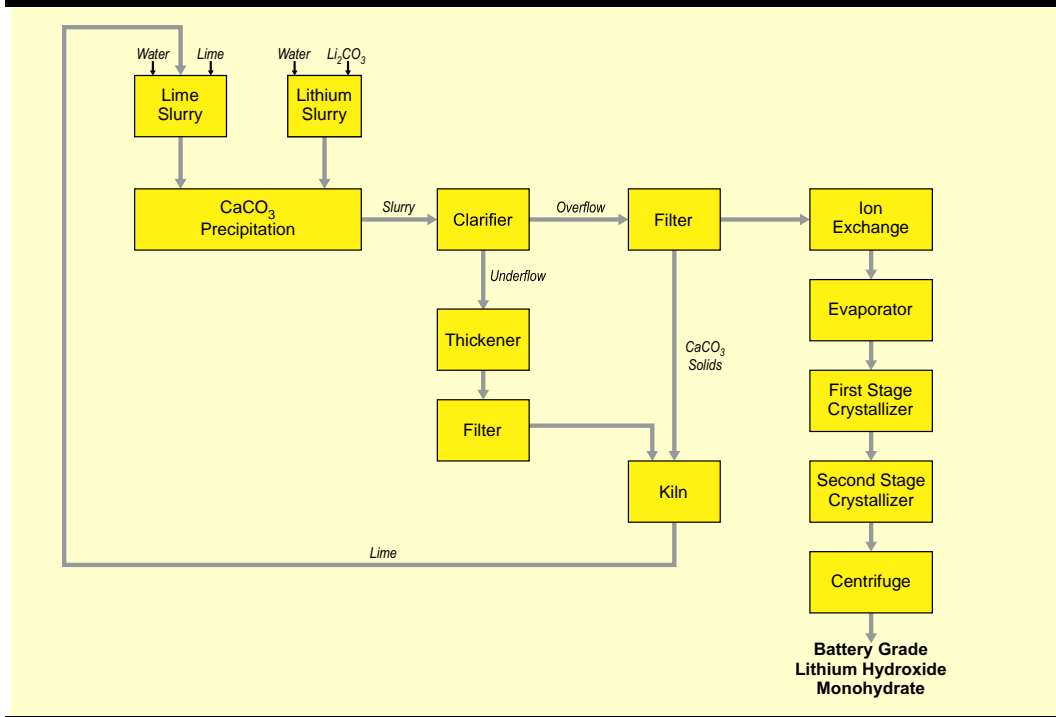
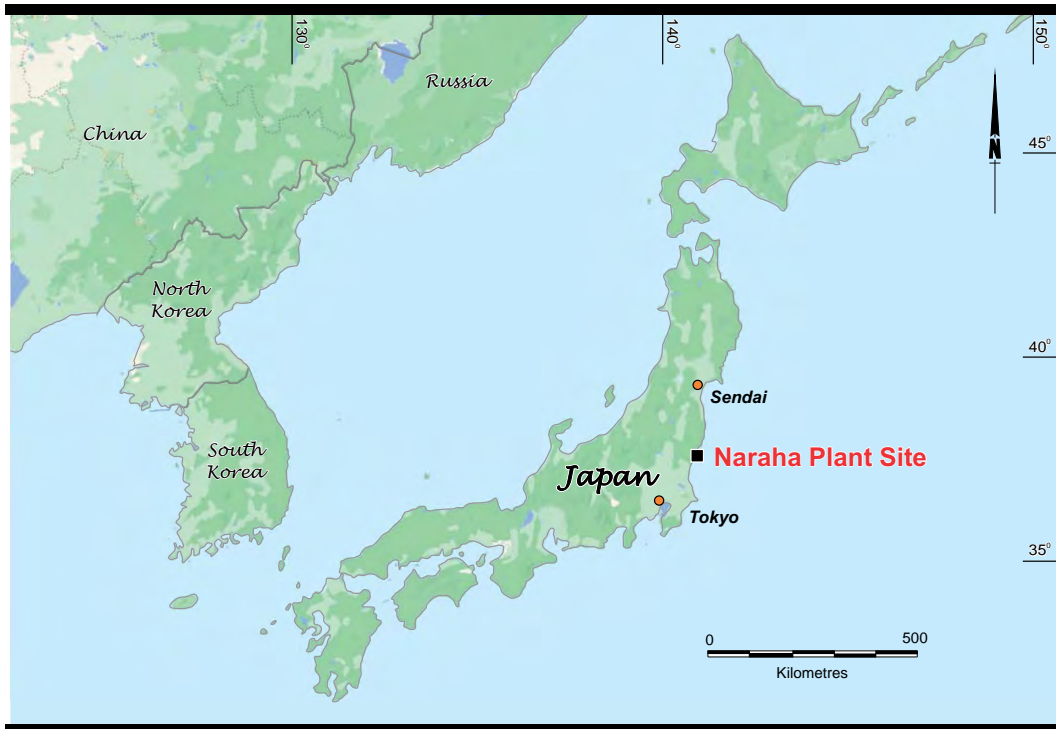
MODELLLED PEGMATITE WITHIN CONCEPTUAL PIT SHELL  
AND PROPOSED FLOWSHEET

Figure 12

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**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Allkem**

*Naraha Project*

Figure 13

**PROJECT LOCATION AND PROCESS FLOWSHEET**

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An ion exchange ("IX") circuit is designed to reduce residual Ca ions to less than 0.1 parts per million ("ppm") while also reducing concentrations of barium, strontium, iron and zinc. A second IX stage reduces boron to <0.1ppm.

The resultant purified LiOH liquor is evaporated and the LiOH forwarded to a two-stage crystallisation step to produce crystalline, battery grade lithium hydroxide monohydrate (LHM), which is dried and packaged for market.

An expansion programme to increase lithium hydroxide capacity to 16ktpa is planned to start in 2025, with full capacity anticipated by the end of 2027.

### 2.2.7 Other Early-Stage Projects and Exploration Properties

Allkem acquired the Incahuasi, Antofalla Norte, Antofalla and Guayatoyoc prospects (Figure 2) totalling 31,320ha as part of the Advantage Lithium acquisition. The Antofalla properties have since been disposed of. The Incahuasi and Guayatoyoc prospects are both early stage salar brine exploration properties requiring considerable further exploration. All of the brines tested to date, mostly in shallow pit sampling, are enriched in potassium and contain relatively low lithium grades. The prospects are more likely potash projects and an unlikely fit in the Allkem portfolio and could be considered as potential disposals.

Allkem acquired the Maria Victoria tenement (1,800ha) immediately north of the current Olaroz joint venture tenements as part of the sale of Borax Argentina S.A. ("Borax") on 16 December 2022. It is adjacent to other tenements held directly by Allkem and does not form part of the SdJ joint-venture tenements at Olaroz (Figure 4).

The Maria Victoria tenement has been integrated into the Olaroz resource estimate. It holds substantial estimated lithium resources, currently estimated at 2.8Mt LCE classified as Inferred resources. Allkem plans to undertake exploration work on the Maria Victoria tenement (and adjacent tenements) to better determine the resource potential and possible development options, either in conjunction with tenements held under the SdJ joint venture or as a separate project.

It is noted that the sale of Borax Argentina included a provision for Allkem to retain a portion of the natural gas capacity in the Fénix and La Puna gas pipelines which it will make available to its Sal de Vida brine project.

## 2.3 Livent Assets

Livent, and its predecessor companies, have more than 80 years of history of lithium production. Livent is a fully integrated lithium chemical specialty company with lithium brine production facilities in Argentina comprising the Fénix operation and associated plant at Güemes (Figures 1 and 2) producing lithium carbonate and lithium chloride, and lithium chemical and lithium metal manufacturing facilities in the United States, UK and China (Figure 1). Chinese production facilities include partnership processing operations using feedstock supplied by Livent.

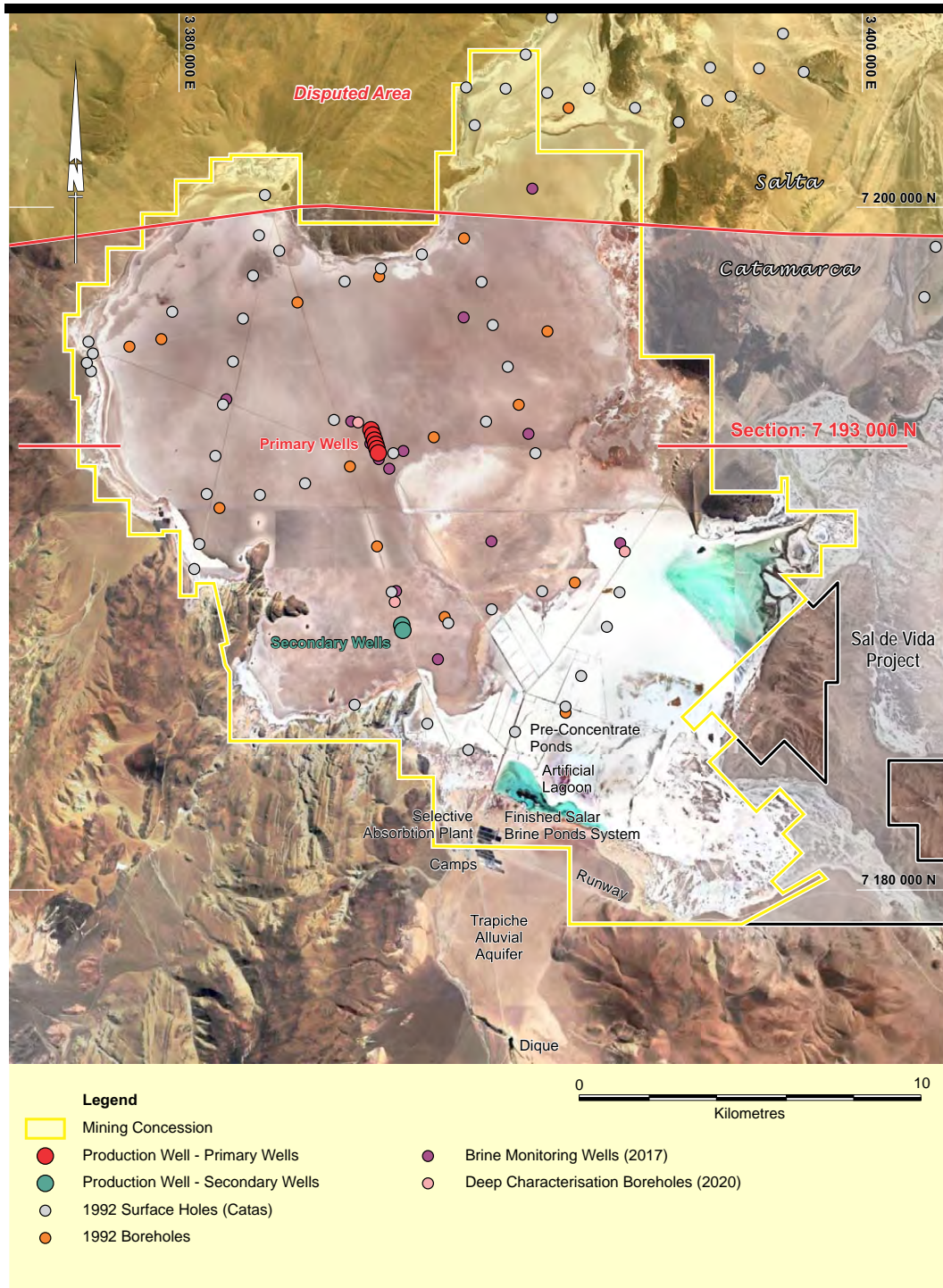
Livent also holds a 50% equity interest in the Nemaska lithium project which includes the planned hard rock Whabouchi mine in the James Bay area of northern Québec, Canada and an associated lithium hydroxide development project located at Bécancour in southern Québec, located between Montréal and Québec City (Figures 1 and 3).

### 2.3.1 Fénix Lithium Brine Project

Livent's Fénix project is located in the Catamarca province in northwest Argentina, approximately 200km south of Allkem's Olaroz operation and approximately one hour's drive west of Allkem's Sal de Vida lithium brine project, on the southwest side of Salar de Hombre Muerto (SdHM) (Figure 14).

The project consists of a lithium brine operation recovering brine from the SdHM and producing lithium carbonate and lithium chloride. Brine is processed using a proprietary Selective Adsorption ("SA") technology which significantly reduces requirements for evaporation ponds and increases overall lithium recovery (Figure 15). The facility has been operating since 1997 and has a current nameplate capacity of approximately 20ktpa LCE. The process plant is currently undergoing a staged expansion initially to 40ktpa LCE, with Phase 1a (an additional 10ktpa) anticipated to be commissioned in 2023 and Phase 1b (a further 10ktpa) to be completed by around year end 2023 with first production in 2024. Two additional staged expansions are anticipated to increase lithium carbonate production capacity to a nominal 100ktpa by the end of 2030.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Livent**

*Fénix Project*

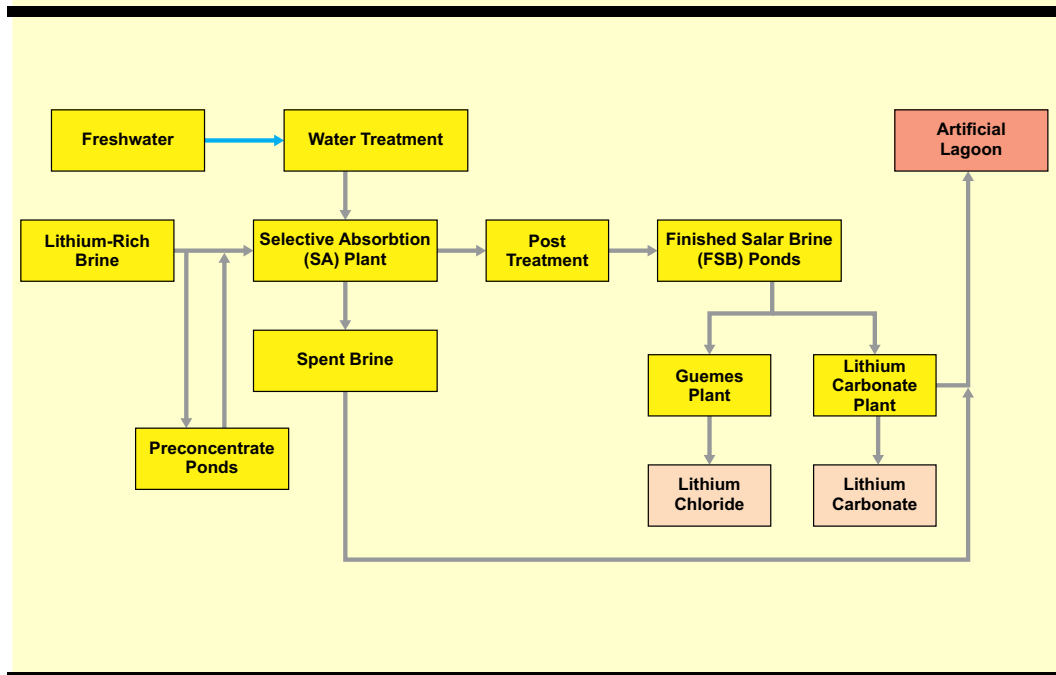
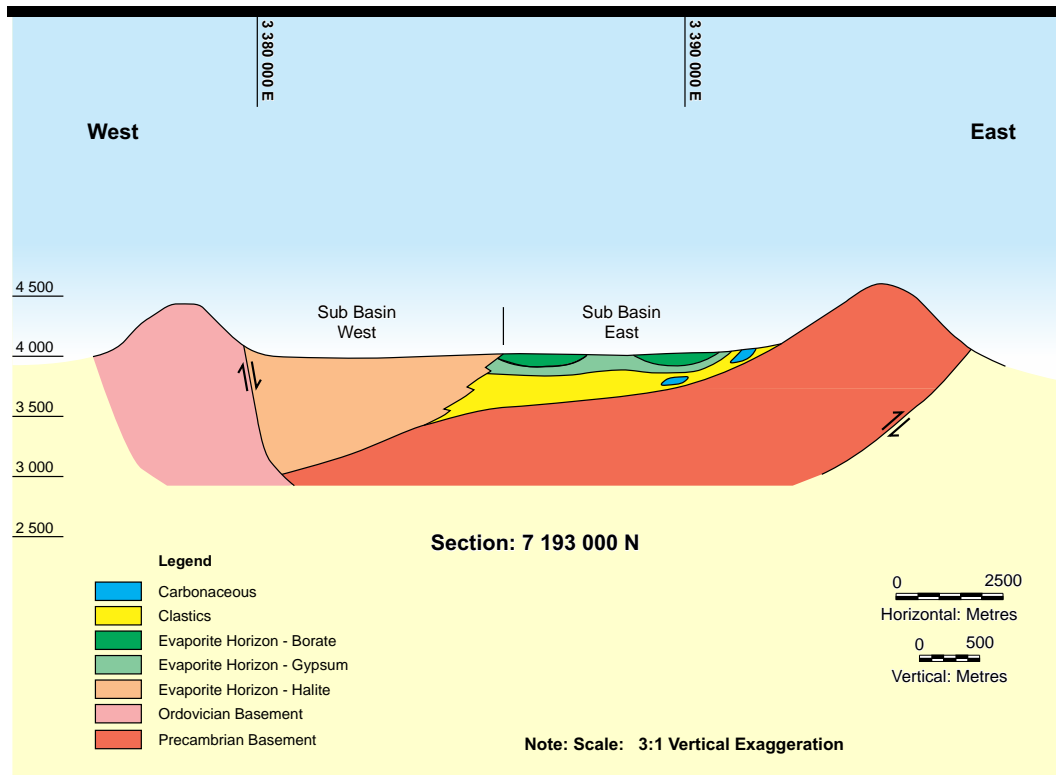
Figure 14

**BRINE MONITORING WELL NETWORK**

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**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Livent** *Fénix Project*

**Figure 15 SCHEMATIC CROSS SECTION AND PROCESS FLOWSHEET**  
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Fénix site operations are primarily focussed on production of lithium carbonate, but the site also produces concentrated lithium chloride brine feedstock which is trucked to Livent's Güemes plant near the city of Salta, where it is purified and crystallised (Figures 2 and 15). The Güemes plant has a nominal capacity of approximately 9ktpa LiCl but has operated at approximately 50% of nameplate capacity in recent years due to the competing demand for production of lithium carbonate at the Fénix plant. Essentially, all lithium carbonate and lithium chloride production from the Fénix operation is used internally by Livent at its downstream lithium chemical and lithium metal manufacturing facilities. Only a small portion of lithium carbonate and lithium chloride production is sold directly to end users.

The SdHM basin covers an area of approximately 600km<sup>2</sup> and is separated by a bedrock saddle near the centre of the basin into western and eastern sub-basins. The Fénix project operates exclusively within the western sub-basin while Allkem's Sal de Vida project is located within the eastern sub-basin.

Geological and hydrogeological investigations of the SdHM commenced in the early 1990s and included exploration drilling, brine sampling, geophysical surveys and pumping tests. Most drilling was confined to depths of less than 100m, but gravity surveys suggested the depth to basement in parts of the basin could be in excess of 900m (Figure 15).

Mineral Resources were first estimated in 1994 and there have been a number of updates based on both classical polygonal and kriging methods and additional drilling programmes, with a good degree of consistency between results. The latest published estimate was completed in 2022 with resources estimated to a depth of 200m totalling approximately 2,220kt of contained lithium and 12,000kt of contained LCE.

Brine reserves have been estimated with the aid of 3D numerical models simulating variable density brine and groundwater flows. Proved and Probable Ore Reserves were estimated based on a 40-year production period totalling 731kt contained Li and 3.9Mt contained LCE, with a cut-off grade of 215mg/L. The projected brine grade over the 40-year simulation remains well above the cutoff grade, averaging approximately 580mg/L. Simulated production was limited to a depth of 100m; it is expected that deeper drilling will significantly extend the depth extent of the salar brines, and prospects for delineation of additional resources and reserves at depth are considered to be good.

Current production is based on six wells located in the centre of the western sub-basin and two wells near the southwest margin of the basin. Brine grade concentration shows consistent values of 700-800mg/L. The raw brine is pumped to either pre-concentration ponds or directly to the SA plant where, after purification, lithium is directly absorbed onto a proprietary sorbent. The lithium chloride solution is eluted, concentrated and processed in the lithium carbonate plant using standard process technology to produce lithium carbonate.

Capital costs for the Fenix plant expansions are estimated at around US\$450M (Phase 1a & Phase 1b), US\$500-700M (Phase 2) and Phase 3 in the early planning stages. Current total operating costs are estimated at around US\$4,250/t LCE.

### 2.3.2 Nemaska Lithium Project – Whabouchi Mine and Concentrator

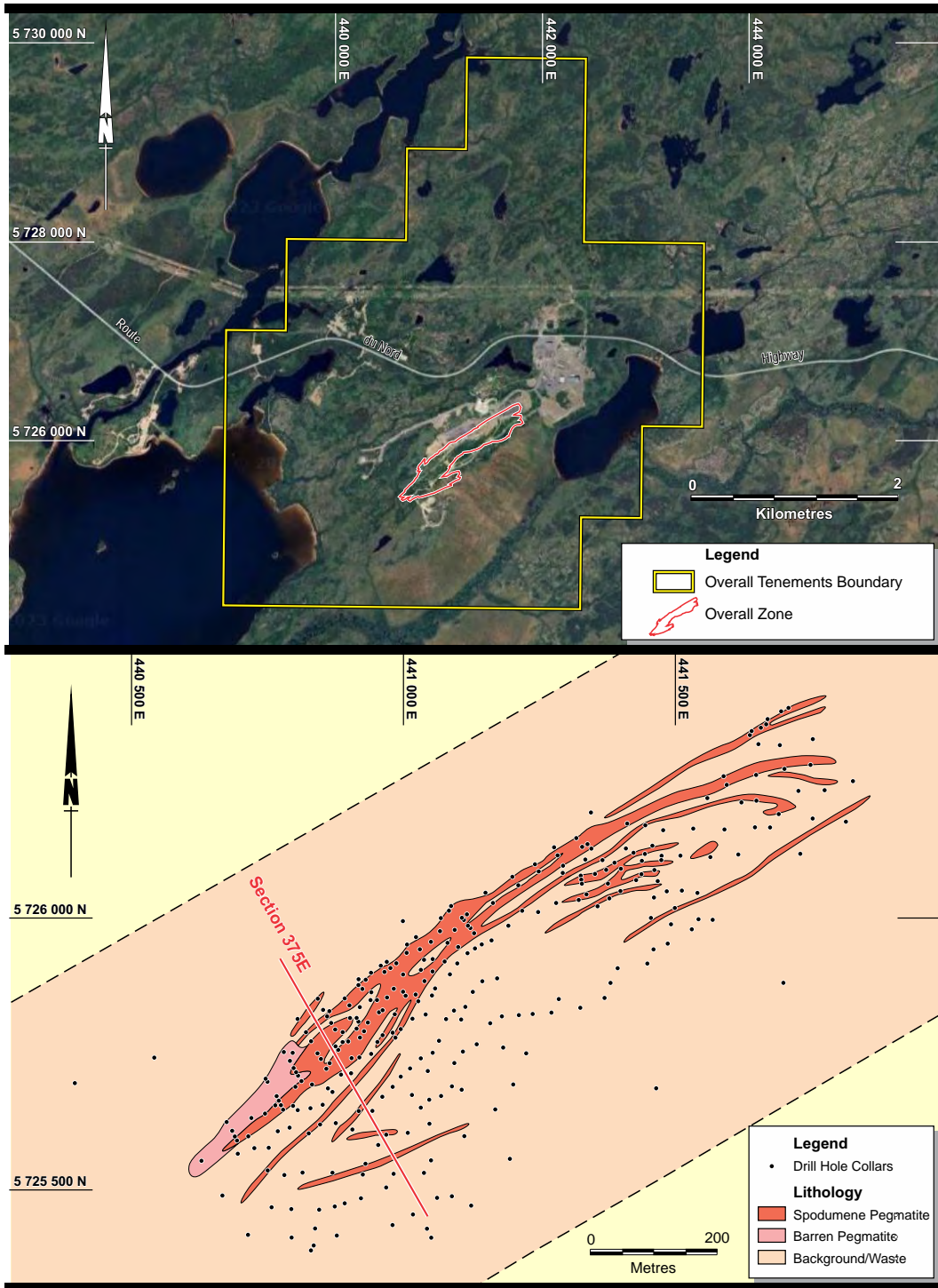
The Nemaska lithium project comprises an open pit mine and spodumene concentrator located approximately 30km east of Nemiscau (also known as Nemaska), northern Québec (the Whabouchi mine) and a lithium hydroxide conversion plant located at Bécancour, Quebec on the St. Lawrence River approximately half-way between Montréal and Québec City (Figures 3 and 16).

Livent acquired its interest in the Nemaska project by way of exercise of secured creditors' rights and corporate restructuring arising from the bankruptcy of Nemaska Lithium Limited ("NLL") in 2021, the original developer of the project. Livent now holds a 50% economic interest in the project through its fully owned subsidiary Québec Lithium Partners (UK) Limited ("QLP") which in turn owns 50% of the equity in Nemaska Lithium Inc. ("NLI"). NLI owns all the assets comprising the Nemaska lithium project. The remaining 50% of NLI is held by the Québec government through Investissement Québec ("IQ"), a provincial government financing agency.

Livent is redeveloping the mining project with changes to equipment and flowsheet and has relocated the lithium hydroxide facility to Bécancour, Québec, with a change in process to standard lithium hydroxide process technology. Construction of both projects is underway.

The Whabouchi site is comprised of one block of 35 map designated claims covering an area of approximately 1,632ha. All claims are in good standing with expiry dates ranging from November 2024 to January 2025. One Mining Lease (ML1022) covers an area of approximately 138ha encompassing the mine, process plant and relevant infrastructure. The Mining Lease is valid for 20 years to October 2037 and can be renewed three times for 10-year periods at nominal cost. The mining lease is recorded in the Quebec cadastral system.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Livent**

*Nemaska Project - Whabouchi Mine*

Figure 16

**TENEMENTS AND DRILL HOLE PLAN**

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The Whabouchi deposit comprises a swarm of spodumene bearing pegmatite dykes trending northeast-southwest over a strike length of approximately 1,350m with a width ranging from 60-330m. A total of 24 separate pegmatite bodies have been defined, most dipping steeply to the southeast. The deepest pegmatite intersection to date is around 450m depth. Approximately 70% of the known spodumene mineralisation is contained within one well developed continuous pegmatite body referred to as the Main 1 pegmatite dyke (Figures 16 and 17). Mineralisation averages 1.45% Li<sub>2</sub>O. The principal lithium minerals are medium to large spodumene crystals, but petalite and lithium micas (which are likely non-recoverable in the proposed flowsheet) also occur.

The Whabouchi project is planned as a combined open pit and underground mining operation. Combined open pit and underground Measured, Indicated and Inferred resources are estimated as 50.1Mt grading 1.44% Li<sub>2</sub>O based on a 0.30% Li<sub>2</sub>O cut-off for open pit resources and 0.60% Li<sub>2</sub>O for underground resources. Total open pit and underground Proven and Probable Mineral Reserves are estimated at 38.2Mt grading 1.31% Li<sub>2</sub>O, based on a cut-off grade of 0.40% for open pit reserves and a variable cut-off grade of 0.5% - 0.72% Li<sub>2</sub>O for underground reserves.

Conventional open pit mining is proposed, with the open pit continuing for 24 years, when underground operations are scheduled to commence. The combined open pit and underground life of mine plan extends for 34 years with ore production of around 1Mtpa. The process plant design is based on conventional crushing, followed by screening, ore sorters, dense media separation and flotation (Figure 17). The mine and concentrator operation is currently projected to be commissioned in late 2024-early 2025 with a nominal annual production capacity of 235ktpa of concentrate grading 5.5% Li<sub>2</sub>O. The concentrate will be transported to the lithium hydroxide plant at Bécancour by road and rail.

The Whabouchi mine and concentrator capital costs are estimated at US\$361M (C\$473M). Operating costs are estimated at US\$740/t concentrate for the open pit phase.

### 2.3.3 Nemaska Lithium Project - Bécancour LHM Plant

The Bécancour conversion plant, located on the St. Lawrence River approximately half-way between Montréal and Québec City (Figure 3), is designed to process spodumene concentrate supplied by the Whabouchi mine and produce lithium hydroxide monohydrate (LHM). The Whabouchi concentrator is scheduled to produce approximately 235ktpa of spodumene concentrate averaging around 5.5% Li<sub>2</sub>O, which will be transported by truck to Matagami and by rail to Bécancour, a total distance of approximately 1,300km (Figure 3). The Bécancour facility is designed to produce 32ktpa of battery grade LHM.

The Bécancour plant flowsheet is based on a conventional sulphation roast, followed by water leaching and three stages of leachate purification using chemical precipitation and ion exchange processes. Purified lithium sulphate leach solution will be treated with sodium hydroxide to form a crude lithium hydroxide which will be crystallised, redissolved, and then recrystallised to produce a pure lithium hydroxide product.

The plant is currently under construction, with site clearing, foundations and steel erection in progress. Approximately US\$400M has been committed to the project to date of a total estimated capital cost of US\$923.3M.

Average annual unit operating costs for the Bécancour plant are estimated at US\$9,000/t LHM.

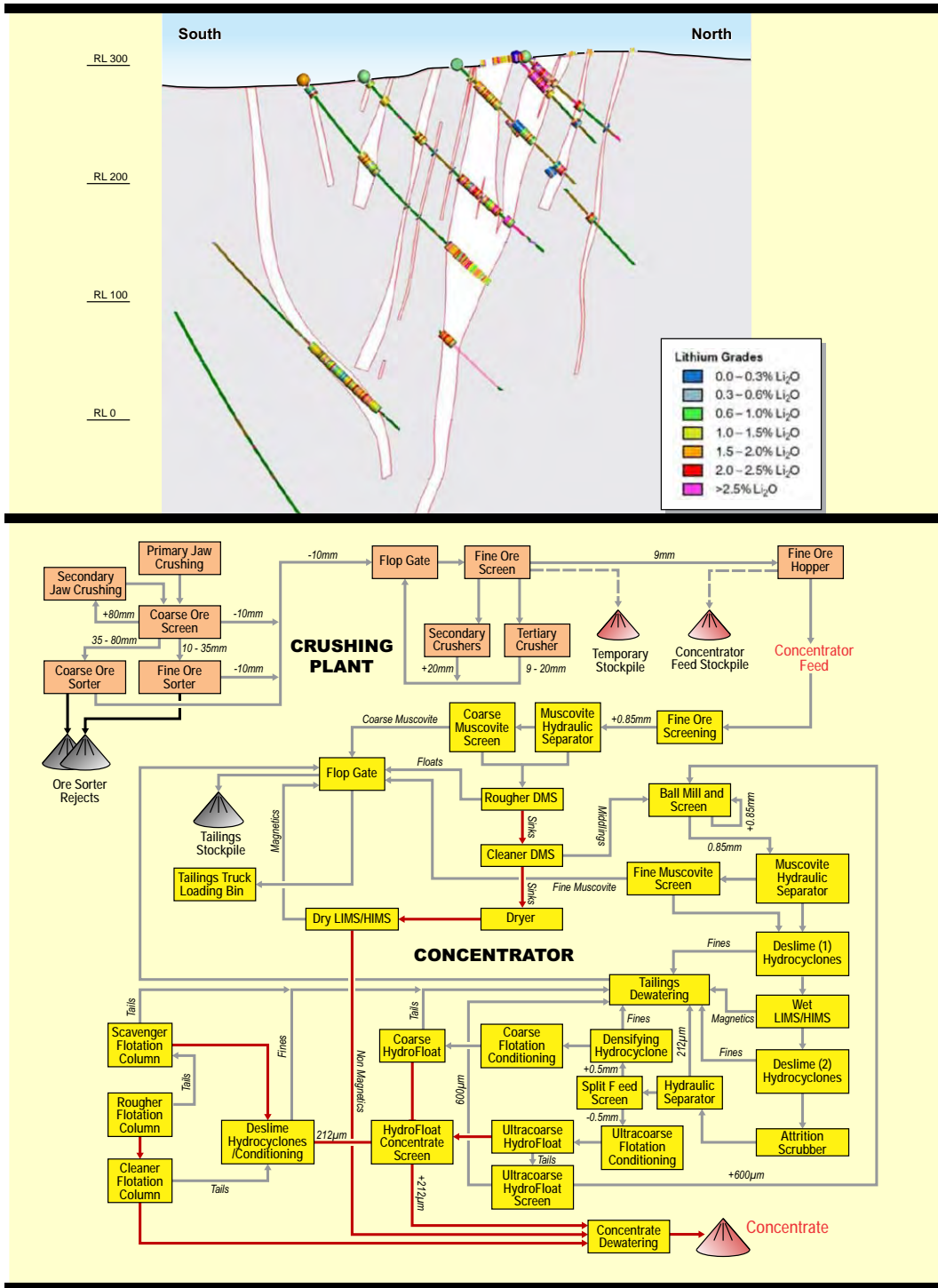
### 2.3.4 Lithium Chemical Manufacturing Facilities

Livent operates lithium chemical manufacturing facilities in the United States, United Kingdom, China and Argentina (Figure 1). These operations are primarily supplied with feedstock directly from Livent's Argentine operations, or Argentine-sourced feedstock product processed at Bessemer City. Livent is the only fully integrated lithium metal producer outside of China.

Livent's chemical manufacturing facilities comprise:

- *Bessemer City, North Carolina, USA* - producing lithium hydroxide, lithium metal, catalyst metal, butyllithium, and lithium chemical specialties; the Bessemer City plant has a current nameplate capacity of 15ktpa for lithium hydroxide, 250tpa lithium metal and 520tpa butyllithium; Livent anticipates expansion of the lithium hydroxide capacity to 25ktpa by the end of 2030.
- *Güemes, Argentina* - producing lithium chloride (crystals), with brine supplied from the Fénix plant; the current nameplate capacity is approximately 9ktpa lithium chloride, although the plant has recently operated at approximately half that rate due to competing demands for lithium chloride brine for lithium carbonate production at the Fénix operation.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**



**Livent**

*Nemaska Project - Whabouchi Mine*

Figure 17

**SECTION AND SIMPLIFIED PROCESS FLOWSHEET**

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- *Bromborough, UK* - producing butyllithium with a current nameplate capacity of 1,325tpa; production capacity is projected to remain at this level through to 2030.
- *Zhangjiagang, Rugao and Zhejiang, China* - producing lithium hydroxide and butyllithium including processing operations with four plants (3 operating and 1 under construction); operations are divided between in-house butyllithium production with a current nameplate capacity of 1,300tpa and processing of lithium carbonate to lithium hydroxide with lithium hydroxide production capacity of 45ktpa, divided between facilities at Rugao and a new 15ktpa facility at Zhejiang expected to be completed by year end 2024; Livent is not anticipating any increases in production capacity until at least the end of 2030.

Livent was operating a butyllithium production facility in Patancheru, India with a nameplate capacity of 120tpa. This facility was idled by Livent as of 31 December 2022 and later sold in 2023.

#### 2.4 Valuation Summary

Details of the valuation methodologies considered are given in Section 3 of this report, Valuation Methodology; details of the valuations adopted are provided in Section 7, Valuation Discussion.

For the Allkem projects, Kroll has determined a value for the Olaroz operation, Sal de Vida, Mt Cattlin, Nahara and the James Bay project, based primarily on discounted cashflow analysis, and these valuations are discussed in the Kroll Independent Expert Report. BDA has determined a value of any additional mineral assets or exploration potential, as summarised in Table 2.1.

Olaroz Stage 1 is an operating mine and Stage 2 development is in the commissioning stage; value for these operations is best estimated by consideration of the net present value of the discounted cashflows derived from the LOM plan. BDA has discussed with Kroll the LOM plan parameters and assumptions and has recommended that additional exploration potential is best estimated by testing the impact of a further extension to mine life. BDA notes that staged expansion of production capacity at Olaroz is possible and could provide an alternative basis for valuation. However, the lack of data as to the timing and the speculative nature of the associated capital and operating costs for such expansions precludes use of this metric.

Sal de Vida is under construction with potentially long life and a reasonably established LOM plan. Kroll has undertaken a discounted cashflow valuation of the project. BDA has considered the additional exploration potential for these projects and has determined that this would most likely be assessed by a willing and knowledgeable buyer in the context of potential further extensions of mine life. BDA has discussed with Kroll realistic extension scenarios as a guide to the valuation of additional exploration potential.

Cauchari is a development project with resource and reserve estimates. A Prefeasibility Study (PFS) has been undertaken, and BDA considers the project parameters and projected costs are reasonably well established, given the proximity of the project to Olaroz and the development of the LAC lithium brine project immediately adjacent to the Allkem Cauchari tenements. Allkem is also evaluating Cauchari as a potential extension to Olaroz. Kroll has requested that BDA consider a project valuation based on Comparable Transactions and Yardstick values or alternative exploration methodologies.

Mt Cattlin is an operating mine and value is best estimated by consideration of the net present value of the discounted cash flows derived from the LOM plan. BDA has discussed with Kroll the LOM plan parameters and assumptions. BDA has separately estimated an additional exploration value of the Mt Cattlin tenements.

James Bay is a development project with potentially a long life and a reasonably established LOM plan. Kroll has undertaken a discounted cashflow valuation of the project. BDA has considered the additional exploration potential and has determined that this would most likely be assessed by a willing and knowledgeable buyer in the context of potential further extensions of mine life or expansion of production capacity. BDA has discussed with Kroll realistic extension scenarios as a guide to the valuation of additional exploration potential.

Allkem inherited some minor exploration properties as part of the Orocobre Advantage Lithium acquisition. The prospects are generally associated with potassium rich brines with relatively low lithium values. BDA has separately valued these early-stage exploration properties on a Comparable Transaction and Yardstick basis.

The Naraha lithium hydroxide plant in operation in Japan is an industrial project and Kroll has valued the project on the basis of the projected revenues and costs.

BDA has also considered Comparable Transaction data and a Yardstick approach to the valuation of the Mt Cattlin, Sal de Vida and James Bay properties as a further input to Kroll's Independent Expert valuation.

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
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**Table 2.1**  
**Valuation Summary of Allkem's Projects and Exploration Potential (100% Basis)**

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>Olaroz Lithium Brine Project Stage 1 and 2</b>				
Ongoing operation and Stage 2 expansion based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Olaroz additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Sal de Vida Lithium Brine Project</b>				
Proposed operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll assessment based on technical advice from BDA
Sal de Vida additional exploration potential				Fully encapsulated in the additional mine life incorporated in Kroll's assessment
Alternative Comparable Transaction Assessment	906	1,133	1,359	Assessed by BDA based on resource and tenement area Yardsticks
<b>Cauchari Lithium Brine Project</b>				
Proposed operation based on PFS, existing resources and LOM plan	See IER	See IER	See IER	Considered by Kroll
Alternative Comparable Transaction Assessment	439	549	659	Assessed by BDA based on resource and tenement area Yardsticks
Cauchari additional exploration potential	-	-	-	Fully incorporated in the Comparable Transaction assessment
<b>Mt Cattlin Spodumene Mine</b>				
Mine operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Treatment of stockpiles, pre-2018 tailings retreatment and in pit Inferred resources	See IER	See IER	See IER	Incorporated in Kroll assessment based on technical advice from BDA
Extensions to LOM	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll assessment based on technical advice from BDA
Potential Underground Mining	36.8	46.0	55.2	Assessed by BDA based on three years extension of mine life
Mt Cattlin exploration tenements	6.9	9.2	11.4	Assessed by BDA
<b>James Bay Spodumene Project</b>				
Proposed mining operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life based on further open pit extension along strike and in depth	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll assessment based on technical advice from BDA
James Bay additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Nahara Lithium Hydroxide Project</b>				
Project in production	See IER	See IER	See IER	Assessed by Kroll
<b>Early-Stage Exploration Projects Argentina</b>				
Two 'Advantage Lithium' properties	9.3	15.6	31.1	Assessed by BDA based on a \$/ha Yardstick

Note: the estimates above have all been made on a 100% basis.

**BEHRE DOLBEAR**

**ANNEXURE B**  
**INDEPENDENT TECHNICAL EXPERT'S REPORT**

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
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**Table 2.2**  
**Valuation Summary of Livent's Projects and Exploration Potential (100% Basis)**

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>Fénix Lithium Brine Project</b>				
Ongoing operation based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Nemaska Lithium Project</b>				
Whabouchi mine - development project under construction	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Whabouchi additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Bécancour Lithium Hydroxide Plant</b>				
Facility under construction	See IER	See IER	See IER	Assessed by Kroll based on production plan, projected revenues and capital and operating cost projections
<b>Livent Chemical Plants in US, UK and China</b>				
Ongoing operations with production history and costs	See IER	See IER	See IER	Assessed by Kroll based on current and future projected production and cash flows

*Note: the estimates above have all been made on a 100% basis.*

### 3.0 VALUATION METHODOLOGY

#### 3.1 Effective Date

The effective date for the valuation is the date of this report. The production tables in this report show calendar year production forecasts from 1 January 2023.

#### 3.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

#### 3.3 Valuation Principles

As a general principle, the fair value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

#### 3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, often involves the application of alternative methods. The methods generally applied to exploration properties or projects at an early stage of development are the *comparable transaction* method, the value indicated by *alternative offers* or by *joint venture terms*, the *past expenditure* method and the *Geoscientific or Kilburn* method. *Yardstick values* based on metal in resources or reserves can be derived and used for both mining and exploration properties. *Yardsticks* based on tenement areas can be used for earlier stage exploration prospects. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

#### Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Mineral Resources and/or Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licences or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The fair value could be determined to be at a discount or a premium to the NPV due to other market or risk factors.

#### Allkem Projects

Kroll has requested assistance in relation to key operating assumptions set out in the discounted cashflow models in respect of Allkem's Olaroz operations, Sal de Vida project, Mt Cattlin mine, and James Bay project. Detailed life of mine plans have been completed for the Olaroz operations and Mt Cattlin; the Mineral Resources and/or Ore Reserves are well defined, and the operations are in production with established production histories;

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appropriate mine planning and metallurgical testwork have been carried out, production schedules developed and estimates of capital and operating costs prepared to an appropriate level of accuracy. BDA has reviewed the technical assumptions of the various project models and has advised Kroll accordingly.

The Sal de Vida project is well advanced, pump testing and pilot scale process testing have been carried out, capital and operating costs have been estimated and initial project development work is underway. BDA considers that the project is sufficiently well defined to enable a discounted cashflow analysis to be carried out and has advised Kroll on the reasonableness of the underlying assumptions.

The James Bay project is well advanced with detailed engineering, procurement of long lead equipment and construction contract negotiation and limited notice to proceed being awarded. A Feasibility Study (FS) report on developing the Main Deposit for production was issued by Allkem in January 2022. This has subsequently been updated in an SK-1300 technical summary report dated August 2023 and an equivalent NI 43-101 report dated September 2023, with an effective date of 30 June 2023. This latter report leveraged the advanced planning phase of the project execution. BDA has reviewed the assessment with Kroll to determine what weighting should be applied to this economic assessment. BDA considers that the project is sufficiently advanced and the parameters sufficiently defined to enable a discounted cash flow analysis; BDA has advised Kroll on the reasonableness of the parameters and assumptions.

There is potential for some extension to the mine life of these operations and BDA considers that a willing and knowledgeable buyer would take such factors into account. In appropriate circumstances, the NPV method can be applied to the valuation of such future potential, where prospects are adjacent to an existing mining operation or represent extensions to the current operation, and there is a reasonable likelihood that mineralisation delineated within these properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting such mineralisation.

The Olaroz and Sal de Vida projects already have very long potential mine lives, and the potential for further extensions is likely to have limited impact on the current assessment of project value. Nevertheless, in BDA's opinion it is appropriate to consider the potential for further extensions of mine life beyond the currently defined LOM plan and consider what added value this potential adds to the project, as this is the process which would be undertaken by a willing and knowledgeable buyer.

Development of the Cauchari area to the south of Olaroz was assessed by Advantage Lithium as a separate stand-alone project. However, with ownership now 100% Allkem, there are likely to be some significant synergies with shared infrastructure, plant and management. A PFS has been completed, however Allkem has effectively set aside the stand-alone PFS and is evaluating Cauchari as a potential extension to Olaroz. Kroll has requested that BDA consider a valuation of the Cauchari project based on alternative exploration valuation methods.

### *Livent Projects*

Livent is a fully integrated lithium chemical producer with existing brine extraction and production assets in Argentina and a spodumene mine/concentrator project under construction in northern Québec and an associated lithium hydroxide production facility under construction at Bécancour, Québec. BDA considers that the current lithium brine and lithium chemical manufacturing facilities and advanced development projects are best valued using a Net Present Value method based on discounted cash flow method. Historic operating data for the current facilities are available and forecasts of future revenues and costs are well supported by available data. The mine and processing projects in Québec are under construction, with well-developed capital and operating cost projections based on detailed feasibility studies.

### **Alternative Valuation Methods**

#### *Comparable Transactions*

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must also be considered as there can be substantial change in value with time.

Kroll and BDA have considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of value of any of Allkem's or Livent's mineral assets or exploration prospects.

#### *Rules of Thumb or Yardsticks*

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources or dollars

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per ounce of gold in reserves, but similar ratios are also estimated and quoted for contained lithium in resources or reserves or per hectare of prospective ground. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the potential resource or reserve. Contained metal which can be produced at low cost is clearly worth more than a high-cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered relevant lithium yardstick values and the application of these to provide a guide to the value of Allkem's or Livent's exploration tenements and projects.

### *Alternative Offers and Joint Venture Terms*

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant recent offers or joint ventures which might provide a guide to assessing a value for Allkem's or Livent's exploration properties. BDA has also considered the extent to which such transactions are at arm's length, or whether some involve related parties, and therefore may not provide an appropriate guide to an arm's length transaction.

### *Past Expenditure*

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered whether exploration expenditure is relevant in determining a value for Allkem's and Livent's exploration prospects.

### *Geoscientific Method*

In an attempt to introduce a more systematic way of valuing exploration properties, the Kilburn or Geoscientific method was developed, which commences with the base acquisition cost ("BAC") being the cost to acquire and maintain a unit area (square kilometre or hectare) for one year including statutory fees and minimum expenditure commitments. The base cost is then factored sequentially by four technical factors, Off-Property, On-Property, Anomaly and Geological, with factors for each ranging from 0.1 to 5.0. BDA has considered whether the Geoscientific method is relevant in assessing a value for Allkem or Livent's exploration prospects.

### *Prospectivity*

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA's valuation of the exploration prospects.

### *Market Valuation*

On the fundamental definition of value, being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the marketplaces on that asset at that point in time, (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases, it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

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### *Other Expert Valuations*

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. BDA has inquired of Allkem and Livent whether any other recent valuations of the Company or its assets have been undertaken.

### *Special Circumstances*

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Allkem and Livent, whether any such factors apply to the projects and prospects under review.

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#### 4.0 SOURCES OF INFORMATION

BDA undertook a site visit to the Allkem and Livent brine operations, lithium chloride crystal production plant and development projects in Argentina, and to the Livent manufacturing facilities in Bessemer City, North Carolina; and to the Mt Cattlin spodumene mine in Western Australia in August 2023.

Site visits to the hard rock spodumene projects in Québec, Canada were not possible due to travel restrictions resulting from extensive forest fires. However, BDA has significant prior knowledge of both projects and considers that the lack of a site visit does not impact its analysis of the projects.

Meetings have been held with Allkem and Livent management and technical staff and consultants. BDA's report is based on the site visits and reviews of the available documentation and reports provided by Allkem and Livent and its prior knowledge of the projects. The principal reports and documents reviewed are listed below:

##### Allkem Public Information

- James Bay Lithium Project Feasibility Study and Maiden Ore Reserve ASX Announcement – Allkem Limited, December 2021
- NI 43-101 Technical Report, Feasibility Study, James Bay Lithium Project - G Mining Services Inc, January 2022
- James Bay Drilling Update New High-Grade Zone Identified in NW ASX Announcement – Allkem Limited, May 2023
- James Bay Drilling Update ASX Announcement – Allkem Limited, August 2023
- James Bay Mineral Resource Update ASX Announcement – Allkem Limited, August 2023
- Mt Cattlin Resource, Reserve and Operations Update ASX Announcement – Allkem Limited, August 2022
- Mt Cattlin Resource Drilling Update ASX Announcement – Allkem Limited, October 2022
- Mt Cattlin Production Update ASX Announcement – Allkem Limited, February 2023
- Mt Cattlin Resource Update with Higher Grade ASX Announcement – Allkem Limited, April 2023
- Mt Cattlin Ore Reserve Update Confirms Mine Life Extension ASX Announcement – Allkem Limited, June 2023
- Mt Cattlin Annual Mineral Resource and Ore Reserve Update at 30 June 2023 ASX Announcement – Allkem Limited, August 2023
- Allkem Limited Annual Reports 2021, 2022, 2023
- Allkem Limited Half-Year Reports 2022 and 2023
- Allkem ASX Announcement – Olaroz Resource Upgrade, 4 April 2022
- Allkem ASX Announcement – Olaroz Resource Increase, 27 March 2023
- Allkem ASX Announcement — First Production Achieved Olaroz Stage 2, 18 July 2023
- Allkem ASX Announcement — US\$130M Project Financing Signed for Sal de Vida Project, 25 July 2023
- Allkem AX Announcement - Olaroz Mineral Resource and Stage 1&2 Operations Update, 25 Sept 2023
- Allkem ASX Announcement Sal de Vida Delivers Improved Economics, Resource, Reserves, 25 Sept 2023
- Allkem ASX Announcement James Bay Update Confirms Strong Project Economics, 25 Sept 2023
- Allkem ASX Announcement Cauchari Mineral Resource, Ore Reserve and Project Update, 25 Sept 2023
- Allkem Livent S-4A Filing, EX-96.1 to EX-96.5 (Olaroz, Cauchari, Sal de Vida, James Bay, Mt Cattlin), 27 Sept 2023

##### Allkem Project Reports

- Allkem Sal de Vida Project NI43-101 Technical Report (Unpublished) - Montgomery & Associates, Ausenco and Gunn Metallurgy, 31 March 2022
- Allkem S-K §229.1304 Technical Report Summary Sal de Vida Project, - Montgomery & Associates, 31 August 2023
- Stage 1 and Stage 2 Comparison, Olaroz Project - Orocobre Limited, undated
- Allkem Sales de Jujuy Project S-K §229.1304 Technical Report Summary, (unpublished draft) - Hydrominex Geoscience Consulting Pty Ltd, 31 August 2023
- Allkem Olaroz Project Resource Update and Lithium Feasibility Stage 2 Study - Hydrominex Geoscience Consulting Pty Ltd, 4 April 2022
- Prefeasibility Study of the Cauchari JV Lithium Project for Advantage Lithium - Worley Inc. and FloSolutions, 22 October 2019
- Allkem Cauchari Project S-K §229.1304 Technical Report Summary Unpublished Draft) - FloSolutions, 31 August 2023
- Cree Pre-Development Agreement – 15 March 2019 (confidential)

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- James Bay Lithium Mine Project, Environmental Impact Assessment Report, December 2022
- James Bay Lithium Mine Public Consultation Presentation to COMEX, January 2023
- Minister's Decision, Impact Assessment Agency of Canada re: James Bay Project, 13 January 2023
- Mt Cattlin Ore Reserve Update – Entech Mining Consultants, March 2023
- Mt Cattlin Memorandum on Fine Grained Material Study and MRE – Mining Plus Pty Limited, July 2023
- Mt Cattlin Monthly Mine Reconciliation Reports – Allkem Limited, July 2022 to June 2023
- Mt Cattlin Undated Memorandum on Southern Underground Potential – Allkem Limited
- SEC Technical Report Summary, Cauchari Lithium Brine Project - Allkem, 31 August 2023
- SEC Technical Report Summary, Olaroz Lithium Facility – Allkem, 31 August 2023
- SEC Technical Report Summary, Sal de Vida Lithium Brine Project - Allkem, 31 August 2023
- SEC Technical Report Summary, Mt Cattlin Lithium Project - Allkem, 31 August 2023
- SEC Technical Report Summary, James Bay Lithium Project - Allkem, 31 August 2023.

### **Livent Project Reports**

- New Nemaska Lithium Overview – Livent Corporation, May 2022
- Resource and Reserve Report, Pre-feasibility Study, Salar de Hombre Muerto, revised draft, June 30, 2022
- Resource and Reserve Report, Pre-Feasibility Study, Salar de Hombre Muerto - Integral Consulting Inc. for Livent Corporation, February 2023
- Nemaska Lithium Project Technical Report – DRA Global Inc. for Nemaska Lithium Inc., April 2023
- S-K 1300 Technical Report Summary and Feasibility Study, Whabouchi Mine, Nemaska, Quebec, September 2023, effective date 31 December 2022 (unpublished)
- Bessemer City Technical Information Summary (Undated) – Livent Corporation
- China LiOH Project Update – Livent Corporation, 2 March 2023
- Capital Delivery for Bessemer Cit and Fenix Expansion – Livent Corporation, 26 April 2022
- Bessemer City Expansion Overview – Livent Corporation 19 May 2022
- Fenix Expansion Plans Power Point (Undated) – Livent Corporation
- Fenix Site Layout (Undated) – Livent Corporation
- JB- Lianhetech Overview – Livent Limited, March 2022
- JB Site Layout (Undated) – Livent Limited
- Zhejiang Overview – Livent Corporation, March 2022
- Rugao Site Layout (Undated) – Livent Corporation
- Fenix Water Resources and Project Fenix Operations – Livent Corporation, 13 July 2020
- Bessemer City Water Discharge Permit – Livent Corporation, 1 May 2021
- MdA Transfer Pricing Reports Year End 31 December 2017, 2018, 2019, 2020, 2021
- Livent Master File Transfer Pricing Agreements – Fiscal Years 2018, 2019, 2020, 2021
- New Nemaska Lithium Overview, May 2022
- Whabouchi Property Restoration Plan Update, February 2021, prepared by In Norda Stelo
- Various Livent documents detailing production data, tax data and expansion plan capital commitments not specifically enumerated.

### **Livent Public Information**

- Livent Annual Reports 2019, 2020, 2021, 2022
- Livent SEC 10-K reports, 2021, 2022
- Livent SEC 10-Q and 8-K reports, 2021, 2022, 2023
- Livent Corporate Presentations - various dates.

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#### General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 Edition ("The JORC Code December 2012")
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("The VALMIN Code 2015 Edition")
- Canadian Institute for Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves, prepared by CIM Standing Committee on Reserve Definitions, adopted by CIM Council, May 2014
- National Instrument NI43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 Technical Report and 43-101CP, as adopted by Canadian Securities Administrators, 24 June 2011 and as amended
- CIM Best Practice Guidelines for Reporting Lithium Brine Resources and Reserves
- Guidelines for Resource and Reserve Estimation for Brines, Association of Mining and Exploration Companies
- Ontario Securities Commission (OSC) Staff Notice 43-704; Mineral Brine Projects and National Instrument 43-101 Standards of Disclosure for Mineral Projects

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## 5.0 ALLKEM ASSETS

### 5.1 Overview and General Description

Allkem Limited is a Brisbane-based, Australian Stock Exchange (“ASX”) and Toronto Stock Exchange (“TSX”) listed lithium explorer, developer and producer focused on lithium brine projects in Argentina, a hard rock spodumene mine in Australia and a spodumene development project in Canada (Figure 1).

Allkem’s primary lithium brine asset is the Olaroz lithium brine project (in production) in Jujuy Province, northwest Argentina (Figure 2). Allkem owns an effective 66.5% interest in the Olaroz facility alongside Toyota Tsusho Corporation (TTC) (25%) and Jujuy Energia y Minería Sociedad del Estado (JEMSE) (8.5%), the mining investment company owned by the provincial Government of Jujuy. The project is managed through the operating company, Sales de Jujuy S.A (the SdJ joint venture or SdJ JV).

Allkem’s other lithium brine assets in Argentina include the Sal de Vida brine development project, the Cauchari advanced exploration lithium brine project to the south of Olaroz and other early-stage land packages and prospects in northwest Argentina including Incahuasi and Guayatayoc (Figure 2) as well as a 0.5% royalty on the Salinas Grandes Salar exploration package.

Allkem’s primary hard rock spodumene asset is the Mt Cattlin mining and processing operation in Western Australia. The James Bay spodumene project in Québec, Canada represents a significant advanced development project. (Figure 3).

In Japan, Allkem has a 75% economic interest in the Naraha lithium hydroxide processing facility (Figure 1).

### 5.2 Olaroz Lithium Brine Project

#### Overview

The Olaroz lithium project is located in Jujuy Province in the Puna region of northwestern Argentina (Figure 2), part of the “lithium triangle” encompassing parts of Chile, Argentina and Bolivia. This region contains lithium brine resources in deposits known as *salar*es or salars, which are endorheic (closed) basins located in high altitude desert environments in which groundwater containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions, enriched in various metal ion species, especially lithium and potassium.

The Olaroz project lies approximately 230km northwest of the capital city of Jujuy, at an altitude of 3,900m above sea level and produces lithium carbonate from the Salar de Olaroz brine resource in the Olaroz-Cauchari Basin. The project tenements cover an area of approximately 500km<sup>2</sup> over the Olaroz salar basin, which is approximately 25km long (north-south) and 20km across (east-west) at its widest.

The operations at Olaroz are supported by favourable conditions in terms of both the operating environment and local infrastructure. Very limited rainfall combined with dry, windy conditions enhances the brine-evaporation process. Olaroz is also serviced by gas pipelines, electricity that is generated on site and paved highways. Three major seaports, Buenos Aires in Argentina and Antofagasta and Mejillones in Chile are serviced by international carriers and are readily accessible by road and/or rail.

The project site is on RP70 and directly accessible from paved highway Route 52 which passes south of the salar through the international border with Chile, 45km to the northwest (Jama Pass), continuing on to the major mining centre of Calama and the port of Mejillones, near Antofagasta, in northern Chile. Approximately 70km to the south of the project site a railway crosses from northern Argentina to Chile, providing potential access to ports in northern Chile. Access to good road networks are important benefits for project operations and future development.

There are a number of local villages within 50km of the project site and the regional administrative centre of Susques (population 2000) is within half an hour’s drive and offers basic services. A local village, Olaroz Chico (population 150), is close to the project site. A number of other local villages are located within 50km radius of the salar. The company employs a number of people from these local communities.

Allkem, through its predecessor companies, began exploration at Salar de Olaroz in 2008. In December 2010, the Company received approval of its Environmental Impact Assessment (“EIA”) from the Jujuy Province Director of Mines and Energy Resources for the development and operation of the project.

Stage 1 brine pumping commenced in 2013 and has now been supplemented by the Stage 2 expansion project, which commenced pond filling in 2021. Pumping data for the period 2013 – June 2023 are detailed in Table 5.1 below.

**Table 5.1**  
**Olaroz - Historical Wellfield Production – LCE Tonnes**

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 June YTD	Total
<b>LCE Pumped</b>	4,307	22,183	21,924	20,461	23,425	26,855	24,980	23,006	40,203	53,351	30,597	291,292

Since mid-2020, improving the lithium concentration of brine feedstock has been a key focus for the operation. Lithium concentrations have continued to improve each month when compared with comparable periods in prior years. Improved and more stable brine concentration has multiple benefits including higher lithium recoveries, lower cost of production and increased product quality and consistency. A comparison of FY 2022 and 2023 production is shown in Table 5.2.

**Table 5.2**  
**Financial Year 2022 and 2023 Production**

Item	FY 2022	FY 2023
Production LCE (tonnes)	12,863	16,703
Sales LCE (tonnes)	12,512	13,186
Cash Costs Good Sold (US\$/t)	4,282	5,014

The Stage 1 Olaroz project had a design capacity of 17.5ktpa LCE production. Stage 2 expansion has been designed to deliver an additional 25ktpa of primary grade lithium carbonate production capacity, giving a total 42.5ktpa design capacity.

The Stage 2 expansion work continued during the COVID-19 restrictions and when restrictions were lifted, construction advanced rapidly. First production from the Stage 2 project was reported in mid-July 2023 with wet lithium carbonate cake produced at the filter presses. The dry plant is currently undergoing final installation and commissioning, with overall ramp-up now anticipated by year end 2023 and ramp up to full production expected within the second half of 2024. Capital costs for the Stage 2 project were recorded at US\$425M as of 30 June 2023. Allkem anticipates additional expenditure of approximately US\$26M to complete the Stage 2 expansion.

On-going sustaining capital and growth capital expenditures for the Stage 1 and Stage 2 operations are projected to be US\$619M through 2053 averaging around US\$16M per year.

Olaroz sells primary (ie. “technical grade”) and micronised and non-micronised purified (“battery grade”) lithium carbonate to a diverse customer base in Asia, Europe and North America. The main markets for the technical grade product are the ceramic, chemical and glass markets, with purified “battery grade” typically sold to cathode manufacturers for use in the production of lithium batteries. The Stage 1 plant produces both technical and battery grade material, while the Stage 2 plant is dedicated to the production of technical grade lithium carbonate. Technical grade material from the Stage 2 plant will be sold to Allkem’s 75% owned Naraha plant in Japan for conversion to battery grade lithium hydroxide. Allkem anticipates a substantial amount of technical grade material from the Stage 2 operations will be converted to lithium hydroxide by either Allkem or third parties.

Pursuant to the Master Sales Agency Agreement, TTC has the sole and exclusive rights to market and sell all lithium products from the Olaroz operation. The marketing strategy is determined by the Joint Marketing Committee, comprising representatives of both Allkem and TTC. Execution and delivery of the agreed strategy is then undertaken by TTC utilising its existing sales and logistics networks.

#### Tenements

Allkem, directly or indirectly through its wholly owned Argentine subsidiary Sales de Jujuy S.A. (formerly Orocobre S.A.) holds interests in just over 700km<sup>2</sup> of exploration and mining tenements in the vicinity of the Salar de Olaroz in northwestern Argentina (Figure 4). The Olaroz project tenements, incorporating both those within the limits of the SdJ joint-venture (47,615ha) and those held 100% by Allkem (11,376ha), total 58,991ha in 42 mining concessions and cateos.

Not all the tenements held by the SdJ JV are currently permitted for brine production. The tenements currently permitted for brine production are noted in italics in Table 5.3. These tenements total 7,388ha. Additional tenements will be brought into the permitted production area as production expands.

There are two types of tenure under Argentinian mining regulations, *Cateos* (Exploration Permits) and *Minas* (Mining Permits). Exploration Permits are licences which allow the property holder to explore the property for a period of time that is proportional to the size of the property.

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Mining Permits are licences which allow the holder to exploit the property subject to regulatory environmental approval. They are unlimited in duration so long as the holder meets its obligations under the Mining Code which include paying the annual canon (rent) payments, completing the survey, submitting a mining investment plan, and meeting the minimum investment commitment which is equal to 300 times the annual canon payment which must be spent within five years of the filing of a capital investment plan.

The Olaroz tenement package includes both types of tenements.

**Table 5.3**  
**Salar de Olaroz Lithium Project Tenements held by Allkem (June 2023)**

No.	Title File ID	Tenement Name	Area (Ha)	Tenure Type	Status	Held By
1	943-R-08	San Antonio Norte	563.79	Exploitation	Granted	SdJ JV
2	944-R-09	San Antonio Sur	432.06	Exploitation	Granted	SdJ JV
3	963-R-08	San Jaun Norte	1,194.85	Exploitation	Granted	SdJ JV
4	964-R-09	San Jaun Sur	805.07	Exploitation	Granted	SdJ JV
5	1137-R-09	San Antonio Oeste I	1,199.34	Exploitation	Granted	SdJ JV
6	1136-R-09	San Antion Oeste II	1,198.58	Exploitation	Granted	SdJ JV
7	1134-R-09	San Fermin Norte	895.61	Exploitation	Granted	SdJ JV
8	1135-R-09	San Fermin Sur	1,098.86	Exploitation	Granted	SdJ JV
9	945-R-08	San Miguel II	1,493.94	Exploitation	Not yet granted	SdJ JV
10	112-D-1994	Maria edro y Juana	300	Exploitation	Granted	SdJ JV
11	1842-S-12	Santa Julia	2,988.20	Exploitation	Granted	SdJ JV
12	319-T-05	Mercedes III	1,472.24	Exploitation	Granted	SdJ JV
13	29-M-96	La Nena	99.96	Exploitation	Granted	SdJ JV
14	039-M-98	Demam	99.60	Exploitation	Granted	SdJ JV
15	40-M-98	Juan Martin	103.85	Exploitation	Granted	SdJ JV
16	393-44	Maria Norte	99.92	Exploitation	Granted	SdJ JV
17	131-I-86	Analia	99.92	Exploitation	Granted	SdJ JV
18	125-S-44	Mario	99.93	Exploitation	Granted	SdJ JV
19	112-G-04	Ernesto	99.99	Exploitation	Granted	SdJ JV
20	114-V-44	Josefina	99.97	Exploitation	Granted	SdJ JV
21	117-A-44	Humberto	99.80	Exploitation	Granted	SdJ JV
22	126-T-44	Lisandro	99.96	Exploitation	Granted	SdJ JV
23	726-L-07	Potosi IX	2,889.98	Exploitation	Granted	SdJ JV
24	498-B-06	Held as Cateo	7,336.17	Exploration	Granted	SdJ JV
25	1206-P-09	Rioros I	2,983.16	Exploitation	Granted	SdJ JV
26	1215-P-09	Rioros II	793.24	Exploitation	Not yet granted	SdJ JV
27	1205-P-09	Riolitio	339.37	Exploitation	Not yet granted	SdJ JV
28	946-R-08	Oculto Norte	331.76	Exploitation	Not yet granted	SdJ JV
29	1671-S-11	Regreso II	1,507.45	Exploitation	Not yet granted	SdJ JV
30	1274-P-09	Held as Cateo	5,972.09	Exploration	Not yet granted	SdJ JV
31	520-L-06	Potosi III	1,896.52	Exploitation	Not yet granted	SdJ JV
32	521-L-06	Potosi IV	2,048.99	Exploitation	Not yet granted	SdJ JV
33	522-L-06	Potosi V	2,000.0	Exploitation	Not yet granted	SdJ JV
34	147-L-03	Potosi VI	1,933.81	Exploitation	Not yet granted	SdJ JV
35	725-L-07	Potosi VIII	2,940.43	Exploitation	Not yet granted	SdJ JV
36	58-B-02	Rape	1,970.0	Exploitation	Granted	Olaroz Lithium S.A.
37	401-A-05	Rape I	95.0	Exploitation	Not yet granted	Olaroz Lithium S.A.
38	72-S-02	Basilio	1,825.0	Exploitation	Not yet granted	Olaroz Lithium S.A.
39	1195-P-09	South I	2,859.0	Exploitation	Not yet granted	Olaroz Lithium S.A.
40	1200-P-09	South II	2,790.0	Exploitation	Not yet granted	Olaroz Lithium S.A.
41	184-D-1990	Cristina	100.0	Exploitation	Granted	Olaroz Lithium S.A.
42	121-M-2003	Maria Victoria	1,800.0	Exploitation	Granted	La Frontera

Note: *Italicised tenements currently permitted for brine production*

Note 1: *Olaroz Lithium S.A. is a wholly owned subsidiary of Allkem*

Note 2: *La Frontera S.A. is a wholly owned subsidiary of Olaroz Lithium S.A.*

Certain tenements held by Allkem are located within the overall boundaries of the Nuevo Minera Exar (Lithium Americas Corp/Ganfeng Lithium) project. These tenements are held as usufruct tenements by Minera Exar, with annual payments of US\$200k due Allkem.

Certain tenements held by Nuevo Minera Exar are immediately adjacent to tenements held by the SdJ JV on which active pumping operations take place. The impact of pumping operations by either party on the resources held by the other party has not been fully established.

### Geology and Mineralisation

The regional geology is well described in JORC (2012) reports issued by Allkem and predecessor companies, in particular the April 2022 NI43-101 technical report on the Olaroz Phase 2 expansion.

Salar de Olaroz is a fault controlled, clastic dominated (immature), closed sedimentary basin enriched in a saline brine containing elevated levels of lithium, potassium and boron. The overall geological basin extends north-south for approximately 170km including the Cauchari basin, the southern extension of the Olaroz basin. Salar Olaroz has dimensions of approximately 20km north-south and 9km east-west, for an area of approximately 160km<sup>2</sup>. The basin is bounded by Ordovician metasediments and younger sediments, including extensive Tertiary-age terrestrial sediments that are present in bands along the eastern and western margins of the basin. These units are superimposed by a series of thrusts, trending north south, that have generated the mountain ranges bounding the Olaroz and Cauchari salars, with the salars subsiding relative to the mountain ranges. The younger lithologies are generally closer to the salar. The structural control of basin development has resulted in consistent patterns of sedimentation in the basin related to uplift and erosion. Depth to basement is unknown but a deep exploration hole drilled to 1,408m depth to the north of the current operations area failed to reach the basement rocks.

Basin fill began in the Miocene with deposition of coarse-grained alluvial fans and sediments from erosion of mountain ranges. These sediments become progressively reworked and finer higher up in the sequence with deposition of sandy units from river flats or alluvial fans in the Pliocene. Increasingly arid conditions promoted the development of evaporate deposits with abundant halite. Subsequent variable climatic conditions resulted in the deposition of clayey sediments and interbedded sandy layers and silty sheets and halite layers. Sediment deposition in the Pleistocene-Holocene period is believed to have occurred in three phases comprising an initial clastic sediment cycle deposited in freshwater conditions, followed by short, more humid conditions with formation of evaporites (mainly halite) suggesting salt lake conditions and with sediments of volcanic or hydrothermal origin and a final period of more arid conditions with deposition of clastic sediments and a surficial halite layer largely confined to the centre of the basin.

The currently defined hydroolithostratigraphic units in the Olaroz basin are described as follows:

- UH1 - upper evaporite deposits, porous halite, clay, sand and silt
- UH2 - alluvial fans on the western and eastern margins of the salar which contain brine beneath brackish water; UH 2 is sub-divided into UH2A, 2B and 2C dependent on the position of the unit in the hydroolithostratigraphic column on the west and east sides of the salar margins
- UH3 - mixed sediments with clay and sandy intervals
- UH4 - evaporite deposits, principally halite, with clay, silt and sand interbeds
- UH5 - sand units, interbedded with clay and silt; sandy material is sourced from the historical western margin of the basin and becomes progressively deeper in the east of the basin.

Salar de Olaroz was hydraulically connected to Salar Cauchari, which lies immediately south of Olaroz, during basin formation and sediment deposition. The geological interpretation across Olaroz is consistent with independent interpretations based on drilling at Cauchari by Allkem and Advantage Lithium (now wholly owned by Allkem) and work conducted by Lithium Americas Corp. (Minera Exar) in Cauchari. Salar Cauchari is structurally controlled by the same N-S reverse faults defining Salar de Olaroz. It is believed there is still some hydraulic connection between the salars, at least at depth. The surface transition between the two salars is delimited by National Route (NR) 52, the major highway between northern Argentina and Chile.

Mineralisation at Salar de Olaroz is in the form of a highly saline brine enriched in lithium. Recent data for drilling down to 650m depth shows lithium values ranging from approximately 600mg/L to 790mg/L for wells E8, E17 and PP5 from approximately 195m to 640m depth. Table 5.4 illustrates brine elemental concentration variability data from pumping for the period 2017 – 2021.

**Table 5.4**  
**Brine Elemental Composition 2017 - 2021 Pumping Data**

Statistics	Li mg/l	K mg/l	Mg mg/l	Na mg/l	Ca mg/l	B mg/l	SO <sub>4</sub> mg/l	Cl mg/l
Maximum	1,238	10,311	3,054	138,800	988	2,439	36,149	202,982
Mean	728	5,183	1,668	115,437	453	1,336	16,760	181,805
Minimum	465	1,716	859	101,000	217	673	4,384	149,207
Standard Deviation	124	984	374	3,991	84	190	3,685	6,664



### Geological Data

Geological data used in support of Mineral Resource estimates at Salar de Olaroz has been collected since 2008 and includes the following:

- shallow brine pit sampling (2008)
- shallow diamond drilling (2008) to maximum depth of 199 m, all but 2 holes <95m deep
- 26 line-km gravity profiling (130 stations, 200m spacing) across the salar (2009)
- 23 line-km gravity profiling across Rosario alluvial fan
- 2 line-km gravity profile across Archibarca alluvial fan
- 34 line-km AMT survey on salar margins (136 stations, 250 spacing, 2009)
- 20 sonic drill core holes to 54m depth each (97.5% recovery, 1,080m total drilling, 2010/11)
- 6 diamond core holes, maximum depth 200m (77.5% recovery, 1,204m total drilling, 2010/11)
- geophysical logging of all holes
- 3 test production wells to 50m depth, with monitoring wells (2011)
- 2 deep production wells to 200m depth (2011)
- short term pumping tests on multiple wells
- drilling of two production wellfields to 200m (2012-2014)
- 154-day long term pumping test on 200m deep well
- 1,555 core samples for porosity testing
- 1,964 brine sample assays (591 from core holes, 453 QA/QC samples, 921 from pumping tests)
- detailed gravity and magnetic survey (2017)
- installation of shallow monitoring wells (2019)
- vertical electrical sounding (VES) survey (2016), deepening and installation of new production wells to 450m
- stream flow data and precipitation data from various stations in the Olaroz basin (2009 onward)
- pan evaporation data to support hydrogeological modelling and process design
- drilling of expansion production wells for Phase 2 (15 wells, 2019-2022), including extensive downhole geophysical logging, including borehole magnetic resonance (BMR) methods.

The drill hole coverage is approximately 1 hole/4.5km<sup>2</sup>. This drill hole spacing is comparable to operating brine projects at Salar Atacama and Salar del Hombre Muerto where production operations have been undertaken for over 30 years.

The available exploration data, combined with the production data from pumping wells, provides an extensive data base for development of a high-quality resource estimate. The data is also suitable for use in development of an Ore Reserve estimate, which is yet to be completed.

### Mineral Resources

Allkem's Olaroz project hosts a JORC (2012) and NI 43-101 compliant long-life lithium brine resource. The total resource is split between the Allkem SdJ joint-venture and Allkem's wholly owned tenements at Salar de Olaroz.

The resource estimate uses a combination of the aquifer volume, the specific yield (portion of the aquifer volume that is filled by brine that can potentially be drained) and the concentration of elements of interest in the brine. Aquifer geometry and the extent of aquifers has been established by drilling, surface, and down hole geophysics. Drilling provides samples of sediments for lithology, porosity measurements and samples of brine for quantification of the contained content of lithium and other elements. Surface geophysics provides data on lithology, structural features and the presence of brine in the sediments both laterally and with depth. Down hole geophysics (bore magnetic resonance ("BMR"), gamma, gamma-gamma, resistivity/conductivity) provides continuous measurements of drainable porosity and brine chemical parameters.

The resource model domain is controlled by the limits of the Olaroz tenements and the salar boundaries (excluding those areas in the north with no exploration data) and occupies an area of 147.9km<sup>2</sup>. The depth extent of the model is defined by the drilling depth. The resource model was developed in Micromine software using Ordinary Kriging ("OK"). A block model with dimensions of 500m x 500m x 20m was utilised with the proportion of blocks only reported inside of the resource area (salar outline) and any portion of the block outside the salar outline excluded.

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Specific yield ("S<sub>y</sub>") data from laboratory sample data and BMR data were used, with brine concentration data obtained from point sampling data and pumped samples from production wells.

A four-pass search strategy was utilised for variogram analysis and block grade estimation, with Pass 1 having a search radius of 1,200m and Pass 4 having a search radius of 12,000m in the X direction, 800m to 6,000m in the Y direction and 25m to 1,200m in the Z direction.

The low Coefficient of Variation (CV) data indicates that OK is a suitable estimation method. The model was validated by compositing the data to nominal 2m intervals for Li, K, B, Mg and variograms prepared, along with contact plots of change in gamma ray response and S<sub>y</sub> estimates across the boundary of the UH4/UH5 hydrogeological units plotted. The results demonstrate excellent correlation between the exploration data and the resource model. A grade-tonnage curve was developed indicating the resource tonnage is essentially insensitive to grade variation up to approximately 400mg/L lithium.

Resources were classified as Measured or Indicated if the blocks fell within the first two passes and as Inferred for blocks falling within the third and fourth passes.

Measured resources were defined across the entire salar area to 200m depth based on the exploration drill coverage. Measured resources are also defined to 650m depth in the east of the salar and 450m in the west where drill holes are shallower. Measured resources are defined to 350m depth around holes drilled in the Maria Victoria property in the north of Olaroz.

Indicated resources were classified as those resources established by drilling deeper than 200m beneath the Measured resource area and down to 650m and showing geological continuity via geophysical logging and sampling, generally in the north of the salar from 200m to 350m, outside of a radius of influence of 2.5km of drilling in the Maria Victoria tenement and south of the salar around well E26.

Inferred resources were defined between 350m and 650m in the north of the salar where there is less drilling. Inferred resources are defined below 650m and towards the defined base of the basin. The base of the basin is defined by the gravity geophysical survey, with areas significantly deeper than 650m defined. There are currently 18 production wells installed below 350m, with production wells for the Olaroz Expansion Project installed between 400m and 650m deep (E15 to 751m) between the existing northern and southern wellfields (Figure 5). The deep hole drilled in the north of the salar confirms locally the salar sediments extend to below 1,400m depth. Drilling has not intersected the base of the salar sediments, where the geophysical estimated basement depth has been reached, suggesting the basin may be deeper than estimated from the gravity survey.

The current defined Mineral Resources at Olaroz are reported by Allkem in a SEC Technical Report Summary and an ASX/TSX release dated September 2023. The updated resource estimates are based on a 300mg/L Li cut off. Resources are reported on a 100% basis and include resources within the SdJ JV ground (where Allkem has a 66.5% interest) and the adjacent tenements to the north where Allkem has 100% interest.

**Table 5.5**

**Olaroz Resource Estimate - June 2023**

Category	Brine Volume m <sup>3</sup>	Average Li Grade mg/L	Total Lithium Mt	Total LCE Mt
Measured	3.3 x 10 <sup>9</sup>	659	2.170	11.540
Indicated	1.2 x 10 <sup>9</sup>	592	0.720	3.840
<i>Subtotal Meas+Indicated</i>	<i>4.5 x 10<sup>9</sup></i>	<i>641</i>	<i>2.890</i>	<i>15.380</i>
Inferred	2.2 x 10 <sup>9</sup>	609	1.360	7.250
<b>Total</b>	<b>6.7 x 10<sup>9</sup></b>	<b>636</b>	<b>4.250</b>	<b>22.630</b>

*Note: estimates by Hydrominex Geoscience reported using a 300mg/L lithium the cut-off grade; numbers are on a 100% basis incorporating SdJ joint venture ground plus Allkem's 100% ownership of seven tenements immediately to the north; lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) equivalent (LCE) using a conversion factor of 5.323; the resource has been depleted for the historical well production which is approximately 0.29Mt tonnes of lithium carbonate equivalent (LCE)*

In its Annual Report, Allkem provided a breakdown of the Olaroz resource by ownership. In terms of contained lithium, the SdJ owned tenements accounted for 75.8% with Allkem 100% owned tenements accounting for 24.2%. On this basis, lithium attributable to Allkem would total approximately 74.6% of the total contained lithium or approximately 3.17Mt.

The June 2023 resource estimate is a significant increase from the June 2022 estimate which totalled 3.04Mt lithium (16.17Mt LCE). The substantial increase in reported lithium resources is due to the completion of expansion drilling to the south, results from the Stage 2 production wells and acquisition of the Maria Victoria tenement located immediately north of the existing SdJ JV tenements, the latter accounting for an increase of 0.5Mt Li (2.8Mt LCE).

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The Measured and Indicated resource of 15.38Mt LCE is capable of sustaining current continuous production for well in excess of the current 40-year plan.

BDA has reviewed the resource estimation method and resource classification criteria and considers that the resource estimation methodology is sound and resource classification criteria meet the requirements of JORC (2012).

#### **Ore Reserves**

There are no currently declared Ore Reserves for the Olaroz lithium project. Allkem has advised that an Ore Reserve will be estimated based on the updated resource estimate and its incorporation into hydrological studies and pumping data. These studies will be used to support the next phase of Olaroz expansions and are planned for completion in 2024. The current LOM plan is based on recovery factors applied to the current resource estimates and given the production status of the project, BDA considers the LOM plan effectively defines the reserve planned to be recovered and provides an adequate and appropriate basis for discounted cashflow assessment.

#### **Additional Resource/Reserve Potential**

The tenements at Olaroz provide significant potential for discovery of additional resources. Certain tenements in the north of the salar, especially Maria Victoria, Basilio, Rape, Rape 1 and Cateo 498, exhibit significant depth potential based on geophysical data and it is known that lithium grades and brine flows at depth in the northern part of the salar are good. This area is believed to have excellent exploration potential. Other tenements within the existing Olaroz land package, especially on the west side within the alluvial fan areas are also believed to have further exploration potential at depth.

#### **Brine Production**

##### *Wellfield*

The Stage 1 wellfield at Olaroz comprises a Northern and Southern wellfield installed in 2013-14 and drilled to 200m depth plus two wells, P301 and P302, drilled in 2016-17 to 320m and located to the immediate northwest of the southern well field (Figure 5). For Stage 2, 15 new production wells located between the southern and northern wellfields and to the west have been drilled to access brine down to 650m as part of the Stage 2 expansion programme (Figure 5). The flow rate for Stage 1 is approximately 240 litres per second ("L/s"); the combined production rate for Stage 1 and Stage 2 wellfields is approximately 650L/sec.

Well field pumps for the deeper holes are currently powered by generators. It is planned to install an overhead medium voltage distribution system for the expanded wellfield. Brine is transmitted to the primary distribution network by HDPE pipelines placed on the surface of the salar. A road network built across the salar to each well allows vehicle access for maintenance.

Olaroz maintains a network of monitoring wells around the periphery of the basin to track drawdown in adjacent areas and ensure fresh-water levels outside of the salar are not impacted by pumping activities.

##### *Evaporation Ponds*

The evaporation ponds are lined ponds arranged in a semi-circular arc adjacent to the current process plant and close to the edge of the salar (Figure 5). This design differs from the traditional rectangular design utilised in other solar evaporation operations in Argentina and Chile. The Stage I ponds occupy an area of 550ha, while the Stage 2 ponds occupy 1,100ha.

The Stage 1 evaporation ponds were designed with a slope to one side to reduce earth movement and construction requirements and initially proved problematic to operate efficiently in terms of maintaining the required evaporation rates and brine chemistry. Significant improvements in pond management have been made over the years and the ponds are now operating well, although still below design capacity. The Stage 2 ponds have been designed with flat bottoms and other improvements to better control brine chemistry and evaporation performance during the evaporation cycle and show significant improvement in overall performance compared to the Stage 1 ponds.

#### **Processing**

Brine processing consists of liming the raw brine (average pumped lithium grade of both fields being currently approximately 680mg/L) to precipitate calcium and magnesium, followed by transfer to a clarification pond to settle out precipitated calcium and magnesium salts and then to the evaporation ponds for evaporation and sequential precipitation of halite, sylvinitite and other salts. When the brine reaches a lithium concentration of 6,500-7,500mg/L, it is transferred to the lithium carbonate production plant.

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The brine is pumped to a buffer tank and then heated with the addition of sodium carbonate to precipitate additional calcium and magnesium salts, which are removed from solution by centrifuge. The centrate is heated to approximately 80°C and sodium carbonate is added in excess to precipitate lithium carbonate, which is washed and recovered on a band filter. The crude lithium carbonate is dissolved in water, and CO<sub>2</sub> sparged into the solution to form lithium bicarbonate. The bicarbonate solution is passed through an IX column to remove residual calcium, magnesium, boron and other contaminants.

The purified lithium bicarbonate solution is then heated to release CO<sub>2</sub> and lithium carbonate is recrystallised. The lithium carbonate is recovered on a band filter, washed with reverse osmosis ("RO") water and the wet filter cake dried. The dry filter cake is mixed and micronized to the required particle size and then packaged in large bags. Filtrate is returned to the system for recovery of any residual lithium carbonate.

Not all brine processed in the Stage 1 plant is subject to purification by bicarbonation to produce battery grade lithium carbonate. The bicarbonate circuit can be by-passed if technical grade lithium carbonate is required by the market.

A simplified flowsheet for the Stage 1 plant is shown in Figure 5.

The Stage 2 process flow sheet is similar to the Stage 1 process flowsheet with the following exceptions:

- liming is in two stages, with an initial liming stage at the introductory pond to precipitate Mg, followed by a second liming stage to precipitate Ca
- a clarifier is used in place of a decanter and a sand filter replaces the polishing filter in the brine polishing step, with a press filter installed to improve lithium recovery
- ion exchange columns are included in Stage 2 to improve brine quality (reduce Mg and Ca) prior to reaction in the carbonation plant
- carbonation reactors work in series to ensure adequate residence time and crystal growth.
- there is no provision for a bicarbonation stage for battery grade lithium carbonate; all Stage 2 product is technical grade lithium carbonate
- pressure filters in place of belt filters enables lower solids feed, reduced cake moisture and reduced entrained contaminants and water for cleaning
- rotary dryers to replace the Bepex dryer giving improved flexibility in moisture content of wet cake
- compactor-milling improves the granulometry of product
- product packing size is available from big bags down to 25kg bags vs only big bags
- plate heat exchangers are installed rather than plate-spiral heat exchangers
- improved automation for monitoring and control.

### Stage 2 Expansion

The Stage 2 project has received all the necessary environmental approvals. The Stage 2 project is based on brine extraction from newly installed wells drilled to depths of up to 750m but typically 650m depth. Stage 2 is now mechanically complete and Allkem announced the first lithium carbonate product from the filter presses in July 2023. The project is undergoing commissioning, with an anticipated ramp-up period of one year to achieve full production capacity of 25ktpa by end of 2024.

Olaroz Stage 2 operates on the same tenements as the Olaroz Stage 1 project but will exploit the zones of porous sandy sediments below 200m, extending to at least 650m throughout the salar, varying in depth across the basin (Figure 4). Stage 2 of the Olaroz project includes 15 new production wells located between the southern and northern wellfields and to the west that have been drilled to access brine down to 650m (Figure 5). There are indications from deep drilling in the northeastern section that porous sandy sediments may extend to very considerable depths, in excess of 650m.

The Stage 2 project involves improvements to the overall process in several areas as noted in the Processing Section above. Lime addition is undertaken in two steps to better control magnesium and calcium precipitation. Brine polishing and filtration have been improved by the use of clarifiers, sand and press filters in place of decanters and a polishing filter. Press filtration has replaced belt filtration in the carbonation process and a rotary dryer is used in place of a Bepex dryer for improved energy performance. A compactor-milling unit has been installed in place of a micronizer for better particle size control and the overall process has enhanced monitoring and process control systems installed.

Additional infrastructure facilities required to support the expanded Olaroz project including camp, road and electrical and water supply and distribution have been constructed. The sodium carbonate preparation plant has

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been expanded and two additional lime slaker plants constructed with sufficient additional capacity to meet the expanded production requirements.

The Stage 2 expansion at Olaroz will not affect the overall life of the project. Brine resources at Olaroz are substantial and potential resources, even at the expanded production levels of the Stage 2 project, are sufficient to maintain operations beyond the time frames considered in the current financial models and 40-year LOM plans.

Current capital costs of the Stage 2 expansion are estimated at US\$425M. An additional US\$26.3M is anticipated to be required during the commissioning and ramp-up period to mid-2026.

#### **Infrastructure**

The Olaroz project is an established operation with appropriate infrastructure, including suitable road access, power and water supply facilities, site buildings and workforce accommodation. A natural gas line supplies gas to the plant. The gas line has sufficient capacity and sufficient gas allocation to service the Stage 2 Olaroz expansion project, and possibly enough to service a further Stage 3 expansion.

#### **Environmental Regulations and Permitting**

Allkem's Olaroz operation is located in the province of Jujuy. Section 41 and 124 of National Constitution, Mining Code Law No. 1919 as amended by Environmental Protection Law for Mining Activity Federal No. 24.585, and General Environmental Law No. 25.675 and National Hazardous Waste Law are applicable to mining activity within all of Argentina. In Jujuy the relevant Provincial and National environmental regulations include Provincial Constitution (art.22), Water Code of Jujuy, Law 3820 Wildlife Reserve of Fauna & Flora, Decree No. 6002 Dangerous Residues Regulation, Decree 5772-P-2010, and Provincial Environmental Law No. 5063.

#### *Environmental Impact Assessment*

Exploration and mining activities on *cateos* and *minas* are subject to regulatory approval of an Environmental Impact Assessment Report (EIA). The company has obtained approvals for its activities both through approval of the EIAs it has lodged with regulatory authorities and relevant local communities, and also through prior approvals on properties it has acquired or on which it has contractual rights. Subsequent EIA updates have been prepared and submitted to reflect the ongoing activities.

#### **Rehabilitation Provision**

A provision of US\$39.3M is recognised by Allkem in respect of the rehabilitation obligations for the Olaroz project together with its obligations on behalf of Sales de Jujuy S.A. The financial model includes a provision of US\$39.3M in respect of the rehabilitation of the Olaroz project site.

#### **Community Engagement**

Allkem maintains an active community engagement process with the local community. A representative from the community is located at the Olaroz facility to provide for continuing dialogue, and regular meetings between the community and Olaroz management are held. Allkem is a significant participant in providing local training and education programmes, health facilities and recreation programmes. As a considerable number of the local population are of indigenous heritage, indigenous relations and community engagement with respect to local activities such as festivals and cultural celebrations is an on-going part of community engagement.

Allkem actively promotes hiring of local staff at Olaroz and provides appropriate training. Current staff levels are approximately 628, of which 428 were originally associated with the Stage 1 operations.

#### **Life of Mine Plan**

The lithium brine resources at Olaroz are very substantial and, subject to ongoing favourable economic factors and demand, will be sufficient to continue production well beyond the current 40-year LOM plan. Production of lithium carbonate from start-up through to 30 June 2023 is estimated at approximately 55kt. With the Stage 2 expansion, total production through to 2055 from start-up is estimated at approximately 1.365Mt, assuming 100% capacity. The Stage 1 plant is projected to produce 543kt LCE and the Stage 2 plant 768kt LCE over the LOM from mid-2023. Current estimated Measured and Indicated Resources total 15.38Mt LCE, giving substantial upside potential to expand production and extend project life.

Over the LOM, the Stage 1 plant is scheduled to produce 58% technical grade LCE, 21% battery grade and 22% micronised; the Stage 2 plant has been designed to produce 100% technical grade LCE.

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### Capital and Operating Cost Estimates

Allkem is currently completing the Stage 2 expansion of the operation to increase production from the current nameplate capacity of 17.5ktpa to 42.5ktpa. The capital cost estimate for this expansion as of June 2023 was US\$425M; an additional US\$26.3M is projected to be required during commissioning and ramp up of the project.

Sustaining capital costs for the combined Olaroz Stage 1 and Stage 2 have been estimated in the financial model at US\$617M (US\$109M for growth and US\$508M sustaining capital), or approximately US\$16M per annum for Life of Mine.

Allkem has incurred significantly higher production costs than originally projected when the project commenced production in 2014. Higher than estimated costs were attributable to poor lithium recoveries in the brine and processing operations, increasing unit costs. Operational issues in the evaporation ponds and the process plant resulted in additional costs, reduced yields and low product quality. Higher than projected reagent cost and lower than projected labour productivity all contributed to higher unit costs. Many of these issues have been resolved and production yields and product quality have improved, resulting in a progressive reduction in unit operating costs.

Operating costs on a LOM basis for the combined Olaroz Stage 1 and Stage 2 plant are summarised in Table 5.6. These costs compare to current (FY 2023) costs of US\$5,014/t LCE for Stage 1. The decline in costs is attributed to an assumption of 100% operating capacity and changes in the product mix resulting in lower unit consumption of more expensive reagents. BDA has reviewed the estimates and projections and considers they provide a reasonable basis for valuation.

**Table 5.6**

#### LOM Operating Costs Per Tonne LCE - Olaroz Stage 1 and 2 Lithium Operation

Category	Operating Cost US\$/t LCE
Reagents	2,086
Natural Gas	194
Logistics	28
Packaging	58
Other variable	101
<i>Total Variable Cost</i>	<i>2,467</i>
Labour	687
Operations	241
Maintenance	183
Campo Admin.	170
Support Services	150
Energy	98
Other fixed	154
<i>Total Fixed Cost</i>	<i>1,682</i>
<b>Total Operating Cost</b>	<b>4,149</b>

### Valuation Assumptions

Allkem has developed a discounted cashflow model for the Olaroz operations. BDA has reviewed the revenue and cost assumptions underlying the discounted cashflow analysis and considers them to be generally reasonable and achievable. BDA has discussed with Kroll the relevant parameters and assumptions.

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### 5.3 Sal de Vida Project

#### Overview

The Sal de Vida (SdV) project is a lithium brine development project located on the eastern side of Salar del Hombre Muerto (SdHM) in Catamarca Province in the Puna region of northwestern Argentina (Figure 2). The Sal de Vida project is located at an elevation of approximately 3,950m. The property was originally explored by Lithium One Inc. from 2009-2012. At that time, the SdV project encompassed a large area extending across the eastern part of the SdHM in both Catamarca and Salta provinces. Lithium One completed programmes of geophysical surveys, core drilling, well drilling, brine sampling and hydrogeological investigations, culminating in a NI 43-101 resource estimate dated March 2012.

Galaxy Resources Limited (Galaxy) acquired Lithium One Inc. and the Sal de Vida project in July 2012 and continued exploration on the property incorporating additional drilling, sampling, pump testing and brine evaporation studies. A Definitive Feasibility Study (DFS) on developing the project was completed in August 2016. The 2016 DFS was based on a JORC compliant brine reserve estimate of 1.1Mt of recoverable lithium carbonate equivalent (LCE) to support 25ktpa lithium carbonate and 95ktpa potash production.

In November 2018, Galaxy announced the sale of the northern tenements of the SdV property to POSCO, a major South Korean conglomerate. The sale involved all the tenements located in Salta province and those located within the disputed boundary area between Salta Province and Catamarca Province, representing approximately 30% of the total tenement area. As a result of the sale, Galaxy's tenement holdings at the SdV project decreased from 38,159ha to 26,253ha.

Galaxy constructed and commissioned 15ha of demonstration evaporation ponds, a production well and onsite pilot plant. Trial operations continued during 2020 with successful pumping and filling of the ponds, brine management and production. By December 2020, three pilot runs had successfully produced lithium carbonate onsite from evaporated brine, validating operating and design assumptions at all stages within the process flowsheet.

Galaxy issued an updated FS and resource and reserve estimates for the SdV project in May 2021. The design basis for the FS incorporated a three-phase project involving production of 10,752tpa LCE in each of the phase for a total of 32,256tpa LCE. Following the merger of Galaxy and Orocobre, the Sal de Vida project is now wholly owned by Allkem.

Towards the end of 2020, operational wellfield drilling commenced for Stage 1 production. The first well was completed, installed and pump tested in January 2021. Infrastructure early works, including an upgrade to the camp facilities and water distribution system, took place during 2020 to support the piloting and wellfield drilling activities. Internal roads were constructed and upgraded to provide access to key areas and support development activities, front-end engineering for the wellfields and ponds neared completion and the contract package for the process plant and infrastructure was well advanced.

The project concept was revised in late 2021 to increase Stage 1 production capacity to 15ktpa lithium carbonate and to consolidate Stages 2 and 3 into a single Stage 2 expansion of 30ktpa lithium carbonate for total projected production of 45ktpa by the end of 2028. Stage 1 is currently under construction with an anticipated commissioning by mid-2025 and reaching capacity by the second half of 2026. As of the date of this report, Stage 1 is approximately 24% complete and Stage 2 is at pre-feasibility level of analysis. Stage 2 construction is anticipated to commence upon receipt of applicable permits and substantial mechanical completion of Stage 1. Commissioning of the Stage 2 process plant is anticipated to commence in the first half of 2027, with ramp up to full capacity of 45ktpa LCE planned within the second half of 2028.

Mineral Resources and Ore Reserves were estimated by Montgomery & Associates ("MA"), consulting hydrogeologists in March 2022. Updated Mineral Resource and Ore Reserve estimates at Sal de Vida were reported by Allkem in a SEC Technical Report Summary and an ASX/TSX release dated September 2023. The project has a JORC (2012) total Measured, Indicated and Inferred Resource estimate of 1.347Mt contained lithium (7.17Mt LCE) at an average grade of 724mg/L lithium based on a 300mg/L lithium cut-off value.

Ore Reserves consist of Proved and Probable reserves of 467kt contained lithium (2.49Mt LCE) covering an initial 40 years of production at an average grade of 757mg/L lithium based on a 300mg/L cut-off.

The Ore Reserve estimate supports a long life, low-cost operation. The available data indicates good exploration potential for identification and potential development of additional resources.

## ANNEXURE B INDEPENDENT TECHNICAL EXPERT'S REPORT

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
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### Location

The Sal de Vida project is located on the eastern side of SdHM, approximately 650km from the city of San Fernando del Valle de Catamarca in the Province of Catamarca via Antofagasta de la Sierra and 390km from the city of Salta, Salta Province via San Antonio de los Cobres (Figure 2). Catamarca is an established mining jurisdiction, home to several successful mining operations such as Livent's Fénix lithium operations and Minera Alumbraera and other development projects.

The SdV project lies within the same region as several other lithium brine projects, including the Fénix lithium production facility operated by Livent on the southwestern side of SdHM, the Galan lithium project located in the southeast of SdHM, and in Salta province, Eramet's lithium brine project at Salar Centenario, and the Tibet Lithium project at Salar Diablillos. Sal de Vida lies 200km south of Allkem's Olaroz lithium production operation and Cauchari lithium project in Jujuy province.

Access to the Sal de Vida project from the city of Catamarca is via national route (NR) 40 to Belen and provincial route (RP) 40 through Antofagasta de la Sierra and thence to the project site. The road is paved to Antofagasta de la Sierra and is a well-maintained gravel road for the remaining 145km to the site. This road services several other lithium production and exploration projects. Total driving time from Catamarca is approximately 10 hours.

An alternative route is available from Salta via NR51 to San Antonio de Los Cobres and Pocitos and then via RP27 to Salar del Hombre Muerto. The road is paved to San Antonio de Los Cobres and thereafter is a well-maintained gravel surface road. The travel time from Salta to the project site is approximately 6 hours.

Salta and Catamarca have commercial daily air services from Buenos Aires. An air strip for small aircraft is available at Antofagasta de La Sierra and a private airstrip is available at Livent's Fénix lithium operations.

The Ferrocarril Belgrano railway is located approximately 100km north of the project (Figure 2) and could provide future rail service to Chilean ports such as Antofagasta.

### Tenements

Allkem holds its tenements for the Sal de Vida project through Galaxy Lithium (Sal de Vida) S.A., a wholly owned subsidiary of Allkem. The total tenure cover is 26,253ha (see Table 5.7 and Figure 6) held as 31 mining concessions.

Some tenements are held as brine usufruct agreements or commercial agreements in which Allkem holds rights to extract brine but does not hold surface rights. Surface rights typically relate to borate mining to shallow depths (< 2m) for recovery of ulexite, a boron mineral. The usufruct rights held by Allkem confer priority of brine production over borate mining and Allkem has retained the option to buy out the surface rights holders if required for brine operations.

All tenements are held as "minas" with unlimited duration and are in good standing. All process facilities will be located within the project tenements in the southeastern sector of SdHM. The wellfield for Stage 1 will be located directly above the eastern sub-basin of the salar, as shown in Figures 6 and 7. The brine distribution system will traverse the salar southwards to where the evaporation ponds will be located. The processing plant for all stages will be located adjacent to the Stage 1 evaporation ponds. A road system, including ramps and causeways, will connect the processing facilities and provide access to all working areas.

Allkem has initiated acquisition of easements through legal and judicial processes to cover water, camp, infrastructure and service facilities required for project development. Easements are required for any surface occupation of mineral tenements. No issues are anticipated in obtaining the required easements.

Bi-annual environmental impact reports are required for each tenement, as are semi-annual canon payments. Mining royalties to Catamarca province and other contributory payments for water usage, social impact benefit agreements and other charges are a maximum of 3.5% of sales revenue over the life of the project. Mining royalties (3% of "mine mouth" product value, less processing, freight and sales costs, exclusive of depreciation) are only due upon commencement of operations, while other contributory social benefit payments commence upon receipt of the water concession pursuant to Section 7 of the Water Law No. 2577, as amended.

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**Table 5.7**  
**Sal de Vida Lithium Project Tenements held by Allkem**

No	Title File ID	Tenement Name	Grant Date	Area (Ha)
1	78-1986	La Redonda 4	1986	599.39
2	210-1994	Los Patos	1994	499.89
3	261-1997	Centenario	1997	89.18
4	77-1999	Barreal 1	1999	599.49
5	27-2000	Maktub XXIII	2000	968.78
6	54-2000	Aurelio	2000	399.66
7	55-2000	La Redonda I	2000	599.45
8	56-2000	Don Carlos	2000	499.10
9	161-2002	La Redonda 5	2002	399.73
10	162-2002	Don Pepe	2002	499.56
11	168-2002	Agostina	2002	205.30
12	185-2002	Chachita	2002	553.84
13	398-2003	Delia	2003	99.90
14	787-2005	Juan Luis	2005	199.98
15	788-2005	Maria Lucia	2005	99.81
16	913-2005	Maria Clara	2005	479.20
17	914-2005	Maria Clara 1	2005	593.82
18	1178-2006	El Tordo	2006	1864.96
19	754-2009	Sonqo	2009	987.63
20	1198-2006	Quiero Retruco	2009	775.22
21	1197-2006	Truco	2006	956.97
22	1279-2006	Agustin	2006	2828.37
23	1280-2006	Luna Blanca	2006	160.83
24	1281-2006	Fidel	2006	409.53
25	1430-2006	Meme	2006	2298.13
26	657-2009	Rodolfo	2009	100.00
27	709-2009	Luna Blanca II	2009	1530.60
28	814-2009	Luna Blanca VI	2009	399.25
29	65-2016	Montserrat I	2016	2949.62
30	254-2011	Montserrat	2011	3499.99
31	45-2020	Luna Blanca Oeste	2020	105.88

*Note: the following tenements are subject to Usufruct or Commercial Rights:  
Owner Mendieta Ricardo Carlos – Centenario, Chacita – Usufruct; Owner Raffaelli – Don Pepe, La Redonda 4, La Redonda 5 – Usufruct;  
Owner Avanti SRL – Agostina; Owner Maktub Compania Minera SRL – Juan Luis, Maria Clara, Maria Clara 1, MaktubXXIII, Maria Lucia,  
Meme, Truco, Quiero Retruco – Commercial Right*

### Geology and Mineralisation

The Salar del Hombre Muerto basin margins are steep and are interpreted to be fault controlled. The east basin margin is predominantly comprised of Precambrian metamorphic and crystalline rocks. Volcanic tuffs and reworked tuffaceous sediments, together with tilted Tertiary rocks, are common along the western and northern basin margins. Porous travertine and associated calcareous sediments are common in the subsurface throughout the basin and are flat lying. These sediments appear to form a marker unit that is encountered in most core holes at similar altitudes.

A significant Tertiary outcrop structure, the Farallon Catal, essentially divides the salar in two, with the eastern sub-basin (Subcuenca Oriental) composed largely of clastic sediments with precipitated borates and limited halite and the western sub-basin (Subcuenca Occidental) dominated by halite with little clastic material. The SdV tenements are located in the eastern sub-basin. The Rio de Los Patos, located in the southeastern portion of the basin, is the most important source of fresh water to the salar.

The geology of the SdV deposit is shown in Figure 6 and more extensively described in the discussion of the Livent Fénix Salar de Hombre Muerto project detailed in Section 6 of this report.

Mineralisation comprises lithium-rich brines within the upper portion of the evaporite and clastic sediment sequences within the salar. Brine movement in the salar is controlled by the permeability and porosity of the matrix sediments and density differences between less saline fluids and denser brine. Typically, brine density and lithium concentration (as well as concentration of other metal ions) increase with depth. It is known that the brine concentration and chemistry at SdHM vary both laterally throughout the salar basin and vertically through the basin sediments.

Six major hydrostratigraphic units within the SdV deposit have been defined by lithology and logged, sampled and analysed for both drainable porosity and brine chemistry. These are detailed in Table 5.8, with cross sections illustrated in Figure 6.

**Table 5.8**  
**Hydrogeological Units Based on Exploration Core Holes – Sal de Vida Deposit**

Predominant Lithology of Hydrogeological Unit	Metres Described in Lithological Unit	Number of Drainable Porosity Analyses	Number of Brine Chemistry Analyses
Clay	285.2	24	15
Halite, gypsum, or other evaporites	1,127.1	100	130
Silt and sandy or clayey silt, and siltstone	449.6	50	48
Sand, silty sand, and sandstone	1,072.2	109	129
Travertine, tuff and dacitic gravel	238.8	125	30
Micaceous schist	10	1	0
<b>Total</b>	<b>3,182.9</b>	<b>309</b>	<b>352</b>

Source: Galaxy Lithium Feasibility Study, 2021

In general, the stratigraphic sequence is characterised by a predominance of clastic and volcanoclastic sediments with variable grain sizes and interbedded evaporites, tuff, and travertine. Surficial coarse-grained sediments of the eastern basin are largely sourced from the Rio de los Patos alluvial sub-basin and grade to finer-grained sediments in the northwest and western areas of the mine concessions due to the transition to a lower energy depositional environment. In addition, the northwest sector hosts a thick evaporite unit due to increased evapo-concentration and subsequent mineral precipitation. At depth, unconsolidated sediments occur and host lithium-rich brine. These sediments unconformably overly basement rocks which are mainly inferred from geophysical surveys. On the western side of the property, Tertiary basement rock is deduced from neighboring investigation, while Precambrian bedrock on the eastern side of the basin corresponds to the Pachamama Metamorphic Complex.

#### Geological Data

Geological data supporting the current resource estimate includes geophysical programmes, surface sampling and trenching, core drilling, brine exploration drilling and sampling, pumping wells and long-term pumping tests extending from 2009 through 2021. Table 5.9 summarises the exploration work that supports the current resource and reserve estimates for the Sal de Vida project.

Geophysical logging was undertaken on exploration and production wells. Parameters logged generally included caliper, gamma ray, spontaneous potential (SP), short and long normal resistivity, borehole magnetic resonance, drainable and total porosity, temperature, electrical conductivity and radiometric (U, P and Th).

**Table 5.9**  
**Summary of Exploration Work – Sal de Vida Lithium Brine Project**

Activity	Campaign	Year	Summary Description
<b>Trenching Campaigns</b>	Trench sampling 1	2009	15 trenches and one surface water sample
	Trench sampling 2	2009	42 pit samples taken at 3–5 m depth
	Trench sampling 3	2009–2010	21 auger drill hole samples taken at 6m depths
<b>Geophysical Campaigns</b>	Gravity survey	2009–2010	Quantec - 96 linear km of measurements
	VES survey	2010	GEC - 28 measurement in 6 profiles
	TEM survey	2018	Quantec - 127 measurements in 5 profiles
	3D Gravimetry	2021	Mira Geoscience – 3D gravity model of depth to basement interpretation
<b>Drilling Campaigns</b>	<b>Phase 1</b>		
	Brine exploration wells	2009	6 rotary drilling wells, with drill hole depths of 63m
	Core drilling	2009	9 core drill holes, with drill hole depths of 150m
	<b>Phase 2</b>		
	Core drilling	2011	6 core drill holes with drill hole depths of 195m
	Brine exploration wells	2011	9 rotary drilling + 1 reverse circulation wells with drill hole depths of 168 m
	Pumping tests	2011	24-hour pumping tests on 9 wells for transmissivity
	Downhole geophysics	2011	Downhole temperature and electrical conductivity
	<b>Phase 3</b>		
	Brine exploration wells	2012	5 rotary drilling wells with drill hole depths of 180m
	Pumping tests	2012	24-hour pumping tests on 4 wells for transmissivity and brine sampling
	<b>Phase 4</b>		
	Brine exploration wells	2017	1 rotary drilling well in eastern sub-basin, with drill hole depth of 165m depth
	Pumping tests	2017	48-hour pumping test
	<b>Phase 5</b>		
	Brine exploration wells	2018–2019	2 rotary wells in southern area, with drill hole depths of 307m
	Pumping tests	2018–2019	Short-term pumping tests on both wells
	Brine sampling	2018–2019	Transmissivity and brine sampling
	<b>Phase 6</b>		
	Brine production wells	2020–2021	8 production wells to feed evaporation ponds
Fresh water well	2021–22	Completed in Q1 2022	

**Table 5.9 (Continued)**  
**Summary of Exploration Work - Sal de Vida Lithium Brine Project**

Activity	Campaign	Year	Summary Description
<b>Long-Term Pump Tests</b>	2012 campaign	2012	30-day pumping test in the of eastern and western zones
	2020 campaign	2020	28-day pumping test in the eastern zone
<b>Raw Water Programme</b>	2012 campaign	2012	2 rotary drilling wells located in the southern zone
<b>Topographic Surveys</b>		2012	Drill collar georeferencing
		2020	Drill collar georeferencing
		2019-2020	E-W drone flights for engineering design
		2021	SW drone flights for construction at 20 cm contour intervals

Note: 1-2 production wells in 2020, 6 for 2021; Source: Galaxy Lithium 2021 Feasibility Study, April 2021

#### Hydrogeological and Hydrological Studies

Pumping tests were undertaken in 2012 incorporating 30-day pumping tests from test wells in the eastern and southwestern wellfield. Wells were pumped at respective rates of 15.2L/sec and 9.8L/sec, with the results indicating sustained pumping at a rate of about 350L/sec would be possible. Transmissivity values were 400m<sup>2</sup>/day (eastern) and 110 m<sup>2</sup>/day (southwestern).

Short term pumping tests completed on production wells in 2021 are summarised in Table 5.10.

**Table 5.10**  
**Pumping Test Results - Production Wells**

Well ID	Pumping Start Date	Pumping Duration (hours)	Pre-Pumping Water Level (mbls)	Average Pumping Rate (L/s)	Drawdown at End of Pumping (m)	Specific Capacity (L/s/m)
SVWP21_01	08.09.2021	48	8.93	27.54	74.55	0.37
SVWP21_02	19.06.2021	36	10.18	26.1	67.12	0.39
SVWP21_03	22.08.2021	52.5	9.59	35.04	55.42	0.63
SVWP21_04	08.04.2021	72	10.81	17.8	87.55	0.2
SVWP21_05	31.10.2021	48	10.77	30.04	88.79	0.34
SVWP21_06	02.12.2021	48	11.43	33.34	42.98	0.77
SVWP21_07	15.11.2021	72	11.27	33.04	4.72	7
SVWP20_08	14.03.2021	48	12.25	26.1	52.6	0.5

Note: mbls = metres below land surface; L/s = litres per second flowrate; L/s/m = litres per second per metre

Two long-term pumping test campaigns were undertaken to simulate wellfield production:

- long-term pumping test, 2012: two 30-day tests in the western and eastern sub-basins
- long-term pumping test, 2020: one 28-day test north of the eastern sub-basin

Analysis of brine samples collected daily during the 30-day pumping periods indicates averages as follows:

- lithium concentrations ranging from 776mg/L (east) to 840mg/L (west); the standard deviation was 11 and 23mg/L, respectively
- potassium concentrations ranging from 8,590mg/L (east) to 8,351mg/L (west); the standard deviation was 103mg/L and 105mg/L, respectively
- magnesium to lithium ratio ranging from 2.8:1 (east) to 1.8:1 (west).

Production wells were pump tested in 2021 to evaluate drawdown and recovery factors; results are summarised in Table 5.11.

**Table 5.11**  
**Summary of Flow Rates and Transmissivity - 2021 Pump Tests**

Pump Well ID	Average Pumping Rate	Cooper-Jacob Drawdown Method	Theis Recovery Method
	L/s	Transmissivity m <sup>2</sup> /d	Transmissivity m <sup>2</sup> /d
SVWP21_01	27.5	55	100
SVWP21_02	26.1	75	90
SVWP21_03	35	220	270
SVWP21_04	17.8	100	100
SVWP21_05	30	120	100
SVWP21_06	33.3	130	110
SVWP21_07	33	600	690
SVWP20_08	26.1	150	100

Note: L/s = litres per second, flowrate; m<sup>2</sup>/d = square metres per day transmissivity

Two raw water wells were completed in 2012 to identify and provide a source of fresh water for the Sal de Vida project. These are located in the southern section near the Rio de Los Patos. Flow rates were found to be high and the quality of the water acceptable, although perhaps requiring some treatment to meet potable water standards. Another well was drilled and tested in 2021. Testing of this well by means of step-rate tests and constant rate tests gave a transmissivity result of 1,574m<sup>2</sup>/day and a storativity value of 0.027, typical of unconsolidated unconfined aquifer systems. This well has been designated as the primary fresh water well for both process and potable water for the project. Reverse osmosis will be required to ensure water quality.

A conceptual water balance for the SdV project area was developed and has been used in the development of the steady state pre-production and transient models for estimation of Mineral Resources and Reserves.

Brine samples were collected during all the phases of exploration work and included drive point samples (for depth specific samples), centrifuging of core samples, low flow pump sampling, and pump test samples. Short-term pumping samples are considered to be the best available analyses for production pumping. These results returned consistent values in excess of 700mg/L and typically in excess of 800mg/L lithium. Table 5.12 summarises the results of brine assays from the initial set of seven production wells.

**Table 5.12**  
**Brine Assay Characterisation - Average Values**

Item	Li <sup>+</sup>	Ca <sup>2+</sup>	Mg <sup>2+</sup>	Na <sup>+</sup>	K <sup>+</sup>	Cl <sup>-</sup>	SO <sub>4</sub> <sup>2-</sup>	B <sup>3+</sup>	Sr <sup>2+</sup>	Density	Conductivity
Method	AA	ICP-OES	ICP-OES	AA	ICP-OES	Volumetry	ICP-OES	ICP-OES	ICP-OES	Densimeter	Conductimetry
Units	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	g/cm <sup>3</sup>	mS/cm
Value	841	1,108	2,363	107,033	9,323	182,291	6,576	559	19	1.205	248
Ratio to Li	1.00	1.32	2.81	127.23	11.08	216.70	7.82	0.66	0.02		

Notes: AA = atomic absorption spectroscopy; ICP-OES = inductively coupled plasma with optical emission spectrometer of raw brine; mS/cm = milliSiemens per centimetre

Drainable porosity (S<sub>y</sub>) data was obtained using the centrifuge method, with total porosity values determined from core plugs by drying to constant weight. Table 5.13 summarises the results of the drainable porosity test work by major lithological unit.

**Table 5.13**  
**Drainable Porosity by Lithological Unit**

Predominant Lithology of Hydrogeologic Unit	Assigned Drainable Porosity
Clay	0.02
Halite, gypsum, or other evaporites	0.04
Silt and sandy or clayey silt, and siltstone	0.05
Sand, silty sand, and sandstone (>50% sand)	0.10
Travertine, tuff, and dacitic gravel	0.15

### Mineral Resources

Mineral Resources were estimated by consulting hydrogeologists Montgomery & Associates (MA) in March 2022. This estimate was updated in an S-K1300 technical summary report and ASX/TSX release dates September 2023. Resource estimation was based on polygonal models centred on exploration core holes and/or exploration wells, the thicknesses of the classified hydro-stratigraphic units within the salar in each polygon, measured specific yield values for each hydro-stratigraphic unit, and brine grades within each resource polygon and hydro-stratigraphic unit. Estimated resources within each polygon were then summed.

Resources have been estimated based on a lithium brine cut-off grade of 300mg/L and a Life-of-Mine lithium carbonate equivalent price of US\$20,000/t.

To classify a polygon as Measured or Indicated, the following factors were considered:

- level of understanding and reliability of the basin stratigraphy
- level of understanding of the local hydrogeologic characteristics of the aquifer system
- density of drilling and testing in the salar and general uniformity of results within an area
- available pumping test and historical production information.

Areas were designated as Measured where additional information exists on the physical brine aquifer parameters that were derived from pumping tests (e.g., transmissivity, aquifer thickness, hydraulic conductivity, and storativity), or where the stratigraphic conditions allow more confident understanding of the units (e.g., bedding, induration, lateral continuity). In the Measured status area, several aquifer tests have been conducted in the basin and support an increased understanding of the hydrogeologic conditions and support the assumption that the brine can be pumped from production wells at sufficiently large rates to support long-term economic production of brine rich in lithium. In the eastern-central portion of the property, production has occurred since 2022 which further supports the Measured category. Based on reasonable agreement with aquifer test results and the conceptual model of these areas, MA considered there was sufficient understanding of the areas with respect to both stratigraphy and aquifer properties to be able to characterise these as Measured.

Areas were designated as Indicated where confidence is high in the interpolation of units between wells. Although there are several areas where reasonable stratigraphic interpolation can be made between boreholes, the level of confidence drops when extrapolating outward from the well where there are either no other nearby wells, or where the geologic and hydrogeologic nature of basin boundaries is less certain based on available field information.

Because some of the extractable brine fluid resource will move between units towards production pumping centres, MA considered that a more exact interpretation of the lithologic units at this stage of the estimation process was not necessary and that the level of accuracy at the scale of data on record was acceptable for the Indicated resource areas.

Areas that were categorised as Inferred included areas where no drilling or testing was conducted but were believed to contain resources based on results for nearby areas. For the SdV resource estimation, although relatively common in the industry, no Inferred resource was estimated for areas below depths drilled, even when geophysical results suggest that a brine-rich reservoir exists beneath the well.

The Mineral Resource estimate was prepared by MA in accordance with the requirements of JORC (2012). Figure 6 shows the resource polygons and the resource classification of each polygon. Table 5.14 summarises the Mineral Resource estimate.

**Table 5.14**  
**Sal de Vida Lithium Brine Project Mineral Resources - June 2023**

Resource Category	Brine Volume m <sup>3</sup>	Li Grade mg/L	In Situ Li Mt	Li <sub>2</sub> CO <sub>3</sub> Equivalent Mt
Measured	0.9 x 10 <sup>9</sup>	752	0.661	3.516
Indicated	0.8 x 10 <sup>9</sup>	742	0.564	3.004
<i>Subtotal Meas+Indicated</i>	<i>1.7 x 10<sup>9</sup></i>	<i>747</i>	<i>1.225</i>	<i>6.520</i>
Inferred	0.2 x 10 <sup>9</sup>	556	0.122	0.652
<b>Total</b>	<b>1.9 x 10<sup>9</sup></b>	<b>724</b>	<b>1.347</b>	<b>7.172</b>

*Notes: table prepared by Montgomery & Associates Consultores Limitada; a lithium cut-off grade of 300mg/L was applied; the estimate is inclusive of Ore Reserves; lithium converted to lithium carbonate equivalent using factor of 5.323*

BDA notes that the resource estimate does not incorporate areas distant from the centroids of the drill holes defining each polygon, nor areas within the overall boundaries of the tenements held by Allkem subject to usufruct rights or commercial rights and thus available for brine extraction. As such, the resource estimate is considered to

understate the total available resources within the totality of the SdV tenement package. BDA notes that the underestimate would primarily impact the estimate of Inferred resources, with negligible impact on the estimate of Measured or Indicated resources.

#### Ore Reserves

An Ore Reserve estimation was carried out by MA in March 2022; this was updated by MA in an SEC Technical Report Summary and ASX/TSX announcements in September 2023. Lithium brine reserves were estimated based on a 3D fluid flow model (ModFlow-USG) simulating brine drawdown and associated changes in brine chemistry over time due to pumping. The model domain incorporated the eastern sub-basin and Rio de Los Patos drainage to encapsulate fluid flows into the resource area. The model was divided into cells ranging in lateral dimension from 3.125m closest to areas of interest such as pumping wells to more than 200m for areas with little available data. The model incorporated 12 vertical layers based on the amount of exploration data, with each layer having a variable number of cells. The model layer thickness varied from 10–60m, with each layer of constant thickness, except for the basal layer, which was thicker due to limited information.

A density-driven flow concept was utilized based on the linear relationship between total dissolved solids (TDS) and density. The model was calibrated to steady-state conditions matching brine concentrations observed in samples and the observed hydraulic head in the wells. Numerical model boundary conditions were input from observed data on stream flows, precipitation, evapotranspiration and general boundary head as observed at Laguna Catal.

Hydraulic properties (hydraulic conductivity, specific storage, specific yield) were assigned based on the hydrogeological unit and adjusted throughout the calibration according to the conceptual range. The steady-state model calibrated to a mean residual of -0.44m, a hydraulic head residual of 7m and a scaled root mean square ("RMS") of approximately 3%. These values are considered indicative of a well calibrated model.

The transient model was initially calibrated against observed and simulated drawdown data for pumping tests at wells SVWW11\_10 and SVWP17\_12 and subsequently extended to observation wells for well SVWW11\_10 in the southwest wellfield and observation wells in the east well field for well SVWP17\_21. The results of the calibration showed a normalised root mean square ("NRMS") of approximately 6% and an absolute residual mean of 0.1m for wells in the southwest wellfield and NRMS of 3% and absolute residual mean of 0.2m for the wells in the east wellfield. The model was verified against actual pumping data for the period January-March 2023 for wells in the east wellfield; the average lithium concentration for brine pumped during this period was 856mg/L lithium, while the model predicted an average concentration of 803mg/L. The difference of 6% is considered acceptable with the model providing a conservative estimate compared with actual results.

The numerical model was then applied to the east and southwest portions of the tenements (see Fig 6) for simulated well locations, with projected brine production based on Measured resource zones and the position of the wells controlled to reduce well interference during pumping. Modifying factors such as the overall wellfield design and efficiency (screen intervals) and potential dilution from pumping were incorporated in the simulation.

Based on the predictive model results, the cumulative mass of lithium produced from each well was estimated, summed for each production year and converted to LCE. Brine pumping was seasonally adjusted to account for differences in evaporation rates in the ponds and the production decision to stabilise monthly lithium production. Linear equations relating brine TDS to concentrations of Li, Mg, K, Ca, SO<sub>4</sub>, and B for each wellfield were used to estimate overall brine chemistry in the predictive model. These relationships are more highly correlated in the eastern wellfield compared to the southwestern wellfield and thus high confidence is placed on the model results for the eastern wellfield.

Brine reserves have been estimated at the point of being pumped to the evaporation ponds. Reserves were classified on the following basis:

- Proved reserves were defined for the first nine years of operations, Years 1-7 in the eastern wellfield (Stage 1) and Years 3-9 in the Stage 2 expansion period given that short-term results have higher confidence due to the current model calibration and also the initial portion of the projected LOM has higher confidence due to fewer expected short-term changes in extraction, water balance components, and hydraulic parameters
- Probable reserves were conservatively assigned from Year 8 of the operation, Years 8-40 in the eastern wellfield and Years 10-40 in the southwestern wellfield (Stage 2); it is anticipated the numerical model will be recalibrated and improved in the future due to potential changes in neighbouring extraction, water balance components, and hydraulic parameters.

Table 5.15 summarises the Ore Reserves defined for the Sal de Vida project.

**Table 5.15**  
**Sal de Vida Ore Reserves - June 2023**

Reserve Category	Wellfield/Time Period Years	Lithium Grade mg/L	Lithium Mt	LCE Mt
Proved	Stage 1 East/Years 1-7	785	0.031	0.163
	Stage 2 Expansion/Years 3-9	807	0.053	0.282
<i>Subtotal Proved</i>		799	0.084	0.445
Probable	Stage 1 East/Years 8-40	726	0.147	0.780
	Stage 2 Expansion/Years 10-40	763	0.237	1.261
<i>Subtotal Probable</i>		748	0.383	2.041
<b>Total</b>	<b>40</b>	<b>757</b>	<b>0.467</b>	<b>2.486</b>

*Note: table prepared by Montgomery & Associates Consultores Limitada; lithium cut-off grade of 300mg/L; conversion from lithium to lithium carbonate equivalent is 5.323*

Process recoveries are estimated at 65% contained lithium for Stage 1, 68% for Stage 2 and an overall recovery for the combined Stage 1 and Stage 2 project of 66%, based on extensive test work and pilot plant operations. Recoverable lithium after processing may be expected to be approximately 1.686Mt LCE over the initial 40-year LOM, or approximately 42,150tpa on an LCE basis, representing an approximate 94% process plant capacity utilisation factor assuming nameplate capacity of 45ktpa. Overall production is projected to be approximately 80% battery grade product with the balance being technical grade lithium carbonate.

In BDA's opinion, the exploration data and analysis of the data and related assumptions and data regarding the conceptual hydrogeological model are sufficient to support the current resource and reserve estimates. Additional exploration data from drill holes and pumping wells would assist in better defining the numerical model especially in the southwest wellfield. BDA recommends an update to the 3D fluid flow model to provide for kriging across all the polygons based on lithohydrostratigraphic level. This would enable an improved definition of the resources and reserves across the salar.

#### **Additional Resource/Reserve Potential**

BDA considers that there is good potential for additional resources and reserves to be defined. Geophysical and drilling data indicate that high grade brine should be present at depth. The existing resource and reserve models are based on drilling and pumping to relatively shallow depths. Available exploration data indicates the depth of the basement is substantially deeper, with continuity of lithium grade at depth and comparable permeability and porosity to equivalent lithologies in higher horizons. Extension of the drill and pumping data to cover a larger and deeper area than at present should enable expansion of the resource estimate and subsequent reserve estimate based on new modelling. BDA has discussed with Kroll the modelling of this additional potential based on an extension to the current LOM plan.

#### **Brine Production**

Two wellfields are planned with Stage 1 wells located in the northern section of the eastern brine field area and Stage 2 wells located in the southwestern, southeastern and northeastern sections of the tenements (Figure 7).

The eastern wellfield will have eight operating wells and one on stand-by. Wells will be drilled to a depth of approximately 280m and screened from approximately 100-270m depth below ground surface. Brine will be pumped from each well at differing rates in summer and winter.

The Stage 2 wellfield (southwestern, southeastern, northeastern) will have 16 pumping wells, with 12 operating at any one time. The wells for Stage 2 will be screened at 60m below ground surface and set deeper than the wells for Stage 1 to intersect the deeper high grade, readily permeable intervals in this area of the salar and to reduce risk of brine grade dilution. Booster stations will pump brine to the evaporation ponds for Stage 2.

All pumping wells and booster stations will be equipped with diesel generators to provide power. Pumps and generators will be instrumented for remote control and monitoring. It is anticipated that brine will be pumped to the evaporation ponds at an average rate of 53L/s in winter and 154L/s in the summer.

Process water will be pumped from a water well located in the southeastern part of the tenements and pumped to the process plant and evaporation ponds as required. Permits are in place to provide sufficient raw water for all anticipated uses for all stages of the Sal de Vida project.

### Processing

The overall process flow sheet for the Sal de Vida project is shown in Figure 7. The process design has been extensively tested in large scale pilot plant operations over a period of more than two years and has successfully produced high purity battery grade lithium carbonate.

The process is common to all project stages, with the lithium carbonate process plant expanded as required to meet capacity. The process design is similar to other solar evaporation plants designed to produce lithium carbonate, but with modifications as to the locations within the process for lime and sodium carbonate addition for removal of calcium, magnesium and other deleterious elements. The process design includes provision for ion exchange (IX) for final brine purification prior to lithium carbonate precipitation, although the most recent process data indicates IX may not be required to achieve required product quality specifications.

#### *Evaporation Ponds*

Evaporation ponds are designed as a series of halite and muriate ponds. The Stage 1 evaporation ponds will be located south of the eastern wellfield and occupy an area of approximately 400ha. The halite ponds are designed as two strings of six cells, each with a buffer pond; strings 1 and 2 have been constructed and filled and are located immediately north of the process plant; string 3, currently under construction, is located approximately 1.5km southeast of the process plant location. Pond sizing is based on average evaporation rates of 2,700mm per annum, leakage of 0.03mm per day and an average depth of 1.2m, including 0.3m freeboard and provision for 0.3m of permanent salt on the bottom of the pond to provide for a harvestable surface. The brine depth will be controlled to approximately 0.3m above the harvest salt layer. Entrainment losses are estimated at 0.14t of brine per tonne of precipitated salt. Ponds are constructed using cut-and-fill earthworks with geotextile underlay and HDPE liners.

The Stage 2 ponds will be located in the southwest of the project area. Pond construction and operation will be similar to that for Stage 1, but the ponds will occupy an area twice as large. The design philosophy of strings of ponds of six cells each plus a buffer pond will be maintained to ensure effective pond management. Stage 2 will have six strings of ponds occupying a total area of approximately 800ha.

Brine will move from the halite ponds to the muriate ponds for precipitation of additional sodium and potassium as sylvite. The muriate ponds are located adjacent to the process plant and in close proximity to the halite ponds. The muriate pond system will consist of a buffer pond, two strings of two ponds operating in parallel and two brine storage ponds. The muriate ponds will have an area of approximately 26ha for Stage 1 and 52ha for Stage 2. The design basis assumptions and construction methods proposed for the muriate ponds are similar to those for the halite ponds. Salts harvested from the muriate ponds will be drained and compacted to recover entrained brine which will be pumped to the concentrated brine ponds adjacent to the process plant.

Transfer of brine between similar pond types will be via weirs, and by pumps for brine transfer from halite to muriate ponds. The pond design provides for roadways and walkways between ponds of sufficient size to handle salt harvesting equipment, other vehicular and foot traffic. Brine depth and brine chemistry in the ponds will be monitored both manually and via instrumentation. The final concentrated brine will be stored in ponds adjacent to the process plant and pumped to the plant as required for production.

Figure 7 illustrates the general layout of the well fields and ponds in relation to the processing plant for all stages of the Sal de Vida project.

#### *Process Plant*

The process facilities will consist of a lithium carbonate plant with associated lime slaker(s), power generation station (diesel transitioning to gas) with photovoltaic facility, fuelling facilities, workshops, reagent storage and makeup facilities. The process facilities will be located adjacent to the muriate ponds south of the Stage 1 halite ponds.

### Infrastructure

The Sal de Vida project infrastructure facilities, including suitable road access, power and water supply facilities, site buildings, workforce accommodation and offices are to be designed and constructed generally as described in the Sal de Vida Feasibility Study Report. The proposed facilities in terms of size, layout, and specifications appear reasonable and comparable to similar lithium projects currently in operation, under construction, or in active planning in the Puna region of Argentina. The SdV operation will have access to natural gas from an extension of the gas pipeline to the Tincalayu borate mine.

An application has been made for permitting of a solar electrical generation plant to support the power requirements of the project. The solar electric plant is anticipated to provide approximately 30% to 40% of the overall electrical power requirements of the project. Approval of the permit was received end of year end 2022.



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### **Environmental Regulations and Permitting**

Sal de Vida has all major permits in place for the current phase of work including piloting, production wellfield drilling and early construction. Activities for securing additional required permits for full scale construction and operations of Stage 1 are well advanced and progressing on schedule.

An updated Environmental Impact Assessment (EIA) was submitted in August 2023 to reflect the lower impacts from the updated flowsheet and EIA staged development plan. This submission is a bi-annual update, with the next update due in December 2025. A number of baseline studies, including environmental and social, were undertaken during 2020 to support the EIA and engineering design work. A groundwater permit was approved in May 2020 providing sufficient supply of water for all stages of operations.

In 2020, an environmental and social management plan was developed for the construction and operation phases. This plan establishes the baseline, and measures to prevent or minimise any negative impacts generated by the project. The plan has been updated to reflect additional environmental and social management studies since 2020.

To support these ongoing activities, Allkem applied for and obtained the necessary water permits to use surface and groundwater resources. In addition, a number of the environmental management plans were approved by the regulatory authorities.

As noted, an application has been made for permitting of a solar electrical generation plant which is anticipated to provide approximately 30% to 40% of the overall electrical power requirements of the project; approval of the permit was granted at the end of 2022.

### **Rehabilitation**

Allkem has estimated US\$29.2M for final closure cost for the currently planned 40-year Stage 1 project; BDA considers the estimated cost to be reasonable.

### **Community Engagement**

A social baseline and perceptions study was completed for the project site in 2020. The objectives of the study were to understand the social background of people within the potential impacts area and how they could be affected by the proposed operations. The study identified that the region had undergone transformation in the past 20 years from cattle activity to mining and tourism and the benefits from mining are well recognised. While the study showed a high level of community recognition and support for Allkem and the project, concerns of the local community included water scarcity, standard of living, employment and training opportunities. The information collected through this study will be utilised in social impact assessments and incorporated into project design, community engagement and development opportunities.

An Allkem project community office in Antofagasta de la Sierra coordinates all meetings, projects and community training, provides a support point for the workforce and aims at increasing communications about Allkem's activities through increased engagement and dialogue. Community feedback indicates that opening the office in this location is perceived as positive, providing transparency and visibility within the community. Queries and comments from the local community are recorded by the Catamarca and Antofagasta offices. A grievance procedure is in place to respond and address all comments.

### **Indigenous Relations and Cultural Heritage**

Currently, the Kolla-Atacama community of Antofalla is the only officially recognised indigenous community in the Antofagasta de la Sierra area. Antofalla is located 80km to the west of the Sal de Vida site. Sal de Vida is not included in the territory of this community and hence there are no specific agreements required, however the Sal de Vida project team engages with the community as part of its stakeholder engagement programmes.

Allkem has also undertaken programmes to support the currently unrecognized community of "Atacaneños del Altiplano", a community of approximately 20 persons located in the vicinity of the salar. A number of initiatives have been developed to support both communities, including provision of employment, training programmes, cultural enhancement programmes, infrastructure, medical monitoring, educational programmes, archaeological monitoring, and other activities. Allkem personnel will be trained on the protection of cultural goods and identification of historical remains. All Allkem construction and operational activities are designed to be completed in accordance with avoidance of archeological sites.

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### Life of Mine Plan

The Life of Mine plan is based on the 3D fluid model developed by Montgomery & Associates. BDA has reviewed the assumptions underlying the model related to geology, hydrogeology, brine chemistry, porosity, permeability, specific yield, pumping rates and the relationships between lithium concentration and TDS and other solutes and TDS. In BDA's opinion, the LOM plan as detailed in the reserve estimate in the Allkem Technical Report Summary August 2023 is reasonable.

On-going comparison, updating and validation of the 3D fluid flow model during process operations will be required. The impact of the proposed POSCO brine project located to the north of the Sal de Vida project on brine availability and brine chemistry, especially with respect to the Stage 1 wellfield performance, will require monitoring. Prior modelling work indicates the potential for some impact on the Sal de Vida operations in the eastern wellfield, dependent on the location and pumping rates of any wells developed by POSCO.

### Capital Cost Estimates

The Sal de Vida project is currently under construction, with Phase 1 construction progress reaching 24% completion as of the end of June 2023. Capital cost forecasts for Sal de Vida comprising development, pre-production and sustaining capital are set out in Table 5.16 and have been input to the Allkem project financial model. No provision is made for rehabilitation capital in the financial model.

Allkem has relied on Worley Chile S.A. (Worley) for development of the capital cost estimates for Stage 1. The estimates have been prepared at an AACE Class 3 ( $\pm 10\%$ ) level of accuracy. All estimates are based on FY2024 pricing. BDA has reviewed the estimates and the basis for the estimates and considers them to be generally reasonable. The overall capital intensity per unit of annual production is estimated at US\$24,959/t LCE, including pre-production capital, which compares favourably to other lithium brine projects constructed, under construction or in advanced planning in the Puna region of Argentina.

**Table 5.16**  
**Sal de Vida Capital Cost Forecasts**

Cost Area	Stage 1 2022-2025 US\$M	Capital Intensity US\$/t Li <sub>2</sub> CO <sub>3</sub>	Stage 2 2025-2027 US\$M	Capital Intensity US\$/t Li <sub>2</sub> CO <sub>3</sub>
General Engineering & Studies	11	746	34	1,146
Wellfields & Brine Distribution	13	839	25	818
Evap. Ponds, Waste & Tailings	68	4,555	141	4,692
Li Carbonate Plant & Reagents	182	12,133	342	11,408
Utilities	9	587	16	546
Infrastructure	23	1,533	13	427
<b>Total Direct Costs</b>	<b>306</b>	<b>20,392</b>	<b>571</b>	<b>19,036</b>
Owners Costs & Contingency	69	4,567	86	2,855
<b>Total Capex</b>	<b>374</b>	<b>24,959</b>	<b>657</b>	<b>21,891</b>

Source: SEC Technical Report Summary, 31 August 2023, Montgomery & Associates.

Capital cost estimates for Stage 2 of the Sal de Vida project are subject to more uncertainty than the Stage 1 costs and have been estimated based on comparison to the Stage 1 facilities but adjusted for longer pumping distances and modest differences in pond construction costs due to geotechnical differences. Stage 2 capital costs (2025 and 2027) are estimated at US\$657M excluding pre-production costs. Plant design is assumed to be based on duplication of the Stage 1 plant. The Stage 2 plant will be housed in a separate but adjacent building to the Stage 1 process plant.

Sustaining capital requirements for the Stage 1 and Stage 2 plants are estimated at US\$434M for Stage 1 (or US\$11M pa) and US\$625M for Stage 2 (or US\$17 pa).

### Operating Cost Estimates

Operating cost estimates for the Stage 1 Sal de Vida project are reported in the August 2023 SEC Technical Report Summary and have been prepared by Worley in collaboration with Allkem. Operating costs exclude indirect distributed costs such as corporate head office costs for management and administration, marketing and sales, exploration, project and technical developments and other centralised services, as well as royalties and export taxes.

Operating costs estimates have been prepared at AACE Class 3 ( $\pm 10\%$ ) accuracy for wellfield, brine distribution, evaporation ponds and waste handling and at AACE Class 4 (+30%/-20%) for the balance of the project and are based on Q2 2023 pricing. Total operating costs are estimated at US\$4,529/t LCE for Stage 1 and US\$3,726/t LCE for Stage 2, both on a LOM basis. The combined project operating costs on a LOM basis are US\$4,003/t

LCE. Unit costs (US\$/t) are assumed to remain constant once the project achieves full capacity. Variable costs are estimated to account for 48% of annual operating costs for Stage 1, with fixed costs at 52% of annual operating costs. The combined Stage 1 and Stage 2 variable costs represent 43% of total costs on a LOM basis. Table 5.17 details estimated operating costs as developed in the SdV financial model accompanying the technical report.

**Table 5.17**  
**Sal de Vida Operating Cost Estimate – SdV Financial Model (LOM Basis)**

Item	Stage 1 Cost/Tonne LCE US\$ LOM	Stage 2 Cost/Tonne LCE US\$ LOM	Stage 1 & Stage 2 Cost/Tonne LCE US\$ LOM
<b>Variable Costs</b>			
Soda Ash	920	920	920
Lime	307	307	307
Diesel	12	-	4
Natural Gas	71	74	73
Other Reagents	618	617	617
Logistics	175	175	175
Packaging	57	57	57
<i>Subtotal Variable Costs</i>	<i>2,156</i>	<i>2,157</i>	<i>2,157</i>
<b>Fixed Costs</b>			
Labour	703	257	411
Maintenance	340	357	351
Operations	407	308	342
Energy	524	529	528
Camp Administration	87	36	53
Supply Chain	36	27	30
Support Services	69		60
Legal & Communications	132		46
Shared Value	61		21
Risk Management & Environmental	9	7	8
<i>Subtotal Fixed Costs</i>	<i>2,367</i>	<i>1,575</i>	<i>1,849</i>
<b>Total FOB Cash Costs</b>	<b>4,529</b>	<b>3,726</b>	<b>4,003</b>

Source: Excel file 04.02 SdV Financial model SK-1300 (IER).xlsx

Royalties, CSR contributions and Trust Fund contributions are a maximum of 3.5% of sales revenue in any year for the life of the project.

#### Expansion Plan

Expansion beyond the planned Stage 2 well field in the southwest portion of the tenements will be dependent on additional exploration drilling, especially in the deeper zones, and on development of identified resources in the southern brine zone. The available geological data is supportive of discovery of additional resources in the area and BDA considers such exploration likely to be successful.

#### Valuation Assumptions

Allkem has developed a discounted cashflow model for the Sal de Vida project. BDA has reviewed the revenue and cost assumptions underlying the discounted cashflow analysis and considers them to be generally reasonable and achievable. BDA has discussed with Kroll the relevant parameters and assumptions.

#### 5.4 Cauchari Project

##### Overview

The Salar de Cauchari lies 20km south of Salar de Olaroz (Figure 4) and is structurally controlled by the same N-S reverse thrust faults bounding the east and west sides of Salar de Olaroz. The brine at Cauchari has similar chemical characteristics to the brine currently recovered and processed to lithium carbonate at Olaroz, although the average lithium grade is lower. The two salars are considered to have been hydraulically connected in the past and may still be so, at least to some degree, at depth. Lithium Americas Corporation (LAC) and Ganfeng Lithium Limited (Ganfeng) are developing the central portion of Salar de Cauchari for lithium carbonate production. The Salar de Cauchari project being developed by Allkem lies on either side of the LAC/Ganfeng project which is currently under construction (Figure 8).

The Cauchari project is in the pre-development phase. A technical report and prefeasibility study on the project in conformance with NI 43-101 prepared by Worley and FloSolutions has been completed with an effective date of October 2019. The prefeasibility study is supported by a JORC (2012) resource estimate announced by Orocobre in March 2019 and a NI 43-101 technical report and resource estimate having an effective date of April 2019. Both resource estimates were prepared based on the same exploration data and are comparable in terms of resource classification category, quantity and brine chemistry. BDA notes that the 2019 resource report is the

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estimate included in the Allkem FY 2023 annual report; Allkem issued an SEC Technical Report Summary and an ASX/TSX release for Cauchari in September 2023.

The 2023 estimates have been prepared in accordance with JORC requirements and comprise brine resource and reserve estimates in support of a proposed 25ktpa lithium carbonate project. The 2023 report was prepared at a level of accuracy for capital and operating costs of +30%/-20% (AACE Class 4 estimate) based on FY 2024 costs.

The Salar de Cauchari was historically developed for borate mining (ulexite). The Cauchari tenements comprising the current Cauchari project were acquired for lithium brine by direct property staking by Mr Miguel Peral and associates who subsequently contributed the properties to the formation of South American Salars Pty Ltd ("SAS") in return for a 15% interest in SAS. Orocobre and SAS agreed to a joint venture with Advantage Lithium Corp. ("ALC"), a Canadian-based junior exploration company in November 2016. Orocobre increased its interest in the joint venture through 2018, culminating in acquisition of 100% of ALC (and SAS) in April 2020 by way of a scheme of arrangement.

### Tenements and Approvals

The Salar de Cauchari project tenements are detailed in Table 5.18 and illustrated in Figures 4 and 8. The tenements are registered in the name of South American Salars S.A. (SAS), a wholly owned subsidiary of Allkem. The total area of the tenements is 28,906ha. Annual canon fees are AR\$60,800. The total five-year mining investment plan required to hold the tenements is AR\$18.24M. This requirement has been satisfied.

Surface rights on the tenements are held by the communities of Termas de Tuzgle de Puesto Sey, Los Manantiales de Pastas Chicos and Catua. In some instances, surface rights are shared between the communities. Several tenements have had easements placed on them in whole or in part by the Province of Jujuy for the installation of a solar energy project. Installation of wells and other production facilities for brine extraction is prohibited on tenement areas subject to the easement, however, these easements are located well away from the proposed production areas.

The Allkem tenements are located on the east and west side of Salar de Cauchari (Figure 8). Lithium Americas/Ganfeng Lithium, operating as Nuevo Minera Exar S.A. ("Minera Exar"), control the tenements between the tenements held by Allkem. Minera Exar has commenced brine pumping operations at Salar de Cauchari. There is an unknown potential for conflict with respect to brine extraction from Salar de Cauchari should Allkem place its tenements into production.

Allkem holds certain tenements on salar de Cauchari that are within tenements held by Lithium Argentina, the LAC/ Ganfeng Lithium JV. These tenements, termed the Boroquimica Group tenements, are held under a usufruct agreement with Minera Exar, the JV operating entity. This agreement expires on 18 May 2041 and requires Minera Exar to pay an annual fee of US\$200k for the rights to extract lithium brine.

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**Table 5.18**  
**Salar de Cauchari Tenements**

ID	Name	File No	Tenure Type	Status of Concession	Minerals	Area ha	Community Surface Rights
1	OLACAPATITA I*	1082-P-2008	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	1,500.00	Termas de Tuzgle de Puesto Sey
2	OLACAPATITA II*	1101-P-2008	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	1,245.22	Termas de Tuzgle de Puesto Sey
3	OLACAPATITA II*	1119-P-2009	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	1,765.95	Termas de Tuzgle de Puesto Sey
4	SAN GERARDO	1118-P-2009	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	495.38	Catua - Manantiales de Pastos Chicos - Olaroz Chico
5	ANTONITO I	1155-P-2009	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	445.74	Termas de Tuzgle de Puesto Sey
6	SAN GERARDO II	1130-P-2009	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,468.87	Catua - Olaroz Chico
7	SAN FRANCISCO SUR I	965-R-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	2,483.91	Manantiales de Pastos Chicos
8	SAN FRANCISCO NORTE	968-R-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	2,492.22	Manantiales de Pastos Chicos
9	SAN GABRIEL NORTE	1084-P-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,996.95	Catua - Manantiales de Pastos Chicos
10	SULFITA I	1086-P-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	117.71	Termas de Tuzgle de Puesto Sey
11	JUAN PABLO II	2055-R-2014	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,922.64	Termas de Tuzgle de Puesto Sey - Catua
12	SAN CARLOS ESTE	966-R-2008	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	1,028.73	Termas de Tuzgle de Puesto Sey - Catua
13	SAN FRANCISCO ESTE	1085-P-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,344.98	Manantiales de Pastos Chicos
14	SAN JOAQUIN I	952-R-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	797.12	Termas de Tuzgle de Puesto Sey - Catua
15	PAPA FRANCISCO	12053-R-2014	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	1,526.80	Manantiales de Pastos Chicos
16	JUAN PABLO I	2058-R-2014	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,445.57	Termas de Tuzgle de Puesto Sey - Catua
17	GEORGINA I	1081-P-2008	Exploitation Concession	Not yet granted.	Borate, Lithium and Potassium	912.34	Termas de Tuzgle de Puesto Sey - Catua - Manantiales de Pastos Chicos
18	SOLITARIA I	1156-P-2009	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	2,395.69	Termas de Tuzgle de Puesto Sey - Catua
19	SAN GABRIEL SUR	1083-P-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,261.75	Manantiales de Pastos Chicos
20	SAN GABRIEL X	2059-R-2014	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	487.59	Catua
21	JUAN XXIII	2054-R-2014	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	54.55	Termas de Tuzgle de Puesto Sey - Catua
22	SAN GABRIEL I	951-R-2008	Exploitation Concession	Not yet granted.	Disem. Borate, Lithium and others	1,716.63	Manantiales de Pastos Chicos

Note: \*partially affected by the Cauchari Photovoltaic Park established by the Province of Jujuy

### Geology and Mineralisation

Salar de Cauchari is a clastic dominated "immature" salar comprising a halite nucleus in the centre of the salar overlain by up to 50m of fine grained (clay) sediments (Figure 8). Six major geological units have been identified and correlated from drill core cuttings and undisturbed core to a general depth in excess of 600m; these units are clay, halite, the Archibarca Fan, the East fan, the West Fan and the Lower Sand.

No drill holes have reached bedrock. The halite core is interbedded with clayey to silty and sandy layers. Surrounding the nucleus and extending for considerable distances in a N-S direction are relatively coarse grained alluvial and fluvial sediments. These fans demarcate the perimeter of the actual salar observed in satellite imagery and at depth extend towards the centre of the salar where they form the distal facies with an increase in sand and silt. At depth (between 300m and 600m) a deep sand unit has been intercepted in several core holes in the SE sector of the project area.

The six major geological units defined from drilling and geophysical data are clay, halite, the Archibarca Fan, the East fan, the West Fan and the Lower Sand. These major geological units are described as follows:

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*Archibarca Fan Unit:* constitutes NW boundary to salt deposits within the Salar de Cauchari covering an area of about 23.8km<sup>2</sup> within the Allkem properties; sandy gravels and gravelly sand with coarse sand, overlapping and interfingering below 200m with saline/lacustrine deposits

*West Fan Unit:* piedmont developed at the base of the mountain range along the west boundary of the salar, dominated by series of small alluvial fans that inter-finger with the clay unit in the centre; thick intervals of sand and sandy silt in the north and thick layers of sand, silty sand and gravel sequences at depth (~200m) interbedded with clay and halite in the south where wide alluvial fans develop to maximum depth of drilling of 404m

*East Fan Unit:* forms the eastern boundary of Cauchari basin, composed of a series of fluvial/alluvial fans with variable extension, more restricted in thickness and areal extent than seen in the West fan, with shallower/thinner sequences that overlie lacustrine/saline deposits

*Lower Sand Unit:* sand dominant unit starting at approximately 400m depth, open at maximum depth of drilling of 610m

*Clay Unit (CLY):* widely distributed throughout the salar and intersected in all core holes forming an irregular N-S elongated body extending in some cases to below 300m; mainly interfingering with the HAL unit and constitutes with the HAL unit the saline/lacustrine sediments in the centre of the salar with apparent thickening towards the east of the salar

*Halite Unit (HAL):* found mainly in SE sector of project area, forming numerous thick and extensive levels of halite with a maximum thickness of up to 500m, with a variable content of sand and clay, interfingering with the CLY unit; the HAL unit thins and becomes shallower towards the western margin of the salar.

Four hydrogeological units have been defined on Salar de Cauchari by drainable porosity testing and pump testing. These units are:

*Alluvial fans:* coarse grained and highly permeable units draining toward the salar; groundwater flow is unconfined to semi-confined with high specific yield (S<sub>y</sub>)

*Clay unit:* covers central portion of salar and interpreted to extend below the alluvial fans; low permeability and locally could form a hydraulic barrier; the clay contains brine in the central part of the salar; fresh water may be present on top of the clay unit along the edges of the salar

*Halite unit:* semi-confined to confined halite unit in the central portion of the salar, underlying the clay unit and locally interbedded with fine grained sediment of the clay unit; massive halite is not permeable but interbedded, coarser grained clastic layers can display locally high permeabilities; host to medium- to high concentration brine

*Deep Sand unit:* identified in four core holes in the SE section at depths below 300m; good permeability hosting high quality lithium brine.

Drainable porosity (S<sub>y</sub>) and hydraulic conductivity (permeability, K) values obtained from test work are noted in Table 5.19.

**Table 5.19**  
**Specific Yield and Permeability Values by Hydrogeological Unit**

Geological Unit	Number of Samples	Average Specific Yield S <sub>y</sub>	Declustered Average	Standard Deviation	Coefficient of Variation	Hydraulic Permeability K (m/d)
Halite	144	0.05	0.05	0.06	1.1	0.01 - 1
East fan	9	0.04	0.03	0.02	0.6	
West fan	30	0.11	0.11	0.06	0.5	
Archibarca Fan	28	0.12	0.12	0.06	0.5	0.1 - 75
Clay	84	0.03	0.03	0.02	0.6	0.001 - 1
Lower Sand	6	0.16	0.14	0.11	0.7	1- 20

Source: SEC Technical Report Summary, August 2023

Mineralisation at Cauchari comprises a lithium enriched brine saturated in sodium chloride. The chemical composition of the brine is shown in Table 5.20.

**Table 5.20**  
**Elemental Composition of Cauchari Brine**

Statistic	Li mg/L	K mg/L	B mg/L	Na mg/L	Ca mg/L	Mg mg/L	SO <sub>4</sub> mg/L	Density g/cm <sup>3</sup>
Maximum	956	8,202	2,528	135,362	1,681	2,640	65,530	1.23
Mean	512	4,349	941	105,721	504	1,323	18,930	1.19
Minimum	157	101	62	101	174	314	101	1.07
Std. Dev.	144	1,186	487	16,033	212	412	8,561	0.03

Source: SEC Technical Report Summary, August 2023

#### Geological Data

Exploration data supporting the current Mineral Resource and Ore Reserve estimates consists of the following:

- Gravity and AMT surveys covering the north, south and southeast sectors of the salar (2009); 200m spacing for gravity survey, 250m spacing for AMT survey
- Gravity survey covering NW and SE sectors of the salar (2016), 200m spacing on 1km wide N-S grid
- TEM survey (2018): 195 stations across 5 lines using 200m x 200m loops
- Drilling (2011): 5 diamond holes, HQ or NQ size for 721m, one rotary hole to 150m
- Drilling (2017/18): 20 HQ diamond holes for 9,376.5m; all diamond holes completed as monitoring wells
- Core sample analysis:
  - 123 for total porosity and specific yield at British Geological Survey
  - 164 samples for total porosity at SAS lab (2011)
  - 292 samples for drainable porosity and other parameters (2017) at GeoSystems Analysis
  - 56 samples as QA/QC (as sub-samples of GSA main samples) at two different labs
- Brine samples (2011) at 3m intervals and 6m to 12m intervals (2017/18)
  - 268 samples, including QA/QC samples at Alex Stewart Assayers in 2011
  - 15 samples as QA/QC at University of Antofagasta in 2011
  - 1,565 samples, including QA/QC samples at Norlab in 2017/18
  - 42 samples as QA/QC at ASA in 2017/18
  - 34 samples as QA/QC at University. of Antofagasta in 2017/18
- Five test production wells in 2017 for 2,052m; depth range 343m to 480m
- Pump tests on wells, 48-hour test on CAU07 through CAU11 in 2017; 30-day test on CAU07 in NW sector and CAU11 in SE sector in 2018; CAU07 and CAU11 matched with three nested monitoring wells to test different hydrogeological units; the results of the pump tests on CAU11 CAU07 are summarized in Table 5.21.

**Table 5.21**  
**CAU07 and CAU11 Pump Test Interpretation Results**

Observation Well	Unit	Max Drawdown m	Method	Transmissivity m <sup>2</sup> /d	Storage Coefficient (S)	Hydraulic Permeability (K) m/d	Specific Storage (S <sub>s</sub> ) m <sup>-1</sup>
CAU07 M350	Archibarca Fan	3.67	Theis	477.2	0.018	3.4	1.28E-04
CAU11 MA	Lower Sand	1.79	Theis	96 - 253	1.18	2.4 - 6.3	0.03
CAU11 MB	Halite-Clay	26.91	Theis	62 - 100	2.07 x 10 <sup>-4</sup>	1-6	2.07 x 10 <sup>-5</sup>
CAU11MC	Clay, Fan, Halite	1.3	Theis	112 - 373	0.22	0.7 - 2.5	1.4 x 10 <sup>-3</sup>

The geological data was imported into Leapfrog to develop a 3D geological model.

A conceptual hydrogeological model was developed incorporating data on precipitation, groundwater recharge inflows, and evapotranspiration. The water balance determined total inflows to the basin of 730L/sec and total outflows (evaporation) of 810L/sec. The primary surface inflows to the basin are from the Rio Tocomar and the Rio Archibarca.

BDA has reviewed the sampling and assaying procedures and QA/QC measures detailed in the available exploration data and is satisfied the procedures and methods are suitable for the type of mineralisation found at Cauchari and that the data is suitable for use in resource estimation.

### Mineral Resources

A Mineral Resource estimate for the Cauchari project was completed in June 2023 in accordance with JORC reporting requirements. The June 2023 resource estimate incorporates a lithium cut-off value of 300mg/L. Mineral Resources at the Salar de Cauchari project were estimated based on division of the resource area (117.7km<sup>2</sup>) into three main domains based on density of geological data and confidence in the data. The resource area has been constrained to reflect the available topographic data, the lateral boundaries of the tenements adjacent to neighbouring properties (i.e LAC concessions), the brine/freshwater interface along the eastern and western limits of the salar as interpreted from the drill hole data and monitoring wells, and the bottom of the deposit model as defined by the drill holes.

As noted, due to the differences in data availability and the characteristics of the salar, the resource model was divided into three domains:

1. *Transition Domain* - the upper part of the salar representing 5% of the resource that includes fresher water and transition to brine; estimated using a regression approach to estimate lithium concentrations due to the good correlation of brine grade with depth and the lack of samples
2. *Main Domain* - representing the majority of the total resource (83%); estimated using Ordinary Kriging
3. *Secondary Data Domain* - representing 12% of the total resource; defined by the brine sample assays during pumping tests on holes CAU8, CAU9, CAU10 and CAU11; this domain was estimated using an inverse distance methodology.

Specific yield data for each major geological unit was used to establish drainable porosity while brine assay data was used to establish elemental composition, as detailed in Tables 5.19 and 5.20

The distributions of lithium and potassium concentrations in the model domain were based on 546 brine analyses.

The resource estimate was prepared using Stanford Geostatistical Modelling Software (SGEMS). A geological model was developed in Leapfrog and a block model (100m x 100m x 1m) was constructed and variograms for lithium and potassium distribution in three orthogonal directions were developed. Lithium and potassium values were interpolated for each block using Ordinary Kriging with the variogram models and the total resources calculated using the declustered porosity average value for each geological unit. Variograms for lithium showed extensive ranges in the X and Y directions of 3,835m to 5,800m, but short ranges of between 40m and 150m in the Z (vertical) direction depending, on the lithological unit. Each lithological unit was treated as a separate population for data analysis and kriging estimation purposes as the variogram analysis indicated different variograms for each. Grade estimates were made for Li and K for each block in the model and then summed by lithological unit to derive totals.

Resources were classified in accordance with JORC definitions. Measured resources are reported for the majority of the Archibarca Fan area and the Clay and Halite units to a variable depth of approximately 400m (based on core and brine sample availability) within the SE sector of the project. Indicated resources include the West Fan, the deeper portions of the Clay and Halite Units, the upper part of the East Fan (within the Transition Domain) and the Lower Sand to the depth of 500m. Inferred resources included the outer lying deeper pockets of the Archibarca Fan area, the Lower Sand Unit below 500m and the limits of the property in the east and the East Fan below the transition domain.

The June 2023 resource estimate is based on a lithium cut-off value of 300mg/L. The resource estimate is reported inclusive of Ore Reserves. This estimate is summarised in Table 5.24. BDA has reviewed the basis for the Mineral Resource estimate and the resource classifications and is satisfied that the resources have been estimated in accordance with good practice and are reasonable and that the resource classifications are appropriate based on the data and the classification criteria.

The 2019 resource estimate was updated in June 2023 to reflect a lithium cut-off value of 300mg/L. This revised estimate is summarised in Table 5.22. BDA has reviewed the basis for the Mineral Resource estimate and the resource classifications and is satisfied that the resources have been estimated in accordance with good practice and are reasonable and that the resource classifications are appropriate based on the data and the classification criteria.



**Table 5.22**  
**Cauchari Project Mineral Resources - June 2023**

Resource Category	Brine Volume m <sup>3</sup>	Li Grade mg/L	In Situ Li Mt	Li <sub>2</sub> CO <sub>3</sub> Equivalent Mt
Measured	0.7 x 10 <sup>9</sup>	527	0.345	1.850
Indicated	1.1 x 10 <sup>9</sup>	452	0.490	2.600
<i>Subtotal Meas+Indicated</i>	<i>1.8 x 10<sup>9</sup></i>	<i>476</i>	<i>0.835</i>	<i>4.450</i>
Inferred	0.6 x 10 <sup>9</sup>	473	0.285	1.500
<b>Total</b>	<b>2.4 x 10<sup>9</sup></b>	<b>475</b>	<b>1.120</b>	<b>5.950</b>

Notes: estimate by Atacama Water SpA; lithium converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with conversion factor of 5.323; cut-off grade 300mg/L Li

### Ore Reserves

An Ore Reserve estimate was prepared in support of the 2023 Prefeasibility Study for the Salar de Cauchari project. The reserve estimate incorporated a numerical groundwater flow and transport model using FEFLOW 7.1 code. The numerical model was built, calibrated and operated by the DHI Group under the direction of Atacama Water SpA.

The numerical model domain included most of the Salar de Cauchari and the southern part of the Salar de Olaroz and from the upper reaches of the alluvial fans in the catchments east, south, west and north of the salar. The model domain excluded bedrock outcrops surrounding the sedimentary deposits. The effect on Cauchari project reserves from pumping from the Minera Exar tenements located between the east and west alluvial fans at Cauchari, and pumping from Salar Olaroz was incorporated in the model design.

The Leapfrog geological model was imported into the FEFLOW model. A conceptual hydrogeological model was developed and a static model calibrated against monitoring wells located throughout the model domain. The model incorporates 32 layers and 7,144,704 active elements ranging from 80m in the centre of the salar to 380m at the outer edges of the model domain. Mesh refinement was implemented in the vicinity of pumping wells to reduce elemental diameter down to approximately 5m. Layer thickness ranged from 1m to 20m, with Layer 1 being 1m to 5m thick, Layer 2 being 3m to 4m thick, Layers 3 to 32 are uniform, ranging from 15m thick in Layer 3 to 20m thick for layers 4 to 32.

Flow boundary conditions were set at No Flow for the model bottom, with Layer 1 representing evaporation and recharge boundary nodes. Lateral recharge boundary conditions were applied to Layers 1-19 of the model or set to No Flow conditions in the case of a lateral horizontal boundary where the lateral recharge boundary was not defined. Catchment recharge resulting from indirect or lateral recharge at higher elevations were applied below the water table in layers 1 to 19 of the model, exclusive of bedrock elements. Catchment inflows varied from 20L/sec in the north to 211L/sec from the Archibarca fan in the west and 146L/sec from alluvial fans in the east and 70L/sec in the south, with inflows varying from 0-54L/sec within zones in a north-south direction on both the east and west sides of the salar.

Direct recharge was applied to the alluvial fan materials at a rate of 25.6mm/yr with catchment recharge (lateral recharge) primarily from the Archibarca Fan and Rio Tocomar. Recharge from the north and south lateral boundaries was set to equal total groundwater loss via evaporation. The extinction depth for evapotranspiration was varied from 1.5m to 5m dependent on the surface composition as measured from evaporation domes.

The model assumed the mass porosity for lithium transport was equivalent to the specific yield, while dispersivity was set to a constant value of 30m in the horizontal direction and 3m in the vertical direction. Groundwater was assumed to have a constant density.

Steady state calibration of the model was based on water level measurements from 23 monitoring wells within the model domain as calibration targets combined with flux targets from the conceptual water balance; 67 lithium brine extraction wells were simulated, 22 in the NW sector and 45 in the SW sector, as well boundary nodes for the predictive model simulations. A total of 27 hydrogeostratigraphic units were defined in the model to best match the observed and simulated pumping response, with horizontal hydraulic conductivity values (K<sub>h</sub>) ranging from 0.001m/d to 60m/d and conceptual S<sub>y</sub> values from 0.03 to 0.14. Conceptual specific storage values were set at 1x10<sup>-4</sup>m<sup>-1</sup> except for clay units, which had S<sub>s</sub> values of 1x10<sup>-6</sup>m<sup>-1</sup>. Specific storage values were calibrated to the pumping test data. Mass porosity was set to equal the specific yield in the FEFLOW model, while longitudinal dispersivity was set to a constant value of 30m, while the horizontal and vertical transverse dispersivities were set to 3m.

The final static model had an absolute residual mean of 1.0m, a residual mean of -0.2m, and a normalised root mean squared (NRMS) error of 7.2%. A NRMS value of <10% and absolute residual mean values <1.0m are considered indicators of a well calibrated steady state model.

Transient calibration of the model was calibrated against the 30-day pump test results for wells CAU7R and CAU11R and three observation wells. Simulated and observed drawdowns were closely matched for well CAU7R. Results for Well CAU11R were excellent for observation well CAU11-MB, but less so for the other two observation wells. This was attributed to possible poor development of one of the observation wells.

Dynamic simulations of pumping and lithium production indicated the salar could reasonably support production of 25ktpa LCE over a 30-year life assuming a lithium recovery efficiency of 67% to final product. The dynamic model indicated twenty-two wells would be required in the NW sector wellfield in the Archbarca fan area during the first nine years of mine life, with forty-five wells required in the SE sector wellfield for the remaining project life. The NW wells would pump at a rate of 24L/s each; increasing from a combined rate of 168L/sec in Year 1 to 312L/sec in Year 3 of operations, while the SE wells would pump at a combined rate of 480L/sec from Years 9 to 30 of operations. A cut-off grade of 300mg/L lithium was used in establishing the reserve estimate.

Lithium Reserves were estimated based on the available brine included within the Measured and Indicated Resource categories and adjusted to exclude capture of brine from adjacent properties. Reserves were classified as Proved for brine derived from the Measured resources in the NW wellfield area during the first seven years of operation. Probable reserves were classified from the Measured and Indicated resources remaining in the NW wellfield after Year 7 and from the Measured and Indicated resources from the SE wellfield for the remainder of the project life. Table 5.23 summarises the Ore Reserve estimate.

**Table 5.23**  
**Ore Reserve Estimate – Salar de Cauchari Project – June 2023**

Category	Year	Brine Volume Mm <sup>3</sup>	Li Concentration mg/L	Li Metal Mt	LCE Mt
Proved	1 - 7	76	571	0.043	0.231
Probable	8 - 31	347	485	0.169	0.897
<b>Total</b>	<b>1 - 31</b>	<b>423</b>	<b>501</b>	<b>0.212</b>	<b>1.128</b>

*Note: estimate by Atacama Water SpA; lithium converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with conversion factor of 5.32; cut-off grade 300mg/L*

The lithium reserve estimate represents the lithium contained in the brine produced by the wellfields as input to the evaporation ponds. Brine production initiates in Year 1 from wells located in the NW sector; in Year 9, brine production switches across to the SE sector of the project.

Approximately 25% of Measured and Indicated resources are converted to reserves; Indicated resources of 894,000t contained LCE in the West fan unit are not included in the PFS production profile. There is a reasonable prospect that through additional hydrogeological test work, Inferred Resources in the Lower Sand Unit will be converted to Measured or Indicated resources.

Additional hydrogeological test work will be required in the next stage of evaluation to adequately verify the hydraulic parameters in the Archbarca fan area and in the Lower sand unit as indicated by the sensitivity analysis carried out in the model results.

The potential environmental effects of pumping have not been comprehensively analysed at the PFS stage; additional evaluation of potential environmental effects will be carried out as part of the next stage of evaluation.

BDA has reviewed the assumptions and methodology used to prepare the Ore Reserve estimate and considers the estimate to be reasonable and developed in accordance with best practice. BDA notes that additional hydrogeological work to better define the hydraulic parameters in selected areas of the Salar de Cauchari may result in some adjustments to the reserve estimate.

BDA notes that the LAC/Ganfeng Cauchari project, currently under construction, is located between the eastern and western Salar de Cauchari tenements held by Allkem. The impact of pumping brine by LAC/Ganfeng on the Mineral Resources at the Allkem Cauchari project has been simulated and some brine movement towards wells installed on tenement boundaries is likely. An agreement modelled on the current agreement between the SdJV and Minera Exar respecting brine extraction at Olaroz may be anticipated for effective management of the whole salar.

#### Additional Resource/Reserve Potential

Currently available information indicates the deep sand units may extend to significantly greater depths than currently drilled. If brine of similar concentration exists at these greater depths and hydraulic properties are consistent with depth, there is potential for additional resources. Such potential can only be defined by additional exploration. The southern properties in the Salar de Cauchari Project have not been explored and could contain additional brine resources.

#### Brine Production

The Salar de Cauchari project is currently planned as a conventional lithium brine operation based on pumping brine to evaporation ponds, solar evaporation of the brine combined with liming to a specified brine density; and then processing in a plant to further purify the brine, followed by addition of sodium carbonate to produce lithium carbonate. The brine chemistry at Salar de Cauchari is similar enough to that at Salar de Olaroz such that a similar process to the Stage 2 Olaroz project could be used. Alternatively, brine could be pumped from Cauchari to an expanded project at Olaroz. No decision on the final project concept has been made at this time. The current PFS projects a 30-year project life, with possible extension resulting from additional exploration of the Lower Sand Unit.

#### Processing

The general process scheme contemplated for development of Salar de Cauchari is development of two brine pumping fields in the NW and SE of the project area. Brine would be moved to ponds, initially approximately 1,057ha in total size, for liming and evaporation. Pond size would increase to 1,129ha in Year 5 and reach a maximum size of approximately 1,217ha in Year 9. Separate pond systems are required due to the differences in pump locations and differences in brine (lithium) tenor between the NW and SE wellfields, with brine moving from the SE ponds to the NW ponds as required to balance evaporation rates and production requirements. A second stage liming would occur to reduce Mg and SO<sub>4</sub> levels in the brine. When the brine has reached approximately 7,000mg/L lithium, it would be pumped to the chemical plant for final processing. The overall flowsheet for the process is anticipated to be very similar to that for the Olaroz Stage 2 project. An overall process recovery of approximately 67% of the contained lithium in the feed brine is anticipated.

#### Capital Cost

The estimated capital cost for the Cauchari project, on a stand-alone basis, is detailed in Table 5.24. The capital intensity of the project is estimated at US\$26.4k/t LCE, which is at the higher end of estimates for lithium carbonate production based on solar evaporation.

**Table 5.24**  
**Cauchari Project Capital Cost Estimate – June 2023**

Description	Capital Intensity (US\$/t Li <sub>2</sub> CO <sub>3</sub> )	Capex Breakdown (US\$M)
<b>Direct Costs</b>		
Brine Extraction Wells	645	16
Evaporation Ponds	5,854	146
Brine Treatment Plant	711	18
Lithium Carbonate Plant	4,214	105
General Services	4,398	110
Infrastructure	1,591	40
Additional Camps	600	15
<i>Total Direct Costs</i>	<i>18,013</i>	<i>450</i>
EPCM	1,358	34
Owners Costs	1,160	29
Other Costs	2,404	60
Contingency (15%)	3,440	86
<b>Total Capex</b>	<b>26,376</b>	<b>659</b>

Source: SEC Technical Report Summary, August 31, 2023

Sustaining and growth capex are estimated at US\$47M over the life-of-mine, or US\$18M per annum.

The Allkem financial model for the Cauchari project indicates a construction start date of mid-2024, with completion by mid-2027 and ramp up to full production by mid-2029. Pre-construction expenses of US\$49M are anticipated to be required to complete the necessary Feasibility Studies and environmental work prior to a final investment decision.

### Operating Costs

Operating costs for the project, as detailed in the June 2023 S-K1300 technical report summary, are shown in Table 5.25.

**Table 5.25**  
**Operating Costs Estimates – Cauchari Project – June 2023**

Description	US\$/t Li <sub>2</sub> CO <sub>3</sub> (LOM basis)	Total LOM US\$M	Total/Year (US\$M)
<b>Variable Costs</b>			
Soda Ash	1,198	887	30
Lime	453	335	11
Carbon Dioxide	54	40	1
Natural gas	138	102	3
Other Reagents	497	368	12
Logistics	27	20	1
Packaging	57	42	1
<i>Subtotal Variable Costs</i>	<i>2,425</i>	<i>1,794</i>	<i>61</i>
<b>Fixed Costs</b>			
Labour	674	499	16
Operations	238	176	6
Maintenance	180	133	4
Camp Administration	168	124	4
Support Services	148	109	4
Energy	97	72	2
Other Costs	152	112	4
<i>Subtotal Fixed Costs</i>	<i>1,656</i>	<i>1,226</i>	<i>40</i>
<b>Total Costs</b>	<b>4,081</b>	<b>3,020</b>	<b>101</b>

Source: SEC Technical Report Summary, August 31, 2023

### Valuation Assumptions

The Cauchari Prefeasibility Study is a comprehensive and relatively detailed study. However, it was based on a stand-alone project. Allkem is reviewing the potential development as an extension of the Olaroz operations, assessing the potential synergies resulting from shared infrastructure, processing plant and management. Kroll will consider the NPV of the Cauchari project based on financial modelling, but given the PFS stage of the project, has also requested that BDA consider the potential value of the property based on exploration methodologies.

### 5.5 Mt Cattlin Lithium Mine

#### Overview

The Mt Cattlin lithium mine is wholly owned by Allkem and is located just north of the town of Ravensthorpe, approximately 450km southeast of Perth and 200km west of the port of Esperance (Figure 3). Mt Cattlin is an open pit operation mining relatively flat-lying pegmatite ore bodies and producing lithium spodumene concentrates. Mining is carried out using excavator and truck operations, mining approximately 1.6-1.8Mtpa of spodumene-rich (lithium aluminosilicate) pegmatite grading approximately 1.1-1.2% Li<sub>2</sub>O. Ore is delivered to a crushing, ore sorting and dense media separation (DMS) gravity recovery circuit to produce a spodumene concentrate grading 5.4-5.6% Li<sub>2</sub>O.

In the 12 months July 2021 to June 2022, Allkem produced approximately 194kt of spodumene concentrate. Concentrate production for July 2022 to June 2023 of approximately 131kt was impacted by poor recoveries in the July to December 2022 period as a result of treating a high proportion of contaminated pegmatite ore; plant feed reverted to mostly clean ore in 2023 with production levels returning to around 45kt of concentrate per quarter. The spodumene concentrate is trucked to the port of Esperance and exported mostly to customers in China.

The pegmatite also contains tantalite, and a tantalite concentrate grading approximately 3.5% Ta<sub>2</sub>O<sub>5</sub> is produced and sold locally to the Global Advanced Metals (GAM) operation at Greenbushes, WA.

In September 2023, Allkem reported an updated Mt Cattlin Mineral Resource (inclusive of Ore Reserves) of 9.4Mt at 1.2% Li<sub>2</sub>O, and an Ore Reserve of 7.1Mt at 1.2% Li<sub>2</sub>O, all figures as of 30 June 2023.

A number of pits have been mined to date at Mt Cattlin, with the mined-out pits being backfilled with waste and tailings from the processed ore (Figure 9). The current operational pit is the NW pit which is scheduled for completion in 2027-2028. Pit NW has a relatively high stripping ratio of around 21:1 but the pit is being mined in several stages to even out the material movements. The current pit, Stage 3, extends to a depth of around 160m and mines an upper pegmatite zone which ranges from 5-20m in thickness and dips shallowly to the northwest (Figure 10). Deeper drilling has intersected a second pegmatite zone approximately 80m below the current ore zone, with grades of around 1.0-1.6% Li<sub>2</sub>O over 10m. This lower pegmatite is planned to be mined in Stage 4a

and 4b pit cutbacks with the NW pit being deepened to around 245m. Allkem is currently undertaking an evaluation and assessment of underground mining as an alternative option to further open pit cutbacks. Underground mining would potentially also provide access to pegmatite zones not currently in the open pit plans.

The white pegmatite contrasts with the dark greenish-black basaltic country rocks and dolerites, and mine grade control is largely visual. However, some mixing occurs along the pegmatite contacts and some rafts of basalt or cross-cutting intrusions occur within the pegmatite. These zones are classified as “contaminated ore” and are separately stockpiled and are being progressively processed through ore-sorters which separate the light-coloured pegmatite and spodumene from the darker mafic rocks.

#### Tenements and Permits/Approvals

The Mt Cattlin mine and plant are managed by Allkem’s wholly owned subsidiary Galaxy Lithium Australia Limited (GLAL). The project is situated on a single Mining Lease M74/244, incorporating the open pits, ore and waste stockpiles, tailings storage, process plant and project infrastructure, and covering an area of 18.3km<sup>2</sup> (Figure 9 and Table 5.28 below). The lease consists of a mix of unallocated crown land and GLAL-owned freehold agricultural land. The project infrastructure is all located on freehold land wholly owned by Allkem. The surrounding properties to the north, west and south are privately owned lands used for agriculture and grazing.

The estimated final closure area of the disturbance footprint is 324ha.

#### Geology and Mineralisation

The Mt Cattlin lithium deposit is a spodumene-rich, tantalum-bearing pegmatite deposit situated within the Archaean Ravensthorpe Greenstone Belt at the southeastern extremity of the Yilgarn Craton. The deposit comprises a series of generally flat-lying to shallow-dipping pegmatite intrusives (Figure 10), hosted within dominantly mafic rocks to the west and tonalite in the east. Metamorphic grade varies from greenschist to amphibolite facies. The pegmatite intrusives vary from 1m to 20m thick, averaging 6-10m, and commonly split into several zones with internal rafts of mafic country-rock or are cut by east-northeast or north-trending Proterozoic dolerite dykes. The pegmatites are considered to represent the latest Archaean geological event in the history of the craton, around 2,600 million years ago (Ma). The deposit is cross-cut and off-set by a series of later faults, which break up the continuity of the deposit.

**Table 5.26**  
**Mt Cattlin Lithium Project Tenements**

Title No	Grant Date	Expiry Date	Area	Registered To
M74/0244	24/12/2009	23/12/2030	1830ha	GLAL (100%)
L74/0046	18/03/2010	17/03/2031	10ha	GLAL (100%)
L74/0047	14/12/2011	13/12/2032	1,580ha	GLAL (100%)
L74/0048	16/03/2012	15/03/2033	5ha	GLAL (100%)
L74/0061	12/04/2023	27/07/2044	23ha	GLAL (100%)
P74/0370	22/03/2017	21/03/2025	20ha	GLAL (100%)
P74/0371	22/03/2017	21/03/2025	67ha	GLAL (100%)
P74/0372	23/03/2017	22/02/2025	24ha	GLAL (100%)
P74/0373	22/03/2017	21/03/2025	95ha	GLAL (100%)
E74/0379	11/03/2007	10/03/2025	25BL	GLAL (100%)
E74/0399	29/04/2009	28/04/2025	23BL	GLAL (100%)
E74/0400	14/03/2008	13/03/2024	3BL	GLAL (100%)
E47/0401	14/03/2008	13/03/2024	4BL	GLAL (100%)
E74/0406	12/08/2009	11/08/2023	10BL	GLAL (100%)
E74/0415	10/03/2009	9/03/2025	11BL	GLAL (100%)
E74/0570	27/06/2016	26/06/2026	6BL	GLAL (100%)
E74/0571	27/06/2016	26/06/2026	21BL	GLAL (100%)
E74/0589	07/11/2016	06/11/2026	3BL	GLAL (100%)
E74/0621	16/08/2018	15/08/2023	2BL	GLAL (100%)
E74/0713	27/04/2022	26/04/2027	14BL	GLAL (100%)

Notes: M denotes Mining Lease, E denotes Exploration Licence, P denotes Prospecting Licence and L denotes Miscellaneous Licence; ha = hectares; BL denotes Exploration Licence graticular (block) system (2,892m<sup>2</sup>)

The pegmatite swarm outcrops locally and has been shown by drilling to extend over an area of 1.3km by 1.7km and has been intersected to a depth of over 300m. The location of the mineralised pegmatites appears structurally controlled, within a 5-6km wide fault controlled northeast striking structural corridor, and preferentially located to the east of a north-south striking fault zone.

Depth to the top of the spodumene mineralisation is generally in the range 24m to 60m; oxidation effects extend generally to no more than 20m depth.

The Mt Cattlin deposit belongs to the zoned Lithium-Caesium-Tantalum ("LCT") type of pegmatite deposit. Spodumene is the dominant lithium-bearing mineral, although lepidolite and other lithium mica species are present locally. The spodumene is generally coarse to very coarse grained although some fine grained spodumene is present. The spodumene is accompanied by albite, microcline, quartz and muscovite.

#### Geological Data

The Mt Cattlin database contains data from approximately 3,200 drill holes totalling more than 176,000m of drilling. The deposit has been principally defined by reverse circulation ("RC") percussion drilling (over 3,100 holes for approximately 169,000m), supplemented by a limited number of diamond drill holes or diamond drill tails from the base of RC holes. While several parties carried out drill testing pre-2000, Galaxy became involved in the project in 2001 and is responsible for most of the information in the resource database. Allkem completed a resource extension and infill drilling programme in 2022 (approximately 33,000m) over the NW and SW areas of the deposit with the aim of increasing resources and converting Inferred resources to Indicated resources. In the NW area, drilling improved the definition of a known, second pegmatite zone approximately 80m below the upper pegmatite zone (Figure 10).

Drill holes are mainly vertical. Spacing is irregular over the deposit, but, as a generalisation, ranges from 80m or more for exploration drilling, down to 40 x 40m for resource drilling, and 20 x 20m (or locally 10 x 10m) for grade control. Final hole depths vary, with 2022 drill holes extending to depths of around 250m.

Drilling, geological logging, sampling, analysis, QA/QC and data management procedures adopted previously by Galaxy have varied over time, but periodic independent reviews have confirmed that these procedures have met industry standards. BDA has reviewed the available documentation and, while noting that issues have arisen on occasion with assay quality and with repeatability of sample assays, mainly due to the coarse-grained nature of the mineralisation, these issues are considered unlikely to materially affect the overall resources and reserves. BDA considers the geological data provide a suitable basis for resource and reserve estimation.

#### Mineral Resources

Since 2017, resource estimation has been undertaken by Mining Plus Pty Ltd ("MP"), based on a geological, sampling and analytical database provided by Galaxy/Allkem. Geological wireframes for the pegmatite intrusions, mafic host rock and cross-cutting dolerite dykes have been developed jointly by Allkem and MP, and Li<sub>2</sub>O mineralised domains defined based on 0.3% Li<sub>2</sub>O grade boundaries, using a combination of Surpac and Leapfrog Geo 3D software. Six distinct geographic areas have been recognised as a result of late-stage faults off-setting the deposits.

The Mt Cattlin resource model was updated in December 2022 using the 2022 drilling and assay data. The updated resource model incorporates the deeper pegmatite zone defined in the NW area below the Stage 3 pit (Figure 10).

Drill hole data has been flagged for lithology, mineralisation and weathering, giving a number of separate mineralised pegmatite estimation domains together with cross-cutting dolerite domains and internal waste domains. Areas of fine-grained pegmatite, which have historically exhibited lower Li<sub>2</sub>O recovery during processing, are domained separately based on geological logging and further guided by high sodium values; these areas have been excluded from the Mineral Resources.

Sample data has been composited in each domain into 1m intervals. Statistical analysis of composite data for individual domains was undertaken for Li<sub>2</sub>O, Ta<sub>2</sub>O<sub>5</sub> and Fe<sub>2</sub>O<sub>3</sub> to determine the population distributions and the need for any top-cutting of outlier values. This was followed by variographic analysis of composite values for each oxide, within individual domains (or in some cases groups of similarly oriented domains).

A block model was developed based on 20 x 20 x 5m parent cells with sub-blocking down to 2.5 x 2.5 x 0.625m to define boundary areas. The parent block size is considered appropriate for the resource definition drill spacing of 40 x 40m across the deposit. In sub-areas where extensive grade control drilling had been undertaken at 10 x 10m spacing, a parent block size of 5 x 5 x 5m was utilised.

Li<sub>2</sub>O grades were estimated into pegmatite domains within the block model by Ordinary Kriging, using search ellipses based on modelled grade continuity determined for each domain or group of domains. Block values were estimated in three interpolation passes. Ta<sub>2</sub>O<sub>5</sub> and Fe<sub>2</sub>O<sub>3</sub> grade estimation was undertaken by similar methods based on their modelled continuity. The resultant block model was validated both statistically and visually and was considered by MP to be a good representation of the input data. Bulk density was added to the block model depending on lithology and weathering, using average values determined from over 1,000 bulk density determinations on drill core.

Resources were classified by MP in accordance with the JORC Code (2012), based on its assessment of the quality of the database and the resource estimate. A small area tested by 10 x 10m grade control drilling was classified as

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Measured, while for the NW and SW areas, generally resource blocks estimated in the first two passes within areas defined by 40 x 40m drilling were classified as Indicated. More sparsely drilled areas were classified as Inferred provided they were interpolated in the third pass, otherwise they were considered Unclassified and not included in the reported resources.

The latest Mineral Resources, as reported by Allkem in August 2023, are derived from an update of the December 2022 Mineral Resource estimate (MRE). The update incorporates minor changes to the cut-off grade and the optimised pit shell and allows for mining depletion to June 2023. The reported Mineral Resources are shown in Table 5.27. The in-situ resources are beneath the 30 June 2023 mining surface and are reported at a 0.3% Li<sub>2</sub>O cut-off grade.

**Table 5.27**  
**Mt Cattlin Mineral Resources – June 2023**

Resource	Category	Tonnage Mt	Grade		Contained Metal	
			Li <sub>2</sub> O%	Ta <sub>2</sub> O <sub>5</sub> ppm	Li <sub>2</sub> O kt	Ta <sub>2</sub> O <sub>5</sub> klbs
<b>In-situ</b>	Measured	0.2	1.0	171	2	44
	Indicated	7.2	1.4	147	98	2,221
	Inferred	0.2	1.1	133	2	48
	<i>Subtotal</i>	<i>7.6</i>	<i>1.3</i>	<i>138</i>	<i>102</i>	<i>2,313</i>
<b>Stockpiles</b>	Indicated	1.8	0.8	95	13	396
	<i>Subtotal</i>	<i>1.8</i>	<i>0.8</i>	<i>95</i>	<i>13</i>	<i>396</i>
<b>Total Resource</b>	Measured	0.2	1.0	171	2	44
	Indicated	9.0	1.3	242	111	2,617
	Inferred	0.2	1.1	133	2	48
	<b>Total</b>	<b>9.4</b>	<b>1.2</b>	<b>137</b>	<b>115</b>	<b>2,700</b>

*Note: Mineral Resources reported at a cut-off grade of 0.3% Li<sub>2</sub>O; resources are inclusive of reserves and exclude oxide and transitional mineralisation; totals are subject to rounding*

Reported Mineral Resources are defined by an optimised pit shell based on a benchmark 6% Li<sub>2</sub>O spodumene concentrate price of US\$1,500 per tonne, allowing for costs and penalties. Other pit optimisation inputs included a mining recovery of 93% and mining dilution of 17%, which were derived from historical reconciliation data between the block model and mill production data, and a Li<sub>2</sub>O metallurgical recovery of 75% and a Ta<sub>2</sub>O<sub>5</sub> recovery of 25%. This optimised pit shell was used to justify “Reasonable Prospects of Eventual Economic Extraction” as specified in the JORC Code 2012 for the reported resources.

In addition to the in-situ material, 1.8Mt of surface stockpiles are included in the Mineral Resource tabulated above. These comprise a small quantity of run of mine (“ROM”) ore on the ROM pad (0.15Mt), Contaminated Ore stockpiles and secondary float material (0.14Mt), low grade material which was used to form the ROM pad base (0.6Mt) and pre-2018 tailings material (0.9Mt at 0.83% Li<sub>2</sub>O). The Contaminated Ore stocks comprise pegmatite mixed with basalt or dolerite, resulting from mining of contact zones where the pegmatite ore is in contact with waste basalt material or cross cutting dykes. Allkem is processing this material based on removal of much of the basalt contaminant using Ore Sorters. Re-processing the pre-2018 tailings material is planned at mine closure. The stockpiles have been classified as Indicated based on the level of confidence in the grade and tonnage assigned to these surface stocks.

BDA has reviewed the latest reports outlining the resource estimation methodology adopted by MP and considers that the approach is reasonable and in-line with current industry standard practice. Visual and statistical information support the quality of the block estimates. Classification of the resources follows JORC 2012 definitions and takes account of the quality of the resource database, drill spacing and the quality of the estimate.

**Reconciliation**

Mining practice and mine recovery changed in 2020 with the introduction of ore sorters which allows treatment of contaminated ore mainly resulting from mining close to pegmatite boundaries which, in turn, allows more complete mining of the pegmatites. Mining in the first half of FY2023 recovered a significant amount of fine-grained mineralisation which showed poor recovery figures through the plant. This material, which is characterised by lepidolite, lithium micas and high sodium values has since been removed from the Mineral Resource and Allkem is confident that these issues should not re-occur.

From January to June 2023, production data provided by Allkem shows 1.028Mt of ore mined at 1.07% Li<sub>2</sub>O, compared to 1.023Mt at 1.14% Li<sub>2</sub>O estimated from the resource block model. This indicates a mining recovery of 100% of the estimated ore tonnage at 94% of the estimated resource grade, a satisfactory outcome confirming that the MRE provides a reasonable guide to the mineable tonnes and grade.

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The dilution and mining recovery estimates applied to the Ore Reserve incorporate a complex interplay between dilution from both mafic rocks and non-mineralised pegmatite, loss of ore blocks where lepidolite and lithium micas are dominant, and performance of the ore sorters. However, overall, BDA considers that the reserve model is of acceptable quality and that the estimated dilution and mining recovery factors provide a suitable basis for reserve estimation and mine planning.

### Ore Reserves

Ore Reserves have been estimated by Allkem and consulting group Entech Pty Ltd ("Entech") based on the updated December 2022 resource block model which incorporated the 2022 drilling in the NW area, including a second, deeper pegmatite zone. The reserve block model includes appropriate modifying factors and uses the surveyed mining surface as at 30 June 2023. The updated Ore Reserve estimate is shown in Table 5.28.

**Table 5.28**  
**Mt Cattlin Ore Reserves - June 2023**

Reserve	Category	Tonnage	Lithium Grade	Tantalum Grade	Contained Metal	Contained Metal
		Mt	Li <sub>2</sub> O%	Ta <sub>2</sub> O <sub>5</sub> ppm	Li <sub>2</sub> O kt	Ta <sub>2</sub> O <sub>5</sub> klbs
In-situ	Proved	0.2	0.9	120	1	45
	Probable	5.2	1.3	130	69	1,500
	<i>Subtotal</i>	<i>5.4</i>	<i>1.3</i>	<i>130</i>	<i>70</i>	<i>1,545</i>
Stockpiles	Probable	1.8	0.8	95	13	396
<b>Total</b>		<b>7.1</b>	<b>1.2</b>	<b>120</b>	<b>84</b>	<b>1,900</b>

*Note: Ore Reserves are reported at a marginal cut-off grade of 0.3% Li<sub>2</sub>O and are based on the regularisation of the December 2022 resource block model to a selective mining unit ("SMU") model with SMU dimensions of 5.0mE x 5.0mN x 2.5mRL, with no additional mining recovery and dilution factors applied; totals are rounded to a maximum of two significant figures*

The Ore Reserve is based on the ore planned to be mined within the NW pit within the current Life of Mine staged pit designs (Stages 3, 4a and 4b) (Figure 10). The reserve estimation used a regularised resource block model with selective mining unit (SMU) blocks of 5mE x 5mN x 2.5mRL. No external dilution or recovery factors were applied but Entech reported that the regularisation process resulted in an effective mining recovery figure of 94% and dilution of 16%. The June 2023 Ore Reserve (and the June 2023 MRE) excluded pegmatite zones containing high proportions of fine-grained mineralisation including high percentages of lepidolite and lithium micas which showed poor recoveries through the processing plant in the first half of FY 2023; these blocks were categorised as waste. The Ore Reserve also includes surface and tailings stockpiles as described under the Mineral Resources section.

BDA notes that the stockpiled material totalling approximately 1.8Mt is included in Allkem's Mt Cattlin financial model and LOM plan, including the 0.9Mt of pre-2018 tailings which are planned to be re-treated at the end of the mine life. This latter material has been assigned a conservative recovery of 30% and a product concentrate specification of 4.5% Li<sub>2</sub>O.

The Whittle optimisation analysis was run to generate an optimum pit shell wireframe for reporting of reserves and also used as a guide to the pit design prepared by Entech. The parameters and costs used in the optimisation are in line with the current operation; metallurgical recovery forecasts are based on regression formula based on ore head grade and historical plant recovery data. Metal prices used are based on a benchmark 6% Li<sub>2</sub>O spodumene concentrate price of US\$1,500 per tonne and the existing tantalum contract price of approximately A\$35 per pound, allowing for costs and penalties. Allkem used a currency exchange rate of 0.7 US\$:A\$ for the optimisation and economic analysis. Inferred resources were included in the pit optimisations but are excluded from the Ore Reserves.

The economic cut off at Mt Cattlin is calculated at approximately 0.2% Li<sub>2</sub>O, however a more conservative 0.3% Li<sub>2</sub>O cut off based on historical operating experience was applied to report the Ore Reserves and Mineral Resources.

### Additional Resource/Reserve Potential

The primary sources of potential additional resources and reserves appear to lie in the immediate vicinity of the known deposit, and include:

- *Pegmatite Extensions* - extensions to mined pegmatite zones continue beyond current pit limits, both within the NW area and in the SW area of the deposit; recently completed resource drilling indicates extensions of pegmatite zones to the south of the NW pit, although high strip ratios may render open pit mining unviable
- *Underground Extensions* - underground mining of extensions of pegmatite bodies represents significant potential upside to the current LOM plan; Allkem is currently undertaking studies to assess the economic and

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technical viability of underground mining, both of portions of the pegmatites lying within the currently planned Stage 4a and 4b cut backs and of pegmatite extensions lying beyond the designed pit outlines; further drilling is proposed, starting in September 2023; Allkem will await the outcome of the studies, but considers it likely that underground extraction may well prove attractive compared with the waste stripping and cutbacks involved in the Stage 4b design, with an initial target of around 4Mt

- *Inferred Resources* - these total 0.2Mt at 1.1% Li<sub>2</sub>O, equivalent to only 3% of the total reported in-situ resource (Table 5.28); any in-pit material is likely to be appropriately delineated during grade control drilling but some parts of the Inferred component may include material that is outside pit limits
- *Fine Grained Pegmatite* - there is some potential to re-incorporate some areas of fine-grained pegmatite mineralisation within the NW pit design that are currently excluded from the Mineral Resource and Ore Reserve, dependent on results of ongoing metallurgical testwork aimed at increasing the lithium recovery from this material
- *Outlying Tenement Areas* - exploration of outlying parts of the tenement package has not been exhaustive, but success to-date has been limited; surface and near-surface sampling identified the Enduro prospect, 2km north of the mine and preliminary RC drilling has confirmed the presence of shallow dipping lithium-bearing pegmatites (2m at 1.45% Li<sub>2</sub>O) with possible extensions identified from a ground resistivity survey but overall Allkem considers the target has limited tonnage potential; a structural reinterpretation of the Mt Cattlin area has defined a northern and southern target area within the Mt Cattlin structural corridor and as noted above, drilling of the southern target has located extensions of the pegmatite zone and Allkem suggests a 5-10Mt target potential; the northern target remains untested.
- *Bald Hill Area* - Allkem has recently acquired exploration tenements (seven Exploration Licences and one Mining Licence totalling 436km<sup>2</sup>) in the Bald Hill lithium-tantalite area, 350km north of Esperance and 75km southeast of the Mt Marion lithium mine; limited exploration work has been undertaken to date.

BDA considers that a limited amount of additional plant feed (beyond that in the Financial Model) may become available through accessing additional ore from delineation of Inferred resources within the planned pits.

More significant upside exists should underground mining prove viable; considerable further drilling, geotechnical work and other studies would be required to demonstrate the viability of this approach, but underground mining could provide the opportunity to access mineralised pegmatites beyond the proposed pits and result in significant potential extensions to mine life.

### **Mining**

Mining operations at Mt Cattlin are based on open pit mining of ore and waste, using conventional hydraulic excavators and rigid dump trucks, supported by a fleet of earthmoving and servicing equipment. Mining commenced in the Dowling pit in 2009 and has progressed with various pits to the east and west of the Dowling pit.

Current operations are within the NW pit. The SE pit was completed in 2020 and the NE pit completed in April 2022 (Figure 9). The NW pit is being mined in four stages; Stages 1 and 2 are complete with Stage 3 currently being mined. Further cutbacks to access a deeper Stage 4a and later Stage 4b (Figure 10) are planned for mid-2024 to mid-2026 and early 2026 to mid-2027 respectively. Open pit mining is planned to be completed by mid-2027.

While the Stage 4b pit is to be the final pit, both the upper and lower pegmatite zones continue along strike and down dip and may be amenable to underground mining from the base of the final pit. An underground mining feasibility study is underway and due for completion in Q1 2024. Depending on the study outcomes, there is potential for the Stage 4b pit to be replaced by an earlier transition to underground mining.

Waste rock is dumped into pit voids or onto surface waste dumps. Waste dump 1 ("WD1") is south of the mining area, with ongoing waste dumping extending this waste dump over the SE pit. Waste dump 2 ("WD2") is located to the west of NW pit, with plans to extend this waste dump further to the west. The exploration licence in this area has been converted to a General Purpose licence to accommodate the dump extension.

Process plant tailings are being placed into the mined-out SE pit, which has capacity up to June 2024. When the SE pit is full, tailings will be placed into the mined-out NE pit which has capacity to see out the remainder of the open pit life. Current tailings are reported to contain grades of 0.7-1.0% Li<sub>2</sub>O.

### *Mine Planning*

The NW pit was planned to be mined in three stages to spread as far as possible the required waste mining. The initial Stage 1 pit was mined to a depth of 100m or approximately to 150mRL (surface is approximately 255mRL); Stage 2 and 3 pits to the north and west of Stage 1 were planned to a final depth of 125m or 130mRL. With the

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increase in lithium prices, further pit cutbacks have become viable resulting in Stage 4a to a planned depth of around 200m and Stage 4b to a depth of around 220m. The overall pit design comprises 1.9 million bank cubic metres ("Mbcm") of ore and 42.2Mbcm of waste with a strip ratio of around 21.5:1.

The mining parameters for ore recovery and dilution used in the reserve estimate are 94% and 16% respectively. The ramp gradient is 1 in 10 and the widths reflect the current mine truck fleet of 100t trucks.

Pit slope angles are based on geotechnical assessments. For the NW pit, which makes up the majority of the LOM reserves, Absolute Geotechnics Pty Ltd completed an initial assessment to check the stability and factors of safety for the planned pit slopes. An updated geotechnical review was completed by Entech in April 2023. The overall pit slope angles for the various rock types are approximately 40° in the shallow oxide zone (around 5m thick), 46° in the transitional material which extends 20m below the base of oxidation, and 48-54° in the fresh rock below the transitional material. Bench heights vary between 8m in the oxide zone up to 20m in the fresh rock and berm widths vary between 5-9m. The design includes a 50° batter angle above the first berm on the 255mRL, then 60° batter angles to the 235mRL berm and 75° slopes with berms every 20m to the pit floor.

BDA undertook a site visit in August 2023 and noted good wall conditions in the NW pit, with wall angles up to 78°. This was even more notable given that blasting pre-split had not been used at Mt Cattlin but is currently being trialled in preparation for the Stage 4a and 4b cutbacks.

### *Mine Operations*

Recovery and dilution parameters adopted for reserve estimation reflect actual production performance. The boundary between the pale coloured pegmatite and the dark surrounding basalt is generally distinctive and selective mining is undertaken on a visual basis. Where mining along the contact, or where rafts of basalt are included within the pegmatite, mixing of pegmatite and basalt occurs (estimated at approximately 17% of the ROM ore); this mixed material is trucked to the Contaminated Ore stockpile as ore sorter feed, with relatively clean pegmatite (83% of ROM ore) sent directly to the ROM pad.

The mining contract has recently been re-tendered with NRW Civil & Mining, a division of NRW Holdings ("NRW") the successful contractor. Contractor changeover was underway at the time of the BDA site visit (August 2023), with the first NRW equipment arriving on site to replace the previous contractor's equipment fleet. NRW will handle the load and haul and NRW subsidiary Action Mining Services handling the drill and blast. Johnson Hi-Tech (Australia) Pty Ltd ("Johnex Explosives") will continue to provide down-the-hole explosive services. Allkem manages the technical services including mine planning as well as the overall mine operations.

The NRW mine fleet will comprise two Komatsu PC2000 (200t) hydraulic excavators, two Komatsu PC1250 (120t) excavators and a fleet of 24 Komatsu HD785 (100t) rigid bodied trucks (20 in service and 4 standby). Mine production is to be maintained at around one million bcm/month of total material moved. BDA notes that the current contractor, MACA, currently has three 200t excavators on site to handle the waste stripping. While some mining is carried out on night shift, it is restricted to certain areas of the pit due to noise potentially impacting the nearby town of Ravensthorpe. Other mine equipment includes two D10 dozers, a D9 dozer, a 16H grader and three drills, two Epiroc FlexiROC T45 and one D65 production drill, along with ancillary equipment. The mine infrastructure was inspected by BDA and is considered to be well established.

### **Processing**

The Mt Cattlin lithium processing plant is designed to process the Mt Cattlin run-of-mine (ROM) material at the rate of 225 tonnes per hour ("tph"). In March 2020, Mt Cattlin completed commissioning an ore sorting circuit to remove basalt from the material on the low-grade Contaminated Ore stockpiles, thereby allowing the recovered spodumene pegmatite material from these stockpiles to augment the ROM feed. The ore sorting technology was changed from optical sorting to more efficient laser sorting in 2022 following successful test work and plant trials. The ore sorter circuit treats nominally 1,000 tonnes per day ("tpd") of contaminated low-grade material.

Figure 10 shows a schematic flowsheet of the Mt Cattlin process plant.

From July 2022 to June 2023 the plant processed 1.55Mt of material at a grade of 0.92% Li<sub>2</sub>O. Final spodumene concentrate produced was 131kt at a grade of 5.3% Li<sub>2</sub>O. Recovery to final product was approximately 46% average for the year, however the recovery for July to December 2022 of approximately 30% was the result of processing a significant tonnage of contaminated ore stocks with an average plant head grade of 0.80% Li<sub>2</sub>O. Recovery from January to June 2023 was lifted to a more typical level of 62% with clean ore forming the majority of the processed ore with an average plant head grade of 1.06% Li<sub>2</sub>O.

The plant currently recovers a spodumene concentrate grading about 5.1-5.4% lithium oxide (Li<sub>2</sub>O). Because of the geological characteristics of the ores, gravity separation is the primary concentration mechanism utilised. The

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ROM material is crushed in a three-stage crushing plant which reduces the material to nominally minus 14 millimetres (“mm”). This material is then screened and separated into a fine and coarse stream.

The initial circuits of the Li and Ta recovery plant separate the particles by size and treat the finer size fraction to recover Ta, utilising screening and spiral concentration followed by shaking table concentration to produce fine and coarse sized fractions of Ta concentrate generally grading around 3.5% Ta<sub>2</sub>O<sub>5</sub>. The coarser sized material is then treated using screens to separate into finer and coarser material to be treated in the respective fine and coarse hydrocyclone Dense Media Separation (DMS) circuits. The DMS hydrocyclone overflows or “floats” material are discarded as reject while the underflow or “sinks” are retreated in secondary DMS circuits. The secondary sinks are treated using magnetic separators and ore sorters to produce the final Li<sub>2</sub>O concentrate product. The secondary floats are re-crushed to increase spodumene liberation, with the fine and coarse fractions recycled to earlier streams to enhance Li recovery.

Mt Cattlin has been carrying out flotation testwork on some of the early process tailings with some promising results. The volume and grade of the various tailing deposits which could be re-processed is still being assessed, but pre-2018 tailings totalling 0.9Mt at 0.83% Li<sub>2</sub>O are currently included in the resource estimate. Further flotation testwork is required to determine the viability of a tailings retreatment project.

#### Infrastructure

The Mt Cattlin mine and process plant are established operations and the site is serviced with appropriate infrastructure, including suitable road access, power and water supply facilities, site buildings and workforce accommodation.

#### Environmental Regulations and Permitting

Allkem is licensed (L8469/2010/2) for a mining and processing facility for the production of a spodumene and tantalite concentrate. The more recent project licence amendments are listed below in Table 5.31.

**Table 5.29**  
**Mt Cattlin Licences/Approvals**

Instrument	Issued	Description
L8469/2010/2	25/01/2019	Amendment Notice 4: an application for licence amendment was made on 18 October 2018 to TSF Cell 1 Wall Lift 3 to final RL height of 280.3m
L8469/2010/2	08/04/2019	Amendment Notice 5: an application for licence amendment was made on 15 January 2019 to include relocation of an Optical Sorter onto the ROM pad and inclusion of a modular two stage crusher and 6m high acoustics barrier
L8469/2010/2	03/07/2019	Amendment Notice 6: an application for licence amendment was made on 15 February 2019 to construct infrastructure and operate tailings waste deposition into disused mine void referred to as SW Pit
L8469/2010/2	30/06/2020	Amendment authorising 24x7 operations of Category 5 processing infrastructure at the premises. Consolidation of previous amendment notice conditions. Deletion of redundant conditions pursuant to Amendment Notice 4 based on Licence Holder's notification that TSF Cell 1 embankment lift will not proceed because the above-ground TSF has been decommissioned
L8469/2010/2	11/02/2022	Amendment authorising changes to the emissions and discharges during the construction and operation of the premises. The following amendments were granted: construction and operation of new in-pit tailings storage facility (TSF) (2SE in-pit TSF); installation of new monitoring bores to monitor groundwater adjacent to the proposed 2SE in-pit TSF; replacement of the decommissioned above ground TSF monitoring bores lost due to the construction of the NW Waste Rock Landform with newly constructed monitoring bores; and modification of the premises boundary to include the proposed 2SE in-pit TSF.

A Mining Proposal application has been lodged with the WA regulator to extend the current NW pit and to allow for the Stage 4a cutback; approval is expected by the end of 2023. Post receipt of the Mining Proposal approval described above, a subsequent permitting application will be made for the Stage 4b, including the next In-Pit Tailings Storage Facility (“IPTSF”). The second phase approval is expected to be gained by the end of the first quarter of 2024, allowing sufficient time before the planned works are required to commence.

Details of these applications may change if Allkem determines that a combination of open pit and underground development is the preferred option.

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### Rehabilitation

The financial model shows no rehabilitation expenditure throughout the project life but includes a provision of A\$17.5M in respect of the mine closure cost for the Mt Cattlin mine site in October 2028 after all mining and processing has been completed. Ongoing rehabilitation work is undertaken as an operating expense. Overall BDA considers the rehabilitation cost estimates are reasonable, but notes these may be modified if the life of mine is extended with future underground development.

### Community Engagement

Allkem has established a Community Consultation Group ("CCG") comprising nine members, seven from the Ravensthorpe community and two from the Allkem management team. CCG meetings are held quarterly, and community members are encouraged to raise any concerns or issues about the company operations. Information gained from these meetings allows the company to address community concerns and implement new initiatives.

### Indigenous Relations and Cultural Heritage

The Mt Cattlin project is located on Aboriginal Noongar country. Allkem has a Heritage Agreement in place with the Wagyl Kaip and Southern Noongar Agreement Group. This agreement ensures activities are carried out in a manner that protects Aboriginal Sites and Aboriginal Objects to the greatest extent possible. It requires early consultation on possible works and where necessary site identifications surveys or site avoidance surveys are conducted.

### Life of Mine Plan

The life of mine plan in this report is based on Allkem's production schedule in the Excel file "01.02.01 Mt\_Cattlin\_Cashflow\_Model\_DRAFT\_v1.xlsx". The annual processing throughput rate varies from around 0.75Mtpa to 1.68Mtpa, resulting in a mine life of around four and a half years. The LOM production schedule is summarised in Table 5.30.

**Table 5.30**  
**Financial Model Mt Cattlin Production Schedule - Life of Mine 2023-2028**

Item	Unit	2H 2023	2024	2025	2026	2027	2028	Total
<b>Mining</b>								
Waste Mined	Mbcm	3.25	11.35	11.04	11.76	4.80	-	42.21
Ore Mined	Mbcm	0.69	0.14	0.43	0.11	0.59	-	1.96
Material Mined	Mbcm	3.95	11.49	11.47	11.87	5.39	-	44.17
Strip Ratio	W:O	4.7	82.6	25.8	110.0	8.1	-	21.5
Ore Mined	Mt	1.91	0.38	1.17	0.29	1.61	-	5.36
Grade	% Li <sub>2</sub> O	1.5	1.2	1.2	0.9	1.3	-	1.3
Contained Lithia	kt Li <sub>2</sub> O	27.98	4.34	14.42	2.52	21.44	-	70.69
<b>Processing</b>								
Clean Ore Processed	Mt	0.55	1.51	1.00	0.22	1.36	-	4.64
Contaminated Ore Processed	Mt	0.05	0.17	0.17	0.07	0.25	-	0.72
ROM Stockpile Ore Processed	Mt	0.15	-	-	-	-	-	0.15
End of Mine Life Stocks Processed	Mt	-	-	-	-	-	1.62	1.62
Total Processed	Mt	0.75	1.68	1.17	0.29	1.61	1.62	7.13
Ore Grade	% Li <sub>2</sub> O	1.40	1.38	1.23	0.86	1.33	0.80	1.18
Recovery	%	65	65	61	46	63	31	56
Spodumene Concentrate produced	kt	127.1	277.8	162.4	21.6	257.2	70.2	916.3
Concentrate Grade	% Li <sub>2</sub> O	5.40	5.40	5.40	5.40	5.40	4.74	5.35
Contained Lithia	kt Li <sub>2</sub> O	6.86	15.00	8.77	1.16	13.88	3.31	48.98

Note: Mbcm = million bank cubic metres; kt = thousand tonnes; Totals are from July 2023

The LOM plan is based on open pit mining progressing in the NW pit for the next four and a half years. The NW pit is planned in four stages with Stages 1 and 2 completed, Stage 3 underway and Stage 4a due to commence in mid-2024. The initial NW pit was mined in the southeastern section before being cutback in several stages to a final pit wall in the north and west. The waste mining increases significantly in 2024-2026 as the NW pit is further cutback for the Stage 4a and 4b pits. Ore mining during this period ranges from around 0.4-1.6Mtpa, with plant feed being maintained from stockpiles.

The mining contractor has an appropriate fleet on site to achieve the current rate, assuming reasonable productivities are met. The use of contractors provides capacity to expand the mine fleet if required. The pit development rate is considered reasonable and achievable.

At the end of ore mining from the NW pit, 1.62Mt of tailings and end of mine life stockpiles are to be processed at an average grade of 0.73% Li<sub>2</sub>O, up to October 2028.

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Over the remaining LOM from July 2023, 4.64Mt of clean ore and 0.72Mt of contaminated ore are processed. In the latter stages of the NW pit the ore zones are wider and Allkem has, for the purposes of the LOM plan, reduced the dilution of the clean ore from 17% used in the reserve estimation to 12% and marginally increased the quantity of clean ore to the ROM. The clean ore is fed directly through the crusher to the processing plant. The contaminated ore mined plus material from the existing contaminated ore stockpiles will be fed through the crusher and ore sorter before being fed to the process plant; Allkem forecasts approximately 50% yield of product from the sorter. In total 1.62Mt of low-grade stockpile material and fine-grained contaminated material are forecast to be treated at end of mine life, including 0.9Mt of pre-2018 tailings stockpiles under review pending consideration of optimum processing route and viability.

### Capital Cost

Capital cost forecasts for Mt Cattlin for sustaining and rehabilitation capital are set out in Table 5.31 and have been estimated in Australian dollars.

**Table 5.31**  
**Mt Cattlin Capital Cost Forecasts**

Item		2H 2023	2024	2025	2026	2027	2028	Total
Mining Capital	A\$M	6.6				1.3		7.9
Site Capital	A\$M	2.0	1.9	3.2	1.6	50.0		58.7
Sustaining Capital	A\$M	3.3	23.5	1.0	1.0	1.0	0.8	30.7
Rehabilitation Capital	A\$M						17.5	17.5
<b>Total</b>	<b>A\$M</b>	<b>11.9</b>	<b>25.4</b>	<b>4.2</b>	<b>2.6</b>	<b>52.3</b>	<b>18.3</b>	<b>114.8</b>

Site capital includes A\$50M in June 2027 for tailings retreatment. Sustaining capital includes A\$25.3M for the removal of in-pit tailings. Mining capital in 2H 2023 and at the end of mining (2027) relates to contractor mobilisation and demobilisation. BDA has reviewed the capital estimates which appear generally reasonable.

### Operating Cost Estimates

The operating cost estimates in the financial model "01.02.01 Mt\_Cattlin\_\_Cashflow\_Model\_\_DRAFT\_v1.xlsx" are shown in Table 5.32.

**Table 5.32**  
**Mt Cattlin Operating Cost Estimate**

Item	Unit	2H 2023	2024	2025	2026	2027	2028	Total
<b>Physicals</b>								
Material Mined	Mbcm	3.95	11.49	11.47	11.87	5.39		44.17
Ore processed	Mt	0.75	1.68	1.17	0.29	1.76	1.47	7.13
Spodumene Concentrate	kt dry	127.1	277.8	162.4	21.5	257.2	70.2	916.3
<b>Operating Costs</b>								
Mining	A\$M	57.7	148.7	147.2	174.4	88.3		616.4
Processing	A\$M	34.3	72.4	61.8	43.6	74.5	77.0	363.6
Administration	A\$M	8.7	17.5	17.5	17.5	17.5	14.6	93.1
Transport	A\$M	7.3	16.0	9.4	1.2	14.9	4.1	52.9
Royalties	A\$M	37.9	43.8	18.4	4.1	41.5	11.9	157.7
<b>Total Operating Costs</b>	<b>A\$M</b>	<b>146.0</b>	<b>298.5</b>	<b>254.3</b>	<b>240.8</b>	<b>236.6</b>	<b>107.5</b>	<b>1,283.7</b>
<b>Unit Costs</b>								
Mining	A\$/bcm	14.60	12.95	12.84	14.70	16.36		13.95
Processing	A\$/t processed	45.77	43.08	52.81	148.22	42.24	52.25	50.98
Administration	A\$/t processed	11.65	10.39	14.93	59.42	9.90	9.87	13.06
Site Costs	A\$/t processed	134.39	141.97	193.60	801.23	102.17	62.12	150.42
<b>Total Unit Site Costs</b>	<b>A\$/t concentrate</b>	<b>793</b>	<b>859</b>	<b>1,394</b>	<b>10,927</b>	<b>701</b>	<b>1,304</b>	<b>1,171</b>

Note: bcm = bank cubic metre of all material mined

#### Mining Costs

The mining costs are based on the agreed rates for the new NRW mining contract comprising load and haul, drill and blast and explosives plus technical management. Unit costs increase in the latter years of mining as production rates reduce and pit depths increase. Overall mining costs are in line with expectations.

#### Processing Costs

BDA considers the forecast processing costs to be reasonable; unit costs increase at the end of mine life with lower feed rates (2026) prior to the last two years of tailings reprocessing (2027-28).

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#### *Transport Costs*

These costs relate to the transportation of concentrate from site to Esperance and the port charges for loading the product. The forecast costs are in line with recent actual costs.

#### *Other Costs*

Royalties include the WA state royalty of 5% of revenue and a third-party royalty based on tonnage of ore processed. The royalty estimates are based on an assumed spodumene price of between A\$3,245/t of concentrate over the four-year period 2023-2027. The tantalum by-product credit is based on a tantalum price of A\$35/lb.

#### **Valuation Assumptions**

Allkem has developed a discounted cashflow model for the Mt Cattlin operations. BDA has reviewed the revenue and cost assumptions underlying the discounted cashflow analysis and considers them to be generally reasonable and achievable. BDA has discussed with Kroll the relevant parameters and assumptions.

BDA has reviewed the potential for mine life extensions from underground development and has advised Kroll regarding potential extensions to the LOM model. BDA has also reviewed the outlying tenement areas including the northern and southwest target areas and the recently acquired Bald Hill tenements and has determined a value based on Comparable Transactions and Yardstick considerations.

### **5.6 James Bay Lithium Project**

#### **Overview**

The James Bay lithium project is wholly owned by Allkem and is located in northern Québec Canada, approximately 130km east of James Bay and the Cree Nation of Eastmain community and 382km north of Matagami (Figure 3). James Bay is an open pitted pegmatite deposit with the mineralised pegmatites outcropping at surface.

The project comprises 224 mining claims covering a total area of 11,130ha (Figure 11) and is located on Category III Cree land which permits mineral resource extraction.

Allkem has released a SEC Technical Report Summary in September 2023. This report updated the January 2023 NI 43-101 technical report and Feasibility Study to reflect a new geological interpretation, a larger constraining pit shell, an updated block model and updated capital and operating costs and revenue assumptions.

The deposit has JORC-compliant Mineral Resource and Ore Reserve estimates, as reported by Allkem in September 2023. Total resources (Indicated and Inferred) are 110.2Mt at 1.30% Li<sub>2</sub>O at a 0.5% Li<sub>2</sub>O cut off; current reserves classified under JORC (2012) are 37.3Mt at 1.27% Li<sub>2</sub>O with contained metal of 474kt Li<sub>2</sub>O.

The deposit consists of a series of pegmatite dykes that form a discontinuous corridor over a strike length of approximately 4km and a width of approximately 300m (Figures 11 and 12). Recent resource drilling has defined a northwest extension to the deposit with a strike of approximately 700m and a width of around 200m. The pegmatite outcrops present as topographic highs, 15-20m above the surrounding bush, which is primarily comprised of muskeg and peat.

The project is well served with local infrastructure, including accessible major road networks, accommodation, water and a low-cost sustainable supply of hydroelectricity. Allkem is de-risking the James Bay project by utilising its existing spodumene mining and processing know-how and process flowsheet from Mt Cattlin.

The deposit was discovered in 1964 by Jean Cyr and then known as the Cyr property. The property was optioned to Société de Développement de la Baie-James ("SDBJ") in 1974. Initial exploration work on the property included surface geological mapping, trenching and drilling which identified a swarm of pegmatite bodies containing approximately 25% spodumene striking northeast and extending in a northwest-southeast trend over a trend length of approximately 4km and dipping approximately 65° to the northwest.

In March 2008, Lithium One Inc. (Lithium One) entered into an option agreement with SDBJ to acquire a 100% interest in the Cyr lithium prospect. The terms of the agreement were fully exercised by Lithium One in November 2010. As of August 2023, two Net Smelter Return ("NSR") royalties remain on the James Bay project. A 0.5% NSR is held by Ridgeline Royalties Inc. on six claims, and a 1.5% NSR is held by Lithium Royalty Corp. on two claims, the latter subject to a buyout by Allkem at any time of one-third of the NSR for payment of C\$500,000.

Lithium One undertook exploration work on the property from 2008-2010 and issued a NI 43-101 Mineral Resource estimate for the property in November 2010, reporting 11.75Mt of Indicated resources grading 1.30% Li<sub>2</sub>O and 10.47Mt of Inferred resources grading 1.20% Li<sub>2</sub>O.

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In February 2011, Galaxy Lithium (Canada) Inc. (GLCI) entered into a farm-in and joint-venture agreement with Lithium One with respect to exploration and development of the property. Under the agreement, GLCI acquired an initial 20% equity for C\$3M, with the potential to increase its interest to 70% through completion of a definitive feasibility study within 24 months. In July 2012 Galaxy Resources completed a merger with Lithium One, valued at C\$112M and acquired 100% control of the James Bay project. The property is now held 51% by GLCI and 49% by Galaxy Lithium (Ontario) Inc. (GLOI), both wholly owned subsidiaries of Allkem.

Subsequent to the acquisition of Lithium One, Galaxy undertook a number of exploration programmes at James Bay involving surface exploration, geophysical studies, drilling and sampling, metallurgical test work and environmental studies. SRK Consulting (Canada) Inc. ("SRK") completed a resource estimate on behalf of Galaxy in December 2017. A Preliminary Economic Analysis (PEA) report on developing the property for production was issued by Galaxy in March 2021.

In October 2021, G Mining Services Inc. ("GMS") completed an Ore Reserve estimate for the James Bay project; this estimate formed the basis for a NI 43-101 Technical Report Feasibility Study issued in January 2022. The study was based on production of approximately 320ktpa of spodumene concentrate grading 5.6% Li<sub>2</sub>O at an estimated 71% recovery of Li<sub>2</sub>O over a 19-year mine life. The proposed 2Mtpa process plant was based on a three-stage crushing circuit followed by a two-stage Dense Media Separation (DMS) circuit (Figure 12). Concentrate product would be shipped to Trois Rivières, Québec for export. An up-stream processing option to convert the concentrate to lithium carbonate or lithium hydroxide in Québec is also under consideration.

Since the Galaxy-Orocobre merger, Allkem has completed additional resource drilling and progressed metallurgical test work and environmental and permitting studies. In May 2023, Allkem announced preliminary drilling results relating to a significant extension of the resource in a northwesterly direction. In August 2023, Allkem reported updated resource and reserve estimates for the project.

The June 2023 SK-1300 technical summary report supercedes the January 2022 feasibility study and information detailed in this report is based on the SK-1300 report and Allkem's September 2023 ASX/TSX release.

### Location

The project is located in northern Québec in the Nord-du-Québec administrative region, approximately 10km south of the Eastmain River and 130km east of James Bay and the Cree Nation of Eastmain community and approximately 382km north of Matagami. (Figure 3). The property is located on Category III lands of the James Bay and Northern Québec Agreement ("JBNQA") which permit mineral extraction and processing.

An all-weather paved road (the Billy Diamond Highway) from Matagami provides year-round access to the site. A major truck stop, Relais Routier Km 381, is located in close proximity to the property and provides accommodation, food, fuel and other services for exploration activities. Matagami is an established community that can provide additional services and support to industrial and mining activities in the James Bay region.

### Tenements

Mining claims in Québec are map staked based on geographic coordinates in the NAD 83 datum UTM system. Claims can be held indefinitely subject to meeting annual work requirements and paying an annual filing fee, both based on area. Prior to undertaking any mining activities, the area subject to the mine activity must be registered as a Mining Lease. Mining leases have a term of 21 years and are renewable for subsequent 21-year periods dependent on the mine life.

The James Bay project comprises two packages of mining titles, a main block of 216 contiguous claims and a separate, smaller block of eight claims located in NTS map sheet 33C/03, covering an area of approximately 11,130ha (Figure 11). Allkem advises that all claims are in good standing as at August 2023, and that these claims will expire between June 2024 and November 2025; the claims can be renewed for an additional two years. Table 5.33 provides details on the claims incorporating the current known deposit mineralisation.

The James Bay project comprises two packages of mining titles, a main block of 216 contiguous claims and a separate, smaller block of eight claims (Table 5.35) located in NTS map sheet 33C/03, covering an area of approximately 11,130ha (Figure 11). Allkem advises that all claims are in good standing as at August 2023, and that these claims will expire between June 2024 and November 2025; the claims can be renewed for an additional two years.

The tenements are registered under either Galaxy Lithium (Canada) Inc. (GLCI), Galaxy Lithium (Ontario) Inc. (GLOI) or Select Lithium Corp. ("SLC"). The 131 claims registered under SLC and acquired by GLCI in May 2023, located to the north and south of the project, are currently being transferred to GLCI.

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Allkem plans to make application for a mining lease under the Mining Act for the operation of a mine and processing plant with a throughput capacity of approximately 2Mtpa. This application will be submitted to Québec's Ministère de l'Énergie et des Ressources Naturelles ("MERN") upon receipt of approval of the Environmental and Social Impact Assessment ("ESIA") by the COMEX. Comex approval is anticipated before year end 2023.

**Table 5.33**  
**James Bay Lithium Project Tenements held by Allkem**  
**(Includes only Tenements covering Known Mineralisation)**

Title No	Status	Registration Date	Expiry Date	Area (Ha)	Registered To
2126850	Active	04/10/2007	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2126851	Active	04/10/2007	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2126852	Active	04/10/2007	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2126857	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126858	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126859	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126860	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126861	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126862	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126863	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126864	Active	04/10/2007	12/06/2022	52.77	GLCI (51%) / GLOI (49%)
2126868	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126869	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126870	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126871	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126872	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126873	Active	04/10/2007	12/06/2022	52.76	GLCI (51%) / GLOI (49%)
2126986	Active	04/10/2007	12/06/2022	49.98	GLCI (51%) / GLOI (49%)
2126988	Active	04/10/2007	12/06/2022	45.88	GLCI (51%) / GLOI (49%)
2126989	Active	04/10/2007	12/06/2022	47.39	GLCI (51%) / GLOI (49%)
2126990	Active	04/10/2007	12/06/2022	51.91	GLCI (51%) / GLOI (49%)
2183503	Active	16/06/2009	12/06/2022	22.41	GLCI (51%) / GLOI (49%)
2183504	Active	16/06/2009	12/06/2022	3.55	GLCI (51%) / GLOI (49%)
2183505	Active	16/06/2009	12/06/2022	18.51	GLCI (51%) / GLOI (49%)
2183506	Active	16/06/2009	12/06/2022	36.08	GLCI (51%) / GLOI (49%)
2183507	Active	16/06/2009	12/06/2022	0.33	GLCI (51%) / GLOI (49%)
2183508	Active	16/06/2009	12/06/2022	27.53	GLCI (51%) / GLOI (49%)
2192842	Active	16/06/2009	12/06/2022	1.83	GLCI (51%) / GLOI (49%)
2238478	Active	21/06/2010	20/06/2023	5.75	GLCI (51%) / GLOI (49%)
2238480	Active	21/06/2010	20/06/2023	7.54	GLCI (51%) / GLOI (49%)
2298179	Active	21/06/2011	12/06/2022	52.79	GLCI (51%) / GLOI (49%)
2329090	Active	2012/02/10	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2329091	Active	2012/02/10	12/06/2022	2.8	GLCI (51%) / GLOI (49%)
2329092	Active	2012/02/10	12/06/2022	6.89	GLCI (51%) / GLOI (49%)
2329093	Active	2012/02/10	12/06/2022	0.85	GLCI (51%) / GLOI (49%)
2329094	Active	2012/02/10	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2329095	Active	2012/02/10	12/06/2022	52.78	GLCI (51%) / GLOI (49%)
2329096	Active	2012/02/10	12/06/2022	26.82	GLCI (51%) / GLOI (49%)
2329097	Active	2012/02/10	12/06/2022	43.41	GLCI (51%) / GLOI (49%)
2329098	Active	2012/02/10	12/06/2022	47.03	GLCI (51%) / GLOI (49%)
2329099	Active	2012/02/10	12/06/2022	34.26	GLCI (51%) / GLOI (49%)
2329100	Active	2012/02/10	12/06/2022	16.68	GLCI (51%) / GLOI (49%)
2329101	Active	2012/02/10	12/06/2022	24.9	GLCI (51%) / GLOI (49%)
2329102	Active	2012/02/10	12/06/2022	5.37	GLCI (51%) / GLOI (49%)
2401856	Active	18/03/2014	17/03/2023	52.79	GLCI (51%) / GLOI (49%)
2401857	Active	18/03/2014	17/03/2023	52.79	GLCI (51%) / GLOI (49%)
2401858	Active	18/03/2014	17/03/2023	52.79	GLCI (51%) / GLOI (49%)
2401859	Active	18/03/2014	17/03/2023	52.79	GLCI (51%) / GLOI (49%)
2402100	Active	27/03/2014	26/03/2023	52.79	GLCI (51%) / GLOI (49%)
2437961	Active	14/03/2016	13/03/2023	52.78	GLCI (100%)
2437962	Active	14/03/2016	13/03/2023	52.78	GLCI (100%)
2437963	Active	14/03/2016	13/03/2023	52.78	GLCI (100%)
2437964	Active	14/03/2016	13/03/2023	52.78	GLCI (100%)

The James Bay property is subject to two royalties:

- A 0.5% NSR royalty held by Ridgeline Royalties on production from Claims 2238478, 2238480, 2329097, 2329098, 2329100 and 2329101 (the royalty covers 11 claims in total, the remainder being outside the mineralised area)

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- A 1.50% NSR royalty held by Lithium Royalty Corp. on production from Claims 2126860 and 2126988; the royalty covers 23 claims in total, the remainder being outside the mineralised area; Allkem has the right to buy back 0.5% of the NSR for C\$0.5M.

Minimum exploration expenditures are required to be spent on an annual basis to maintain the claims. Expenditure requirements vary between C\$135 in the first and second year of the claims up to C\$2,500 for claims in the sixth renewal year and beyond. Total exploration requirements for the project are currently C\$132,180.

An annual rental fee is also charged depending on the size of the claim. The rental fee varies between C\$37.50 to C\$170.00. Total current claim rental fees are approximately C\$36,000 per annum.

### Geology and Mineralisation

The James Bay lithium project is located in the northeastern part of the Superior Province within the Lower Eastmain Group of the Eastmain greenstone belt, which consists predominately of amphibolite grade mafic to felsic metavolcanic rocks, metasedimentary rocks and minor gabbroic intrusions. The property is underlain by the Auclair Formation comprised mainly of paragneiss of probable sedimentary origin, which surrounds the pegmatite dykes to the northwest and southeast. Volcanic rocks of the Komo Formation occur to the north of the pegmatite dykes. The greenstone rocks are surrounded by Mesozonal to Catazonal migmatite and gneiss.

Pegmatites on the property are found mostly as irregular dykes or lenses with maximum widths of around 60m and lengths up to 200m. The pegmatites crosscut the country rock foliation at a high angle on both a local and regional scale. The pegmatite dykes strike mainly N20°E and dip 60° to the west (Figure 12), but the strike may vary from northeast to northwest. The pegmatites are located in a discontinuous deformation corridor approximately 5km long by 300m wide trending in a northwest-southeast direction. The pegmatites form small hills reaching up to 30m above the surrounding ground.

The pegmatites are oriented generally parallel to each other and are separated by barren host rock of sedimentary origin, metamorphosed to amphibolite facies. A total of 67 dykes have been identified on the James Bay project with individual dykes varying in length from 200-400m and extending to depths of up to 500m (Figure 12); the deposit is open at depth and along strike to both the NW and extending east of the Billy Diamond highway and therefore potential exists to delineate additional pegmatite bodies with future exploration and drilling (Figure 11).

The pegmatites are of the Lithium-Caesium-Tantalum (LCT) family of the albite-spodumene type according to the classification of Černý. Spodumene is the primary lithium-bearing mineral found in the James Bay deposit. Spodumene crystals are generally perpendicular to the dyke trend (long axis). Spodumene is present as generally coarse grained, white to greenish prismatic and striated crystals varying from a few millimetres to over 1m in length but mostly in the range 10-80mm. The size of the spodumene crystals is generally conducive to gravity concentration processes such as Dense Media Separation (DMS). Alteration of the spodumene results in sericite formation on the surface, with progressive colour changes to brown from increasing iron oxides on the surface. Spodumene can also alter to Li-bearing mica in platy aggregate pseudomorphs after spodumene. Trace amounts of lithium-bearing minerals, lepidolite and zinnwaldite have been noted in the deposit.

Microprobe analysis of spodumene crystals from the James Bay project indicates the spodumene has the following formula  $(Li_{0.99}Na_{0.01})AlSi_2O_6$  with an iron content of 0.96% (total  $Fe_2O_3$ ). Major minerals associated with the pegmatite, in decreasing order of abundance are reported as: perthitic feldspar, spodumene (25%), quartz, muscovite, apatite, beryl, iron oxides, ilmenite, serpentine, tourmaline, tantalum-niobium oxides, and ferri-sicklerite or lithiophilite  $(Li(Mn,Fe)PO_4)$ .

### Geological Data

The James Bay database used for the 2023 Mineral Resource estimate consists of historical data collected by Lithium One and Galaxy during the period 2008-2017 and more recent resource drilling data collected by Allkem in 2022-2023.

The earlier data consists of 102 diamond drill holes (DD) totalling approximately 13,500m drilled by Lithium One in 2008-2009, 53 surface channel samples totalling 810m collected by Lithium One in 2009-2010, and 157 DD holes totalling approximately 13,300m drilled by GLCI in 2017 as infill and extensional resource drill holes. GLCI also completed metallurgical and geotechnical drilling in 2017-2018, consisting of 102 DD holes totalling 10,900m.

Allkem completed 231 DD holes totalling 43,600m during the winter periods 2021-2022 and 2022-2023; this drilling included sterilisation drilling and resource infill over the Main Deposit and extensional drilling. The extensional drilling was concentrated in the northwest of the deposit (referred to by Allkem as the NW Sector or NW Extension as distinct from the Main Deposit) where 80 x 80m spaced drilling delineated an extension of

pegmatite-bearing mineralisation over a length of 700m and width of approximately 200m (Figure 11). The NW Sector was located under 5-15m of glacial till cover.

Drill holes were drilled NQ size (except metallurgical holes which were drilled HQ size) and holes were mainly inclined to the southeast to intersect the mineralisation normal to the dip direction of the pegmatite bodies. Drill spacing typically ranges from 40-60m and hole depths ranged from 50-300m with the occasional deep exploration hole drilled to 500m. All drill holes were surveyed using downhole survey equipment; drill collars were surveyed by hand-held GPS and later checked by real-time kinematic survey ("RTK"). Geological interpretation and resource modelling was carried out on 25-50m spaced cross sections.

Drilling, geological logging, sampling, analytical, QA/QC and data management procedures adopted previously by Lithium One and Galaxy generally have met industry standards. Drill holes were generally sampled at 1.5m intervals and analysis of samples was carried out using either a four-acid digest with inductively coupled plasma atomic emission spectroscopy ("ICP-AES") finish or by sodium peroxide fusion. Review of procedures and drill data by Galaxy after the acquisition of Lithium One and subsequently by Allkem after the Galaxy-Orocobre merger did not indicate any material issues. In 2021, GMS carried out an independent, detailed review of the database and the 2017 MRE prior to undertaking the Ore Reserve estimation and NI 43-101 Feasibility Study in 2022

The data base was further reviewed by SLR Consulting in support of the 2023 SK-1300 technical summary report, incorporating the results of the 2022/23 drill programme. SLR confirmed that the data base was reliable and suitable for use in estimation of Mineral Resources and Ore Reserves.

BDA considers the James Bay geological database provides a suitable basis for resource and reserve estimation.

#### Mineral Resources

A Mineral Resource estimate for the James Bay Project was prepared by SLR Consulting (Canada) Limited ("SLR") in August 2023. The resource estimate data base includes 602 drill holes for a total of 103,288m. After removal of metallurgical and geotechnical holes, the resource data base incorporated 22,925 assays for 25,686m. In addition, 557 assays from 798m of channel samples were used in the resource estimate data base.

Drill hole data was imported into Leap Geo and the data validated. In total, 67 dykes were modelled. A 3D model of the pegmatites using Leapfrog Geo software was developed based on drill data, with the pegmatites modelled from logged pegmatite intervals rather than assay data. Overburden was modelled based on logged drill intervals and mapped outcrops and clipped to a topographic surface created from a LIDAR survey completed by Galaxy.

Resources were estimated using Ordinary Kriging and a block model size of 3mE x 5mN x 5mRL, with sub-cells of 0.75m x 1.25m x 1.25m resolution to honour the geometry of the modelled pegmatite dykes. The block model was rotated to the east about the Z axis to align with the general strike of the pegmatite dykes. Variography was undertaken to assess the Li<sub>2</sub>O grade continuity using uncapped 1.5m assay composites. Each pegmatite body was treated as a separate domain using hard boundaries for grade estimation by Ordinary Kriging. Blocks outside the pegmatite bodies were assigned a zero Li<sub>2</sub>O grade. Block values were estimated in four interpolation passes. The completed resource block model was validated statistically, visually by swath plots and comparison of alternative interpolation methods (ID<sup>2</sup> and Nearest Neighbour (NN)) and was considered by SLR to be a good representation of the input data.

Bulk density was modelled using a regression formula based on the relationship between the Li<sub>2</sub>O grades and the density values from 128 pegmatite samples.

The Mineral Resources at the James Bay project are classified as Indicated and Inferred resources in accordance with CIM 2019 and JORC 2012 guidelines, based on drill hole spacing, geological and grade continuity and the average distance of composites to a given block. Block classification was manually adjusted to ensure coherent, contiguous areas for each resource category. Indicated resources are located in areas of 50 x 50m drill hole spacing and Inferred resources in areas with 80 x 80m drill hole spacing.

To address the aspect of "*Reasonable Prospects of Eventual Economic Extraction*" as specified in the CIM and JORC codes, the James Bay Mineral Resources were reported within a conceptual optimised pit shell, assuming open pit mining operations and based on a cut-off grade of 0.5% Li<sub>2</sub>O, a spodumene concentrate price of US\$1,500/t (5.6% Li<sub>2</sub>O basis), and a C\$:US\$ exchange rate of 1.33. The Whittle pit optimisation shell was constrained using the following assumptions: mining costs of C\$4.82/t ore, processing costs of C\$13.23/t ore, G&A, Closure, Sustaining Capex, Owners Costs and Impact and Benefit Agreement payments of C\$20.69/t. A metallurgical recovery of 70.1% was assumed, with transport costs of US\$86.16/t concentrate. An effective NSR rate of 0.32% was used, based the relative amount of ore mined from affected claims.

SLR calculated a breakeven cut-off grade of 0.16% Li<sub>2</sub>O; the cut off applied to the resource block model within the optimised pit shell was increased to 0.5% Li<sub>2</sub>O, as an indirect method to make some allowance for low grade

ore loss and dilution during mining and also to acknowledge the current lack of metallurgical recovery data for low grade mineralisation.

The Mineral Resources are summarised in Table 5.34.

**Table 5.34**  
**James Bay Mineral Resources – June 2023**

Resource	Category	Tonnage Mt	Lithium Grade Li <sub>2</sub> O%	Contained Metal Li <sub>2</sub> O kt
<b>Main Deposit</b>	Indicated	54.3	1.30	706
	Inferred	25.3	1.15	290
	<i>Subtotal</i>	<i>79.6</i>	<i>1.25</i>	<i>996</i>
<b>NW Sector</b>	Inferred	30.7	1.42	434
<b>Total Resource</b>	Indicated	54.3	1.30	706
	Inferred	55.9	1.29	724
<b>Total</b>	<b>All</b>	<b>110.2</b>	<b>1.30</b>	<b>1,430</b>

*Note: resource estimate by SLR Consulting (Canada) Limited in 2023; cut-off grade 0.5% Li<sub>2</sub>O; resources reported within an optimised pit shell using a spodumene concentrate price of US\$1,500/t (6% Li<sub>2</sub>O basis); totals are subject to rounding; resource classifications are reported using JORC 2012 definitions*

BDA has reviewed the estimation methodology and the supporting data and considers the resource estimation provides an acceptable global estimate of the James Bay lithium oxide resource. The reporting of the MRE is considered to be compliant with both the JORC and CIM reporting codes and the requirements of SK-1300.

#### Ore Reserves

The current Ore Reserves for the James Bay project were estimated by SLR Consulting and are based on the 2023 resource block model. The mineral reserve estimate is current as of 30 June 2023.

Reserves are estimated at a cut-off grade of 0.62% Li<sub>2</sub>O within a pit design based on a Whittle optimised pit shell and using a benchmark 6% Li<sub>2</sub>O spodumene concentrate price of US\$1,500/t. The Whittle pit shell was constrained by the open pit footprint defined in the January 2022 Feasibility Study based on existing infrastructure constraints and the pit limits defined in the project permits. The defined Probable reserves are based on Indicated Resources. The estimated reserves are sufficient for a mine life of approximately 19 years at the planned production rate of 2Mtpa ore and are summarised in Table 5.35.

**Table 5.35**  
**James Bay Ore Reserves - June 2023**

Reserve	Category	Tonnage Mt	Lithium Grade Li <sub>2</sub> O%	Contained Metal Li <sub>2</sub> O kt
In-situ	Probable	37.3	1.27	474
<b>Total Reserve</b>	<b>Probable</b>	<b>37.3</b>	<b>1.27</b>	<b>474</b>

*Note: reserve estimate by SLR Consulting, June 2023; cut-off grade 0.62% Li<sub>2</sub>O; reserves estimated using a spodumene concentrate price of US\$1500/t (6% Li<sub>2</sub>O basis), exchange rate of C\$/US\$ of 1.33, minimum mining width of 5m, average dilution of 8.7%, metallurgical recovery of 68.9%, average strip ratio of 3.6:1, density of 2.7t/m<sup>3</sup>*

The reserve estimation used a regularised resource block model developed in Deswik with selective mining unit (SMU) blocks of 5mE x 3mN x 5mRL. The Whittle optimisation analysis was run to generate an optimum pit shell which formed the basis for the final pit design. Modifying factors including mining and processing costs, metallurgical recovery, pit slope design parameters and mining ore loss and dilution.

Dilution of approximately 9% applied to the reserve estimation was derived from a combination of dilution resulting from the block regularisation process and an assumed mining dilution based on a 0.75m thick skin along the ore-waste contacts of the pegmatite bodies. BDA considers that mining dilution at James Bay is likely to be higher than estimated and suggests additional analysis of the impact of mining dilution on recoverable ore and ore grade.

#### Additional Resource/Reserve Potential

The NW Sector remains open to the northwest and at depth, and there are also indications of an extension of the pegmatite resource to the east of the Main Deposit, however any development in this area may be precluded by the Billy Diamond Highway and the presence of the Relais Routier Km 381 truck stop.

Deeper drilling may outline mineralised extensions of the known pegmatite zones potentially amenable to underground development and warrants future study.

### Mining

The current mine plan of operations is based on the January 2022 feasibility study and assumes mining activity is confined to the pit outline as detailed in the 2022 feasibility study and as shown in Figure 11.

The pegmatite deposit will be mined by conventional open pit methods. All material, excluding overburden, will require drilling and blasting and will be removed using mining excavators and haul trucks.

The slope angles used in the pit design were based on results of geotechnical investigation and laboratory results that were analysed as listed below:

- nominal face height of 20m (double benched 10m-high benches)
- bench face angle of 75° for in-situ rock material
- berm widths of 9m
- overall slope angle of 48°.

The preliminary pit design extends approximately 2km NW/SE along the trend of the pegmatite mineralisation and has an average width of 500m. The pit design is divided into three principal areas designated JB1, JB2 and JB3, each of which is sub-divided into several stages to optimise strip ratios and ore grade. JB2 is the deepest portion of the pit at 250m; depth for JB1 is 150m and for JB3 approximately 140m.

The open pit is planned to be sequenced and scheduled to enable a smooth transition of lower waste stripping during the initial years with a gradual increase later in the mine life. Overburden and topsoil material will be trucked to the overburden stockpile, waste rock will be hauled to one of four planned Waste Rock Tailings Storage Facilities ("WRTSF") and ROM feed material will be hauled to the ROM pad, located to the northeast of the pit. Waste rock and tailings are planned to be co-disposed using a dry stack method with 10m benches, face slope of 2H:1V and 12m berms; no separate tailings dam is planned. Overburden and peat will be stored in a separate overburden and peat storage facility ("OPSF"). BDA notes that the current siting of some of the WRTSF dumps may interfere with potential expansion of mining operations to the NW area of the deposit; repositioning of the dumps may require changes to the current ESIA permit conditions.

Grade control is proposed using blast hole drilling; mining direction will be optimised to expose clean pegmatite faces and minimise dilution.

During Year -1 (pre-production period) all mineralised material generated will be stockpiled and rehandled during production years. Pre-production years prioritise waste material to prepare for ore mining in production years to reduce rehandling. Site preparation including logging, clearing, grubbing and peat/topsoil removal will occur during the construction phase, well in advance of the concentrator commissioning, with adequate areas cleared to support five years of production.

Surface mining equipment requirements are based on mining 10m benches. Conventional excavator and truck fleet will be sized to meet the planned tonnage requirements to feed the concentrator at 2Mtpa. Haul trucks are required to transport tailings from the plant to the proposed waste rock and filtered tailings stockpile area. A 40t articulated truck (or similar) is planned to be used to load the tailings from the hopper at the plant.

The personnel requirements are based on two rosters: four days on/three days off for the senior staff positions and local community members, and 14 days on/14 days off for the rest of the workforce. It is envisaged that the workforce will consist of four crews, two on-site and two off-site to accommodate a two-week Fly-In, Fly-Out ("FIFO") rotation. Each on-site crew will be assigned to work the night or day shift.

The mine workforce peaks at 167 individuals in Year 7.

### Processing

#### *Processing Testwork*

Processing of the James Bay material was tested by Galaxy using the Perth based laboratory, Nagrom Inc., and Canadian based laboratory, SGS Canada. These testwork programmes were conducted in 2011 and 2018. The objective of the testwork was to develop a process flowsheet that would result in a spodumene concentrate with a grade of around 6.0% Li<sub>2</sub>O and less than 1.0% Fe<sub>2</sub>O<sub>3</sub>. The basis of the testwork approach was to utilise DMS techniques similar to those being used at Mt Cattlin. The SGS results indicated that a recovery of 75% at a grade of 6.5% Li<sub>2</sub>O could be achieved. The Nagrom testwork used different crush sizings and achieved 57.6% recovery for the coarse DMS and 87.5% recovery for the fines DMS but a grade of 6.0% Li<sub>2</sub>O was not reached. By reducing the crush size to 4mm a grade of 6% Li<sub>2</sub>O was attained.

A second phase Nagrom study was commissioned and a recovery of 85.8% was achieved for an "Early Years" composite at a grade of 6% Li<sub>2</sub>O. A "Mid-Years" composite was tested with lower results of 79.9% recovery to a

5.9% Li<sub>2</sub>O product. Allkem has applied its Mt Cattlin experience to downgrade the likely actual performance to 66.5% recovery and 6.0% Li<sub>2</sub>O for the early years and 61.9% recovery and 5.9% Li<sub>2</sub>O for the mid-years. Allkem has stated that the basis of the plant design and flowsheet will be a targeted 6.0% Li<sub>2</sub>O concentrate; recoveries have been downgraded by factors of 0.85 for the early years and 0.82 for the mid-years.

Recent market improvements have prompted Allkem to revise the economic analysis parameters to allow for a product grade of 5.6% Li<sub>2</sub>O, which is now considered readily saleable, thereby improving recovery to 72.5% and 68.3% for the early and mid-years respectively.

#### *Process Plant Design*

The James Bay processing plant flowsheet (Figure 12) will be similar to the Mt Cattlin plant in Australia. The planned production rate is 5,480 tonnes per day, or 2Mtpa of ore feed.

A three-stage crushing plant will reduce the ROM material to less than 15 mm (-15mm). This crushed material will be stockpiled in a covered crushed ore storage area. Using vibrating feeders and a conveyor system the crushed ore is then screened to remove any -1mm material which will be discharged as waste. This screening will also separate +4mm material to be sent to the coarse DMS circuit with the -4mm + 1mm material sent to a fines DMS circuit. The DMS hydrocyclone overflows or "floats" comprise reject material and are washed of residual dense media FeSi and then sent to the rejects storage. The underflows or "sinks" are further processed to recover the spodumene. After screen removal of the FeSi to recycle, two concentrate products are produced: coarse (-15mm + 4mm) and fine (-4mm + 1mm).

The coarse material is retreated in a secondary DMS hydrocyclone circuit to improve Li<sub>2</sub>O grades. The sinks from the coarse secondary circuit are sent to final product while the floats are crushed and after removal of the -1mm reject material are treated in a re-crush DMS circuit. An additional fines treatment DMS circuit processes the sinks from the primary fines DMS circuit. Additional test work and value engineering is required to determine if a tantalite recovery circuit should be installed as part of the process design.

#### **Infrastructure**

All year access to the James Bay project site is good via the Billy Diamond Highway which crosses the tenements and starts in Matagami 382km to the south (Figure 3). Matagami is a regional centre for mining services in northern Québec. Sealed roads extend to Eastmain, 130km west of the project site. Eastmain has a Transport Canada regulated Cree Nation operated airport with a scheduled service to Montreal. The airport currently has the capability of handling aircraft up to Dash 8-100 (37 passenger size).

Located on the Billy Diamond Highway is the Relais Routier Km 381 truck stop, which is a major truck stop equipped with fuel services, restaurant, accommodation, electricity and communications. It currently provides a base of operations for project staff. The truck stop is owned and operated by SDBJ.

High voltage power lines from the James Bay hydroelectric power project pass close to the project. A connection to the 69kV line operated by Hydro Québec at a point approximately 10km south of the project is planned.

Development of the James Bay project will require new construction and upgrades in existing infrastructure related to the process plant, accommodation, administrative buildings, workshops, fuel storage, water supply, waste-water treatment, electrical power, spodumene concentrate storage and load facilities, air transport facilities and communications. Improvements to air services are subject to negotiation with Transport Canada and the Cree Nation of Eastmain, while other infrastructure will require negotiation and approval with Hydro Québec and other Québec government agencies and ministries and the Cree Nation. It is not anticipated that such negotiations would present significant obstacles to advancing the project to production.

#### **Environmental Regulations and Permitting**

The proposed James Bay open pit mine will include onsite crushing and concentration of spodumene. A Feasibility Study was released in January 2022 and an update to that report was released in August 2023 as an SEC Technical Report Summary.

An Environmental and Social Impact Assessment (ESIA) was submitted to the federal and provincial authorities in October 2018. Galaxy addressed information requests and clarifications received from the authorities and engagement and released a final ESIA report in January 2022 regarding Galaxy's development plans and project schedule. Canadian government approval of the ESIA and the project was received on 13 January 2023.

Consultations with Indigenous groups in the area are on-going. An Industrial Benefits Agreement (IBA) has been negotiated for the exploration phase of the project and negotiations for an enhanced agreement for development and operation of the project are well advanced. It is anticipated the final IBA will involve requirements for local

labour participation, local service provisions and periodic financial payments based on production tonnage and revenues.

The ESIA has been submitted to COMEX, the Québec government-Cree Nation authority responsible for final environmental approval for mining projects. This approval is anticipated before year end 2023. Following ESIA approval from Québec provincial regulators, additional ancillary construction and operation permits from provincial authorities will be required prior to construction. The current timeline to commence construction is early 2024.

The project will be subject to receipt of numerous specific permits both prior to and during construction. These permits are anticipated to be received in the normal course of project development. A considerable number of preliminary permits have been received but not activated, pending formal receipt of COMEX approval.

#### Rehabilitation

Allkem has included a provision of US\$36.2M in respect of the restoration of the planned James Bay operations site from Q1 2040 to Q2 2042. BDA notes that the August 2023 SEC Technical Report Summary includes a provision of C\$125M, and BDA recommends that the Kroll financial model should incorporate this amount in the valuation.

A provision of approximately US\$1.0M has also been recognised by Allkem in respect of the restoration of a tailings site at a former Lithium One Inc. mining site in Canada. This amount reflects remaining costs for rehabilitation of the site.

#### Community Engagement, Indigenous Relations and Cultural Heritage

The Cree Nation community of Eastmain located 130km west of the project site is the nearest major community to the site. Allkem reports a strong working relationship with the Cree Nation of Eastmain and conducts regular engagement and consultation. Allkem reports that it continues to work closely with the Cree Nation through the Environmental and Social Impact Assessment process.

In March 2019, a Preliminary Development Agreement (“PDA”) was signed with the Cree Nation of Eastmain, Grand Council of the Cree and Cree Nation Government. The PDA will be replaced by an Impact and Benefit Agreement (“IBA”) before construction is initiated. The project is expected to create approximately 300 full-time positions in the Eeyou Istchee/James Bay region.

#### Life of Mine Plan

The project basis of design is for 2.0Mt of ore feed annually. The LOM schedule covers approximately 19 years of production with 5.6Mt of overburden, 132.7Mt of waste rock and 37.3Mt of ROM feed material for a total of 174.5Mt of material mined. The average strip ratio for the LOM plan is 3.56:1.

Pit scheduling is based on three multi-stage cutbacks, phased to optimise the strip ratio and grade in the early years of mine life.

Table 5.36 summarises the Life of Mine plan as of June 2023.

Table 5.36

#### Life of Mine Plan – James Bay Lithium Project (as of June 2023)

Item	Yr -1	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	11-19	Total
<b>Mining</b>													
Waste (Mt)	1.5	5.5	5.0	5.2	5.8	6.0	6.2	8.3	8.1	7.7	7.9	65.4	132.7
Ore (Mt)	0.2	1.7	2.3	2.1	2.4	1.8	2.1	2.0	2.2	2.4	2.3	15.9	37.3
Total Tonnes (Mt)	1.7	7.2	7.2	7.3	8.2	7.8	8.2	10.2	10.3	10.1	10.2	81.3	170.0
<b>Grade % Li<sub>2</sub>O</b>													
<b>Processing</b>													
Process Tonnes (Mt)	-	1.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	18.0	37.3
Head Grade % Li <sub>2</sub> O	-	1.32	1.36	1.45	1.44	1.31	1.23	1.19	1.24	1.28	1.26	1.25	1.27
Contained Li <sub>2</sub> O (kt)	-	17.5	27.3	28.9	28.8	26.1	24.7	23.9	24.8	23.6	25.2	224.8	475.4
Recovery %	-	69.1	69.6	69.6	69.6	69.3	67.8	67.3	67.9	67.0	68.9	69.1	68.8
<b>Product</b>													
Concentrate (kt)	-	220	340	360	360	320	300	290	300	280	310	2774	5845
Conc Grade % Li <sub>2</sub> O	-	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Contained Li <sub>2</sub> O (kt)	-	12.1	19.0	20.1	20.0	18.1	16.7	16.0	16.9	15.8	17.3	155.1	327.3

Note: Source - SEC Technical Report Summary, August 2023

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### Capital Cost Estimates

Capital cost estimates are based on a three-stage crushing circuit and two-stage DMS circuit using conventional drill-blast-excavate-haul mining equipment at a ROM production rate of 2Mtpa and process plant feed rate of 5,500tpd. Capital costs have been estimated at an accuracy of  $\pm 15\%$  for both initial capital and sustaining capital requirements. An exchange rate of C\$1.33:US\$ has been used in the estimates. Cost estimates for major mining and processing equipment were obtained from supplier quotations, with factor analysis used for installation and estimation of electrical, instrumentation and other costs. Costs for prefabricated buildings were based on quotes from vendors, with costs for other structures based on material take-offs. Earthworks costs were estimated based on designs and material take-offs provided by Golder Associates. Construction labour rates and productivity factors were based on current union agreements, type of work and experience in northern Québec. A contingency factor of 6.2% of estimated total initial capital costs was estimated using a Monte Carlo simulation. Cost estimates are current as of Q3 2023 and are estimated in Canadian dollars. Some infrastructure costs such as electrical power and upgrades to the Eastmain airport were provided by third parties.

Deferred capital costs totalling C\$119.6M have been estimated for construction of additional water and water management facilities, tailings storage foundations, peat storage and overburden stockpiles, aggregate plant, additional mining equipment and associated construction indirects. These deferred costs occur in Years 1-5 of the project life.

Sustaining capital costs primarily relate to mining equipment replacement and major plant component replacement. Sustaining capital requirements over the project life are estimated at C\$124.9M.

BDA has reviewed the cost estimates and considers them to be reasonable based on currently available information. Tables 5.37-5.38 summarise the estimated capital and deferred costs.

**Table 5.37**

#### James Bay Lithium Project Initial Capital Cost Estimate – June 2023

Cost Centre	C\$M
Infrastructure and General Site	64.80
Power and Electrical	60.50
Water	36.35
Surface Operations	11.15
Mining Open Pit	43.12
Process Plant	112.71
Construction Indirects	97.90
General Services	45.46
Pre-Production, Start-Up, Commissioning	6.79
Contingency	29.79
<i>Total Initial Capital</i>	<i>508.67</i>
Pre-Production Costs	39.26
<b>Total Capital</b>	<b>547.93</b>

**Table 5.38**

#### James Bay Lithium Project Deferred Capital Cost Estimate (C\$M) – June 2023

Cost Centre	Years 1-5
Post Commissioning Repair/Refurbishment	33.0
General Site	5.05
Electrical Distribution	1.07
Water Ponds and Water Management	8.15
Effluent Treatment	22.0
Waste Rock and Tailings Storage Facility	34.77
Site Prep. and Earthworks	10.90
Miscellaneous	4.70
<b>Total Deferred Capex</b>	<b>119.64</b>

BDA notes that deferred and sustaining capital costs reported in the August 2023 SK-1300 technical summary report are considerably higher than the costs estimated in the Allkem financial model. BDA recommends use of the higher costs assessed in the SK-1300 report for valuation purposes. These adjusted costs have been provided to Kroll.

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### Operating Cost Estimates

Operating costs estimates have been developed in the August 2023 SEC Technical Report Summary to an accuracy of  $\pm 15\%$ . Operating cost estimates include mining, processing, G&A, royalties, product transport, any Industrial Benefit Agreement with the Cree Nation and closure costs. Transport costs assume delivery of concentrate to Trois-Rivières, Québec. Life of Mine operating costs on a C\$/t ROM ore basis are estimated as:

Mining	C\$26.00/t ore
Processing	C\$18.10/t ore
G&A, Royalties, IBA & closure	C\$37.30/t ore
Concentrate Transport	C\$22.60/t ore
<i>Total Costs/t ROM Ore</i>	<i>C\$104/t ore</i>
<i>Total Costs/t Concentrate</i>	<i>C\$663/t concentrate</i>

Life of Mine operating costs are estimated at C\$104/t of ROM ore, equivalent to C\$663/t of dry concentrate (US\$499/t).

### Expansion Plan

There is potential for expansion of the project based on the updated 2023 resource estimate with extension of the pit in the NW Sector. The Allkem financial model assumes an expansion of the James Bay project approximately 3.5 years after initial project start up to approximately double production, with further possible expansion in later years to approximately 6Mtpa ore feed. While such increases in production may be possible given the significant increase in resources announced in August 2023, the proposed expansions would require amendments to the currently permitted mine plan. BDA has suggested to Kroll that any project expansion in the financial model be deferred until at least five years from initial project start given time requirements for the necessary studies and consultation with Indigenous groups and government.

There may also be potential for underground development at depth, but no studies have been conducted to date as to any future underground mining potential.

There may be potential for recovery of the tantalum mineralisation associated with the pegmatite, but to date information on the tantalum distribution and grade is limited.

### Valuation Assumptions

Allkem has developed a discounted cashflow model for the James Bay project. BDA has reviewed the revenue and cost assumptions underlying the discounted cashflow analysis and considers them to be generally reasonable and achievable, subject to the comments above. BDA has discussed with Kroll the relevant parameters and assumptions.

### 5.7 Naraha Lithium Hydroxide Project

#### Overview

Allkem has formed a joint venture with Toyota Tsusho Corporation (TTC) to develop a battery grade lithium hydroxide plant in Japan. Allkem has a 75% economic interest in the joint venture. The plant, the first of its kind to be built in Japan, is located in Naraha, near Fukushima (Figures 1 and 13), and is designed to convert 9,500tpa of technical grade ( $>99.0\% \text{Li}_2\text{CO}_3$ ) lithium carbonate feedstock, to be sourced from the Olaroz Stage 2 Expansion, into 10,000tpa of purified battery grade lithium hydroxide.

Veolia Water Technologies ("Veolia") was engaged as the contractor to engineer, procure and construct ("EPC") the plant.

Veolia conducted testwork using the Olaroz lithium carbonate product to prove up the processing technology. The plant has been commissioned, with the first commercial shipments in May 2023.

The estimated capital cost of the project was approximately US\$100M. The project came in essentially on budget and on time.

Sales of lithium hydroxide will be managed by TTC as exclusive sales agent under a similar joint marketing arrangement to that operating for lithium carbonate from Olaroz. Most of the production is expected to be delivered to the Japanese battery industry.

#### Processing

The lithium hydroxide production plant is a fully integrated chemical processing plant designed to convert the Olaroz lithium carbonates to battery grade lithium hydroxide monohydrate. Figure 13 shows a block diagram outlining the processing flowsheet.

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The carbonate product from Olaroz is mixed with water and a lime slurry in a reactor to precipitate calcium carbonate. This precipitate is removed from the Li-bearing liquor and is washed using a clarifier, thickener and filter with the calcium carbonate solids rejected and the liquors recycled.

The liquors are further clarified to remove the last of the precipitate and then processed in an ion exchange (IX) circuit. The IX circuit is designed to reduce the concentration of any residual Ca ions to less than 0.1ppm while also reducing the concentrations of barium, strontium, iron and zinc. A second IX stage reduces boron to <0.1ppm.

The resultant purified LiOH liquor is evaporated with the condensate recycled and the LiOH forwarded to a two-stage crystallisation step to produce the crystalline, battery grade LiOH. The final product is dried and packaged for market as a lithium hydroxide monohydrate.

#### Infrastructure

Infrastructure for the Naraha project including road access, power and water supply facilities, site buildings and workforce accommodation are being constructed as part of the project scope of works.

#### Environmental, Social and Approvals

The Naraha project has been commissioned and is in the ramp up stage to full production. All required permits and approvals are in place. The financial model includes a provision of US\$2.8M in respect of the rehabilitation of the Naraha plant in year 2061.

#### Production Plans

The Naraha production plan is based on the treatment of 9,500tpa of technical grade lithium carbonate to produce 10,000tpa of lithium hydroxide. An expansion programme, scheduled to start in 2024, will increase production to approximately 16,000tpa by the end of 2025. The estimated conversion efficiency is 91%. Table 5.39 summarises forecast production to 2032.

**Table 5.39**  
**Naraha Production Schedule 2023 to 2032**

Parameter	Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Physicals</b>											
LiCO <sub>3</sub> Feed	t	1,500	7,735	9,919	13,741	14,560	14,560	14,560	14,560	14,560	14,560
LiOH Product	t	1,650	8,500	10,900	15,100	16,000	16,000	16,000	16,000	16,000	16,000

Note: Conversion Efficiency is 91%

#### Capital Cost Estimates

Capital cost forecasts for the Naraha project for construction capital and sustaining capital are set out in Table 5.40 and have been estimated in US dollars.

**Table 5.40**  
**Naraha Capital Cost Forecasts**

Item		2023	2024	2025	2026	2027-2042	Total
Construction Capital	US\$M	4.4					4.4
Stage 2 Construction capital	US\$M		40	20			60.0
Sustaining Capital	US\$M	1.5	1.5	1.5	1.5	24.4	30.4
<b>Total</b>	<b>US\$M</b>	<b>5.9</b>	<b>41.5</b>	<b>21.5</b>	<b>1.5</b>	<b>22.4</b>	<b>94.8</b>

#### Operating Cost Estimates

No detailed operating cost estimates have been made available, however the financial model, "10.01.05 Ananconda Corporate Model (project TopovFFF)17/07/2023" provides a summary of costs as shown in Table 5.41.

The major operating cost item is the cost of the feedstock from Olaroz. Over the life of the project to 2062, lithium carbonate costs are estimated at US\$13,920/t, with conversion costs of US\$2,656/t for total costs of approximately US\$16,485/t. The projected life of project selling price for lithium hydroxide is US\$18,720/t; BDA notes that this price is substantially below current published forecast prices for lithium hydroxide.

**Table 5.41**  
**Naraha Operating Costs 2023 to 2032**

Parameter	Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Physicals</b>											
LiCO <sub>3</sub> Feed	t	1,500	7,735	9,919	13,741	14,560	14,560	14,560	14,560	14,560	14,560
LiOH Product	t	1,650	8,500	10,900	15,100	16,000	16,000	16,000	16,000	16,000	16,000
<b>Total Operating Cost</b>	US\$M	<b>69.1</b>	<b>353.3</b>	<b>242.9</b>	<b>303.7</b>	<b>320.5</b>	<b>250.9</b>	<b>250.9</b>	<b>250.9</b>	<b>250.9</b>	<b>250.9</b>
<b>Unit Costs/t LiOH</b>	US\$/t	<b>42,218</b>	<b>41,647</b>	<b>22,234</b>	<b>20,100</b>	<b>20,030</b>	<b>15,680</b>	<b>15,680</b>	<b>15,680</b>	<b>15,680</b>	<b>15,680</b>

Note: figures may include rounding errors

#### Expansion Plan

A 6,000tpa expansion programme is planned to start in 2024 and be complete by mid-2025, raising LiOH production capacity to 16,000tpa. No additional expansion beyond that is projected.

#### Valuation Assumptions

Allkem has developed a discounted cashflow model for the Naraha project. BDA has reviewed the revenue and cost assumptions underlying the discounted cashflow analysis and considers them to be generally reasonable and achievable. BDA has discussed with Kroll the relevant parameters and assumptions.

#### 5.8 Other Early-Stage Projects and Exploration Properties

##### Tenements and Approvals

Allkem holds tenement interests on Salar Guayatayoc and Salar Incahuasi as listed below:

- *Guayatayoc* - 21,276ha - Salar de Guayatayoc, Salta Province
- *Incahuasi* - 9,843ha - Salar Incahuasi, Salta Province

These properties are all early-stage exploration properties. All properties exhibit low lithium values and relatively high potassium values based on shallow pit samples.

##### Geology and Mineralisation

All of the salar properties are held as exploration projects. Mineralisation is in the form of potassium-enriched brines with relatively low lithium values.

##### Geological Data

Salar Guayatayoc is a potassium-rich salar located to the north of Salar Salinas Grandes; limited pit sampling on the tenements has returned lithium values up to 200ppm Li and 7,000ppm K.

Limited pit sampling on Salar Incahuasi has returned values up to 326ppm Li and 13,200ppm K. BDA notes that Ganfeng Lithium controls other tenements on Salar Incahuasi and could be considered a strategic buyer.

##### Mineral Resources

No resources have been declared on any of the properties.

##### Ore Reserves

No reserves have been defined for any of the projects.

##### Valuation Assumptions

These are all early-stage exploration properties with relatively limited exploration having been undertaken to date. Surface and pit sampling suggests relatively low lithium values. BDA considers the properties should be valued using exploration methods, with the most relevant measure being a \$/ha value. Based on recent comparable transactions appropriate values range from a low of US\$96/ha to a high of US\$3,500/ha. Valuation ranges are further discussed in Section 7.

## 6.0 LIVENT ASSETS

### 6.1 Overview and General Description

Livent Corporation is a Philadelphia-based, NYSE-listed, global producer of lithium carbonate, lithium hydroxide, lithium metal and lithium chemical specialty products. The company was established in 1944 as the Lithium Corporation of America, acquired by FMC Corporation ("FMC") in 1985 and in 2018 listed separately from FMC on the NYSE as Livent Corporation.

Livent's primary assets are the Fénix lithium brine project in Argentina, a 50% economic interest in the Nemaska lithium project in Québec, Canada; lithium chemical manufacturing facilities in USA, Argentina, UK, China and research and development facilities in Bessemer City in North Carolina (Figure 1).

The Fénix project in Argentina comprises the Salar del Hombre Muerto lithium brine operation (Figure 2) which has produced lithium carbonate since 1997 and an adjacent lithium carbonate production facility, currently being expanded to produce 40,000tpa of lithium carbonate. Livent also operates an associated lithium chloride crystal production facility located in Güemes, Argentina, near Salta (Figure 2). This facility processes concentrated lithium chloride brine sourced from the Fénix operations and produces crystalline lithium chloride; the plant has a nominal nameplate capacity of 9ktpa LiCl solids.

The Nemaska lithium project which is currently under development in Québec, Canada comprises the Whabouchi hard rock lithium mine located in the James Bay area and the Bécancour lithium hydroxide conversion facility located between Montreal and Québec City (Figure 3).

Livent's main lithium chemical and metal manufacturing operations are located in Bessemer City, North Carolina, USA (Figure 1 and 18). The Bessemer City facility produces lithium hydroxide, catalyst and battery grade lithium metal, butyllithium and a range of specialty lithium chemical derivatives, including pharmaceutical grade lithium carbonate. Source material for production comes from the Fénix project in Argentina. The Bessemer City facility has extensive laboratory facilities for product quality control, customer support and product research and development.

Livent operates the Zhangjiagang butyllithium production plant in China and has processing arrangements with two companies in China for conversion of lithium carbonate to lithium hydroxide at Rugao and Zhejiang, all within 50km of Shanghai. Livent also operates a butyllithium production facility in Bromborough, U.K (Figure 1).

### 6.2 Fénix Lithium Brine Project

#### Overview

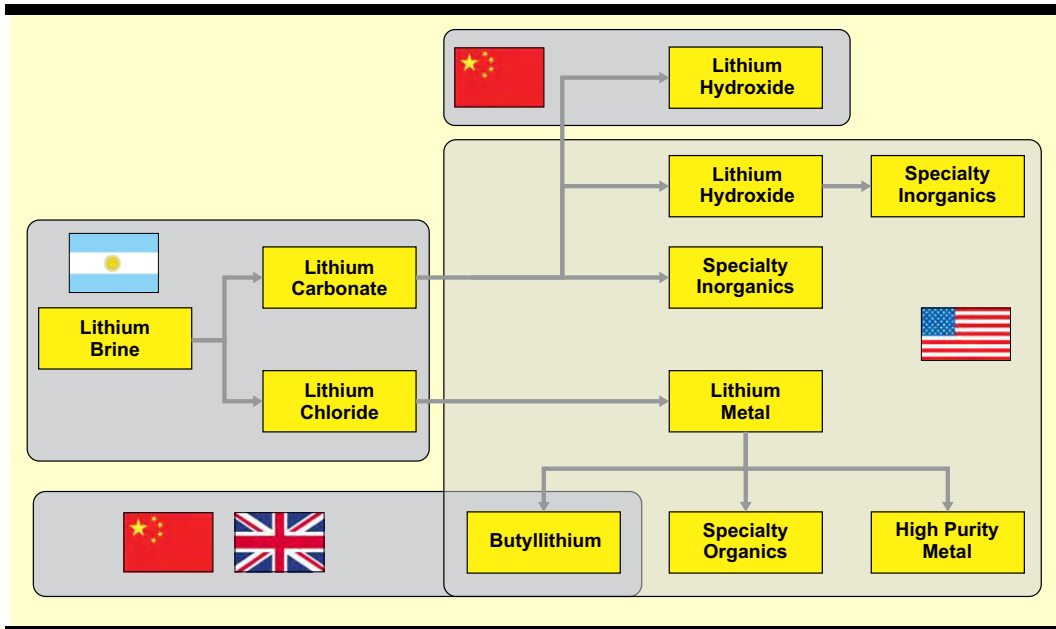
Livent's Fénix project is an integrated operation consisting of a brine pumping operation based on the southwestern side of the Salar del Hombre Muerto (SdHM) near the northern border of Catamarca province with Salta province in northwest Argentina, and an adjacent lithium carbonate production facility. The project is located in northwest Argentina in the northeastern portion of Catamarca Province on the border with Salta Province (Figures 2 and 14).

Livent conducts its Argentine operations through its operating subsidiary Minera del Altiplano S.A. ("MdA"). The Fénix project commenced lithium carbonate production in 1997 following five years of exploration and testwork which started in 1992. The Fénix operation was the first lithium production facility in Argentina.

SdHM is a hydrologically closed (endorheic) basin that evolved into a salt pan (salar) which covers an area of approximately 600km<sup>2</sup>. A bedrock saddle near the centre of SdHM separates the basin into western and eastern sub-basins, covering approximately 348km<sup>2</sup> and 240km<sup>2</sup> respectively. The Fénix project is located exclusively in the SdHM western basin. Allkem's Sal de Vida lithium brine project is located in the eastern sub-basin of SdHM.

MdA owns and operates the lithium brine production facilities and the related chemical processing plants which are collectively referred to as the Fénix project.

Extraction of lithium from the brine resource is achieved by pumping lithium-bearing brine from production wells directly into a Selective Adsorption (SA) plant, or from pre-concentration ponds to the SA plant (Figure 15). The SA plant uses treated fresh water and a proprietary adsorption process to selectively remove the lithium from the brine. The polished brine stream leaves the SA plant and is further concentrated to approximately 2.3% LiCl in solar evaporation ponds called finished salar brine ("FSB") ponds or processed directly to lithium carbonate. Highly concentrated brine (~6% LiCl) from the FSB ponds is sent offsite to the Güemes plant located just south of Salta (Figure 3) where it is further processed to produce high-purity lithium chloride. A mixture of freshwater and spent brine (ie. Li-free brine) from the SA process is sent to an artificial lagoon where it evaporates or infiltrates back into the salar.



**Livent**

*Livent Projects*

Figure 18

**LITHIUM PRODUCTION FOOTPRINT**

BDA - 219 (02 - July 2023)

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Current production capacity is approximately 20,000tpa lithium carbonate. Livent is planning a staged expansion of lithium carbonate to 100,000tpa by 2030; the first stage expansion to 40,000tpa is presently underway, with Stage 1a (10,000tpa) mechanically complete and expected to be commissioned by year end 2023, and Stage 1b (10,000tpa) under construction with an anticipated start-up in 2024. Subsequent modules, each of 30ktpa LCE capacity, will be added through to year end 2030. These later expansions will involve changes in the overall flow sheet, water supply system and pond management systems.

#### **Tenements**

Livent's Argentine operating subsidiary Minera del Altiplano S.A (MdA) holds title to mining concession rights to extract resources from SdHM. These mineral concession rights include a total of 143 contiguous mining concessions in the western sub-basin (referred to as the Contiguous Lease Area) and one concession in the eastern sub-basin which, when combined, cover a total area of approximately 327km<sup>2</sup> (Figure 14). All original tenement file numbers have now been consolidated under a single unified file number.

MdA entered into an agreement with the Argentine federal government and Catamarca province to develop SdHM in 1991. In 1993, the federal government assigned its rights and obligations to Catamarca province which now provides jurisdiction. Catamarca province is entitled to nominate two directors to the Board of MdA but has no equity interest in MdA.

All tenements are in good standing with semi-annual canon payments paid and bi-annual environmental impact statements (EIS) filed and bi-annual water permits renewed.

#### *Border Dispute Area*

Certain northern portions of the MdA tenements are located within an area jointly claimed by both Salta province and Catamarca province (Figure 14). The total MdA area affected by the border dispute amounts to approximately 25km<sup>2</sup> or approximately 7.6% of MdA's total concession area. The border dispute is long standing and has not impacted MdA's operations, as MdA's production facilities and pumping wells are located well south of the disputed areas. Nevertheless, MdA has obtained mining concessions (Litio I and Litio II) from Salta Province that overlap with concessions granted by Catamarca Province ((Tauro II, La Puna II, Olga VI, Olga I, Silvia VI and Silvia I). Salta Province has also granted concessions to others that overlap with concessions granted to MdA by Catamarca, totalling nine concessions.

The overall affected area comprises zones of relatively lower deposit thickness and is not anticipated to have any meaningful impact on MdA's operations or the available brine resources. Attempts to settle the dispute between the two provinces at the Federal level have been unsuccessful and the Argentine Supreme Court has referred the case back to the respective Provincial legislatures to resolve.

#### *Royalties*

MdA is required to pay monthly royalties to Catamarca province for mineral extraction. Royalties are payable pursuant to Provincial Laws Nos. 4757, 4759, 5031 and 5128, related regulatory decrees and supplementary regulations and specific agreements with Catamarca province.

Royalties are charged at a fixed rate of 3% on the "mina boca" (mine mouth) value of mineral extracted. The mine mouth value is calculated as the net value obtained in the first sale step, less direct costs and certain other operating costs (including transportation, freight, crushing, milling commercialization, smelting and refining, among others).

The royalty agreement was amended in 2018 and MdA agreed to pay an additional monthly contribution equal to 2% of MdA's Monthly Sales Value, minus the amount of Royalty accrued in the same month, subject to a combined maximum amount in any month of 2% of Monthly Sales Value. Additionally, under the 2018 amendment, MdA increased its monthly contributions to the SdHM Trust (a trust established to fund local infrastructure and other improvements in the region) to 1.2% of MdA's annual sales and agreed to adjust the amount of the Corporate Social Responsibility ("CSR") budget spent in each calendar year to the equivalent of 0.3% of MdA's Annual Sales Value.

The overall effect of the royalty and social contribution charges is that MdA is subject to a maximum payment of 3.5% of Annual Sales Value.

MdA's revenues are based on a weighted average price as determined by a market index price for lithium products produced and exported from Argentina and Chile under commercial terms.

### Geology and Mineralisation

The Salar del Hombre Muerto (SdHM) is a closed (endorheic) evaporitic basin covering an area of approximately 600km<sup>2</sup>. Lithium brine development is the result of surface and/or groundwater and/or hydrothermal leaching of lithium-containing volcanic rocks. Groundwater and surface water drains to the basin and is concentrated by evapotranspiration. Evaporite minerals (eg. borates, gypsum, sodium sulphate, halite) precipitate out along with deposition of any concurrent clastic sediments. Lithium concentrates in the residual brine within the sediment porosity, typically increasing in concentration with depth as brine density increases.

The SdHM basin is fault controlled with Holocene evaporite deposits and alluvial/colluvial clastic deposits overlying older igneous, metamorphic and clastic sedimentary rocks. The basin is bounded by pre-Paleozoic, Paleozoic and Cenozoic-age crystalline basement rocks. Fault-bounded bedrock hills, eg. Peninsula Tincalayu, Farallón Catal and Peninsula Hombre Muerto occur within and along the margins of the salar basin. These features sub-divide the SdHM into two sub-basins, the Subcuenca Occidental (western sub-basin) and the Subcuenca Oriental (eastern sub-basin) (Figure 15). These sub-basins have distinctive depositional characteristics and lithologies.

The western sub-basin, where the MdA tenements are situated, is characterised by a thick halite evaporite sequence extending to at least 200m depth, possibly significantly more based on gravity data, and is relatively free of clastic sediments. It is classified as a “mature” salar. The basin is approximately bowl shaped with a depth of at least 900m, with the deepest part located west of the geographic centre.

The lateral boundary of the evaporite sedimentary deposits of the western sub-basin is roughly circular in shape, coinciding with the contact between sediment and surrounding bedrock consisting mainly of Paleozoic metamorphic graywackes and shales. The Incahuasi Formation (Quaternary-age clastics, evaporites, basalts and andesites) forms the northern boundary. Neogene volcanic dacites and andesites form the eastern and southeastern boundary of the depositional basin.

The deposit is hydraulically unbounded at the saddle where the eastern and western sub-basins connect, allowing brine in the eastern sub-basin and brackish water from the Rio de los Patos to enter the salar. The deposit is open to the south where groundwater flow from the Trapiche Aquifer enters the salar. At both locations, water or lithium-rich brine flows into the deposits of the western sub-basin. It is believed that the halite deposits in the western sub-basin were formed by decantation and subsequent evaporation of water from the eastern sub-basin overflowing the Farallón Catal. The vertical extent of the lithium-rich brine deposit has been tested by drilling to at least 200m, with the bedrock-halite contact likely greater than 200m in most parts of the western sub-basin and potentially exceeding 900m in the northwestern portion of the sub-basin.

The eastern sub-basin, which is the focus of the Sal de Vida project being developed by Allkem, is comprised of borate evaporites on surface and sequences of clastic sediments and halite evaporites and is considered an “immature” salar. The eastern sub-basin is highly asymmetric, with the deeper basin centre in the western portion; however, the depth to basement is typically less than in the western sub-basin.

The Farallón Catal rises to an elevation of approximately 4,200m and forms a bedrock inlier within the SdHM. The western and eastern sub-basins are connected by sediments deposited between the Farallón Catal to the north and Peninsula Hombre Muerto to the south. Lacustrine depositional terraces and ephemeral wetlands are found on the margins of the sedimentary basins, especially the eastern sub-basin.

The overall area of the SdHM watershed is approximately 3,900km<sup>2</sup>. The overall watershed consists of three sub-watersheds, the Trapiche watershed, the Rio de Los Patos watershed and the Salar watershed. The Rio Trapiche watershed (319km<sup>2</sup>) is characterised by an alluvial fan that gently slopes from the highlands in the south toward the salar. Two perennial streams are located within the boundaries of the Trapiche watershed, the Rio Peñas Blanca and the Rio Trapiche. Infiltration from both streams into the alluvial fan provides groundwater recharge to the Trapiche Aquifer, which is the current primary source of fresh water for the MdA operations.

The Los Patos watershed (2,140km<sup>2</sup>) is the largest of the three watersheds and hosts the Rio de Los Patos and the Rio Aguas Caliente. These streams originate at Cerro Galan, an extinct volcano located to the south of SdHM. The streams merge in the alluvial basin west of Cerro Amarillo and then flow north toward the alluvial fan in the southern portion of the eastern sub-basin. The Rio de Los Patos becomes braided and spreads out across the alluvial fan and salar, flowing north and west until the braids merge into a single surface water feature, the Laguna Catal, where the eastern and western sub-basins connect.

The Salar watershed (1,415km<sup>2</sup>) is represented by the expansive salar surface and is the hydrogeological terminus for both the Rio Trapiche and Rio de Los Patos watersheds. Three large surface water features are found within the salar watershed, Laguna Catal, Laguna Verde and an artificial lagoon north of the Fenix project. The Laguna Catal is the most prominent surface water feature body within the Salar watershed, occupying an area of

approximately 9km<sup>2</sup>, though its surface extent varies seasonally in response to precipitation and snowmelt events. Laguna Verde is located in the northern portion of the eastern sub-basin and is approximately 3.7km<sup>2</sup> in area. The artificial lagoon north of the Fenix project is fed by discharge of spent brine from the Fenix plant and has an area of approximately 1.5km<sup>2</sup>.

#### Geological Data

Exploration data related to SdHM has been compiled since the early 1990s. Site characterisation began in 1992, with completion of exploration and development activity in 1997 when lithium brine production started. Livent initiated a deep drilling programme in 2020 to better characterise the deposit at depth in support of the current expansion programme. Table 6.1 summarises the exploration work completed over the 1992-2020 time period.

Table 6.1

Fénix Project - Summary of Exploration Work

Year Completed	Exploration Type	Number	Depth Range (m bgs)	Length/Depth (m)
1992	Surface Holes	74	Shallow	Unknown
	Boreholes (HQ core)	17	8 – 92.5	742.3
	Boreholes (NQ core)	1	70	70
	Core Samples	892	0.1 – 63.54	89.2
	Discrete Brine Samples	78	0.02 - 89	NA
	Downhole Geophysics	15	16.8 – 70.2	540.6
	Packer Testing	24	0 - 46	NA
1993	Gravity Survey	6 lines/217 stations	0 - 930	36,000
	Pumping Wells	3	0 - 54	154
	Observation Wells	6	0 - 54	308
2017	Exploration Boreholes	11	29.5 – 30.5	333.5
	Exploration/Monitoring wells	35	10.5 - 31	709
	Brine Samples	35	0 - 31	-
2020	Deep Characterization Boreholes	3	101.5 - 302	623.5
	Discrete Brine Samples	36	37 - 302	1
	Downhole Geophysics	3	0 - 302	623.5

Note: bgs = below ground surface

Work in the 1992-1994 period was designed to develop an understanding of the geology, hydrogeology and brine chemistry and porosity/permeability of the western sub-basin to shallow depth and to evaluate fresh water sources. Core recovery was typically >90% for HQ and NQ size boreholes in the 1992 and 1993 drill programmes and >80% for the deep characterisation 2020 HQ boreholes. Core samples were tested for specific retention, interconnected porosity and effective porosity (specific yield S<sub>v</sub>) using field methods and also using gas porosimetry and scanning electron microscopy at Corelab in the US to provide additional information on porosity, crystallization and mineralogy by lithology. The laboratory results showed good correlation with the field measurements. Downhole geophysical measurements for temperature, caliper, natural gamma, gamma-gamma density and neutron logs for 125 holes provide additional data on lithology and relative porosity measurements. Continuous vertical porosity estimate profiles were developed from a calibrated neutron density log.

Three pumping wells were drilled in 1993 adjacent to existing boreholes and pumping tests completed to establish well performance characteristics. These pumping wells were located to provide control over the northwestern portion of the central halite nucleus, the northern arm of the salar and the southern portion of the resource. Wells were constructed using 300mm slotted casing in a 400mm borehole and gravel packed. Observation wells were constructed at 5m and 10m distances from the pumping well and 90 degrees from each other to depths between approximately 40m and 50m bgs. Eight mud rotary groundwater monitoring wells to a depth of 30m were installed in alluvial freshwater aquifers to evaluate hydrogeology and chemistry of groundwater in the Trapiche Aquifer and Los Patos aquifer.

Brine sampling included 78 packer samples collected at 10m intervals from 16 boreholes, plus 86 additional QA/QC samples. Samples were assayed at FMC's (now Livent's) Bessemer City North Carolina facility for major elements and water samples were analysed for deleterious elements and overall chemistry and suitability for process and potable water. QA/QC checks included ionic balance as well as duplicates and other control measures. The data demonstrated brine chemistry was consistent with depth and lateral location across the salar.

Borehole geophysics analyses were used to define parameters such as lithology (natural gamma), porosity (neutron), temperature, hole stability (caliper) and presence of aquicludes/aquitards. While gamma-gamma was also employed readings suffered from calibration issues. Overall, the geophysical logging provided useful data confirming lithological interpretations and allowing correlation of geologic strata between boreholes and thus assisting in developing a 3D understanding of the hydrostratigraphic nature of the salar.

## ANNEXURE B INDEPENDENT TECHNICAL EXPERT'S REPORT

Independent Technical Specialist Review and Valuation of Allkem and Livent Mineral Assets November 2023  
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Gravity profiles (6 lines) were used to estimate depth to bedrock and thus profile the basin geometry and to determine the sub-surface geometry of the alluvial fans. Complete Bouger anomalies were used to perform depth to bedrock modelling along each of the profiles.

Exploration work in 1994 included extended pumping tests from three wells to compare sample results with results obtained in 1992. The analysis showed that the brine is more or less homogeneous over an extended pumping period.

The Fénix project has been in operation since 1997 and data on brine chemistry and well performance has been continuously collected. This data adds substantially to the understanding of the brine chemistry and pumping characteristics of the salar over an extended period of time and assists in validating the 3D numerical model developed for resource estimation.

Additional monitoring wells were installed in 2017 and a Deep Characterisation Programme (“DCP”) to define the brine at depth was completed in 2020. The DCP had two objectives, to determine brine quality at depths greater than 40m and to characterise the deep brine relative permeability. Three holes were drilled to a maximum depth of 302m and packer brine samples collected at selected intervals. All holes were geophysically logged and pump tested. The holes were converted to monitoring wells after completion of the test work. Key findings for each of the deep boreholes are:

- PSP1-20 - located in the southwest portion of the salar near the Secondary Well Battery (“SWB”), drilled to 220m; primarily halite with some clastic sediments; undifferentiated bedrock encountered at 202m; lithium grades from 689-732mg/L with a flow rate of 12L/min; lithology mainly fractured evaporites (mainly halite) with some clastics (fine sand, silt and clay) from ground surface to 202m
- PSP2-20 - located near the Primary Well Battery (“PWB”) in the approximate centre of the salar; drilled to 302m; bedrock was not encountered; lithology crystalline halite with fractures and interbedded fine sand and silt lenses; halite highly fractured to 170m, becoming more massive below 170m; deepest sample interval tested was 243-302m; lithium assays from 728-768mg/L with an average flow rate of 5L/min, with 20L/min in upper portion of the borehole
- PSP3-20 - located in eastern portion of the western sub-basin; total depth 101.5m; did not encounter bedrock; lithology is fine-grained silts and clays, becoming progressively dense and compact with depth; isolated gypsum filled fractures below 70m; halite notably absent; lithium grades from 944-978mg/L and a flow rate of 2.3L/min.

Figure 14 shows the locations of the exploration drill holes and 2020 Deep Characterisation wells and monitoring wells.

### *Hydrogeology*

Hydrogeological evaluation of the fresh water alluvial aquifers and the brine basin were undertaken in the 1992 and 1993 exploration programmes. Slug tests, packer tests, step-drawdown tests, constant-rate pumping tests and core sampling have been conducted in the brine reservoir to evaluate the lithium reserve. Constant rate pumping tests extending over more than 20 days were completed in 1993 on wells pumped at 31-37L/sec. with water levels monitored in the pumping well, adjacent observation wells and other close drill holes. Transmissivity values obtained from the tests ranged from 17,000-306,000m<sup>2</sup>/day, indicative of the presence of fractures in the halite matrix. The lower transmissivity values are considered to be representative of the aquifer at a semi-regional scale.

Constant rate pumping tests have also been completed in the Rio Trapiche and Rio de Los Platos alluvial aquifers to evaluate the water balance and fresh water supply. The data has not been updated since the original work. However, 25 years of operational data exist to support the conclusions developed during the 1992/1993 exploration programmes.

The quality and quantity of the exploration work, combined with the 25-year history of brine production is considered sufficient to provide an excellent understanding of the processes controlling fluid movement at SdHM and the chemical make-up of the brine. The exploration data has also enabled development of a good understanding of the hydrogeological properties of the freshwater aquifers. Overall, the data is sufficient for use in development of a resource estimate.

### **Mineral Resources**

Mineral Resources for the Fénix project were estimated in 1994 by Water Management Consultants (“WMC”) and in 2016 by Integral Consulting (“Integral”) based on pre-production data and again in 2017 by Integral based on additional data from 35 monitoring wells installed across the salar in 2017. Data from these wells and data from historic exploration and the deep exploration holes has been used to establish the static reservoir properties (resource estimate). The resource estimate was updated in 2022 by Integral to incorporate data from the DCB

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holes. The current (2022) resource estimate has been developed to report resources both inclusive and exclusive of reserves. The 2022 estimate is based on kriging and incorporates data down to 200m bgs as well as publicly available data related to the eastern sub-basin to constrain the kriging interpolation at the eastern margin of the western sub-basin.

Historic resource estimates have relied upon various polygonal and kriging methods for volumetric calculations and Sy and brine assay data to establish lithium content in the in-situ available brine body. These methods are briefly summarised below:

- classical polygons using 10m slices for intervals from 0-30m and 0-70m, based on number of boreholes
- block kriging
- panel kriging
- single polygon (Method 1)
- Thiessen polygons defined by boreholes (Method 2)
- Thiessen polygons with lithologically defined specific yield (Method 3)
- single polygon with statistical predictions of Sy and lithium assay at depth (Method 4)
- Ordinary Kriging (Method 5).

Analysis of the various historic resource estimates (Table 6.2) shows good consistency between methods.

**Table 6.2**  
**Comparison of Historical Pre-Production Resource Estimates – Tonnes Contained Lithium**

Depth Interval (m)	Classical Polygon	WMC 1992 Block Kriging <sup>3</sup>	Panel Kriging	Integral 2016					Integral 2017 Method 5
				Method 1	Method 2	Method 3	Method 4	Average	
0 - 30	408,000	403,600	411,200	412,200	403,500	410,300		408,700	393,000
0 - 40				541,500	541,100	560,100		547,600	551,000
0 - 50				639,500	639,100	658,100		645,600	699,000
0 - 70	851,000	870,200	879,700	826,000	825,600	844,600		832,100	
50 - 100							444,300		680,000
100 - 200									901,000
0 - 200									2,280,000

The latest published resource estimate for Fénix (December 2022), inclusive of reserves and discounted for production from 1997 to 2021, is summarised in Table 6.3.

**Table 6.3**  
**Fénix Lithium Resource Estimate - December 2022**

Category	Depth Interval m	Contained Lithium Mt	Lithium Carbonate Equivalent Mt
Measured	0 - 40	0.523	2.783
Indicated	40 - 100	0.805	4.288
<i>Subtotal Meas and Indicated</i>		<i>1.328</i>	<i>7.224</i>
Inferred	100 - 200	0.892	4.749
<b>Total</b>		<b>2.220</b>	<b>11.820</b>

### Ore Reserves

Brine reserves have been estimated with the aid of a 3D numerical model using SEAWAT Version 4 for simulating variable density groundwater flow and multi-species transport. SEAWAT is a coupled version of MODFLOW, a finite difference numerical model designed to simulate groundwater flow, and MT3DMS, a model designed to address transport of dissolved species in groundwater. SEAWAT is designed to simulate variable-density brine migration in continental aquifers by coupling the two programmes.

The reserve model for Fénix provides for a 40-year projection assuming a start date of 2023. The model domain covers the entire western sub-basin and an active area of 364km<sup>2</sup>. The model is divided into 123 rows and 113 columns with cell sizes ranging from 200m at the halite nucleus to 500m at the margins of the model. Vertically, the model is divided into nine horizontal layers from surface to bedrock.

Flow and transport boundary conditions used in the model provide for the following ground water inflows from Rio de Los Patos, the saddle between the eastern and western sub-basins and from Trapiche Aquifer:

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- Rio de Los Patos - 200g/L TDS, 0mg/L lithium
- Saddle leakage - 330g/L TDS and 500mg/L lithium, 0.3m<sup>3</sup>/sec total inflow from eastern sub- basin
- Trapiche Aquifer - 2g/L TDS, 0mg/L lithium, 0.1m<sup>3</sup>/sec total inflow.

Groundwater/brine flow is assumed to be primarily within the porous evaporite and clastic sediments. No flow conditions are assumed for bedrock along the margins of the salar and at depth in the salar. Recharge from infiltration of precipitation is not modelled as it is considered immaterial. Evapotranspiration is applied to the top layer of the model to extinction depth. Values assumed range from  $2 \times 10^{-4}$  to  $5 \times 10^{-3}$  m/d, with higher rates applied to open water bodies.

The model is a density-driven simulation and lithium concentration is tracked by the linear relationship with density with a correlation of  $R^2 = 0.9994$ ,  $y = 0.6321x + 997.85$ . Model hydraulic properties are based on the lithology mapped to the model grid, with hydraulic conductivity (ie. permeability) assumed isotropic in the horizontal plane. The vertical anisotropy ratio varied from 10 to 2 based on depositional characteristics, ie. highest in alluvium, decreasing in transitional material and evaporites. Reductions in hydraulic conductivity with depth were incorporated, although it is noted that this condition is not always observed at SdHM based on results from the DCB holes.

Effective porosity is assumed to be equivalent to  $S_y$  in the model. Longitudinal dispersivity was set to 1/10 the length of a nominal grid cell (20m) with an order of magnitude reduction in the lateral and vertical dimensions (2m and 0.2m respectively). Diffusion and sorption kinetics were not simulated in the model given that groundwater/brine velocities at SdHM are high and dissolved lithium salts tend to act as conservative tracers in groundwater.

The sensitivity of the model to Allkem's Sal de Vida lithium brine operation in the eastern sub-basin was tested by simulating a no-flow condition for brine movement across the saddle. This had the result of increasing the lithium brine grade in the western sub-basin due to reduced brine dilution. The two simulations, ie., flow/no-flow across the saddle, gave results within 3% of each other, suggesting reserve estimates are not sensitive to assumptions of inflows from the eastern sub-basin. The brine elevation in the western sub-basin was approximately 5m lower than in the base case after 40 years of pumping implying that future wells may have to be screened at correspondingly lower levels. This is not considered a significant impediment to future operations in the western sub-basin.

BDA considers the model parameters used and the modelling method to be appropriate based on the available data.

The model was calibrated by adjusting the input parameters until a satisfactory match between observed and model-simulated conditions was reached. The model was calibrated to brine elevations and brine chemistry (TDS and Li concentrations) measured at brine monitoring wells distributed across the entire western sub-basin, from proxy locations used to represent aggregate flows from the Primary Well Battery (PWB) and Secondary Well Battery (SWB) and monitoring wells in the Trapiche aquifer.

Once the model was statically calibrated, a transient calibration was performed to simulate historical operations from July 1997 to the end of 2021. The results of the transient calibration showed an average residual head of minus 0.3m and a scaled residual mean of 7.5%. Average model residuals for lithium concentration in brine wells were 6.7mg/L with a scaled residual mean of 9.3%. The model balance error at the end of the calibration was 0.04%. These results are considered to be excellent and BDA considers the model calibration to be accurate.

Predictive simulations for a 40-year period ending in 2062 were run assuming constant inflows from the eastern sub-basin and Trapiche Aquifer for the entire period. Spent brine inflows were adjusted to account for increased production until 2030 and then held constant. Leakage from the pre-concentrate ponds was assumed equal to leakage in 2021 until 2026 when the ponds are planned to be re-purposed as part of the Phase III expansion.

New pumping wells were modelled to accommodate the required additional brine production and pumping rates adjusted to account for process losses. All new wells were simulated to draw exclusively from the Measured resource depth interval (0-40m bgs) for Years 0-20, and then from the Measured and Indicated resource depth (0-100m bgs) for Years 21-40. To meet brine production targets, new wells were added to the Salar Model to the NW of the PWB and after four years, additional wells were added in the northwestern quadrant of the western sub-basin. Beginning in 2026, well production rates were eased in response to improved process efficiency, and in 2029 additional wells were added in the northern portion of the western sub-basin to meet future demand. It is noted that well placement in the model simulation is flexible. The result of the simulation was a projected pumping schedule as detailed in Table 6.4.

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**Table 6.4**  
**Simulated Future Brine Pumping Schedule (m<sup>3</sup>/day)**

Well	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-41	2042-51	2052-61
<b>Total Simulated Flow rate by Well Battery</b>													
PWB	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
SWB	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200
New Wells	0	4,000	7,000	12,000	29,000	36,000	36,000	44,000	44,000	44,000	52,000	70,500	77,500
Total	45,000	49,000	52,000	57,000	74,000	81,000	81,000	89,000	89,000	89,000	97,000	115,500	122,500
<b>Simulated Flow Rate by Individual New Wells</b>													
New Well 1		2,000	2,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,500	6,500	7,500
New Well 2		2,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,500	6,500	7,500
New Well 3			1,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,500	6,500	7,500
New Well 4			1,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,500	6,000	7,500
New Well 5				4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	7,500	7,500
New Well 6				4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,500	7,500	7,500
New Well 7				4,000	4,000	4,000	4,000	4,000	4,000	4,000	7,500	7,500	7,500
New Well 8					4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
New Well 9						4,000	4,000	4,000	4,000	4,000	6,000	6,000	7,000
New Well 10							4,000	4,000	4,000	4,000	6,000	6,000	7,000
New Well 11								4,000	4,000	4,000	4,000	6,000	7,000

Note PWB = Primary Well Battery; SWB = Secondary Well Battery

The reserve model assumes 76.6% overall brine recovery efficiency based on a mix of approximately 70% SA production and 30% pre-production ponds. This data is considered reasonable considering the high recoveries achieved in the SA plant to date (>80%). Proved reserves are classified as brine derived from the Measured resource (0–40m bgs) screen interval within the first 10 years; while Probable reserves are classified as brine derived from the Measured and Indicated resources from 0–100m bgs in Years 11–40 of the forecast model. Table 6.5 summarises the Ore Reserve estimate for the Fénix project.

**Table 6.5**  
**Fénix Ore Reserves – December 2022**

Reserve Classification	Years	Total Lithium	Lithium Carbonate Equivalent
		Mt	Mt
Proved	0 - 10	0.153	0.815
Probable	11 - 40	0.578	3.076
<b>Total</b>		<b>0.731</b>	<b>3.891</b>

Note: reserve estimation assumes 76.6% time-weighted average process efficiency; cut-off grade 218mg/L

#### Additional Resource/Reserve Potential

The deep exploration holes drilled in 2020 indicate resource depths greater than 300m near the Primary Well Battery (PWB), with core lithologies continuing to demonstrate porosity, and with brine samples having grades comparable to samples from shallower depths. Gravity data indicates the depth to bedrock in the western sub-basin is greater than 900m. It may be expected that additional deep drilling data will extend the lateral extent of the currently defined area below 200m. The prospects for delineation of additional resources at depth are considered to be good.

The reserve model used a cut-off grade of 215mg/L lithium based on a breakeven financial analysis for a 40-year life-of-mine, reasonably foreseeable capital and operating costs (including depreciation), a 10% cost of capital, process efficiencies of 76.6% (% overall lithium recovery from brine to product) and long-term lithium carbonate prices of US\$20,000/t. BDA considers these parameters to be reasonable and notes that the projected brine grade in the reserve model remains well above the cut-off grade over the 40-year simulation, with a projected flow-weighted grade of 523mg/L lithium. This implies brine production could be increased above the projected volumes used for the reserve estimation.

#### Brine Production

Livent operates two pumping well batteries, a Primary Well Battery (PWB) comprising 6 wells located in the approximate centre of the western sub-basin and a Secondary Well Battery (SWB) of 2 wells located approximately 5km south-southeast of the PWB near the southwest margin of the basin. In 2021, the average pumping rates for the wells were 1,031m<sup>3</sup>/hr for the PWB and 735m<sup>3</sup>/hr for the SWB. The PWB has operated since 1997, while the SWB started pumping in 2013. The wells are set at 30–40m depth. Brine grade (lithium concentration) has been monitored constantly and shows consistent values between 700–800mg/L. Lithium grades from the SWB were lower when pumping commenced but are now matching the grades obtained from the PWB,

as is to be expected once localised lower grade brine is removed and replaced by higher grade brine consistent with the broader resource.

Additional pumping wells will be installed as required to meet the increased production requirements from expansion of the process plant to 100ktpa LCE by 2030. The location and pumping depth of the additional wells is flexible due to the size of SdHM, the consistency of brine grade across the salar and with depth and the favourable pumping characteristics of the halite matrix.

### Processing

Process operations at the Fénix operation involve pumping of raw brine from the salar to either preconcentration ponds or directly to a proprietary technology Selective Absorption (SA) plant for purification and concentration of the brine. Raw fresh water is recovered from the Trapiche Aquifer or Rio de Los Patos Aquifer and treated in a reverse osmosis plant for use in the SA process. Raw brine entering the SA plant is processed by a nanofiltration system to remove suspended solids and a portion of the divalent and trivalent anions and cations, and then lithium is selectively absorbed on to a proprietary sorbent. The sorbent is eluted and the lithium chloride solution processed in a reverse osmosis system and passed to Finished Salar Brine (FSB) ponds for additional concentration. Spent brine from the SA process is pumped to an artificial lagoon for infiltration into the salar.

The pre-concentration ponds total approximately 330ha and are located approximately 3km north of the SA plant on the surface of the salar. FSB ponds total 54ha in size and are located immediately north of the SA plant. The FSB ponds concentrate brine from approximately 1.7% LiCl up to 6% LiCl. Brine concentrated to approximately 2.3% LiCl is recovered from the FSB ponds and processed in the lithium carbonate plant using standard lithium carbonate process technology to produce lithium carbonate.

The SA process enables Livent to produce lithium carbonate with significantly lower impurities than conventional solar evaporation-based lithium carbonate production processes, thus by-passing the need for a bi-carbonation purification circuit to produce battery grade product. Finished lithium carbonate is packed in one tonne bulka bags, 500kg bags or 40kg sacks for shipment. Figure 15 illustrate the production processes for the overall brine processing operation at Fénix.

Brine concentrated to approximately 6% LiCl in the FSB ponds is recovered and trucked to the LiCl crystallisation plant at Güemes near Salta, where it is purified by the addition of barium chloride to remove deleterious elements, partially evaporated to precipitate sodium and then further purified using ion exchange and solvent extraction followed by crystallisation using evaporative crystallisation with the addition of hydrogen peroxide to the mother liquor for removal of potassium. The purified LiCl crystals are recovered by centrifuge, dried in a rotary drier, cooled and screened and packed in one tonne bulka bags, 500kg bags or 300kg drums.

### Infrastructure

Infrastructure at Fénix includes water supply and water treatment, camp facilities for operating staff and construction contractors, gas fired generators and boilers, fully equipped laboratories, airfield, waste storage facilities, maintenance shops and stores for mobile and fixed equipment, offices, electrical power lines and access roads to well fields and communications systems.

Facilities are being expanded in line with the planned expansion of the Fénix plant to reach 100ktpa LCE production by year end 2030. The major changes to infrastructure facilities include expansion of electrical and steam generating capacity, additional camp facilities, and changes to the water supply systems. Water supply from the Trapiche Aquifer will be reduced in favour of increased water supply from the Rio de Los Patos Aquifer. New wells have been developed on the Rio do Los Patos Aquifer and a 31km pipeline/aqueduct system constructed to bring water to the Fénix plant. Livent has undertaken several studies, including numerical modelling, of water supply and is confident sufficient fresh water will be available to support the expanded operations.

### Environmental Regulations and Permitting

Livent has completed various environmental studies for the Fénix project since initial exploration in 1992 and is compliant with all requirements for the required environmental and operating permits. There are no known environmental issues as a result of extraction and processing of brine at SdHM.

Livent maintains a comprehensive environmental monitoring programme producing daily, weekly, monthly, quarterly, and annual reports. Reports are submitted to various Catamarca provincial and national agencies including the Environmental Mining Agency, the National Environmental Agency, the Provincial Environmental Agency, the Provincial Mining Secretary and the Provincial Water Resources Agency. BDA understands that Mda is in compliance with all required reporting.

### Life of Mine Plan

Ore Reserves for the Fénix project are sufficient for well over the next sixty years of operations. The life-of-mine plan incorporates the planned expansion programme to increase production capacity to 100ktpa LCE by the end of 2030.

The expansion plan is a phased programme which commenced in 2016 but was delayed due to a downturn in the price of lithium in 2018/19 and COVID-19 restrictions in 2020/21. The plan involves three stages of development, with Phase 1a currently nearing commissioning and Phase 1b under construction. By the end of Phase 1b, anticipated in 2024, production capacity will be 40ktpa. Phase 2, again divided into two components, will add an additional 30ktpa capacity and is projected to be at full production by the end of 2027. A third phase, also of 30ktpa capacity, is planned to be at full production by the end of 2030. This third phase will rely on solar evaporation ponds for lithium concentration as opposed to the use of the SA process.

### Capital Cost Estimates

Capital cost estimates for the expansion at the Fénix project are estimated at around US\$450M to complete Phases 1A and 1B by Q1 2024, a further US\$500-700M for the Phase 2 expansion, with a third phase in the planning stage.

Capital expenditures forecast for the period 2023-2031 are summarised in Table 6.6.

**Table 6.6**  
**Capital Cost Estimates – 2023 to 2031 (US\$M)**

Lithium Carbonate	Year								
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Carbonate Capital	271	315	215	45	210	135	0	0	0
Sustaining Capital	11	12	14	17	18	18	21	23	25
<b>Total Capital</b>	<b>282</b>	<b>327</b>	<b>229</b>	<b>62</b>	<b>228</b>	<b>153</b>	<b>21</b>	<b>23</b>	<b>25</b>

Note: For fiscal year ending 31 December. Source: Livent/Integral - Resource and Reserve Report, PFS Salar del Hombre Muerto, February 2023.

### Operating Cost Estimates

Livent utilises a standard cost structure for operations. Lithium carbonate production costs for Fénix are summarised in Table 6.7.

**Table 6.7**  
**Fénix Lithium Carbonate Operating Costs - (\$US/kg LCE)**

Carbonate Unit Cash Cost/kg	US\$/kg LCE
Utilities	\$1.13
Soda Ash	\$1.73
Other Raw Materials	\$0.36
Packaging	\$0.11
Labour & Overheads	\$1.37
<b>Total Unit Costs/kg LCE</b>	<b>\$4.70</b>

Source: Livent/Integral - Resource and Reserve Report, PFS Salar del Hombre Muerto, February 2023.

### Expansion Plan

Phase 1a of the expansion programme is nearing commissioning and anticipated for start-up by year end 2023. The project is reported to be on time and on budget. The project has been designed as a modular build, with components constructed in China, fully assembled and tested, and then broken down for freight to site, where the modules are re-assembled. Phase 1b involves constructing a new SA plant, construction of interim FSB ponds, a new mechanical evaporation (MVR) system to replace the FSB ponds, a new carbonate plant (including additional sodium carbonate solution preparation) and additional brine wells, water supply, piping, utilities, and buildings to support the increased production and administration. Phase 1a and 1b are essentially back-to-back systems, each with 10ktpa capacity.

Phase 2 will add 30ktpa capacity and include another SA plant, MVR, carbonate plant, additional brine wells, ponds, piping, utilities and buildings. A water recovery unit will be added to reduce demand on freshwater supply by recycling water to the process. The pre-concentration ponds will be closed. Phase 2 will also incorporate process technology for recovery of lithium from the lithium carbonate process stream and free water in the stream to produce a primary lithium carbonate product suitable as feedstock for lithium hydroxide production. Livent estimates approximately one-third of the expanded capacity will be made available for this application.

Phase 3 of the expansion will involve the installation of new evaporation ponds and the use of conventional brine pond evaporation technology. Concentrate brine from the ponds will then be processed in a new lithium carbonate plant.

#### Valuation Assumptions

The Fénix operation is well established and has an aggressive expansion plan. The facility currently provides essentially all the raw material used by Livent's manufacturing facilities in the United States. Given the integrated nature of the operation, BDA considers that value is best represented by a discounted cash flow method based on standard costs for production of lithium carbonate and lithium chloride and forecast future revenues. BDA has reviewed and discussed with Kroll the various technical assumptions in the project financial models.

### 6.3 Nemaska Lithium Project - Whabouchi Mine

#### Overview

The Nemaska lithium project which is currently under development in Québec, Canada is planned as an integrated project consisting of the Whabouchi hard rock spodumene mine and concentrator located in the James Bay area and a lithium hydroxide conversion facility located in an industrial park in Bécancour between Montreal and Québec City, with trans-shipment of spodumene concentrate from Whabouchi to Bécancour by rail via Matagami (Figure 3).

Livent acquired its interest in the Nemaska project by way of exercise of secured creditors' rights and corporate restructuring arising from the bankruptcy of Nemaska Lithium Limited (NLL) in 2021, the original developer of the project. Livent now holds 50% economic interest in the project through its fully owned subsidiary Québec Lithium Partners (UK) Limited (QLP) which holds 50% of the equity in Nemaska Lithium Inc. (NLI). NLI owns all the assets comprising the Nemaska lithium project. The remaining 50% is held by the Québec government through Investissement Québec (IQ), a provincial government financing agency.

The Whabouchi pegmatite deposit was first discovered in 1962 by Québec government geologists. A number of exploration companies carried out exploration and limited drilling and sampling of the pegmatites during the period 1974-2008. In 2009, NLL was granted rights over the deposit and commenced systematic exploration of the pegmatite bodies including geological mapping, geophysical surveys and resource definition drilling. NLL reported an initial Mineral Resource for Whabouchi in May 2010 and completed a Preliminary Economic Assessment (PEA) for the Nemaska project in March 2011 and a Feasibility Study report in 2019. Between 2009 and 2018, NLL completed 277 diamond drill holes totalling approximately 54,500m.

Some construction work was previously commenced at both the mine site and process plant site and is due to restart in October 2023. A technical report following NI 43-101 guidelines was issued in April 2023 which was prepared for NLI for financing purposes; this report included Mineral Resource and Ore Reserve estimates for the project. In September 2023, Livent issued a technical report on the Whabouchi Mine following SK-1300 guidelines in connection with its 8K filing with the US Securities and Exchange Commission. The resources and reserves in both reports are identical. Additionally, the resources and reserves in both reports are substantially the same as reported in a 2019 NI 43-101 report filed on SEDAR by NLL prior to the bankruptcy proceedings.

Whabouchi is an open pit pegmatite deposit with the mineralised pegmatites outcropping at surface. The deposit also has potential for underground mining of deeper pegmatite mineralisation.

The project Ore Reserve reported in December 2022 totalled 38.2Mt at 1.31% Li<sub>2</sub>O with contained lithium oxide of 501kt, divided into open pit reserves of 26.5Mt at 1.32% Li<sub>2</sub>O with contained Li<sub>2</sub>O of 350kt and underground reserves of 11.7Mt at 1.29% Li<sub>2</sub>O with contained Li<sub>2</sub>O of 151kt. Open pit reserves are sufficient for an approximate 24-year mine life at the envisaged mining production rate, with underground reserves supporting an additional 10-year mine life. Livent's attributable reserves are 50% of the total.

The concentrator is designed to produce approximately 235,000tpa of spodumene concentrate averaging 5.5% Li<sub>2</sub>O, which will be transported by truck to Matagami and by rail to Bécancour, a total distance of approximately 1,300km. The Bécancour conversion facility is planned to produce 32,000tpa of lithium hydroxide monohydrate.

#### Location and Tenements

The Whabouchi property is located in the James Bay area of Québec, approximately 30km east of the Cree community of Nemaska and 300km north-northwest of the town of Chibougamau (Figure 3). The property can be accessed by the main all-weather gravel road (Route du Nord highway) linking Chibougamau and Nemaska or through Matagami using the Billy Diamond highway. The Nemiscau airport is located 18km west of Whabouchi.

The Whabouchi property is covered by 35 map-designated claims (MDC) totalling 1,632ha. In October 2017, NLL obtained a mining lease (ML 1022) covering 138ha. The ML is valid for 20 years and expires in October

2037. NLL entered into an agreement with the local Cree community (Chinuchi Agreement) in 2014. The agreement provides for a long-term working relationship with the Cree nation of Nemiscau.

The tenement locations and pegmatite outlines are shown in Figure 16.

### Geology and Mineralisation

The Whabouchi spodumene deposit is located in the northeastern part of the Superior Province of the Canadian Shield craton within the volcano-sedimentary Lac des Montagnes Formation, which consists predominately of amphibolite grade mafic to ultramafic metavolcanic rocks. At the local scale, the metavolcanic-sedimentary sequence consists of basalt-andesite volcanic rocks and gabbro, and the meta-sedimentary rocks range from conglomerates to fine-grained units. The metavolcanic-sedimentary sequence is intruded by different bodies of granites and pegmatites of varying composition.

The Whabouchi deposit consists of a spodumene-bearing pegmatite dyke swarm which is composed of interconnecting dykes and plug-shaped intrusions. Most of the dykes dip steeply to the southeast in the range 70-85° although some of the dykes have different dip orientations and potentially connect to other bodies at depth. The structural corridor occupied by the dyke swarm which trends in a northeast-southwest direction, has been delineated over a strike length of approximately 1,350m, with a width ranging from 60-330m. Some pegmatite bodies display good continuity in excess of several hundred metres, with the deepest drill-intersected pegmatite mineralisation extending to around 450m below surface. A total of 24 separate pegmatite bodies have been defined by drilling (Figure 16).

Spodumene is the primary lithium-bearing mineral found in the Whabouchi deposit. Two distinct phases occur in the pegmatites, a spodumene-bearing phase comprising most of the pegmatite bodies and a lesser, barren quartz-feldspar pegmatite. Typically, the Whabouchi pegmatite averages 1.45% Li<sub>2</sub>O with values up to 5.2% Li<sub>2</sub>O. Minor amounts of other lithium-bearing minerals are present including petalite, lithium micas, ferrisicklerite, cookeite and holmquistite. The spodumene mineralisation occurs mainly as medium to large crystals up to 30cm in size.

Approximately 70% of the spodumene mineralisation is contained within one well-developed, continuous pegmatite body referred to as the Main 1 pegmatite dyke. Main 1 exhibits mineralisation zonation with petalite-rich zones within the hangingwall ("HW") and footwall ("FW") pegmatite boundaries. Preliminary hyperspectral mineralogical analysis has identified the presence of petalite and lithium-mica, with indicative deposit average percentage estimates of 1.8% and 1.6% respectively. The percentage of petalite increases to approximately 10% in the HW and FW petalite-rich zones. This type of mineralogical data is presently insufficient to incorporate into the geological block model for estimation purposes. The lithium contained in petalite and lithium-mica is regarded as unrecoverable using the mineral processing method proposed for the project.

### Geological Data

The Whabouchi database used for the 2022 Mineral Resource Estimate (MRE) consists of data from 258 diamond drill holes (DD) totalling approximately 51,600m drilled by NLL from 2009-2018 and 108 surface channel samples totalling 944m collected by NLL in 2009-2010. Additional drilling included 10 exploration holes drilled away from the main deposit in 2013 and nine holes (six in 2018 and three in 2021) for geotechnical and metallurgical sample purposes.

Drill holes were drilled NQ size (except metallurgical holes which were drilled HQ size) and holes were mainly inclined to the northwest to intersect the mineralisation normal to the southeasterly dip direction of the pegmatite bodies. Drill spacing typically ranges from 25-50m and hole depths range from 50-300m with the occasional deep exploration hole drilled to 600m. All drill holes were surveyed using downhole survey equipment; drill collars were surveyed by hand-held GPS and later checked by real-time kinematic survey (RTK). Core recovery was generally good, averaging over 95%. Geological interpretation and resource modelling was carried out on 25-50m spaced cross sections.

Drilling, geological logging, sampling, analytical, QA/QC and data management procedures adopted by NLL generally have met industry standards. Drill holes were sampled at 1.0m intervals and analysis of samples was carried out using either sodium peroxide fusion with ICP-OES finish (mainly at SGS Minerals) or a four-acid digest with ICP-AES finish (mainly at ALS Chemex).

QA/QC samples included standards, blanks and field and pulp duplicates. A comparison of the sodium peroxide fusion and four-acid digestion methods carried out by SGS in 2021 showed that the four-acid digestion had a negative bias of 4% as a result of incomplete digestion of the lithium minerals present in the samples. A subsequent estimation of the impact on the resource estimation suggested a possible 1.6% under-estimation of global lithium grades. BDA notes that a similar check carried out on Allkem's James Bay deposit showed no significant under-estimation of lithium grades using the four-acid digestion method which suggests that the result for Whabouchi is

indicating that the refractory component of lithium-bearing minerals in the deposit may be higher than in the James Bay deposit.

Bulk density of mineralised pegmatite, barren pegmatite and host volcanic rock was determined using 274 pulp samples and 96 reject samples tested by pycnometer, and 96 check core samples tested by the water immersion method. Average bulk density values determined were 2.76t/m<sup>3</sup> for mineralised pegmatite, 2.67t/m<sup>3</sup> for barren pegmatite, 3.04t/m<sup>3</sup> for waste rock and 2.1t/m<sup>3</sup> for overburden.

Independent reviews of drilling and sampling procedures and the drill hole and assay database were carried out by SGS Mineral Services in 2019 prior to undertaking resource estimation and similarly by GMS prior to the 2022 resource estimation. Neither review indicated any material issues with the Whabouchi database.

BDA considers the Whabouchi geological database provides a suitable basis for resource and reserve estimation.

#### Mineral Resources

A Mineral Resource estimate for the Nemaska project was prepared by G Mining Services (GMS) in April 2022 as reported in a technical report prepared by DRA Global Inc. ("DRA") for NLI which followed NI 43-101 guidelines and was issued in April 2023. Resources were estimated using Ordinary Kriging based on a block model size of 6mE x 4mN x 6mRL, with sub-cells at 3 x 1 x 3m resolution to honour the geometry of the modelled pegmatite dykes. The block model was rotated clockwise about the Z axis to align with the general strike of the pegmatite dykes. In total, 24 dykes were modelled. A 3D model of the pegmatites using Leapfrog Geo software was developed based on drill data, with the pegmatites modelled using logged intervals of pegmatite in conjunction with an assay cut off of 0.3% Li<sub>2</sub>O and a minimum thickness of 2m. Separate resource domains were modelled for spodumene-bearing pegmatite, barren pegmatite, internal rafts of host rock enclosed in some pegmatite bodies, and for a dilution skin of 4m thickness surrounding each pegmatite body. There was insufficient mineralogical data to confidently sub-domain the petalite-rich zones.

Variography was undertaken to assess the Li<sub>2</sub>O grade continuity using uncapped 2m assay composites. Each pegmatite body was treated as a separate domain using hard boundaries for grade estimation by Ordinary Kriging. Block values were estimated in three interpolation passes. The barren pegmatite, internal host rock and dilution domains were estimated using an inverse distance squared ("ID<sup>2</sup>") method.

Block bulk density was estimated using block lithology and proportion of waste rock in each block and application of the appropriate average bulk density values (2.76t/m<sup>3</sup> for mineralised pegmatite, 2.67t/m<sup>3</sup> for barren pegmatite, 3.04t/m<sup>3</sup> for waste rock and 2.1t/m<sup>3</sup> for overburden).

The Mineral Resources for the Nemaska project are classified in accordance with the 2014 Mineral Resource classification definitions of the Canadian Institute of Mining and Metallurgy (CIM) based on variography analysis, the number of drill holes and samples within each search radius, and the understanding of the geology and mineralisation.

To address the aspect of "Reasonable Prospects of Eventual Economic Extraction" as specified in the CIM and JORC codes, the Nemaska Mineral Resources were reported within a conceptual optimised pit shell based on a cut-off grade of 0.3% Li<sub>2</sub>O, a 5.5% Li<sub>2</sub>O spodumene concentrate price of US\$965/t (C\$1,264 at a CAD:USD exchange rate of 1.31), a mining cost of C\$57.97/t milled, metallurgical recovery of 85% of contained lithium (as Li<sub>2</sub>O), and pit slopes of north 55° and south 52°. No mining ore loss or mining dilution modifying factors were included in the pit optimisation. Underground resources below the pit shell were defined using a cut off of 0.6% Li<sub>2</sub>O and a mining cost of C\$100/t milled.

The total Mineral Resource (Measured, Indicated and Inferred) of 50.1Mt at 1.44% Li<sub>2</sub>O with contained Li<sub>2</sub>O of 723kt was reported separately as an open pit resource and an underground resource as shown in Table 6.8 and Table 6.9.

**Table 6.8**  
**Nemaska Open Pit Mineral Resources - April 2022**

Resource	Category	Tonnage Mt	Lithium Grade Li <sub>2</sub> O%	Contained Metal Li <sub>2</sub> O kt
In-situ (within pit shell)	Measured	9.8	1.60	156
	Indicated	31.5	1.44	452
	Subtotal (M&I)	41.2	1.47	608
	Inferred	6.7	1.31	88
<b>Total Resource</b>		<b>48.0</b>	<b>1.45</b>	<b>696</b>

Note: Resource estimate by G Mining Services Inc.; cut-off grade 0.3% Li<sub>2</sub>O; resources reported within an optimised pit shell using a spodumene 5.5% Li<sub>2</sub>O concentrate price of US\$965/t (C\$1,641/t); totals are subject to rounding.



**Table 6.9**  
**Nemaska Underground Mineral Resources - April 2022**

Resource	Category	Tonnage Mt	Lithium Grade Li <sub>2</sub> O%	Contained Metal Li <sub>2</sub> O kt
In-situ (below pit shell)	Indicated	0.6	1.13	7
	Inferred	1.5	1.30	20
<b>Total Resource</b>		<b>2.1</b>	<b>1.25</b>	<b>27</b>

Note: Resource estimate by G Mining Services Inc.; cut-off grade 0.6% Li<sub>2</sub>O; resources reported below an optimised pit shell using a spodumene 5.5% Li<sub>2</sub>O concentrate price of US\$965/t (C\$1,644/t); no crown pillar was assumed below the pit shell; totals are subject to rounding.

While limiting a reported resource to that material within a conceptual pit shell is accepted practice to satisfy the requirements of “reasonable prospects of eventual economic extraction”, the parameters applied by GMS do not appear to have appropriately subdivided the resource into likely open pit material and likely underground mineable material. As can be seen from the subsequent Nemaska reserve estimation reported in December 2022 (see below), the open pit reserve was determined as 26.5Mt and underground reserves as 11.7Mt, a somewhat different proportional split than reported by GMS for the Mineral Resource.

#### Ore Reserves

Ore Reserves for the Whabouchi spodumene mine were estimated in December 2022, subdivided into open pit and underground reserves. BBA Inc. (“BBA”) carried out the estimation of the open pit reserves and DRA Global Inc. (DRA) estimated the underground reserves.

Proved and Probable reserves total 38.2Mt at 1.31% Li<sub>2</sub>O with 501kt of contained Li<sub>2</sub>O. Table 6.10 summarises the open pit and underground components of the reserves. At the proposed mining and processing rate, open pit reserves are sufficient for 24 years of mine life; thereafter production is planned to continue for another 10 years with mining from underground.

**Table 6.10**  
**Nemaska Ore Reserves - December 2022**

Reserve	Category	Tonnage Mt	Lithium Grade Li <sub>2</sub> O%	Contained Metal Li <sub>2</sub> O kt
Open Pit	Proved	10.5	1.40	147
	Probable	16.0	1.27	203
	<i>Subtotal</i>	<i>26.5</i>	<i>1.32</i>	<i>350</i>
Underground	Proved	0.0	1.29	0
	Probable	11.7	1.29	151
	<i>Subtotal</i>	<i>11.7</i>	<i>1.29</i>	<i>151</i>
Total Reserve	Proved	10.5	1.40	147
	Probable	27.7	1.28	354
	<b>All</b>	<b>38.2</b>	<b>1.31</b>	<b>501</b>

Note: Reserve estimate by BBA Inc. in 2022; open pit reserves estimated at cut-off grade 0.4% Li<sub>2</sub>O; reserves estimated using a spodumene concentrate price of US\$965/t (5.5% Li<sub>2</sub>O basis), underground reserves estimated at a variable cut off dependent on slope design.

#### Open Pit Reserves

Open pit reserves were estimated within an optimised open pit. Modifying factors applied to the optimisation included geological and mining ore losses, a mining dilution of 14.7%, recommended geotechnical parameters relating to the pit design (supplied by Golder Associates Limited “Golder”), a metallurgical recovery of 85% and a concentrate selling price of US\$965/t (C\$1,264/t) based on a 5.5% Li<sub>2</sub>O concentrate grade. Mining ore loss and dilution were estimated using the resource sub-block model which was then regularised to create a reserve block model. Petalite zones were incorporated into the reserve model and assigned a lower metallurgical recovery of 67%.

Reserves within the final pit design were estimated using a marginal cut-off grade (excluding mining costs) of 0.4% Li<sub>2</sub>O. Inferred resources within the pit were treated as waste for the pit optimisation and were excluded from the reserve estimate.

Open pit mining and open pit reserves were constrained by a maximum surface storage of waste rock of 75Mt. The optimised pit shell that generated slightly below this amount of waste formed the basis for the final pit design. Underground mining below the pit design was assumed for the estimation of additional reserves.

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### *Underground Reserves*

Underground reserves were estimated by DRA based on an ore production rate of 3,361t per day and utilising a conventional mechanised transverse long-hole mining method, with approximately 15% of stopes mined using longitudinal long-hole and AVOCA mining methods. A crown pillar will be established immediately below the open pit which will be mined at the end of the mine life.

Reserve estimation assumed a minimum mining width of 4m, stope mining recovery of 90% and overall stope dilution averaging 10% (allowing for HW, FW, sidewall and overbreak dilution). A stope design cut-off grade of 0.87% Li<sub>2</sub>O was used and a marginal cut off of 0.5% Li<sub>2</sub>O was applied to mine development areas. Metallurgical recovery and metal price were the same as used for the open pit reserve estimation.

Underground Ore Reserves are classified as Probable and total 11.7Mt at 1.29% Li<sub>2</sub>O with contained Li<sub>2</sub>O of 151kt.

### **Additional Resource/Reserve Potential**

Approximately 0.6Mt of Inferred resources lie within the pit design; a proportion of these resources could potentially be converted to reserves if proved up with additional resource or grade control drilling.

A number of pegmatite dykes remain open at depth; additional deep drilling is warranted and may define additional resources that potentially could justify extensions to the planned underground mine.

### **Mining**

Open pit mining will be by conventional drill and blast techniques using trucks and excavators. Benches will be developed at 12m height with flitches at 6m. A minimum 40m working width for benches is assumed. Open pit mining is planned to be undertaken in four phases to minimise the strip ratio in each phase and to allow for improved definition of the petalite zones. Phase 1 will involve mining 2.2Mt of ore with a strip ratio of 1.6:1, extending over the entire strike length of the final pit and with a maximum surface width of 125m. Phase 2 will establish the north wall of the pit, with 7.7Mt of ore produced at a strip ratio of 2.6:1. Phase 3 will be a continuation of the north wall and produce 5.9Mt ore at a strip ratio of 2.7:1. Phase 4 establishes the final pit ramp and walls and produces 10.7Mt ore at a strip ratio of 3.1:1. The Phase 4 pit reaches a final pit depth of approximately 220m. The overall mine plan produces 26.5Mt ore and 73.0Mt waste rock and overburden for an overall strip ratio of 2.8:1.

The mining plan has been developed to accommodate a one-year ramp up period for the concentrator and a maximum concentrate production of 250ktpa. The LOM mass pull at the concentrator is 23%, after allowance for ore sorter losses.

Drilling will be undertaken by contractor, with excavation and haulage based on owner operations. Equipment requirements are calculated based on 2x12hr shifts per day, 7 days per week and 350 days per year. Allowance has been made for 7 days lost per year due to weather. Trucks will be 64t capacity with an 85% fill factor and excavators will be 6.7m<sup>3</sup> bucket size. Overall equipment utilisation is estimated at 60% for trucks and 54% for excavators. These equipment utilisation factors may be somewhat optimistic during winter operations.

BDA notes that 12m bench height may present issues with excess ore dilution, even after consideration of the use of ore sorters to improve head grade at the mill. Experience at other hard rock spodumene mining operations with similar rock characteristics indicates smaller benches may be more effective in maximising ore grade and minimising dilution.

Underground mining operations will only begin in Year 24 of operations and mine planning and mine design may change significantly prior to start of underground operations. BDA has reviewed the current mine plans as set out in the April 2023 feasibility study and considers them to be generally reasonable and appropriate for the Whabouchi deposit.

### **Processing**

The proposed process flow sheet for the Whabouchi concentrator is shown in Figure 17

All ore will be processed initially in a conventional crushing circuit utilising a primary jaw crusher with screens. Oversize ore (+80mm) from the primary crusher will be further crushed in a secondary jaw crusher. Coarse ore (34–80mm) and fine ore (10–35mm) will be sent to separate ore sorters. Accepts will be screened at +20-80mm, -20+9mm and -9mm. The +20-80mm and -20+9mm material will be stored in ore bins and processed by secondary cone crushers and rescreened. Final -9mm product will be sent to concentrate feed storage prior to entering the concentrator.

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The concentrator is a combined two-stage dense media separator and flotation system. The overall flowsheet is complex and the current system under construction includes partially constructed equipment installed prior to Livent's acquisition of the Whabouchi project, and newly installed equipment combined with changes in process design. The concentrator design parameters include high performance factors for the ore sorters (99.8%), high concentrator stage recoveries (~83% on an LOM basis) and high availability of both ore sorters (80%) and the concentrator (91.5%). These operating parameters are challenging and in BDA's opinion impose significant risks to the projected performance of the concentrator and concentrate production.

BDA cautions that concentrator performance may be substantially less than projected. Overall lithium recoveries in combined DMS/flotation operations in Australia are typically less than 70% and often below 60%. Similar experience may be expected at Nemaska, especially given that Livent does not have prior experience in operating complex hard rock metallurgical circuits. While support from Allkem operating personnel can be expected, nevertheless, BDA considers the projected availabilities and recoveries to be optimistic.

#### Infrastructure

The Whabouchi mine is well serviced with existing infrastructure in terms of road access to both Matagami and Chibougamau via the Route du Nord and Billy Diamond highways. There is a major Hydro-Québec sub-station at Nemiscau and a major truck stop providing accommodation, food and fuel. Nemiscau has an airport capable of handling Dash-8 aircraft.

The Whabouchi mine site is being developed with full accommodation services, power, water, equipment service bays, workshops and other facilities.

#### Environmental Regulations and Permitting

The Nemaska project has received all required permits for construction of the Whabouchi mine and has a signed Industrial Benefits Agreement (Chinuchi Agreement) with the local Cree Nation at Nemiscau and the overall Cree Nation government.

Modifications to the current construction permits may be required due to scope of work changes. Such modifications are not considered to present a significant risk to the overall construction schedule.

#### Life of Mine Plan

The Whabouchi mine has an expected mine life (open pit and underground) of 34 years. Construction of the mine and process plant had previously commenced under NLL's management. This work was halted as a result of NLL's bankruptcy proceedings; a restart of construction is scheduled for October 2023 with construction scheduled to be by February 2025 with first commercial production in March 2025. BDA has reviewed the development and operational plans and considers them to be generally reasonable and appropriate.

BDA cautions that the operating performance and overall spodumene (and lithium) recoveries may be less than projected with the likelihood of an extended ramp up reflecting the complexity of the concentrator flowsheet.

#### Capital Cost Estimates

The recent SEC Technical Report Summary estimated total capital costs for the Whabouchi mine and concentrator of US\$361M (C\$473.2M). Sustaining capital costs are estimated at US\$151.5M (C\$198.4M) over the life of mine. Livent and its joint-venture partner have spent and/or committed a significant portion of estimated capital costs. The project is reported to be on budget and schedule.

#### Operating Cost Estimates

Average annual operating costs for the Whabouchi mine and concentrator are summarised in Table 6.11. These cost estimates are comparable to annual production costs for established hard rock spodumene mines in Australia and BDA considers them to be reasonable.

**Table 6.11**  
**Average Annual Whabouchi Unit Operating Costs**

Unit Cost	Estimated US\$/t concentrate
Mining	\$70
Processing	301
Tailings and Water Management	8
Concentrate Transport	201
General and Administration	160
<b>Total Unit Cost/t Concentrate</b>	<b>740</b>

Source: SEC Technical Report Summary – Whabouchi Mine Project - Nemaska, September 2023

### Expansion Plan

There are no current expansion plans, though further exploration may result in identification of additional spodumene resources and future expansion potential.

### Valuation Assumptions

The Nemaska Whabouchi project is under construction. BDA considers the use of the discounted cash flow method for valuation to be appropriate but has discussed with Kroll the input parameters including the ramp up, concentrate throughput and recovery assumptions.

#### 6.4 Nemaska Lithium Project - Bécancour Conversion Plant

##### Overview

The Bécancour conversion plant is designed to process spodumene concentrate supplied by the Whabouchi mine. The Whabouchi concentrator is designed to produce approximately 235,000tpa of spodumene concentrate averaging 5.5% Li<sub>2</sub>O, which will be transported by truck to Matagami and by rail to Bécancour, a total distance of approximately 1,300km (Figure 3). The Bécancour conversion facility is planned to produce approximately 32,000tpa of lithium hydroxide monohydrate (LHM).

The plant is currently under construction, with site clearing, foundations and steel erection in progress. Approximately US\$400M has been committed to the project to date of a total estimated capital cost of US\$923.3M.

##### Processing

The Bécancour plant will produce lithium hydroxide using a conventional sulphation roast process, followed by water leaching and three stages of leachate purification using chemical precipitation and ion exchange processes. Gangue aluminosilicate residue from the initial water leach will be recovered by filtration, dried and stored for disposal or sale, most likely as a cement additive. Purified lithium sulphate leach solution will be treated with sodium hydroxide to form a crude lithium hydroxide and sodium sulphate decahydrate solution.

The sodium sulphate decahydrate will be vacuum crystallised and filtered, with recovery of the lithium hydroxide solution. The sodium sulphate will be treated with sulphuric acid, melted and recrystallised to anhydrous sodium sulphate which will be dried and stored for subsequent disposal.

The crude lithium hydroxide solution will be crystallised, redissolved, residual contaminants removed by ion exchange (IX), and then recrystallised to produce a pure lithium hydroxide product which will be dried and packaged. The nameplate capacity for the plant is 32ktpa LHM.

##### Capital Cost

The Bécancour plant has a current estimated capital cost of US\$923.3M. Approximately US\$400M has been spent or committed to date for construction. The capital intensity of the project is approximately US\$29,300/t, which is comparable to similar projects in Australia.

##### Operating Cost

Average annual operating costs for the Bécancour conversion plant is estimated to be around US\$9,000/t LHM. The estimated costs are comparable to similar lithium hydroxide projects in Australia.

##### Valuation Assumptions

The Nemaska Bécancour project is under construction. BDA considers the use of the discounted cash flow method for valuation to be appropriate. BDA has discussed with Kroll the technical performance parameters and ramp up projections.

#### 6.5 Lithium Chemical Manufacturing Facilities

Livent has six lithium chemical manufacturing facilities in five countries consisting of Bessemer City in North Carolina, Güemes in Argentina (refer to Section 6.2), three facilities in China and one at Bromborough in the UK.

##### Bessemer City Plant

The Bessemer City manufacturing complex is located approximately 97km west of Charlotte, North Carolina. The facility produces lithium hydroxide, catalyst grade and high purity lithium metal, buyllithium and a range of lithium chemical specialities, including pharmaceutical grade lithium. Primary lithium raw materials (lithium carbonate and lithium chloride) are supplied from Livent's Mda operations (Fénix and Güemes) in Argentina, with minor additional open market purchases as required to meet production requirements.

The facility is well serviced by rail with its own spur line and road (NC161) with connections to the US interstate highway system (I85 and I77). Natural gas and electrical utilities have sufficient capacity to meet projected future requirements. Charlotte International Airport is a major regional airport serviced by major US and international carriers.

The current (2023) and forecast (2030) nameplate production capacities for the Bessemer City complex are shown in Table 6.12.

**Table 6.12**  
**Bessemer City Nameplate Production Capacities**

	2023	2030
Lithium Hydroxide (tpa)	15,000	25,000
High Purity Lithium Metal (tpa)	250	250
Butyllithium (tpa)	520	520

Lithium hydroxide capacity was increased in 2023 by the construction of a new 5ktpa facility. Livent anticipates adding an additional 10ktpa plant by 2025 with capabilities for recycling lithium recovered from lithium-ion batteries.

Lithium hydroxide production includes battery grade product and technical grade material. Technical grade material is used as the source material for production of various lithium salts and specialty organics for pharmaceutical and catalysts for chemical intermediates.

Lithium hydroxide is produced by caustisation of lithium carbonate using slaked lime, followed by precipitation/filtering of calcium carbonate and vacuum evaporation of the LiOH filtrate. The evaporated LiOH filtrate is crystallised in a 2-stage vacuum crystalliser. The crystallised LiOH is centrifuged and the cake dried in a rotary dryer. Final product is packed in 25kg bags or one tonne SuperSacs.

Lithium metal is produced by electrolysis of a LiCl-KCl eutectic mixture. The plant has six electrolysis cells. Lithium vapour is condensed to lithium metal under argon atmosphere and cast into ingots of 2-5kg size. Battery grade lithium metal is further purified in a separate facility by remelting, distillation, purification and recasting. Lithium metal is packaged in mineral oil in metal containers.

Chlorine gas generated during electrolysis is captured and scrubbed by the addition of caustic soda. The solution is filtered, with the filtrate recovered as industrial grade sodium chlorate solution (bleach), which is sold to the market.

Butyllithium is produced by dispersion of catalyst metal in mineral oil and the mixture heated. Oleic acid is added, the dispersion is cooled and washed and solvent added to the reactor. Buytl chloride is fed into the reactor. The reaction mix is cooled, filtered and transferred to storage for shipment. The facility produces both N-butyllithium and Sec-butyllithium. Buytlithium is used in the manufacture of synthetic rubber and as a reagent in the production of numerous specialty lithium chemicals.

#### **China Facilities**

Livent produces butyllithium at a company-owned facility in Zhangjiagang, China and produces lithium hydroxide under toll processing arrangements at Rugao and at Zhejiang; these processing operations are located within approximately 50km of the Zhangjiagang facility, with all facilities being in the greater Shanghai area. China capacity for lithium hydroxide is 30ktpa, equally divided between the two sites. Livent supplies feedstock to the sites with toll processing costs established by contract. Livent is responsible for marketing all processed material. Processing capacity is anticipated to remain steady through 2030. Butyllithium capacity is currently 1,300tpa and is not anticipated to expand.

#### **United Kingdom Facility**

Livent operates a butyllithium production facility at Bromborough, UK. The capacity of the plant is 1,325tpa. This capacity is anticipated to remain constant through to 2030.

#### **Livent Revenue Stream**

Recent financial data for Livent shows the following distribution of revenue by major product line (Table 6.13).

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**Table 6.13**  
**Livent Revenue by Product Line (US\$M)**

<b>Product Line</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Lithium Hydroxide	213.8	157.5	208.0	415.5
Butyllithium	99.9	87.1	105.4	277.7
High purity lithium metal and other specialty compounds	52.4	31.7	36.9	50.9
Lithium Carbonate and Lithium Chloride	22.3	11.9	70.1	69.1
<b>Total</b>	<b>388.4</b>	<b>288.2</b>	<b>420.4</b>	<b>813.2</b>

*Source: Livent annual reports*

Results for 2020 were affected by the general downturn in the global economy due to COVID-19 restrictions. Results significantly improved with economic recovery in 2022 and projections for 2023 and forward projections indicate revenues should increase significantly faster than GDP growth due to double digit forecast growth in lithium demand.

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## 7.0 VALUATION OF THE ALLKEM AND LIVENT EXPLORATION PROPERTIES

### 7.1 Valuation Principles and Methodologies

#### Valuation Principles

As a general principle, the fair value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

#### Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012. The effective date for this valuation is the date of this report.

#### Valuation Methods

The valuation methods considered are detailed in Section 3 of this report. There is no single valuation methodology which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances.

Kroll has valued the operating assets and development assets based on a discounted cashflow method. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models.

Kroll has requested that BDA undertake a valuation of any residual resources not captured in the discounted cash flow analysis.

BDA has considered project resources which may extend beyond the modelled reserve and LOM plan. In some cases, it is reasonable to conclude that a willing and knowledgeable buyer would ascribe some value to the potential for such resources to support a life of mine extension beyond the currently LOM plan. In such cases BDA has discussed with Kroll the option of modelling a further extension to mine life to reflect the additional value that a willing and knowledgeable buyer might ascribe.

Other prospects may be regarded purely as exploration properties, or projects at an early stage of development where uncertainties concerning timing, production and costs are such that a discounted cash flow analysis may not be appropriate. In these cases, BDA has considered exploration-type valuation methodologies, including Comparable Transactions.

The assets to be valued and the approaches adopted are summarised in Table 7.1.

Table 7.1

#### Allkem and Livent - Projects to be Valued

Project/Property	Valued By	Methodology/Comment
<b>Allkem</b>		
Olaroz - Stages 1 and 2 – LOM plan	Kroll	Discounted cashflows
Olaroz - additional LOM extensions	Kroll	Discounted cashflows
Olaroz - exploration potential	BDA	Fully incorporated in Extension Valuation
Sal de Vida - LOM plan Stages 1 and 2	Kroll	Discounted cashflows
Sal de Vida - additional LOM extension	Kroll	Discounted cashflows
Sal de Vida - exploration potential	BDA	Fully incorporated in Extension Valuation
Sal de Vida – comparable transaction assessment	BDA	Alternative valuation - resource and tenement parameters
Cauchari – proposed development and LOM plan	Kroll	Discounted cashflow
Cauchari - exploration and development potential	BDA	Alternative valuation – resource and tenement parameters
Mt Cattlin Mine – reserves and LOM plan	Kroll	Discounted cashflows
Mt Cattlin – additional in-pit resources and stockpiles	Kroll	Discounted cashflows
Mt Cattlin – extensions to LOM	Kroll	Discounted cashflows
Mt Cattlin - exploration potential	BDA	Exploration methodologies
James Bay - LOM plan	Kroll	Discounted cashflows
James Bay - additional LOM extensions	Kroll	Discounted cashflows
James Bay - exploration and underground potential	BDA	Fully incorporated in Extension Valuation
Naraha Lithium Hydroxide plant	Kroll	Discounted cashflows
Advantage Lithium Brine Exploration Properties	BDA	Exploration methodologies

**Table 7.1 (Continued)**  
**Allkem and Livent - Projects to be Valued**

Project/Property	Valued By	Methodology/Comment
<b>Livent</b>		
Fénix SdHM - LOM plan	Kroll	Discounted cashflows
Fénix SdHM - additional LOM extensions	Kroll	Discounted cashflows
Fénix SdHM - additional exploration potential	BDA	Fully incorporated in Extension Valuation
Nemaska Whabouchi mine – LOM plan	Kroll	Discounted cashflows
Nemaska Whabouchi mine – additional LOM extensions	Kroll	Discounted cashflows
Nemaska Whabouchi – additional exploration potential	BDA	Fully incorporated in Extension Valuation
Bécancour Lithium Hydroxide plant	Kroll	Discounted cashflow
Chemical manufacturing operations – US, UK, China	Kroll	Discounted cashflows

BDA notes that after full consideration and discussion with Kroll, it has been determined that it is likely that the value of the Olaroz, Sal de Vida and Fénix projects is substantially encapsulated in the discounted cashflow analysis. This is not to say that there is no further potential for these projects beyond the currently proposed expansion projects, but the projects have very long mine lives (typically in excess of 40 years) and BDA and Kroll consider that a willing and knowledgeable buyer may ascribe limited value to potential developments beyond this time frame. However, to ensure any potential upside is incorporated in the valuations, BDA has proposed that Kroll consider the impact of a further 10 years of operation for each of the projects.

Similarly, for the hard rock spodumene projects of Mt Cattlin, James Bay, and Whabouchi, BDA has discussed with Kroll the likelihood of further extensions to mine life beyond the current LOM plans. In each case, Kroll has modelled five to ten years of potential extensions.

For all projects, BDA has considered the value of the exploration potential beyond the defined LOM plans and possible extensions. Separate assessments of additional exploration value have been made, but in many cases, BDA has determined that the additional exploration value has been fully encapsulated in the modelled LOM extensions.

## 7.2 Valuation of Allkem Properties

### 7.2.1 Olaroz Project Stages 1 and 2

#### Overview

The Olaroz lithium brine project is located in Jujuy Province in northwestern Argentina, approximately 230km northwest of the capital city of Jujuy. The tenements cover an area of approximately 500km<sup>2</sup> extending 25km north-south and up to 20km east-west over the Salar de Olaroz.

The project commenced operations in 2015 and to date has produced over 55,000t of lithium carbonate. The nominal production capacity is 17,500t of LCE per annum, and this rate of production is planned to increase with the current construction of Olaroz Stage 2 to a total production capacity ramping up to 42,500tpa. Olaroz hosts a long-life lithium brine resource with a Measured and Indicated resource of 6.4Mt LCE, capable of sustaining continuous production for 32-plus years.

Allkem owns a 66.5% interest in the project, with Toyota Tsusho Corporation (TTC) holding a 25% interest and Jujuy Energia y Minería Sociedad del Estado 8%. Olaroz sells primary, micronised and non-micronised purified lithium carbonate to a diverse customer base in Asia, Europe and North America.

#### Valuation of Olaroz Project

Kroll has valued the Olaroz project as an operating project, based on a discounted cashflow analysis. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models.

The LOM model projections include the current Stage 1 production and the Stage 2 development and ramp up to a combined production rate of 42,500tpa. The LOM plan covers 32 years of production through to 2055 but even after 32 years of production (current LOM model) a substantial resource remains. BDA has discussed with Kroll the extent to which a willing and knowledgeable buyer would ascribe additional value to the remaining resource, given the uncertainties of the market in 40 years' time, the hydrological performance of the basin and the impact on the resource of other nearby operations. BDA has suggested to Kroll that a willing and knowledgeable buyer would consider that at least an additional 10 years of production would be likely, and Kroll has included this upside in its modelling.



### Valuation of Additional Exploration Potential

BDA has considered the additional exploration value that might be ascribed to the Olaroz tenements but has concluded that the value of the project tenements is fundamentally based on the ability of the underlying salar to generate lithium-rich brines, and this is appropriately addressed through the Kroll cashflow assessment. This analysis includes Stage 1 and 2 of the development plan over a period of 32 years; as discussed, there is potential for the project life to extend beyond the projected 40 years, dependent on the hydrological characteristics, the final determination of the basement profile, drawdowns associated with adjacent projects and future lithium prices which will determine an economic cut-off grade. In BDA's opinion, a willing and knowledgeable buyer might ascribe some additional value to the additional resource, and the longer-term potential of ongoing extraction of lithium-rich brines from the salar, but this is likely to be a relatively minor consideration compared with the Stage 1 and 2 current forecasts. BDA has suggested to Kroll that modelling an additional ten years of production beyond the 32 years would reasonably encapsulate any additional exploration value that might be ascribed by a willing and knowledgeable buyer. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential beyond 42 years.

### 7.2.2 Sal de Vida Project

#### Overview

The Sal de Vida lithium brine project is located in northwest Argentina on the eastern portion of the Salar del Hombre Muerto within the Province of Catamarca. The tenements extend from the Salta-Catamarca border in the north approximately 15km to the south and extend over approximately 15km east-west; the total area under licence is approximately 262.5km<sup>2</sup>.

Allkem has drilled a combined 47 holes (15 core holes, 23 brine exploration wells, 8 production wells, 1 fresh water well) on approximately a 3,000m spacing, with holes generally extending to around 150m depth. Two of the easternmost holes were drilled to basement with the deepest intersection extending to 336m, indicating a deeper trough, and potentially a significant additional depth of potential aquifer over the rest of the basin; brines from these eastern holes averaged a relatively high 930mg/L.

Allkem completed an update of the 2021 feasibility study in 2023, based on initial production of 15,000tpa of battery grade lithium carbonate, expanding to 45,000tpa in Stage 2, with a 44-year project life. Stage 1 development capital has been estimated at US\$374M with cash costs of US\$4,523/t of lithium carbonate. Resource and reserve estimates have been updated based on the latest drilling, with a reserve estimate of 2.49Mt of recoverable lithium carbonate. Detailed engineering and construction activities are under way including construction of ponds, process plant and roads and the expansion of the accommodation camp. Eight initial production bores in the eastern region of the salar have been completed. Construction and commissioning of Strings 1 and 2 of the evaporation ponds is underway. Pilot testwork continues producing samples of battery grade lithium carbonate for potential customers. First production from Stage 1 is scheduled for Q4 2024.

#### Valuation of Sal de Vida Project

Kroll has valued the Sal de Vida project as a development and soon-to-be operating project, based on a discounted cashflow analysis. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models.

The LOM model projections include Stages 1 and 2 of the project, however, even after 44 years of production (current LOM model) a substantial resource remains. BDA has discussed with Kroll the extent to which a willing and knowledgeable buyer would ascribe additional value to the remaining resource, given the uncertainties of the market in 44 years' time, the hydrological performance of the basin and the impact on the resource of other nearby operations. BDA has suggested to Kroll that a willing and knowledgeable buyer would consider that at least an additional 10 years of production would be likely, and Kroll has included this upside in its modelling.

#### Valuation of Additional Exploration Potential

BDA has considered the additional exploration value that might be ascribed to the Sal de Vida tenements but has concluded that the value of the project tenements is fundamentally based on the ability of the underlying salar to generate lithium-rich brines, and this is appropriately addressed through the Kroll cashflow valuation. This valuation includes Stage 1 and 2 of the proposed development and extends for a period of 44 years. There is potential for the project life to extend beyond the projected 44 years, depending on the hydrological characteristics, the final determination of the basement profile, drawdowns associated with adjacent projects and future lithium prices which will determine an economic cut-off grade. In BDA's opinion, a willing and knowledgeable buyer might ascribe some additional value to the additional resource, and the longer-term potential of ongoing extraction of lithium-rich brines from the salar, but this is likely to be a relatively minor consideration compared with the

Stage 1 and 2 current forecasts. BDA has suggested to Kroll that modelling an additional ten years of production beyond the 44 years would reasonably capture any additional exploration value that might be ascribed by a willing and knowledgeable buyer. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential beyond 54 years.

#### Valuation of Sal de Vida based on Comparable Transactions

Kroll has requested that BDA also consider the value of Sal de Vida based on Comparable Transactions, as a cross check to the NPV assessment for comparative purposes. BDA has considered several significant transactions completed since 2019 as being comparable to the Sal de Vida project with respect to stage of project development and size and grade of the resource. These transaction are:

- acquisition of Neo Lithium's Tres Quebrades project in Argentina by Zijin Mining (2022)
- acquisition of Lithea Inc by GFL International - the Pozuelos/Pastos Grandes projects, Argentina (2022)
- acquisition of Rincon Mining by Rio Tinto plc – the Rincon project, Argentina (2022)
- acquisition by Ganfeng Lithium in LAC Cauchari project in Argentina (2018)

#### *Neo Lithium/Zijin Mining*

A relevant recent transaction is the sale by Neo Lithium Limited of its Tres Quebradas lithium project in Argentina to Zijin Mining Company for US\$770M in cash. The deal was announced on 11 October 2021 and closed 26 January 2022.

The Tres Quebrades project is located at an elevation of 4,050m in an isolated area of Catamarca Province. At the time of the acquisition, the Tres Quebrades project encompassed 35,362ha covering the whole of the salar basin. The salar has excellent chemistry, with high lithium grades, typically exceeding 700mg/L lithium, and low levels of magnesium. The project was at a Definitive Feasibility Study stage with total Measured, Indicated and Inferred Resources of 7.63Mt LCE grading 920mg/L lithium and Proven and Probable reserves of 1.671Mt LCE grading 786mg/L lithium, all at 400mg/L lithium cut-off as of October 2021.

The Tres Quebrades project contemplated production of 20ktpa battery grade lithium carbonate over a 40-year project life. The estimated initial capital cost for the project was US\$370M, with annual operating costs of US\$2,953/t LCE. The project had an estimated after-tax NPV<sub>8</sub> of US\$1,129M.

Applying these parameters to the current Sal de Vida resources and reserves and tenement holdings provides an alternative check estimate of value. Current Sal de Vida Mineral Resources total 7.17Mt LCE (Measured, Indicated and Inferred). Proven and Probable Reserves at Sal de Vida are 2.49Mt LCE.

The lithium grades at Tres Quebrades and Sal de Vida are reasonably comparable so a valuation based on resource tonnage (\$/t LCE) would be appropriate. On this basis, Sal de Vida would be valued at approximately the same amount as the Tres Quebrada property in terms of total resources (ie around US\$770M) and at a premium to Tres Quebrada in terms of Ore Reserves.

BDA notes that the Sal de Vida project is currently under construction, while the Tres Quebrades project was at an earlier stage of development (DFS). BDA also notes that Sal de Vida project is located in a significantly more accessible and infrastructure rich location than the Tres Quebrades project, justifying a premium for the Sal de Vida project compared to Tres Quebrades.

#### *Lithea/GFL International*

GFL International Co. Ltd. a subsidiary of Ganfeng Lithium Co. Ltd., acquired Lithea Inc., the owner of the Pozuelos and Pasto Grandes lithium development projects in Salta Province, Argentina in July 2022 for US\$962M in cash.

The Pozuelos/Pastos Grandes project was a development stage project which had completed a Preliminary Economic Assessment prior to the sale of LSC Lithium to Pluspetrol and was rapidly advancing to the Feasibility study stage. The Pozuelos and Pastos Grandes projects are situated close to each other and have complementary brine chemistry. The total area involved was 13,970ha, of which Pozuelos accounted for 10,787ha representing the entirety of the salar. The tenements on Pastos Grandes represented 2,683ha and accounted for approximately one-third of the total area of the salar, the balance being held by Lithium Americas.

The combined Measured, Indicated and Inferred resources for the Pozuelos/Pastos Grandes project as of January 2019 were stated at 11.06Mt LCE (cf. 7.17Mt LCE for Sal de Vida) with an average grade of 493mg/L lithium. The 2019 PEA for the project contemplated 20ktpa LCE production at a capital cost of US\$338M and an operating cost of approximately US\$3,000/t LCE. The after-tax NPV<sub>8</sub> for the project was estimated at US\$762M.

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### *Rincon Mining/Rio Tinto plc*

Rio Tinto plc announced the acquisition of Rincon Mining in December 2021 for US\$825M. The transaction closed on 29 March 2022. Rincon Mining was the owner of the salar del Rincon lithium project in Argentina. Salar del Rincon is a very large salar, in excess of 400km<sup>2</sup>, with a halite zone covering an area of approximately 253km<sup>2</sup>. Rincon Mining owned tenements covering essentially the full extent of the halite zone, plus surrounding tenements extending across the alluvial fan areas. The salar is characterised by a high permeability fractured halite zone in the upper 30m, followed by approximately 15m of relatively porous clastics and a 15m thick mixed zone of halite and clastics, ending in approximately 72m of intercalated highly permeable black sands overlying massive halite. The brine chemistry is relatively low grade, typically 350-425mg/L lithium, but with relatively low levels of competing anions and cations, allowing for both standard solar evaporation processing as well as non-traditional recovery methods.

A Definitive Feasibility Study on the project was completed in July 2016, reporting JORC (2012) compliant Measured, Indicated and Inferred resources of 8.362Mt LCE grading 400mg/L lithium and Probable reserves of 1.171Mt LCE grading 371mg/L lithium, all at 200mg/L lithium cut-off. The project was planned to produce 50ktpa LCE based on proprietary direct lithium extraction technology.

Cost and process development issues were encountered in advancing the project, resulting in the sale the project to Rio Tinto plc in December 2021. Rio Tinto is currently undertaking studies as to options for development of the project. Based on the 2016 resource and reserve estimates (the latest available), the project was valued at US\$98.65/t LCE in terms of Measured, Indicated and Inferred Resources or US\$704.30/t Probable reserves.

### *Ganfeng/Lithium Americas Cauchari Project*

BDA has considered whether the value represented by the acquisition by Ganfeng of an interest in the Lithium Americas Corp (LAC) Cauchari project provides a reasonable comparable transactions.

The Lithium Americas Corp (LAC)/Ganfeng Lithium Limited (Ganfeng) Cauchari brine and lithium carbonate production facility currently under construction is located on the Salar de Cauchari immediately south of Allkem's Salar de Olaroz brine extraction and lithium carbonate production facility. The Allkem Cauchari lithium brine project is also located on Salar de Cauchari with the Allkem Cauchari tenements situated on either side of LAC's ground.

Ganfeng acquired a 37.5% interest in LAC's Salar Cauchari lithium project in October 2018. The project was in the early stages of construction at the time and had defined Proved and Probable reserves of 1.499Mt LCE. At the time of the transaction, the Salar Cauchari project was owned 100% by Minera Exar, which in turn was owned 50% by LAC and 50% by SQM. Ganfeng held a 19.9% direct interest in LAC through a prior investment, had provided debt financing to LAC for project construction, and had an offtake agreement in place for production from the project. Ganfeng purchased SQM's 50% interest in Minera Exar and the project for US\$87.5M, with an agreement to pay SQM an additional US\$50M subject to the project meeting specified targets for lithium carbonate sales. Simultaneous related-party transactions between LAC, Minera Exar and Ganfeng resulted in a final ownership split in Minera Exar of 37.5% for Ganfeng and 62.5% for LAC.

Including the contingent payment due to SQM, the US\$137.5M paid for the 50% SQM interest in the project would suggest a value of US\$275M for 100% of the project.

However, the LAC/Ganfeng transaction was demonstrably not at arm's length; Ganfeng already held a significant interest in the project through its 19.9% interest in LAC and had provided financing and offtake commitments. Furthermore, there were several related-party transactions between the owners of the project to determine the final ownership percentages. BDA considers that it would not be appropriate to use the LAC/Ganfeng transaction in determining a 'willing, knowledgeable, arm's length' value. Accordingly, BDA has excluded the LAC/Ganfeng transaction from its consideration of a "Comparable Transactions" valuation for the Cauchari project.

### **Valuation based on Yardsticks**

BDA has used the yardstick of \$/t LCE as the basis for comparative valuation of Sal de Vida. BDA has considered the time of the comparable transactions in assessing relative strength of the market for property acquisitions and the stage of development of the projects. The comparable transactions utilised in the analysis all took place in a period of relative strength in the market and BDA considers that at the present time these conditions remain and BDA considers transaction prices in the 2021-2022 time period remain valid. Table 7.2 summarises the range of \$/t LCE values for the comparative projects.

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**Table 7.2**  
**Comparative Yardsticks for Valuation (\$/t LCE Basis)**

Comparative Transaction	Transaction Value (US\$M)	Meas-Ind-Inf Resources (Mt)	Resource Grade (mg/L Li)	\$/t LCE (US\$)	Proved-Prob Reserves (Mt)	Reserve Grade (mg/L Li)	\$/t LCE (US\$)
Neo Lithium	770	7.630	920	100.92	1.671	786	460.80
Lithea	962	11.060	493	86.98	n.a.	n.a.	n.a.
Rincon	825	8.362	400	98.65	1.171	371	704.30
Average Grade (mg/L lithium)			604			579	
<b>Weighted Average (based on tonnes LCE)</b>				<b>94.52</b>			<b>561.42</b>
<b>Weighted Average (based on grade)</b>				<b>96.63</b>			<b>538.88</b>
<b>Combined Weighted Average</b>				<b>95.58</b>			<b>550.15</b>

BDA has also considered the stage of development of the projects and the average lithium grade of each project. BDA notes that Sal de Vida is in construction and has a relatively high brine grade. These factors would tend to attract a premium price if the property was available for sale. In BDA's opinion, a premium of 25% should be attached to the \$/t LCE value for Sal de Vida. Based on these considerations, BDA would value the Sal de Vida project on a comparative transaction basis as detailed in Table 7.3.

**Table 7.3**  
**Summary of Valuation of Sal de Vida Project - Comparative Transactions based on \$/t LCE**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on Resources	686	857	1,028	Resource Yardstick ±20%
Comparable Transaction based on Reserves	1,370	1,712	2,054	Resource Yardstick ±20%
<b>Average of Comparable Transactions</b>	<b>1,028</b>	<b>1,285</b>	<b>1,541</b>	

BDA has also considered the use of a \$/ha yardstick for valuation of the Sal de Vida project. The transaction data for the comparator projects shows the following values: Tres Quebrades US\$21,774/ha, Pozuelos/Pastos Grandes US\$71,418/ha, Rincon US\$18,786/ha for an average of US\$37,326/ha. Applying the average value to the Sal de Vida project yields the values shown in Table 7.4.

**Table 7.4**  
**Summary of Valuation of Sal de Vida Project - Comparative Transactions based on \$/ha**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on \$/ha	<b>784</b>	<b>980</b>	<b>1,176</b>	Area Yardstick ±20%

Blending the two value estimation methods yields the following average comparative transaction values for Sal de Vida (Table 7.5).

**Table 7.5**  
**Summary of Valuation of Sal de Vida - Comparative Transactions Basis**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on \$/t LCE	1,028	1,285	1,541	Resource Yardstick ±20%
Comparable Transaction based on \$/ha	784	980	1,176	Area Yardstick ±20%
<b>Average</b>	<b>906</b>	<b>1,133</b>	<b>1,359</b>	

### 7.2.3 Cauchari Project

The Allkem Cauchari lithium brine project is located on Salar de Cauchari, immediately south of Allkem's Salar de Olaroz brine extraction and lithium carbonate production facility. Allkem owns 100% of the project. The Cauchari project tenements total 27,772ha and are situated on either side of the Lithium Americas Corp (LAC)/Ganfeng Lithium Limited (Ganfeng) Cauchari brine and lithium carbonate production facility currently under construction.

The Cauchari project is currently at the Prefeasibility Study evaluation phase. A technical report and a Prefeasibility Study on the project were completed in August 2023. The 2023 Measured, Indicated and Inferred resource estimate totalled 5.95Mt of contained LCE. Estimated Proved and Probable reserves total 1.128Mt LCE. The project is geologically prospective for additional brine resources at depth.

The Prefeasibility Study was based on production of 25ktpa lithium carbonate with a 31-year mine life. The estimated capital cost for the project totalled US\$659M for initial capital, with operating costs of US\$4,081/t LCE on a life-of-mine basis.

Allkem's Cauchari project is complementary to the existing Allkem operations at Olaroz. The brine chemistry is similar in composition to the brine at Olaroz, although of a somewhat lower lithium tenor. There are significant opportunities for sharing of infrastructure, management and process technology.

Given the Prefeasibility stage of the project studies and the fact that Allkem is now assessing the Cauchari project as a potential extension option for Olaroz rather than a stand-alone project, Kroll has requested that BDA consider the value of the Cauchari project from an exploration methodology perspective.

#### Valuation of Cauchari based on Comparable Transactions

BDA has considered whether Comparable Transactions provide a guide to the value of the Cauchari project to provide Kroll with a cross check on the NPV assessment for comparative purposes. BDA has considered several significant transactions completed since 2019 as being comparable to the Cauchari project with respect to stage of project development and size and grade of the resource. These transactions are the acquisition of Neo Lithium's Tres Quebradas project in Argentina by Zijin Mining (2022), the acquisition of Lithea Inc by GFL International comprising the Pozuelos/Pastos Grandes projects in Argentina (2022), the acquisition of Rincon Mining by Rio Tinto plc, the Rincon project in Argentina (2022) and the acquisition by Ganfeng Lithium of its interest in the LAC Cauchari project in Argentina (2018).

These project acquisitions have been fully described in the Sal de Vida section 7.2.2.

#### Valuation based on Yardsticks

BDA has used the yardstick of \$/t LCE derived from the above transactions, as described in the Sal de Vida section above, as the basis for comparative valuation of Cauchari. BDA has considered the time of the comparable transactions in assessing relative strength of the market for property acquisitions and the stage of development of the projects. The comparable transactions utilised in the analysis all took place in a period of relative strength in the market and BDA considers that at the present time these conditions remain and BDA considers transaction prices in the 2021-2022 time period remain valid. Table 7.6 summarises the range of \$/t LCE values for the comparative projects.

**Table 7.6**  
**Comparative Yardsticks for Valuation (\$/t LCE Basis)**

Comparative Transaction	Transaction Value (US\$M)	Meas-Ind-Inf Resources (Mt)	Resource Grade (mg/L Li)	\$/t LCE (US\$)	Proved-Prob Reserves (Mt)	Reserve Grade (mg/L Li)	\$/t LCE (US\$)
Neo Lithium	770	7.630	920	100.92	1.671	786	460.80
Lithea	962	11.060	493	86.98	n.a.	n.a.	n.a.
Rincon	825	8.362	400	98.65	1.171	371	704.30
Average Grade (mg/L lithium)			604			579	
<b>Weighted Average (based on tonnes LCE)</b>				<b>94.52</b>			<b>561.42</b>
<b>Weighted average based on grade</b>				<b>96.63</b>			<b>538.88</b>
<b>Combined Weighted Average</b>				<b>95.58</b>			<b>550.15</b>

BDA has also considered the stage of development of the projects and the average lithium grade of each project. In BDA's opinion, Cauchari is at a similar stage of development to the comparative projects and has a similar average grade to the comparative projects. Current resources and reserves are confined to the northern tenements, either side of the LAC/Ganfeng project area. This is likely to impact on production rates from the Allkem

tenements, create logistical issues and result in higher production costs. Based on these considerations, BDA has applied a 20% discount to the average \$/t LCE value applied to the Cauchari project on a comparative transaction basis as detailed in Table 7.7.

**Table 7.7**

**Summary of Valuation of Cauchari Project - Comparative Transactions based on \$/t LCE**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on Resources	364	455	546	Resource Yardstick ±20%
Comparable Transaction based on Reserves	397	497	596	Resource Yardstick ±20%
<b>Average of Comparable Transactions</b>	<b>380</b>	<b>476</b>	<b>571</b>	

BDA has also considered the use of a \$/ha yardstick for valuation of the Cauchari project. The transaction data for the comparator projects shows the following values: Tres Quebradas \$21,774/ha, Pozuelos/Pastos Grandes \$71,418/ha, Rincon \$18,786/ha for an average of \$37,326/ha. The Cauchari tenement area totals 27,772ha, but is long and thin, down either side of the central salar area, with Ganfeng/LAC holding the central salar. The tenement area is disjointed into several separate packages with exploration and current resources confined to the northern tenements. On this basis, BDA considers a value based on \$/ha yardsticks could be less reliable and has applied a 40% discount to the \$/ha average value to estimate a comparative value for the Cauchari tenements as shown in Table 7.8.

**Table 7.8**

**Summary of Valuations of Cauchari Project - Comparative Transactions based on \$/ha**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on \$/ha	498	622	747	Area Yardstick ±20%

Blending the two methods yields the following average comparative transaction values for Cauchari (Table 7.5).

**Table 7.9**

**Summary of Valuations of Cauchari Project - Comparative Transactions Basis**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction based on \$/t LCE	380	476	571	Resource Yardstick ±20%
Comparable Transaction based on \$/ha	498	622	747	Area Yardstick ±20%
<b>Average</b>	<b>439</b>	<b>549</b>	<b>659</b>	

## 7.2.4 Mt Cattlin Project

### Overview

The Mt Cattlin exploration tenements extend approximately 15km north and south of the Mt Cattlin mine and also extend approximately 5km west and 10km east of the mine; the total area is approximately 350km<sup>2</sup>. The mining lease M74/244 has a total area of 18.3km<sup>2</sup>.

The tenements have been explored for gold, copper, tantalite and spodumene resources. Small scale historic gold and copper mines are located at Mt Cattlin, Marion Martin, Floater and Maori Queen, all within 1-4km of Allkem's lithium deposit.

Regional mapping and rock chip sampling have been followed up with soil sampling, auger drilling, airborne and ground geophysics and RC and diamond drilling. Lithium and tantalum anomalies have been identified at several locations including the Enduro prospect, 2km north of the Mt Cattlin operation, where outcropping pegmatites occur with an intersection of 2m at 1.45% Li<sub>2</sub>O, and at the Sirdar prospect with pegmatite rock chip samples up to 2% Li<sub>2</sub>O.

Structural and geochemical modelling has identified two priority target areas, to the southwest of the current NW pit (Southern Target) and to the north of the current mining area (Northern Target), both within the Mt Cattlin structural corridor and east of a major controlling north-south fault. Initial drilling of the Southern Target has intersected mineralised pegmatites and Allkem considers a possible resource of 5Mt to be a reasonable exploration target based on early drill results. No drilling has yet been undertaken on the Northern Target.

#### **Valuation of Underground Potential**

The best immediate prospect would appear to be the potential underground development of the two known principal pegmatite horizons within the NW pit. The upper horizon is currently being mined in the NW pit. The lower horizon would be accessed by the Stage 4a and 4b cutbacks, but underground development could prove a viable economic alternative given the relatively high open pit stripping ratio and would also provide access to along strike and down dip extensions of the pegmatites, not currently accessible to open pit development.

Systematic drilling and completion of the current underground feasibility study will be required to establish whether the grade and continuity are sufficient to support a potential underground operation, but the intersections do indicate the potential for a possible continuation of the Mt Cattlin operation beyond the current four to five-year open pit LOM plan.

BDA considers that a willing and knowledgeable buyer would value the Mt Cattlin operation based on the current open pit LOM plan, but would then, for valuation purposes, consider the potential for a LOM extension based on underground extraction.

Kroll has valued the Mt Cattlin project as a production operation, based on the LOM plan and the net present value (NPV) of the forecast discounted cashflows. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models. BDA has also discussed with Kroll the modelling of a modest upside to the LOM plan based on the likely definition of additional in-pit mineralisation, currently classified as Inferred resources, and the processing of additional stockpiles including 0.9Mt of pre-2018 tailings.

BDA considers it likely that underground mining may commence earlier and displace some of the Stage 4b open pit cutback. The economics of underground mining will depend on the spodumene concentrate price at the time and the continuity and grade of the pegmatites down dip and along strike, but current drill results are encouraging. BDA considers that a willing and knowledgeable buyer would ascribe some value to the potential for future underground mining. For valuation purposes BDA has considered the potential for underground mining post the depletion of the Stage 4b pit reserves. BDA estimates the potential value of a further three years of underground mining on a risked basis to be in the order of US\$46M.

#### **Valuation of Mt Cattlin Tenements Exploration Potential**

In addition to the potential extensions to the current operations within the Mining Lease, BDA has separately considered the value of the exploration potential represented by the exploration tenements beyond the Mining Lease, and the newly acquired tenements in the Bald Hill region.

##### *Past Transaction Yardsticks*

In June 2018 Galaxy acquired ground to the south of Mt Cattlin from Kingston Resources Ltd ("Kingston"), with payment of A\$600,000 for 87km<sup>2</sup> of exploration tenement, equivalent to A\$6,900/km<sup>2</sup>. The exploration potential over this area would be considered similar to the exploration potential over the bulk of Allkem's tenements and on this basis would indicate a total exploration value, based on a 380km<sup>2</sup> area, of around A\$2.6M.

In July 2020 Galaxy completed a transaction with Traka Resources Ltd ("Traka") whereby it secured rights to 100% of the lithium rights over certain tenements while ceding 100% of the gold and other mineral potential, excluding pegmatite minerals, to Traka. Optiro Pty Ltd ("Optiro") undertook an independent Mineral Asset appraisal and determined a range of values for the lithium exploration potential from A\$7,000-10,000/km<sup>2</sup> based on past transactions. Based on a 380km<sup>2</sup> total exploration area, the past transactions would value the exploration tenements in a range of A\$2.7-3.8M.

The range of Yardstick values calculated from these transactions is similar to the range calculated by CSA Global ("CSA") for the Bald Hill tenements of A\$5,000-13,000/km<sup>2</sup> with a preferred value of A\$9,000/km<sup>2</sup> (see below). Given the significant increase in lithium market prices over the last two years, BDA considers the slightly higher CSA range to be relevant to the current valuation of the Mt Cattlin tenements, giving a value of A\$3.4M within a range of A\$1.9-4.9M.

##### *Geoscientific Method*

Applying the Geoscientific Method, Optiro derived a value for the lithium exploration potential of between A\$8,300-19,800/km<sup>2</sup>. Optiro assigned a Base Acquisition Cost (BAC) of A\$395/km<sup>2</sup> and then applied Off-Property Factors between 3.5-4, On Property Factors from 2-2.5, Anomaly Factors from 1.5-2 and Geological Factors between 2-2.5. BDA has reviewed the Optiro assessment and considers it reasonable. Based on a 380km<sup>2</sup> total exploration area, the Geoscientific method gives a value range of A\$3.1-7.5M.

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### *Past Expenditure Method*

Allkem has provided BDA with annual exploration expenditure documentation for 2022 and 2023 which ranges from A\$1.5-3.0M per year, excluding expenditure on the Mt Cattlin Mining Lease. Allkem advises that minimum obligatory expenditures are of the order of A\$0.5M per annum.

The assumption made for valuations using past expenditure is that the exploration has been well directed and has added value to the property. This is not always the case and exploration can also downgrade a property. Therefore, a prospectivity enhancement multiplier (PEM), which commonly ranges from 0.5-3.0, is applied to the past expenditure.

The selection of an appropriate multiplier is a matter of experience and judgment but can be highly subjective. To minimise the subjectivity, BDA utilises the PEM ranges listed in Section 3.4 as a guide to establish the property's value based on past expenditure.

Based on the state of exploration, BDA is of the opinion that an appropriate PEM for Mt Cattlin exploration expenditure is 1.5-2.0; the results are sufficiently encouraging to warrant further exploration and mineralised pegmatite has been identified at several prospects with some significant drill intersections, but, in terms of exploration beyond the current Mining Lease, substantial additional drilling will be required to establish whether or not material resources can be defined.

On this basis, BDA has determined a valuation of the property based on the three years expenditure of A\$6.3M and a PEM of 1.5 to 2.0 of A\$9.5-12.6M with a preferred value of A\$11.1M. BDA recognises that this range of values is somewhat higher than the range of values indicated by past transactions and the Geoscientific method. However, BDA considers the higher exploration expenditures in recent years appropriately reflect the increased priority and higher value ascribed to the Mt Cattlin exploration potential in the context of the increased profitability of the Mt Cattlin operation at higher spodumene prices. BDA therefore considers the exploration expenditure method to be a legitimate contributor to the assessment of value.

### *Other Factors*

BDA has considered whether there are any "Special Circumstances" contributing to, or detracting from, the potential value of the Mt Cattlin tenements. Location, access and regulatory factors are all positive, and a major plus is the availability of an existing plant and infrastructure to process the material should an economic deposit be defined.

BDA considers there is a good case to be made to undertake systematic exploration in the next two to four years to determine whether or not there are resources available which could materially extend the mine life.

### **Valuation of Bald Hill Tenements Exploration Potential**

#### *Comparable Transaction Yardstick and Actual Transaction*

BDA has considered the value of the Bald Hill exploration tenements based on Comparable Transactions to determine a \$/km<sup>2</sup> yardstick. CSA Global (CSA) undertook an independent market valuation of the Bald Hill tenement licences in March 2023. CSA considered 23 Australian lithium exploration project transactions since January 2020 and on this basis determined an average valuation factor of A\$9,000/km<sup>2</sup> within a range of A\$5,000-A\$13,000. BDA has reviewed the CSA work and considers it comprehensive and providing an appropriate guide to value. Based on a tenement area of 440km<sup>2</sup> at Bald Hill and allowing for a higher factor for the granted mining licence, CSA determined a value of A\$4.4M within a range of A\$2.6-6.2M. Allkem has an 80% interest in the tenements giving a value of A\$3.5M in a range of A\$2.1-5.0M.

BDA notes that Allkem advises that the actual transaction involved payment of A\$2M with Allkem's share being A\$1.6M. BDA has adopted a midpoint between the actual payment and CSA's assessment of value as the preferred value (ie. A\$2.6M) with a ±20% range.

### **Summary – Mt Cattlin Exploration Valuation**

An overall assessment of the value of the Mt Cattlin exploration properties and exploration upside is shown in Table 7.10.

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**Table 7.10**  
**Summary of Valuation of Allkem Mt Cattlin Project and Exploration Potential**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>Mt Cattlin Operation</b>				
Ongoing operation	See IER	See IER	See IER	NPV based on LOM production model
Treatment of stockpiles	See IER	See IER	See IER	NPV based on LOM production model
Extension to LOM	See IER	See IER	See IER	NPV - 5yr LOM extension, discounted for uncertainty
Underground Mining after 4B pit	36.8	46.0	55.2	BDA estimate based on potential three years mining, discounted for risk.
<b>Mt Cattlin Exploration Tenements</b>				
Comparable Transactions	1.9	3.4	4.9	Average of A\$/km <sup>2</sup> yardsticks
Geoscientific Method	3.1	5.3	7.5	BAC x appropriate factors
Exploration Expenditure/PEM	9.5	11.1	12.6	Effective costs x PEM
<i>Average of Values</i>	<i>4.8</i>	<i>6.6</i>	<i>8.3</i>	
<b>Bald Hill Tenements</b>				
Comparable Transaction	2.1	2.6	3.1	Average of A\$/km <sup>2</sup> yardsticks and Actual Transaction
<b>BDA Exploration Valuation</b>	<b>6.9</b>	<b>9.2</b>	<b>11.4</b>	Preferred values based on project considerations

Note: BDA assessment confined to exploration potential; valuation of existing LOM plan and possible extensions incorporated in Kroll's modelling

### 7.2.5 James Bay Project

#### Overview

The James Bay lithium project is based on a series of outcropping lithium-rich spodumene pegmatite dikes, located in Northern Québec (Nord-du-Québec region) 130km east of James Bay and the Eastmain Cree Nation community. The project is accessible via the highway from Matagami to Radisson, which crosses the project area 380km north of Matagami. The property comprises contiguous mining tenements totalling 11,130ha or 111.3km<sup>2</sup>. Galaxy (now Allkem) acquired its 100% interest in the project in 2012 through a C\$112M merger with Lithium One Inc. (Lithium One)

The pegmatites form irregular dykes up to 60m in width and over 200m in length and have been drilled to a depth of around 300m. The host rocks comprise amphibolite grade Archaean metavolcanics and metasediments. The pegmatite dykes strike north-northeast and dip steeply to the west-northwest, with the outcrop zone extending approximately 2.5km northwest-southeast. Exploration drilling in 2022/23 discovered a NW trending extension of the pegmatite dyke system developed off the western end of the main pegmatite dyke system. An updated resource estimate was reported by Allkem in August 2023; this estimate comprises Indicated and Inferred resources totalling 110.2Mt grading 1.30% Li<sub>2</sub>O.

A staged open pit has been designed, extracting 37.3Mt of ore at an average grade of 1.27% Li<sub>2</sub>O, with the final pit extending 2km northwest-southeast with an average width of 500m, a maximum depth of 250m and an average stripping ratio of 3.6:1.

A Prefeasibility Study has been completed based on the mining and processing of 2Mtpa of pegmatite ore over approximately 19 years. Annual production is projected to average 307kt of spodumene concentrate at a grade of 5.6% Li<sub>2</sub>O.

Exploration and drilling has focussed on the area of pegmatite outcrop, which forms a prominent ridge, and strike and depth extensions of the pegmatite dikes. BDA considers that there is significant additional exploration potential beyond the occurrence of the known pegmatites, and that any additional exploration potential is best represented by a further ten-year extension of the open pit, principally along strike to the NW, with some limited additional potential at depth with a further staged strip-back. However, any such extension could potentially impact on surface infrastructure and therefore it will be important to establish the potential depth extensions of the pegmatites prior to finalisation of the surface layout. BDA has recommended that Kroll include the upside of a potential ten years extension to the LOM in its financial modelling.

#### Valuation of James Bay Project

Kroll has valued the James Bay project based on the LOM plan and the net present value (NPV) of the forecast discounted cashflows. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models. BDA has also discussed with Kroll the extent to which a willing and knowledgeable buyer would ascribe additional value to the potential for resource extensions down dip and along strike to support further cutbacks and extensions of the open pit. BDA has suggested to Kroll that a willing and knowledgeable buyer would consider that an additional 10 years of production would be likely, and Kroll has included this upside in its financial modelling.

### Valuation of Additional Exploration Potential

BDA has considered the additional exploration value that might be ascribed to the James Bay tenements based on the recently completed drilling and updated resource estimate. There is considerable potential for the project life to extend beyond the currently projected 19 years, dependent on the down dip and along strike extension of the pegmatite mineralisation and future lithium prices which will determine an economic cut-off grade. In BDA's opinion, a willing and knowledgeable buyer would ascribe additional value to the longer-term potential. BDA considers the potential additional value is best captured by a ten-year extension to Kroll's modelling as discussed above. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential beyond this extension.

Table 7.11

Summary of Valuation of Allkem James Bay Project and Exploration Potential

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
James Bay Project LOM Plan	See IER	See IER	See IER	NPV based on 19-year LOM production model
Additional Exploration Potential	See IER	See IER	See IER	Additional 10 years extension potential

### 7.2.6 Naraha Lithium Hydroxide Project

The value of this industrial plant in Japan, in which Allkem has a 75% economic interest, has been assessed by Kroll in the IER.

### 7.2.7 Additional Early-Stage Projects and Exploration Properties in Argentina

As part of the acquisition of Advantage Lithium, Orocobre acquired a number of early-stage exploration projects in Jujuy, Salta and Catamarca. After some disposals, Allkem has retained two prospects, namely Guayatoyoc and Incahuasi.

These properties are both early-stage exploration properties. Some limited surface and near-surface pitting has been carried out but only relatively low lithium values and potassium-enriched brines have been encountered.

BDA considers these properties would have represented a relatively minor component of the C\$49.7M (US\$23.6M) Orocobre/Advantage Lithium transaction.

Early exploration salar properties of this nature, based on recent comparable transactions, are currently transacting for around US\$1,000-3,000/ha, although a very recent transaction (September 2023) transacted for approximately US\$98/ha for a large package (23,500 ha distributed as nine widely separated tenement packages) on the periphery of salar de Atacama in Chile. Given the limited prospectivity based on results to date, BDA considers the relevant applicable range would be towards the lower end of the above range, or US\$300-1,000/ha, with a mid-range of US\$500/ha. The total tenement area is approximately 31,100ha giving a range of possible values between US\$9.3-31.1M with a most likely value of US\$15.6M.

### 7.2.8 Summary Valuation Allkem Properties and Exploration Potential

A summary of BDA's assessment of Allkem's exploration properties potential is shown in Table 7.12.

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**Table 7.12**  
**Valuation Summary of Allkem's Projects and Exploration Potential (100% Basis)**

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>Olaroz Lithium Brine Project Stage 1 and 2</b>				
Ongoing operation and Stage 2 expansion based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Olaroz additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Sal de Vida Lithium Brine Project</b>				
Proposed operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll assessment based on technical advice from BDA
Sal de Vida additional exploration potential				Fully encapsulated in the additional mine life incorporated in Kroll's assessment
Alternative Comparable Transaction Assessment	906	1,133	1,359	Assessed by BDA based on resource and tenement area Yardsticks
<b>Cauchari Lithium Brine Project</b>				
Proposed operation based on PFS, existing resources and LOM plan	See IER	See IER	See IER	Considered by Kroll
Alternative Comparable Transaction Assessment	439	549	659	Assessed by BDA based on resource and tenement area Yardsticks
Cauchari additional exploration potential	-	-	-	Fully incorporated in the Comparable Transaction assessment
<b>Mt Cattlin Spodumene Mine</b>				
Mine operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Treatment of stockpiles, pre-2018 tailings retreatment and in pit Inferred resources	See IER	See IER	See IER	Incorporated in Kroll assessment based on technical advice from BDA
Extensions to LOM	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll assessment based on technical advice from BDA
Potential Underground Mining	36.8	46.0	55.2	Assessed by BDA based on three years extension of mine life
Mt Cattlin exploration tenements	6.9	9.2	11.4	Assessed by BDA
<b>James Bay Spodumene Project</b>				
Proposed mining operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life based on further open pit extension along strike and in depth	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll assessment based on technical advice from BDA
James Bay additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Nahara Lithium Hydroxide Project</b>				
Project in production	See IER	See IER	See IER	Assessed by Kroll
<b>Early-Stage Exploration Projects Argentina</b>				
Two 'Advantage Lithium' properties	9.3	15.6	31.1	Assessed by BDA based on a \$/ha Yardstick

Note: the estimates above have all been made on a 100% basis.

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### 7.3 Valuation of Livent Properties

Livent is a fully integrated lithium chemical specialty company with lithium brine production facilities in Argentina comprising the Fénix operation and associated plant at Güemes producing lithium carbonate and lithium chloride, and lithium chemical and lithium metal manufacturing facilities in the United States, UK and China. Chinese production facilities include partnership processing operations using feedstock supplied by Livent. The operations in Argentina have been in production since 1997 and are the primary source of lithium carbonate and lithium chloride feed for Livent's lithium chemical and lithium metal production operations.

Livent also holds a 50% equity interest in the Nemaska lithium project which includes the hard rock Whabouchi mine in the James Bay area of northern Québec, Canada, and an associated lithium hydroxide development project located at Bécancour in southern Québec, located between Montréal and Québec City. Both of these facilities are well advanced in construction, with start-up of the mine scheduled for mid-2025 and early 2026 for the lithium hydroxide plant.

#### 7.3.1 Fénix Lithium Brine Project

Livent's Fénix project is located in the Catamarca province in northwest Argentina, approximately 200km south of Allkem's Olaroz operation and one hour's drive west of Allkem's Sal de Vida lithium brine project, on the southwest side of Salar de Hombre Muerto (SdHM).

The project consists of a lithium brine operation recovering brine from the SdHM and producing lithium carbonate and lithium chloride. The facility has been operating since 1997 and has a current nameplate capacity of approximately 20ktpa LCE. The process plant is currently undergoing a staged expansion initially to 40ktpa LCE, with Phase 1a (an additional 10ktpa) anticipated to be commissioned in 2023 and Phase 1b (a further 10ktpa) to be completed by around year end 2023 with first production in 2024. Two additional staged expansions are anticipated to increase lithium carbonate production capacity to a nominal 100ktpa by the end of 2030.

Fénix site operations are primarily focussed on production of lithium carbonate, but the site also produces concentrated lithium chloride brine feedstock which is trucked to Livent's Güemes plant near the city of Salta, where it is purified and crystallised. The Güemes plant has a nominal capacity of approximately 9ktpa LiCl but has operated at approximately 50% of nameplate capacity in recent years due to the competing demand for production of lithium carbonate at the Fénix plant. Essentially, all lithium carbonate and lithium chloride production from the Fénix operation is used internally by Livent at its downstream lithium chemical and lithium metal manufacturing facilities. Only a small portion of lithium carbonate and lithium chloride production is sold directly to end users.

Mineral Resources were first estimated in 1994 and there have been a number of updates based on both classical polygonal and kriging methods and additional drilling programmes, with a good degree of consistency between results. The latest published estimate was completed in 2022 with resources estimated to a depth of 200m totalling approximately 2,220kt of contained lithium and 12,000kt of contained LCE.

Brine reserves have been estimated with the aid of 3D numerical models simulating variable density brine and groundwater flows. Proved and Probable Ore Reserves were estimated based on a 40-year production period totalling 731kt contained Li and 3.9Mt contained LCE, with a cut-off grade of 215mg/L. The prospect for delineation of additional resources and reserves at depth are considered to be good.

#### Valuation of Fénix Project

Kroll has valued the Fénix project as an operating project based on a discounted cashflow analysis. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models.

The LOM model projections include the current operation and staged expansions to 100ktpa LCE by the end of 2030. The LOM plan covers 40 years of production through to 2063 but even after 40 years of production (current LOM model) a substantial resource remains. BDA has reviewed the revenue and cost assumptions underlying the discounted cash flow analysis and considers them to be generally reasonable and achievable. BDA has discussed with Kroll the extent to which a willing and knowledgeable buyer would ascribe additional value to the remaining resource, given the uncertainties of the market in 40 years' time, the hydrological performance of the basin and the impact on the resource of other nearby operations. BDA has suggested to Kroll that a willing and knowledgeable buyer would consider that at least an additional 10 years of production would be likely, and Kroll has included this upside in its modelling.

### Valuation of Additional Exploration Potential

BDA has considered the additional exploration value that might be ascribed to the SdHM tenements but has concluded that the value of the project tenements is fundamentally based on the ability of the underlying salar to generate lithium-rich brines, and this is appropriately addressed through the Kroll cashflow assessment. This analysis includes the current operations and planned expansions over a period of 40 years; as discussed, there is potential for the project life to extend beyond the projected 40 years, dependent on the hydrological characteristics, the final determination of the basement profile, and future lithium prices which will determine an economic cut-off grade. In BDA's opinion, a willing and knowledgeable buyer might ascribe some additional value to the additional resource, and the longer-term potential of ongoing extraction of lithium-rich brines from the salar, but this is likely to be a relatively minor consideration compared with the current forecasts. BDA has suggested to Kroll that modelling an additional ten years of production beyond the 40 years would reasonably encapsulate any additional exploration value that might be ascribed by a willing and knowledgeable buyer. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential beyond 50 years.

### 7.3.2 Nemaska Lithium Project – Whabouchi Mine and Concentrator

The Nemaska lithium project comprises an open pit mine and spodumene concentrator located approximately 30km east of Nemiscau (also known as Nemaska), northern Québec (the Whabouchi mine) and a lithium hydroxide conversion plant located at Bécancour, Quebec on the St. Lawrence River approximately half-way between Montréal and Québec City. Livent holds a 50% equity interest in the project.

Livent is redeveloping the mining project with changes to equipment and flowsheet and has relocated the lithium hydroxide facility to Bécancour, Québec, with a change in process to standard lithium hydroxide process technology. Construction of both projects is underway.

The Whabouchi deposit comprises a swarm of spodumene bearing pegmatite dykes trending northeast-southwest over a strike length of approximately 1,350m with a width ranging from 60-330m. A total of 24 separate pegmatite bodies have been defined, most dipping steeply to the southeast. The deepest pegmatite intersection to date is around 450m depth. Approximately 70% of the known spodumene mineralisation is contained within one well developed continuous pegmatite body referred to as the Main 1 pegmatite dyke. Mineralisation averages 1.45% Li<sub>2</sub>O. The principal lithium minerals are medium to large spodumene crystals, but petalite and lithium micas (which are likely non-recoverable in the proposed flowsheet) also occur.

The Whabouchi project is planned as a combined open pit and underground mining operation. Combined open pit and underground Measured, Indicated and Inferred resources are estimated at 50.1Mt grading 1.44% Li<sub>2</sub>O based on a 0.30% Li<sub>2</sub>O cut-off for open pit resources and 0.60% Li<sub>2</sub>O for underground resources. Total open pit and underground Proven and Probable Mineral Reserves are estimated at 38.2Mt grading 1.31% Li<sub>2</sub>O, based on a cut-off grade of 0.40% Li<sub>2</sub>O for open pit reserves and a variable cut-off grade of 0.5-0.72% Li<sub>2</sub>O for underground reserves.

Conventional open pit mining is proposed, with the open pit continuing for 24 years, when underground operations are scheduled to commence. The combined open pit and underground life of mine plan extends for 34 years with ore production of around 1Mtpa. The mine and concentrator operation is currently projected to be commissioned in late 2024-early 2025 with a nominal annual production capacity of 235ktpa of concentrate grading 5.5% Li<sub>2</sub>O. The concentrate will be transported to the lithium hydroxide plant at Bécancour by road and rail.

### Valuation of Whabouchi Project

Kroll has valued the Whabouchi project based on the LOM plan and the net present value (NPV) of the forecast discounted cashflows. BDA has worked with Kroll to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models. BDA has also discussed with Kroll the extent to which a willing and knowledgeable buyer would ascribe additional value to the potential for resource extensions down dip and along strike to support a further cut-back of the open pit or additional underground potential. BDA has suggested to Kroll that a willing and knowledgeable buyer would consider that an additional 10 years of production could be possible, and Kroll has included this upside in its financial modelling.

### Valuation of Additional Exploration Potential

BDA has considered the additional exploration value that might be ascribed to the Whabouchi project based on the most recent resource and reserve estimates. There is potential for the project life to extend beyond the projected 34 years, dependent on the down dip and along strike extension of the pegmatite mineralisation and future lithium prices which will determine an economic cut-off grade. In BDA's opinion, a willing and knowledgeable buyer would ascribe additional value to the longer-term potential. BDA considers the potential additional value is best

captured by a five-year extension to Kroll's modelling. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential beyond this five-year extension.

**Table 7.13**  
**Summary of Valuation of Livent Whabouchi Exploration Potential**

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Whabouchi Project LOM plan	See IER	See IER	See IER	NPV based on 34 years open pit and u/g LOM Additional 5 years - incorporated in Kroll's NPV assessment
Additional Exploration Valuation	See IER	See IER	See IER	

### 7.3.3 Nemaska Lithium Project - Bécancour LHM Plant

The Bécancour conversion plant, located on the St. Lawrence River approximately half-way between Montréal and Québec City, is designed to process spodumene concentrate supplied by the Whabouchi mine and produce lithium hydroxide monohydrate (LHM). The Whabouchi concentrator is scheduled to produce approximately 235ktpa of spodumene concentrate averaging around 5.5% Li<sub>2</sub>O, which will be transported by truck to Matagami and by rail to Bécancour, a total distance of approximately 1,300km. The Bécancour facility is designed to produce 32ktpa of battery grade LHM.

The plant is currently under construction, with site clearing, foundations and steel erection in progress. Approximately US\$400M has been committed to the project to date of a total estimated capital cost of US\$923.3M.

BDA considers that the value of the Bécancour plant is fully encapsulated in the NPV calculation for the project.

### 7.3.4 Summary Valuation Livent Properties and Exploration Potential

Table 7.14 summarises the valuation of Livent's projects and exploration potential.

**Table 7.14**  
**Valuation Summary of Livent's Projects and Exploration Potential (100% Basis)**

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>Fénix Lithium Brine Project</b>				
Ongoing operation based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional ten years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Nemaska Lithium Project</b>				
Whabouchi mine - development project under construction	See IER	See IER	See IER	Assessed by Kroll with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional five years of mine life incorporated in Kroll's assessment based on technical advice from BDA
Whabouchi additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Kroll's assessment
<b>Bécancour Lithium Hydroxide Plant</b>				
Facility under construction	See IER	See IER	See IER	Assessed by Kroll based on production plan, projected revenues and capital and operating cost projections
<b>Livent Chemical Plants in US, UK and China</b>				
Ongoing operations with production history and costs	See IER	See IER	See IER	Assessed by Kroll based on current and future projected production and cash flows

Note: the estimates above have all been made on a 100% basis.

## 8.0 ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE

Mr Malcolm Hancock and Mr John McIntyre (BDA Executive Directors) have provided project direction and participated in the technical reviews, report preparation and review meetings as required. Mr Hancock is a geologist and Mr McIntyre a mining engineer and both have extensive project review, due diligence and valuation experience. Both Mr Hancock and Mr McIntyre are Members of the Australasian Institute of Minerals Valuers and Appraisers ("AIMVA") and are Certified Mineral Valuers ("CMV"). These are professional qualifications designed to indicate to regulators that a panel of professional peers has established that the individual has more than 10 years of experience in valuation expertise and has been assessed as a recognised valuation expert, competent to sign off on public and corporate documentation in valuing and appraising minerals projects.

Mr Mark Faul (BDA General Manager) has been the Project Leader and a primary contact within BDA for this assignment. He has provided project direction and participated in the technical reviews, report preparation and management and review meetings as required. Mr Faul is a mining engineer with extensive project review, bank due diligence, financial modelling and valuation experience.

Mr Don Hains (BDA Senior Associate) is an experienced industrial minerals and exploration geologist with extensive knowledge of the South American salar lithium brine operations. He has previously visited all the Allkem Argentinian operations and Canadian prospects and has contributed extensively to BDA's technical project reviews.

The BDA review team includes the following specialist consultants:

**Mr Malcolm Hancock** (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP (Geol), MAIMVA) is a Principal and Executive Director of BDA. He is a geologist with more than 35 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, copper, base metal, uranium, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years. Mr Hancock has provided project direction, geological and resource review and report editing.

**Mr John McIntyre** (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 35 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia and overseas. He has been a consultant for more than 20 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. Mr McIntyre has provided project direction and report editing and project liaison.

**Mr Mark Faul** (BE. Min (Hons), MBA, MAppFin, FAusIMM, GAICD) is General Manager of BDA and is a mining engineer with extensive mining finance and investment experience with more than 35 years in the mining, resources investment banking and private equity investing in Australia, SE Asia, PNG, Africa, Europe and the Americas. His experience includes operations management, project feasibility and development, strategic planning, due diligence, cost assessment, financial modelling, project and corporate finance. He is experienced in a range of commodities, including gold, copper, nickel, base metals, platinum group metals, minor metals, diamonds and gemstones, rare earths, uranium, in both surface and underground mining. He has extensive experience in mine management, economic analysis, project evaluation, valuation, risk management, project finance from a financier and investor perspective, and as a company director. Mr Faul was the BDA Project Leader on this assignment responsible for report preparation and management and project liaison, and has reviewed the mining, geotechnical and mining cost aspects of the projects.

**Mr Don Hains** (BA. Chem. (Hons.), MBA, Member CIMM, Registered Professional Geologist Ontario (#0494), MSMME, M Metallurgical Society of AIME, M American Ceramics Society) is a Senior Associate of BDA and is qualified as an industrial minerals exploration and economic geologist with more than 30 years of experience in the development, use and analysis of industrial minerals properties and materials. His experience encompasses most of the industrial minerals and several specialty metals, including lithium, tantalum, antimony, niobium, gallium, germanium and rare earths. Assignments have ranged from valuation reports to feasibility and market studies. He is the author of the *Best Practice Guidelines for Reporting of Lithium Brine Resources and Reserves* and a co-author of the *Best Practice Guidelines for Reporting on Industrial Minerals Resources and Reserves*. Both these guideline documents provide recommended best practice when reporting resources and reserves under NI 43-101. Mr Hains has

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reviewed the geology and chemistry of the Canadian hard rock lithium and the South American salar brine projects and operations.

**Mr George Brech** (BSc. Geology, M.Sc. Engineering Geology, FAusIMM) is a Senior Associate of BDA with more than 45 years of experience in exploration and mining as an exploration and mine geologist. He is experienced in management, exploration, project evaluation, mine development, ore reserve estimation, feasibility studies, open pit mine production, exploration and mine data evaluation, and open pit slope engineering. He is familiar with a wide range of commodities including copper, gold, nickel, wolfram, magnesite iron ore and coal. He has extensive experience in the areas of resource/reserve estimation, reconciliation, independent expert and due diligence reports. Mr Brech has assisted Mr Hancock and Mr Hains with the geological data and resource/reserve review.

**Mr Richard Frew** (BE Civil, MIE Aust) is a Senior Associate of BDA with more than 40 years' experience as a planning, estimation and contracts engineer. He is experienced in contract management, feasibility study review, financial modelling, capital cost estimation, infrastructure, project controls, critical path analysis, project implementation and contract assessment. He has worked on many projects providing management and project services to the owners or financiers, including major projects in Australia, the Philippines, Argentina, Mauritania, New Zealand and Romania. In particular Mr Frew assisted the Owner's project team on the Murrin Murrin project during development and construction. Mr Frew has reviewed the capital costs and implementation strategy, the construction contracts and schedules, and project infrastructure.

**Mr Duncan Bennett** (BE Metallurgical Engineering, Grad Dip BA, FAusIMM) is a Senior Associate of BDA with more than 30 years of experience in mineral processing and metallurgical operations in Australasia and internationally, from test work and research through to process, technical, and senior operations management. He has a track record of successful mineral process design, development, commissioning and improvement for a wide range of commodities, including gold, silver, tin, copper, cobalt, nickel, lead, zinc, tungsten, and industrial minerals. He has extensive experience in geometallurgy and characterising deposit mineralogy, chemistry, mineral associations and liberation and resultant metallurgical performance, and applying this understanding during project development and operations evaluation and improvement. Mr Bennett has reviewed the metallurgical and processing production aspects of the Mt Cattlin Australian hard rock lithium project.

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## 9.0 LIMITATIONS AND CONSENT

BDA consents to making this report available to the Directors of Allkem, Livent and Kroll on the understanding that all parties are aware of and understand the scope of BDA's engagement as set out in the Scope of Work. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose without written consent from BDA as to the form and context in which it appears. BDA will be paid fees of approximately A\$220,000 plus expenses for the preparation of this report. The fees are not dependent on the findings or outcome of this report.

This report does not constitute a technical or legal audit. The assessment in this report has been based on data, reports and other information made available to BDA by Allkem and Livent and referred to in this report. Allkem and Livent have advised BDA that all relevant documentation relating to their projects has been provided, that the information is complete as to material details and is not misleading.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various aspects of the project. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct and the interpretations are reasonable. This BDA report contains forecasts and projections based on information provided by Allkem and Livent. BDA's assessment of the mine plans, projected production schedules and capital and operating costs are based on technical reviews of project data and site visits. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Allkem or Livent could cause the actual results to be materially different from the assessments and projections contained in this report.

BDA has independently analysed data provided by Allkem and Livent, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from third party use of it. BDA reserves the right to change its opinions on the mining studies expressed in this report should any of the fundamental information provided by Allkem or Livent be significantly or materially revised.

BDA warrants that its activities have followed accepted engineering standards through the use of professionally qualified engineers and the adoption of standards as specified by the appropriate professional Associations. BDA takes no responsibility for any loss or damage arising from the use of this report or information, data or assumptions contained therein, except for where loss or damage results from the bad faith, wilful misconduct or negligence on the part of BDA.

In commissioning BDA for this report, Allkem has indemnified BDA for any liability:

- a) resulting from BDA's reliance on information provided by Allkem that is materially inaccurate or incomplete; and
- b) relating to any consequential extension of workload through queries, questions or public hearings arising from the BDA Public Report.

This indemnity does not absolve BDA from critically examining the information provided.

Sincerely yours

**BEHRE DOLBEAR AUSTRALIA PTY LTD**



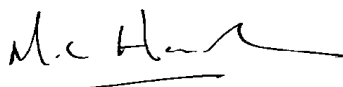
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**APPENDIX I**

**GLOSSARY**

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**GLOSSARY**

<b>Term/Abbreviation</b>	<b>Description</b>
3D	Three Dimensional (Block Model)
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
ALC	Advantage Lithium Corporation
Allkem	Allkem Limited
ASX	Australian Stock Exchange
AusMM	Australasian Institute of Mining and Metallurgy
A\$	Australian Dollar
BAC	Base Acquisition Cost
BBA	BBA Inc.
bcm	Bank Cubic Metre (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
BMR	Bore Magnetic Resonance
Borax	Borax Argentina S.A.
CCG	Community Consultation Group
CIM Standards	Canadian National Instrument 43-101 and the Guidelines Published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum
CMV	Certified Mineral Valuer
CSA	CSA Global
CSR	Corporate Social Responsibility
DCP	Deep Characterisation Programme
DFS	Definitive Feasibility Study
DMS	Dense media separation
EIA	Environmental Impact Assessment
DRA	DRA Global Inc.
Entech	Entech Pty Ltd
EPC	Engineer, Procurement and Construction contract
ESIA	Environmental and Social Impact Assessment
FIFO	Fly-in, Fly-out
FMC	FMC Corporation
FS	Feasibility Study
FSB	Finished Salar Brine Ponds
FW	Foot Wall
FY	Financial Year
Galaxy	Galaxy Resources Limited
GAM	Global Advanced Metals operation at Greenbushes, Western Australia
Ganfeng	Ganfeng Lithium Limited
GLAL	Galaxy Lithium Australia Limited
GLCI	Galaxy Lithium (Canada) Inc
GLOI	Galaxy Lithium (Ontario) Inc
GLSSA	Galaxy Lithium (Sal de Vida) S.A.
GMS	G Mining Services Inc.
ha	Hectare
HW	Hanging Wall
IBA	Impact and Benefit Agreement
ICP-AES	Inductively Coupled Plasma Atomic Emission Spectroscopy
IER	Independent Expert Report, prepared by Kroll
Integral	Integral Consulting
IPTSF	In-Pit Tailings Storage Facility
ID <sup>2</sup>	Inverse Distance Squared
IQ	Investissement Québec
ITSR	Independent Technical Specialist Report, prepared by BDA
IX	Ion exchange

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<b>Term/Abbreviation</b>	<b>Description</b>
JBNQA	James Bay and Northern Québec Agreement
JEMSE	Jujuy Energia y Minería Sociedad del Estado
Johnex Explosives	Johnson Hi-Tech (Australia) Pty Ltd
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" as Prepared by the Joint Ore Reserves Committee of the AusIMM, AIG, and the MCA
Kingston	Kingston Resources Ltd
km	Kilometre
km <sup>2</sup>	Square Kilometre
Kroll	Kroll Australia Pty Limited
kt	Thousand Tonnes
ktpa	Thousand tonnes per annum
LAC	Lithium Americas Corporation
La Frontera	La Frontera S.A.
LCE	Lithium Carbonate Equivalent
LCT	Lithium-Caesium-Tantalum
LHM	Lithium Hydroxide Monohydrate
Li	Lithium
Li <sub>2</sub> O	Lithium Oxide
LiOH	Lithium Hydroxide
Lithium One	Lithium One Incorporated
Livent	Livent Corporation
LOM	Life of Mine
L/s	Litre per Second
m	Metre
M	Million
m <sup>3</sup>	Cubic Metre
Ma	Million Years
MA	Montgomery & Associates - consulting hydrogeologists
Mbcm	Million Bank Cubic Metres
MdA	Minera del Altiplano S.A.
MERN	Québec's Ministère de l'Énergie et des Ressources Naturelles
mg/L	Milligrams Per Litre
Minera Exar	Nuevo Minera Exar S.A.
mm	Millimetre
MP	Mining Plus Pty Ltd
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
Naraha	Naraha lithium hydroxide plant
NewCo	The new company to be formed from the merger of Allkem and Livent
NI 43-101	Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects
NLI	Nemaska Lithium Incorporated
NLL	Nemaska Lithium Limited
NPV	Net Present Value
NR	National Route, road designation in Argentina
NRMS	Normalised Root Mean Square
NRW	NRW Holdings – mining contractor at Mt Cattlin
NSR	Net smelter return
OK	Ordinary Kriging
Olaroz	Olaroz lithium brine operation
Opex	Operating costs
OPSF	Overburden and Peat Storage Facility
Optiro	Optiro Pty Ltd
Orocobre	Orocobre Limited
PDA	Preliminary Development Agreement
PEA	Preliminary Economic Assessment
PEM	Prospectivity Enhancement Multiplier
PFS	Pre-Feasibility Study
ppm	Parts Per Million
PWB	Primary Well Battery

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<b>Term/Abbreviation</b>	<b>Description</b>
QA/QC	Quality Assurance/ Quality Control
Q1	Quarter 1
QLP	Québec Lithium Partners (UK) Limited
RC	Reverse Circulation
RMS	Root Mean Square
RO	Reverse Osmosis
ROM	Run of Mine
RP	Provincial route, road designation in Argentina
RTK	Real-Time Kinematic Survey
SA	Selective Adsorption Technology
SAS	South American Salars S.A.
SDBJ	Société de Développement de la Baie-James
SdHM	Sal de Hombre Muerto lithium brine project
SdJ JV	Sales de Jujuy S.A Joint Venture
SdV	Sal de Vida lithium brine project
SLC	Select Lithium Corporation
SLR	SLR Consulting (Canada) Limited
SMU	Selective Mining Unit
SRK	SRK Consulting (Canada) Inc.
SWB	Secondary Well Battery
Sy	Specific Yield
t	Tonne
Ta	Tantalum
Ta <sub>2</sub> O <sub>5</sub>	Tantalum Oxide
TDS	Total dissolved solids
t/m <sup>3</sup>	Tonnes per Cubic Metre
tpa	Tonnes per annum
tpd	Tonnes per day
tph	Tonnes per hour
Traxa	Traka Resources Ltd
TSF	Tailings Storage Facility
TSX	Toronto Stock Exchange
TTC	Toyota Tsusho Corporation
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Veolia	Veolia Water Technologies
WA	Western Australia
WD1	Waste dump 1 at the Mt Cattlin mine
WD2	Waste dump 2 at the Mt Cattlin mine
WMC	Water Management Consultants
Worley	Worley Chile S.A.
WRTSF	Waste Rock Tailings Storage Facility

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# Independent Limited Assurance Report



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8 November 2023

The Board of Directors  
Allkem Limited  
Level 35, 71 Eagle St  
Brisbane QLD 4000  
Australia

The Board of Directors  
Livent Corporation  
1818 Market Street Philadelphia  
Pennsylvania 19103  
United States of America

Dear Directors

## **PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON ALLKEM HISTORICAL FINANCIAL INFORMATION, LIVENT HISTORICAL FINANCIAL INFORMATION AND COMBINED GROUP PRO FORMA HISTORICAL FINANCIAL INFORMATION**

### **1. Introduction**

We have been engaged by Allkem Limited (“Allkem”) and Livent Corporation (“Livent”) (together, the “Combined Group”) to report on each of the historical financial information of Allkem and Livent and the pro forma historical financial information of the Combined Group for inclusion in a scheme booklet to be dated 9 November 2023 (the “Scheme Booklet”) and issued by Allkem in relation to the proposed scheme of arrangement between Allkem and its shareholders, under which Arcadium Lithium plc (“NewCo”) will acquire all of the fully paid ordinary shares of Allkem under Part 5.1 of the Corporations Act 2001 (Cth) (the “Scheme”), as part of the proposed merger of Allkem and Livent. The merger of Allkem and Livent is proposed to be effected by way of the Scheme and Livent merging with an entity that will (after implementation of the Scheme and prior to closing of the merger) become an indirect wholly-owned subsidiary of NewCo (the “US Merger”, and together with the Scheme, the “Transaction”).

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001. Ernst & Young Strategy and Transactions Limited (“Ernst & Young Strategy and Transactions”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Chris Parkes is a Director and Representative of Ernst & Young Strategy and Transactions. We have included our Financial Services Guide as Part 2 of this report.

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Liability limited by a scheme approved under Professional Standards Legislation



## 2. Scope

### **Allkem Historical Financial Information**

You have requested Ernst & Young Strategy and Transactions to review the following historical financial information of Allkem:

- ▶ the Allkem historical consolidated statements of profit or loss for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 (“Allkem Historical Statements of Operations”), as set out in Table 5.11.1 of Section 5.11(c) of the Scheme Booklet;
- ▶ the Allkem historical consolidated statement of financial position as at 30 June 2023 (“Allkem Historical Balance Sheet”) as set out in Table 5.11.2 of Section 5.11(d) of the Scheme Booklet; and
- ▶ the Allkem historical consolidated statements of cash flows for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 (“Allkem Historical Statements of Cash Flows”), as set out in Table 5.11.3 of Section 5.11(e) of the Scheme Booklet,

(Hereafter the “Allkem Historical Financial Information”).

The Allkem Historical Financial Information as at 30 June 2023 and for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 has been derived from the consolidated financial statements of Allkem for these years (filed with the Australian Securities Exchange on 6 October 2023), which were prepared in accordance with Australian Accounting Standards and were audited by Allkem’s independent auditor, Ernst & Young, in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions on these consolidated financial statements.

The Allkem Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards issued by the International Accounting Standards Board.

### **Livent Historical Financial Information**

You have requested Ernst & Young Strategy and Transactions to review the following historical financial information of Livent:

- ▶ the Livent historical consolidated statements of operations for the six months ended 30 June 2023 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020 (“Livent Historical Statements of Operations”) as set out in Table 6.9.1 of Section 6.9(c) of the Scheme Booklet;
- ▶ the Livent historical consolidated balance sheet as at 30 June 2023 (“Livent Historical Balance Sheet”) as set out in Table 6.9.2 of Section 6.9(d) of the Scheme Booklet; and
- ▶ the Livent historical consolidated statements of cash flows for the six months ended 30 June 2023 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020 (“Livent Historical Statements of Cash Flows”) as set out in Table 6.9.3 of Section 6.9(e) of the Scheme Booklet,

(Hereafter the “Livent Historical Financial Information”).



The Livent Historical Financial Information for the three years ended 31 December 2022, 31 December 2021 and 31 December 2020 has been derived from the Livent Group's consolidated financial statements prepared for the Livent Annual Report on Form 10K (the "Livent 10-K") for the year ended 31 December 2022. These consolidated financial statements in the Livent 10-K were prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). Livent Group's consolidated financial statements for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 were audited by KPMG LLP, independent auditor of Livent, in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Livent Historical Financial Information as at and for the six months ended 30 June 2023 has been derived from the interim condensed consolidated financial statements prepared for the Livent Quarterly Report on Form 10-Q (the "Livent 10-Q") for the quarter ended 30 June 2023. These interim condensed consolidated financial statements in the Livent 10-Q were prepared in accordance with US GAAP and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. SEC Rules set forth in Rule 10-01(d) of Regulation S-X for Form 10-Q require that entities' interim financial statements be reviewed by independent auditors in accordance with PCAOB AS 4105 Reviews of Interim Financial Information before entities file their Form 10-Q with the SEC. In performing such reviews of interim financial information, the independent auditor only applies limited procedures in accordance with professional standards for a review of such information and does not express an opinion on those interim financial statements.

The Livent Historical Financial Information has been prepared in accordance with the stated basis of preparation, being in a manner consistent with the accounting policies applied by Livent in preparing the Livent 10-Q for the quarter ended 30 June 2023 and the Livent 10-K for the year ended 31 December 2022.

#### ***Combined Group Pro Forma Historical Financial Information***

You have requested Ernst & Young Strategy and Transactions to review the following pro forma historical financial information of the Combined Group:

- ▶ the Combined Group pro forma historical statements of operations for the six months ended 30 June 2023 and the year ended 31 December 2022 ("Combined Group Pro Forma Historical Statements of Operations") as set out in Table 7.14.1, respectively, of Section 7.14(c) of the Scheme Booklet; and
- ▶ the Combined Group pro forma historical balance sheet as at 30 June 2023 ("Combined Group Pro Forma Historical Balance Sheet") as set out in Table 7.14.4 of Section 7.14(d) of the Scheme Booklet,

(Hereafter the "Combined Group Pro Forma Historical Financial Information").

The Combined Group Pro Forma Historical Financial Information presents the combination of the Allkem historical financial information and the Livent historical financial information after giving effect to the Transaction, which is assumed to have occurred on 1 January 2022 for the Combined Group Pro Forma Historical Statements of Operations and as at 30 June 2023 for the Combined Group Pro Forma Historical Balance Sheet.





The Combined Group Pro Forma Historical Statements of Operations for the year ended 31 December 2022 has been derived from the:

- (i) Livent Historical Statements of Operations for the year ended 31 December 2022, as outlined in Section 6.9 of the Scheme Booklet;
- (ii) Allkem Historical Statements of Operations for the year ended 30 June 2022, as outlined in Section 5.11 of the Scheme Booklet, adjusted to exclude the financial performance for the six months from 1 July 2021 to 31 December 2021 and include the financial performance for the six months from 1 July 2022 to 31 December 2022 based on the information in Allkem's half year financial statements for the six months ended 31 December 2021 and 31 December 2022, respectively;
- (iii) Allkem Historical Statements of Operations for the year ended 31 December 2022 as derived above further adjusted for reclassifications and US GAAP conversion and accounting policy adjustments, as detailed in Notes 2 and 3 of Section 7.14(e) of the Scheme Booklet; and
- (iv) adjusted for the effects of pro forma adjustments described in Notes 4, 5 and 6 of Section 7.14(e) of the Scheme Booklet.

The Combined Group Pro Forma Historical Financial Information as at and for the six months ended 30 June 2023 has been derived from the:

- (i) Livent Historical Balance Sheet as at 30 June 2023 and the Livent Historical Statements of Operations for the six months ended 30 June 2023 as outlined in Section 6.9 of the Scheme Booklet;
- (ii) Allkem Historical Balance Sheet as at 30 June 2023 and the Allkem Historical Statements of Operations for the year ended 30 June 2023 as outlined in Section 5.11 of the Scheme Booklet, and for the purposes of the Combined Group Pro Forma Historical Statements of Operations, adjusted to exclude the financial performance for the six months from 1 July 2022 to 31 December 2022 based on the information in Allkem's half year financial statements for the six months ended 31 December 2022;
- (iii) Allkem Historical Balance Sheet as at 30 June 2023 and Allkem Historical Statements of Operations for the six months ended 30 June 2023 as derived above, further adjusted for reclassifications and US GAAP conversion and accounting policy adjustments, as detailed in Notes 2 and 3 of Section 7.14(e) of the Scheme Booklet; and
- (iv) adjusted for the effects of pro forma adjustments described in Notes 4, 5 and 6 of Section 7.14(e) of the Scheme Booklet.

Allkem's interim consolidated financial statements for the six months ended 31 December 2021 and 31 December 2022 were reviewed by Ernst & Young, on which unqualified limited assurance conclusions were issued.



The Combined Group Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being in a manner consistent with the Livent Group accounting policies applied by Livent in preparing the Livent 10-Q for the quarter ended 30 June 2023 and the Livent 10-K for the year ended 31 December 2022, using the assumptions set out in Section 7.14(e) *Notes to the Combined Group Pro Forma Historical Financial Information* of the Scheme Booklet.

Due to its nature, the Combined Group Pro Forma Historical Financial Information does not represent the Combined Group's actual or prospective financial position and financial performance.

The Allkem Historical Financial Information, Livent Historical Financial Information and the Combined Group Pro Forma Historical Financial Information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by US GAAP applicable to full financial statements prepared in accordance with the applicable rules and regulations of the SEC and the *Corporations Act 2001*.

### 3. Directors' Responsibility

The directors of Allkem (the "Allkem Directors") are responsible for the preparation and presentation of the Allkem Historical Financial Information and Livent management is responsible for the preparation and presentation of the Livent Historical Financial Information and the Combined Group Pro Forma Historical Financial Information (except to the extent that information is provided or prepared by or on behalf of Allkem, noting that the Allkem Directors are responsible for the Allkem historical financial information that underpins the Combined Group Pro Forma Historical Financial Information), including the basis of preparation, selection and determination of pro forma adjustments made to the Allkem Historical Financial Information and the Livent Historical Financial Information and included in the Combined Group Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Allkem Directors and Livent management determine are necessary to enable the preparation of Allkem Historical Financial Information, Livent Historical Financial Information and Combined Group Pro Forma Historical Financial Information (as applicable) that are free from material misstatement, whether due to fraud or error.

### 4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Allkem Historical Financial Information, Livent Historical Financial Information and Combined Group Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.



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Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Allkem Historical Financial Information, Livent Historical Financial Information and Combined Group Pro Forma Historical Financial Information.

## 5. Conclusions

### ***Allkem Historical Financial Information***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Allkem Historical Financial Information comprising:

- ▶ the Allkem Historical Statements of Operations for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 as set out in Table 5.11.1 of Section 5.11(c) of the Scheme Booklet;
- ▶ the Allkem Historical Balance Sheet as at 30 June 2023 as set out in Table 5.11.2 of Section 5.11(d) of the Scheme Booklet; and
- ▶ the Allkem Historical Statements of Cash Flows for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 as set out in Table 5.11.3 of Section 5.11(e) of the Scheme Booklet,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5.11(b) of the Scheme Booklet.

### ***Livent Historical Financial Information***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Livent Historical Financial Information comprising:

- ▶ the Livent Historical Statements of Operations for the six months ended 30 June 2023 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020 as set out in Table 6.9.1 of Section 6.9(c) of the Scheme Booklet;
- ▶ the Livent Historical Balance Sheet as at 30 June 2023 as set out in Table 6.9.2 of Section 6.9(d) of the Scheme Booklet; and
- ▶ the Livent Historical Statements of Cash Flows for the six months ended 30 June 2023 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020 as set out in Table 6.9.3 of Section 6.9(e) of the Scheme Booklet,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.9(b) of the Scheme Booklet.

### ***Combined Group Pro Forma Historical Financial Information***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group Pro Forma Historical Financial Information comprising:

- ▶ the Combined Group Pro Forma Historical Statements of Operations for the six months ended 30 June 2023 and the year ended 31 December 2022 as set out in Table 7.14.1 of Section 7.14(c) of the Scheme Booklet; and
- ▶ the Combined Group Pro Forma Historical Balance Sheet as at 30 June 2023 as set out in Table 7.14.4 of Section 7.14(d) of the Scheme Booklet,

Is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7.14(b) of the Scheme Booklet.



**6. Restriction on Use**

Without modifying our conclusions, we draw attention to Sections 5.11(b), 6.9(b) and 7.14(b) of the Scheme Booklet, which describes the purpose of the Allkem Historical Financial Information, Livent Historical Financial Information and Combined Group Pro Forma Historical Financial Information. As a result, the Allkem Historical Financial Information, Livent Historical Financial Information and Combined Group Pro Forma Historical Financial Information may not be suitable for use for another purpose.

**7. Consent**

Ernst & Young Strategy and Transactions has consented to the inclusion of this limited assurance report in the Scheme Booklet in the form and context in which it is included.

**8. Independence or Disclosure of Interest**

Ernst & Young Strategy and Transactions does not have any interests in the outcome of the Scheme or the Transaction other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully  
Ernst & Young Strategy and Transactions Limited

A handwritten signature in black ink, appearing to read 'Chris Parkes', is written over a light blue horizontal line.

Chris Parkes  
Director and Representative



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8 November 2023

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT  
LIMITED ASSURANCE REPORT**

## Part 2: Financial Services Guide

### 1. Ernst & Young Strategy and Transactions

Ernst & Young **Strategy and Transactions Limited** (“Ernst & Young Strategy and Transactions” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

### 2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

### 3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- ▶ financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- ▶ arranging to deal in securities.

### 4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



#### **5. Remuneration for our services**

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is A\$975,000 (inclusive of GST).

Ernst & Young Strategy and Transactions is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Strategy and Transactions, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

#### **6. Associations with product issuers**

Ernst & Young Strategy and Transactions and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

#### **7. Responsibility**

The liability of Ernst & Young Strategy and Transactions, if any, is limited to the contents of this Financial Services Guide and the Report.

#### **8. Complaints process**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

#### **9. Compensation Arrangements**

Ernst & Young and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Ernst & Young's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Ernst & Young satisfy the requirements of section 912B of the Corporations Act 2001.

**ANNEXURE C**  
**INDEPENDENT LIMITED ASSURANCE REPORT**



<b>Contacting Ernst &amp; Young Strategy and Transactions Limited</b>	<b>Contacting the Independent Dispute Resolution Scheme:</b>
AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000  Telephone: (02) 9248 5555	Australian Financial Complaints Authority Limited GPO Box 3 Melbourne, VIC 3001  Telephone: 1800 931 678

This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

## ANNEXURE D

# Summary of Transaction Agreement

This Annexure D contains a summary of the key terms of the Transaction Agreement.

A copy of the Transaction Agreement (excluding certain exhibits) is attached to Allkem's ASX announcement on 10 May 2023, which is available on ASX's website at [www.asx.com.au](http://www.asx.com.au) and on Allkem's website at <https://www.allkem.co/investors/asx-announcements>. Allkem Shareholders should refer to the full copy of the Transaction Agreement for all of the terms of the Transaction.

The meaning of certain terms used in this Annexure are explained in paragraph 5 of this Annexure D. All capitalised terms used in this Annexure D that are not defined in paragraph 5 have the meaning given to them in the Glossary in section 11 of this Scheme Booklet.

## 1 Conditions precedent

### 1.1 Conditions

Implementation of the Scheme is subject to the satisfaction or waiver of the Conditions set out in Exhibit A to the Transaction Agreement. The only condition to the US Merger is Implementation of the Scheme.

These Conditions include (without limitation) the following:

#### Key Conditions to the parties' obligations with respect to Implementation of the Scheme

- a. **(Court approval)** the Scheme is approved by the Court pursuant to subsection 411(4)(b) of the Corporations Act.
- b. **(Order lodged with ASIC)** an office copy of the order by the Court approving the Scheme under subsection 411(4)(b) of the Corporations Act is lodged by Allkem with ASIC.
- c. **(US Merger closing)** the Merger Closing is capable of occurring and would be reasonably expected to occur, as promptly as practicable following Implementation.
- d. **(Shareholder approval)** Allkem Shareholder Approval is obtained at the Scheme Meeting (or at any adjournment or postponement), and Livent Stockholder Approval is obtained at the Livent Stockholder Meeting (or at any adjournment or postponement).

#### e. (NYSE and ASX Listings)

- i. the listing of NewCo Shares is approved by the NYSE, subject to official notice of issuance; and
- ii. approval for the admission of NewCo as a foreign exempt listing to the official list of ASX and approval for the quotation of CDIs (whether or not such approval is subject to conditions) is given by ASX.

#### f. (Government consents) all applicable governmental consents under specified Antitrust Laws and Investment Screening Laws with respect to the Scheme and the US Merger are:

- i. obtained or made (as applicable); and
- ii. remain in full force and effect, and all applicable waiting periods (including any extensions by agreement or operation of law) have expired, lapsed or been terminated (as applicable).

#### g. (Form S-4 effective) the Form S-4 becoming effective under the Securities Act and is not subject to any stop order (which has not been withdrawn) or proceedings initiated by the SEC seeking any stop order.

#### h. (Government Intervention) no Governmental Entity:

- i. of a competent jurisdiction has issued any Order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the consummation of the US Merger or the Scheme; and
- ii. having jurisdiction over any party to the Transaction Agreement has adopted any Law that is in effect and makes consummation of the US Merger or the Scheme illegal or otherwise prohibited.<sup>57</sup>

#### Key Conditions to Allkem's obligations with respect to Implementation of the Scheme

- i. **(Material Adverse Effect)** no Material Adverse Effect in respect of Livent having occurred.
- j. **(Independent Expert's Report)** the Independent Expert has issued the Independent Expert's Report, which concludes that the Scheme is in the best interests of Allkem Shareholders, and that conclusion is not changed, withdrawn or qualified in any written update to its Independent Expert's Report and the Independent Expert does not withdraw the Independent Expert's Report.

<sup>57</sup> If any such Law relates to Antitrust Laws or Investment Screening Laws, the presence of such Law will only amount to a failure to meet this condition to the extent the Law constitutes a Material Restraint.



**k. (Tax confirmation)** receipt by Allkem of confirmation (verbal or otherwise) from the Australian Tax Office that either:

- i. there are no material impediments to or material issues to be resolved which may prevent the ATO from issuing the Class Ruling; or
- ii. the ATO is prepared to issue the Class Ruling,

confirming that qualifying Australian resident Allkem Shareholders will be eligible to choose rollover relief to the extent to which they receive NewCo Shares or NewCo CDIs in exchange for their Allkem Shares in connection with the Scheme, or if the Class Ruling is not available for all qualifying Australian resident Allkem Shareholders, a confirmation that qualifying Australian resident Allkem Shareholders who hold their shares on capital account are eligible to claim rollover relief will be acceptable to Allkem.

#### **Key Conditions to Livent's and NewCo's obligations with respect to Implementation of the Scheme**

**l. (Material Adverse Effect)** no Material Adverse Effect in respect of Allkem having occurred.

**m. (Tax confirmation)** receipt by Livent of an opinion from Davis Polk & Wardwell LLP (or, if Davis Polk & Wardwell is unable or unwilling, Sidley Austin LLP), dated as of the Second Court Date, to the effect that (on the basis of facts, representations and assumptions referred to in the opinion) either:

- i. the US Merger should qualify as a "reorganization" under Section 368(a) of the Code; or
- ii. the US Merger and the Scheme, taken together, should qualify as an exchange described in Section 351(a) of the Code,

and the transfer of Livent Eligible Shares (as the term is defined in the Transaction Agreement) by Livent Stockholders pursuant to the US Merger (save for certain exceptions) should qualify for an exception to Section 367(a)(1) of the Code.

A summary of the status of these Conditions as at the Last Practicable Date is set out in section 3.5.

If the Conditions noted in paragraphs (f) and (h) above are not satisfied or waived (where permitted) prior to the End Date (being 10 February 2024), and would not be satisfied on such date if the Effective Date were to occur on that date, the End Date will be extended to a date which is 12 months after the execution of the Transaction Agreement (being 10 May 2024) if elected by either of Allkem or Livent in writing prior to the original End Date.

However, the End Date may not be extended by a party to the Transaction Agreement where that party's material breach (or, in the case of Livent, NewCo's, US Merger Sub's or Irish IntermediateCo's material breach) of such party's obligations to use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things necessary, proper or advisable on its part to consummate and make effective the Scheme and US Merger as promptly as reasonably practicable, among other things, has been the principal cause of the failure of the Effective Date to be consummated by the original End Date.

## **2 Conduct of business**

Each of Allkem and Livent has agreed to be bound by certain covenants in the Transaction Agreement restricting the conduct of their respective businesses between the date of the Transaction Agreement and the earlier of the US Merger Effective Time and the termination of the Transaction Agreement in accordance with its terms.

Each of Allkem and Livent (and in the case of Livent, also with respect to NewCo, US Merger Sub and Irish Intermediate Co) have agreed:

- a.** to conduct their respective business in the ordinary course of business, including by using commercially reasonable efforts to preserve their present business organisations, relationships with Governmental Entities and with customers, suppliers, and other Persons with whom they have material business relations; and
- b.** not to take (or agree to take) certain actions in respect of the Allkem Group or Livent Group (as applicable).

The actions referred to in paragraph 2(O) immediately above include, but are not limited to the following actions:

- a.** amend its governing documents, or the governing documents of any of its Subsidiaries;
- b.** split, combine, subdivide, reduce or reclassify any of its issued or unissued capital stock or other equity interests, or issue or authorise the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or other equity interests, except for any such transaction by a Subsidiary of Allkem or Livent (as the case may be) which remains a Subsidiary of Allkem or Livent (as the case may be) after consummation of such transaction or as otherwise permitted by the Transaction Agreement;
- c.** declare, determine to be paid, set aside, authorise or pay any dividends on, or make any distribution with respect to, its outstanding shares of capital stock or other equity interests, except for any dividends or distributions paid within the Allkem Group or Livent Group (as applicable);
- d.** enter into any agreement with respect to the voting of its capital stock or other equity interests;

- e. purchase, repurchase, redeem or otherwise acquire any shares of its capital stock or other equity interests or any securities convertible or exchangeable into or exercisable for any shares of its capital stock or other equity interests other than:
  - i. pursuant to the vesting of, exercise (whether cashless or not), forfeiture of, or withholding of taxes with respect to Allkem Performance Rights or Livent equity awards (as applicable) in accordance with past practice and as required or permitted by the plan rules as in effect on the date of the Transaction Agreement (or as modified after the date of the Transaction Agreement in accordance with its terms); or
  - ii. purchases, repurchases, redemptions or other acquisitions of capital stock or other equity interests of any Subsidiary by Allkem or Livent (as applicable) or by any of their other Subsidiaries;
- f. authorise a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalisation or other reorganisation, excluding any transactions, mergers or consolidations within the Allkem Group or Livent Group (as applicable) or liquidation or dissolution of a Subsidiary of Allkem or Livent (as applicable);
- g. make any material change in financial accounting policies, principles, practices or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by US GAAP, applicable law or SEC rules;
- h. authorise or announce an intention to authorise, or enter into agreements providing for, any acquisitions of any business or investments in third parties (excluding any capital expenditures) whether by merger, consolidation, purchase of property or assets, joint venture, licences or otherwise, except for such transactions for consideration (including assumption of liabilities) that exceeds (when taken together with all other such transactions) \$10 million in the aggregate (valuing any non-cash consideration at its fair market value as of the date of the agreement for such acquisition);
- i. dispose of any properties or assets, except in certain circumstances including, but not limited to, such transactions with neither a fair market value of the assets or properties nor an aggregate purchase price that exceeds (when taken together with all other such transactions) \$5 million in the aggregate;
- j. make or commit to any new capital expenditure, other than:
  - i. in connection with the repair or replacement of facilities, properties or assets destroyed or damaged due to casualty or accident;
  - ii. in the ordinary course of business consistent with past practice; or
  - iii. an amount, in the aggregate, not in excess of 110% the capital expenditure amount for the 12-month period following the date of the Transaction Agreement;
- k. except in the ordinary course of business consistent with past practice or with respect to matters that are expressly permitted by the Transaction Agreement, enter into any contract that would, if entered into prior to the date of the Transaction Agreement, be a material contract, or modify, amend or terminate any of Allkem or Livent's material contracts or waive, release or assign any material rights, benefits or claims; or
- l. in the case of Livent only, terminate, revoke, amend or otherwise modify the joinder agreements or any other contract with NewCo, a subsidiary of NewCo, Irish Intermediate Co or US Merger Sub or any equity holder, director or officer of the same in such equity holder's, director's or officer's capacity.

### 3 Exclusivity

#### 3.1 No solicitation

The Transaction Agreement prescribes the limited circumstances in which Allkem and Livent may solicit, encourage, facilitate or respond to any potential Competing Proposal or inquiries by third parties.

Under these reciprocal (except as noted below) provisions, each of Allkem and Livent has agreed that, except as expressly permitted by the Transaction Agreement, it (including its Subsidiaries, directors, officers and employees) will not, and it will use reasonable best efforts to cause its and its Subsidiaries' respective third-party consultants, financial advisors, accountants, legal counsel, investment bankers and other third-party agents, advisors and representatives not to, directly or indirectly:

- a. initiate, solicit, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing non-public information) any inquiries or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any Competing Proposal;
- b. engage in, continue or otherwise participate in any discussions or negotiations with any third party with respect to, relating to, or in furtherance of, any Competing Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to a Competing Proposal;
- c. provide any non-public information or data or access to the properties, assets or employees of Allkem or Livent (as applicable) and their respective Subsidiaries, to any third party in connection with, related to or in contemplation of any Competing Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to a Competing Proposal;
- d. in the case of Livent only, approve any third party becoming an "interested shareholder" under Section 203 of the General Corporation Law of the State of Delaware;

- e. discuss with any third party, approve or recommend, or propose to discuss, approve or recommend, or execute or enter into any agreement in principle, letter of intent, memorandum of understanding, term sheet, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other agreement, in each case relating to a Competing Proposal or any inquiry, proposal or offer, in each case that would reasonably be expected to lead to a Competing Proposal (other than a confidentiality agreement in accordance with the requirements provided for in the Transaction Agreement); or
- f. submit any Competing Proposal to the vote of Livent Stockholders or Allkem Shareholders, (as applicable),

provided that each of Allkem and Livent and any of their respective representatives may, in response to an unsolicited inquiry or proposal from a third party, inform a third party or its representative of the restrictions imposed by the provisions of the Transaction Agreement (without conveying, requesting or attempting to gather any other information except as otherwise specifically permitted under the Transaction Agreement).

### 3.2 Notification

Each of Allkem and Livent (as applicable) is required to promptly notify the other (in no event later than 48 hours) of the following occurring:

- a. the receipt by any executive officer or director of Allkem or Livent (as applicable) of any Competing Proposal or any inquiries, expressions of interest, proposals or offers that are or would reasonably be expected to lead to a Competing Proposal;
- b. the receipt by Allkem or Livent (as applicable) (or any of their respective representatives) of any request for information relating to it or any of its Subsidiaries from any Third Party who has made, or is reasonably likely to be seeking to make, a Competing Proposal; or
- c. any discussions or negotiations with respect to a Competing Proposal sought to be initiated or continued by any Third Party with it, its Subsidiaries or any of their respective representatives.

Each such notice must indicate the name of such Person and contain a written summary of the material financial (including price) and other terms and conditions of any such inquiries, expressions of interest, proposals, offers or requests. Following the delivery of the initial notice, Allkem or Livent (as applicable) must keep the other party informed, on a reasonably current basis, of the status and material developments or terms of any such inquiries, expressions of interest, proposals, offers or requests (including any amendments) and the status of any such discussions or negotiations.

Neither Allkem nor Livent (or their respective Subsidiaries) will enter into any agreement with any person that prohibits it from providing any information to the other party in accordance with, or otherwise complying with, the non-solicitation provisions of the Transaction Agreement.

## 4 Termination

The Transaction Agreement may be terminated in certain circumstances, including but not limited to the circumstances described in this paragraph 4.

All of the termination rights, other than those summarised in paragraph 4.1(a) below, can only be exercised prior to the Scheme becoming Effective (or the earlier time specified below). However, in those limited circumstances mentioned in paragraph 4.1(a), the Transaction Agreement may be terminated by either party at any time prior the US Merger Effective Time (which is expected to occur shortly after Implementation).

### 4.1 Termination by either party

a. Either Allkem or Livent may terminate the Transaction Agreement before the US Merger Effective Time if:

- i. **(Mutual Consent)** agreed by mutual written consent of Allkem and Livent;
- ii. **(End date)** the Scheme has not become Effective by 5:00pm (AWST) on the End Date (subject to extension by either party until May 10, 2024 in order to obtain antitrust or investment screening law or other regulatory approvals), and such outcome was not principally caused by a material breach of certain covenants set forth in the Transaction Agreement by the party seeking to terminate the Transaction Agreement; or

iii. **(Intervention by Governmental Entity)** any Governmental Entity:

- A. of competent jurisdiction issues a final and non-appealable Order that is in effect that permanently restrains, enjoins or otherwise prohibits the consummation of the US Merger or the Scheme; or
- B. having jurisdiction over a party to the Transaction Agreement adopts a law that is in effect that permanently makes illegal or otherwise permanently prohibits the consummation of the US Merger or the Scheme (provided that if any such law arises out of, or relates to Antitrust Laws or Investment Screening Laws, such law will only result in a right to terminate the Transaction Agreement to the extent it would constitute a Material Restraint, provided further, that, for clarity, notwithstanding anything to the contrary in the definition of Material Restraint, such law must permanently prohibit or permanently make illegal the consummation of the US Merger or the Scheme) and such outcome was not principally caused by a material breach of any representation, warranty, covenant or agreement set forth in the Transaction Agreement by the party seeking to terminate the Transaction Agreement.

- b. Either Allkem or Livent may terminate the Transaction Agreement before the Effective Date if:
- i. **(Shareholder approval)** Allkem Shareholder Approval is not obtained at the Scheme Meeting (or at any adjournment or postponement), or Livent Stockholder Approval is not obtained at the Livent Stockholder Meeting (or at any adjournment or postponement), in each case at which a vote on such approval was taken; or
  - ii. **(Court declines to make orders)** the Court declines or refuses:

- A. to make any orders directing Allkem to convene the Scheme Meeting; or
- B. to approve the Scheme,

and either (subject to compliance with the provisions of the Transaction Agreement), (i) no appeal of the Court's decision is made or (ii) on appeal, a court of competent jurisdiction issues a final and non-appealable ruling upholding the declination or refusal (as applicable) of the Court, provided that the right to terminate will not be available to any party whose material breach of any representation, warranty, covenant or agreement set forth in the Transaction Agreement is the principal cause of the such declination or refusal.

## 4.2 Termination by Allkem

Allkem may terminate the Transaction Agreement:

- a. **(Breach by Livent or NewCo)** before the Effective Date, if Livent, NewCo, US Merger Sub or Irish IntermediateCo has breached or failed to perform any of their respective representations, warranties, covenants or other agreements contained in the Transaction Agreement where that breach or failure to perform:
  - i. would give rise to the failure of the Conditions in respect of the accuracy of representations and warranties given under the Transaction Agreement, and performance of Livent, NewCo, US Merger Sub and Irish Intermediate Co's obligations under the Transaction Agreement; and
  - ii. is either incapable of being cured or is not cured by the earlier of the End Date or 30 days after written notice from Allkem,

provided that Allkem is not in breach of any representation, warranty, covenant or other agreement in the Transaction Agreement that would give rise to the failure of the Conditions in respect of the accuracy of representations and warranties given by Allkem under the Transaction Agreement, and performance of Allkem's obligations under the Transaction Agreement.

- b. **(Allkem Change of Recommendation)** before the Allkem Shareholder Approval, if there has been a Change of Recommendation by the Allkem Board:

- i. pursuant to the determination that such Competing Proposal is a Superior Proposal for Allkem (as summarised in paragraph 4.4 below);
- ii. in response to an Intervening Event (as summarised in paragraph 4.5 below); or
- iii. following an Independent Expert Event (as summarised in paragraph 4.5 below),

provided that prior to, or concurrently with, such termination, Allkem pays Livent the Allkem Termination Fee.<sup>58</sup>

- c. **(Livent Change of Recommendation)** before the Livent Stockholder Approval, if there has been a Change of Recommendation by the Livent Board, or an intentional and material breach of Livent's obligation in respect of holding the Livent Stockholder Meeting.

## 4.3 Termination by Livent

Livent may terminate the Transaction Agreement:

- a. **(Breach by Allkem)** before the Effective Date, if Allkem has breached or failed to perform any of its respective representations, warranties, covenants or other agreements contained in the Transaction Agreement where that action:
  - i. would give rise to the failure the Conditions in respect of the accuracy of representations and warranties given under the Transaction Agreement, and performance of Allkem's obligations under the Transaction Agreement; and
  - ii. is incapable of being cured or is not cured by the earlier of the End Date or 30 days after written notice from Livent,

provided that neither Livent, NewCo, US Merger Sub or Irish IntermediateCo is in breach of any representation, warranty, covenant or other agreement in the Transaction Agreement that would give rise to the failure of the Conditions in respect of the accuracy of representations and warranties given by them under the Transaction Agreement, and performance of their obligations under the Transaction Agreement.

<sup>58</sup> Allkem is not required to pay Livent the Termination Fee where the Independent Expert Event is not caused by the existence of a Competing Proposal.

- b. **(Livent Change of Recommendation)** before the Livent Stockholder Approval, if there has been a Change of Recommendation prior to the receipt of Livent Stockholder Approval:
  - i. pursuant to the determination of a Superior Proposal in relation to Livent (as summarised in paragraph 4.4 below); or
  - ii. in response to an Intervening Event as summarised in paragraph 4.5 below,
 provided prior to, or concurrently with, such termination, that Livent pays Allkem the Livent Termination Fee.
- c. **(Allkem Change of Recommendation)** before the Allkem Shareholder Approval, if there has been a Change of Recommendation by the Allkem Board, or an intentional and material breach of Allkem's obligations in respect of holding the Scheme Meeting.

## 4.4 Change of Recommendation for a Superior Proposal

Prior to the receipt of the Livent Stockholder Approval or Allkem Shareholder Approval (as applicable) in response to a bona fide written Competing Proposal from a Third Party that was not solicited in breach of, and did not otherwise arise from a breach of, the exclusivity arrangements in the Transaction Agreement, the Allkem Board or Livent Board may effect a Change of Recommendation, provided that such a Change of Recommendation may not be made unless and until:

- a. the Allkem Board or Livent Board (as applicable) determines in good faith after consultation with its financial advisers and outside legal counsel that such Competing Proposal is a Superior Proposal in relation to Allkem or Livent (as applicable);
- b. the Allkem Board or Livent Board (as applicable) determines in good faith, after consultation with its outside legal counsel, that failing to effect a Change of Recommendation in response to such Superior Proposal would likely breach the statutory or fiduciary duties of the Allkem Board or Livent Board (as applicable) under applicable law;
- c. the party intending to effect a Change of Recommendation provides the other party written notice of such proposed action and the basis for it at least four Business Days in advance, which notice must set forth in writing that the Allkem Board or Livent Board (as applicable) intends to consider whether to take such action and include all material terms and conditions of the Competing Proposal;
- d. after giving such notice and prior to effecting a Change of Recommendation, the party intending to effect a Change of Recommendation must make itself available to negotiate with the other party to make such adjustments or revisions to the terms of the Transaction Agreement as would permit the Allkem Board or Livent Board (as applicable) not to effect a Change of Recommendation in response; and

- e. at the end of such four Business Day period, prior to taking action to effect a Change of Recommendation:
  - i. the Allkem Board or Livent Board (as applicable) takes into account any adjustments or revisions to the terms of the Transaction Agreement proposed by the other party in writing and any other information offered by such party in response to the notice, and
  - ii. determines in good faith, after consultation with its financial advisers and outside legal counsel, that the Competing Proposal remains a Superior Proposal in relation to Allkem or Livent (as applicable) and that failing to effect a Change of Recommendation in response to such Superior Proposal would likely breach the statutory or fiduciary duties of the Allkem Board or Livent Board (as applicable) under applicable law,

provided that in the event of any material amendment or material modification to any Superior Proposal in relation to Allkem or Livent (as applicable), the party intending to effect a Change of Recommendation will be required to deliver a new written notice to the other party and to comply with the requirements of the Transaction Agreement with respect to such new written notice, except that the advance written notice obligation shall be reduced to two Business Days, provided that any new written notice shall in no event shorten the original four Business Day notice period.

## 4.5 Change of Recommendation for Intervening Event or Independent Expert Event

Prior to, but not after:

- a. in the case of Allkem, receipt of the Allkem Shareholder Approval, or
- b. in the case of Livent, receipt of the Livent Stockholder Approval,

either Allkem or Livent (as applicable may) effect a Change of Recommendation in response to an Intervening Event that occurs or arises after the date of the Transaction Agreement, subject to certain conditions. In the case of Allkem only, a Change of Recommendation may also be effected in response to an Independent Expert Event, subject to certain conditions.

The conditions to this right are reciprocal in nature, and are summarised below:

- a. in the case of an Intervening Event, the Allkem Board or Livent Board (as applicable) determines in good faith after consultation with its financial advisers and outside legal counsel that an Intervening Event has occurred;

- b. in the case of an Intervening Event, the Allkem Board or Livent Board (as applicable) determines in good faith, after consultation with its financial advisers and outside legal counsel, that failing to effect a Change of Recommendation in response to such Intervening Event would likely breach the statutory or fiduciary duties of the Allkem Board or Livent Board (as applicable) under applicable law;
- c. either Allkem or Livent (as applicable) provides the other party written notice of such proposed action and its basis four Business Days in advance, and that notice must include a reasonably detailed description of the facts and circumstances of the Intervening Event, or solely in the case of Allkem, an Independent Expert Event;
- d. after giving such notice and prior to effecting the Change of Recommendation, if requested by the other party, either Allkem or Livent (as applicable) negotiates in good faith with the other party to make adjustments or revisions to the terms of the Transaction Agreement as would permit the Allkem Board or Livent Board (as applicable) not to effect a Change of Recommendation in response; and
- e. at the end of such four Business Day period, prior to taking action to effect a Change of Recommendation, the Allkem Board or Livent Board (as applicable) takes into account:
  - i. any adjustments or revisions to the terms of the Transaction Agreement proposed by the other party in writing and any other information offered by such party in response to the notice, and
  - ii. in the case of an Intervening Event, determines in good faith after consultation with its financial advisers and outside legal counsel, that failing to effect a Change of Recommendation in response to such Intervening Event would likely breach the statutory or fiduciary duties of the Allkem Board or Livent Board (as applicable) under applicable law, provided that in the event of any material changes regarding any Intervening Event, the party intending to effect a Change of Recommendation will be required to deliver a new written notice to the other party and to comply with the requirements of the Transaction Agreement with respect to such new written notice, except that the advance written notice obligation shall be reduced to two Business Days, provided that any new written notice shall in no event shorten the original four Business Day notice period.

## 5 Additional defined terms

- a. **Alternative Acquisition Agreement** means any agreement in principle, letter of intent, memorandum of understanding, term sheet, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other agreement relating to a Competing Proposal (other than a confidentiality agreement as provided in the Transaction Agreement).
- b. **Antitrust Laws** means the Sherman Antitrust Act, the Clayton Antitrust Act of 1914, the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, and all other federal, state and foreign statutes, rules, regulations, orders, decrees and other laws and orders that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade or competition.
- c. **Change of Recommendation** means for either the Allkem Board or Livent Board to:
  - i. change, withhold, withdraw, qualify or modify, or publicly propose or announce any intention to change, withhold, withdraw, qualify or modify in a manner adverse to the other party, the Allkem Board or Livent Board (as applicable) recommendation for Allkem Shareholders or Livent Stockholders (as applicable) to approve the Transaction;
  - ii. fail to include the Allkem Board or Livent Board (as applicable) recommendation in the Scheme Booklet or in the Form S-4 (as applicable);
  - iii. approve, adopt, endorse or recommend, or publicly propose or announce any intention to approve, adopt, endorse or recommend, any Competing Proposal;
  - iv. publicly agree or propose to enter into any Alternative Acquisition Agreement;
  - v. cause or permit Allkem or Livent (as applicable) to enter into an Alternative Acquisition Agreement; or
  - vi. in the case of the Livent Board, where a Competing Proposal is structured as a tender offer or exchange pursuant to Rule 14d-2 under the Exchange Act for outstanding Livent Shares (other than by Allkem or an affiliate of Allkem), fail to recommend (in a Solicitation/Recommendation Statement on Schedule 14D-9) against the acceptance of such tender offer or exchange offer by its stockholders on or prior to the earlier of (A) three Business Days prior to the date of the Livent Stockholder Meeting is held, including adjournments (or promptly after commencement of such tender offer or exchange offer if commenced on or after the third Business Day prior to the date of the Livent Stockholder Meeting is held, including adjournments) or (B) ten business days (as such term is used in Rule 14d-9 of the Exchange Act) after commencement of such tender offer or exchange offer.

- d. Competing Proposal** means any inquiry, contract, proposal, offer or indication of interest from any Third Party relating to any transaction or series of related transactions (other than transactions only with Allkem or Livent (as applicable) or any of its Subsidiaries) involving, directly or indirectly:
- i.** any acquisition (by asset purchase, equity purchase, merger, scheme of arrangement or otherwise) by any Person or “group” (within the meaning of section 13(d) of the Exchange Act) of any business or assets of the recipient of such proposal (whether that be Allkem or Livent or any of its Subsidiaries (including capital stock of or ownership interest in any subsidiary)) that:
    - A.** constitute 20% or more of Allkem’s or Livent’s (as applicable) and its Subsidiaries’ consolidated assets (by fair market value);
    - B.** generated 20% or more of Allkem’s or Livent’s (as applicable) and its Subsidiaries’ net revenue or earnings for the preceding 12 months; or
    - C.** any license, lease or long-term supply agreement having a similar economic effect,
  - ii.** any acquisition of beneficial ownership by any Person or “group” (within the meaning of section 13(d) of the Exchange Act) of 20% or more of the outstanding Allkem or Livent Shares (as applicable) or any other securities entitled to vote on the election of directors or any tender or exchange offer that if consummated would result in any Person or “group” (within the meaning of section 13(d) of the Exchange Act) beneficially owning 20% or more of the outstanding Allkem Shares or Livent Shares (as applicable) entitled to vote on the election of directors; or
  - iii.** any merger, consolidation, share exchange, business combination, scheme of arrangement, recapitalisation, liquidation, dissolution or similar transaction involving Allkem or Livent (as applicable) or any of its Subsidiaries whose business or assets:
    - A.** constitute 20% or more of Allkem’s or Livent’s (as applicable) consolidated assets (by fair market value), or
    - B.** generated 20% or more of Allkem’s or Livent’s (as applicable) and its Subsidiaries’ net revenue or earnings for the preceding 12 months.
- e. Effect** means any change, effect, development, circumstance, condition, state of facts, event or occurrence.
- f. End Date** means the date that is nine months following the date of the Transaction Agreement, subject to certain extensions as provided for in the Transaction Agreement.
- g. Governmental Consent** means any consent, clearance, approval, permission, non-action, order, waiver, permit, expiration of waiting periods, authorisation and notices required to be obtained or made prior to the Scheme becoming Effective or the Merger Closing, as applicable, by Allkem or Livent or any of their respective Subsidiaries from any Governmental Entity in connection with the execution and delivery of the Transaction Agreement and the consummation and implementation of the Transaction.
- h. Group** has the meaning given to it by Section 13(d) of the Exchange Act.
- i. Independent Expert Event** means the Independent Expert not concluding (or ceasing to conclude) that the Scheme is in the best interests of Allkem Shareholders.
- j. Intervening Event** means an Effect that is material to Allkem or Livent (as applicable) that occurs or arises after the date of the Transaction Agreement that was not known to or reasonably foreseeable by the Allkem Board or Livent Board (as applicable) as of the date of the Transaction Agreement (or, if known or reasonably foreseeable, the magnitude or material consequences of which were not known or reasonably foreseeable by the Allkem Board or Livent Board (as applicable) as of the date of the Transaction Agreement), provided, however, that in no event will the following constitute an Intervening Event:
- i.** the receipt, existence or terms of an actual or possible Competing Proposal or Superior Proposal in relation to Allkem or Livent (as applicable);
  - ii.** any change, in and of itself, in the price or trading volume of Allkem Shares or Livent Shares (it being understood that the underlying facts giving rise or contributing to such change may be taken into account in determining whether there has been an Intervening Event, to the extent otherwise permitted by this definition);
  - iii.** any Effect relating to Allkem or Livent (as applicable) or any of its Subsidiaries that does not amount to a Material Adverse Effect, individually or in the aggregate;
  - iv.** conditions (or changes in such conditions) in the lithium mining and chemicals industry (including changes in general market prices for lithium chemicals, lithium spodumene concentrate and related products (including pricing under futures contracts) and political or regulatory changes affecting the industry or any changes in applicable law);
  - v.** any opportunity to acquire (by merger, joint venture, partnership, consolidation, scheme of arrangement, acquisition of equity or assets or otherwise), directly or indirectly, any assets, securities, properties or businesses from, or enter into any licensing, collaborating or similar arrangements with, any other person; or

vi. the fact that Allkem or Livent (as applicable) or any of their respective Subsidiaries exceeds (or fails to meet) internal or published projections or guidance or any matter relating thereto or of consequence thereof (it being understood that the underlying facts giving rise or contributing to such change may be taken into account in determining whether there has been an Intervening Event, to the extent otherwise permitted by this definition).

**k. Material Adverse Effect means:**

- i. any Effect that would prevent or materially impair the ability of Allkem, Livent, NewCo, US Merger Sub or Irish IntermediateCo to consummate the Scheme or the US Merger prior to the End Date (as may be extended); or
- ii. any Effect which has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the financial condition, properties, assets, liabilities, business or results of operations of Allkem or Livent (as applicable) and its Subsidiaries, taken as a whole, provided however that, solely for the purposes of this paragraph (ii), no Effects to the extent resulting or arising from any of the following, either alone or in combination, will be deemed to constitute a Material Adverse Effect or will be taken into account when determining whether a Material Adverse Effect exists or has occurred or would reasonably be expected to exist or occur:
  - A. any changes in global, national or regional economic conditions, including any changes generally affecting financial, credit or capital market conditions;
  - B. conditions (or changes therein) in any industry or industries in which Allkem or Livent (as applicable) or any of its Subsidiaries operates, including in the lithium mining and chemicals industry (including changes in general market prices for lithium chemicals and related products (including pricing under futures contracts));
  - C. general legal, tax, economic, political and/or regulatory conditions (or changes therein);
  - D. any change or prospective changes in US GAAP, IFRS, Australian Accounting Standards, the JORC Code, NI 43-101, Subpart 1300 or the interpretation thereof;
  - E. any adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, change or proposal of any applicable law of and by any Governmental Entity (including with respect to taxes);

- F. the execution and delivery of the Transaction Agreement and the Deed Poll or the negotiation, public announcement, pendency or consummation of the Transaction or compliance with the terms of the Transaction Agreement and the Deed Poll, including any Transaction Litigation and including any actual or potential loss or impairment after the date hereof of any contract or business relationship to the extent arising as a result thereof (it being understood that this subparagraph (F) will not apply with respect to any representation or warranty contained in the Transaction Agreement and the Deed Poll to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of the Transaction Agreement or the consummation of the Transaction or the compliance with the terms of the Transaction Agreement and the Deed Poll);
- G. any change in the price or trading volume of Allkem Shares or Livent Shares (as applicable), in and of itself (it being understood that the Effects giving rise or contributing to such change that are not otherwise excluded from the definition of "Material Adverse Effect" may be taken into account);
- H. any failure by Allkem or Livent (as applicable) to meet, or any change in, any internal or published projections, estimates or expectations of revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by Allkem or Livent (as applicable) to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself (it being understood that the Effects giving rise or contributing to such failure that are not otherwise excluded from the definition of "Material Adverse Effect" may be taken into account);
- I. Effects arising out of changes in geopolitical conditions, the outbreak of a pandemic, epidemic, endemic or other widespread health crisis (including COVID-19), acts of terrorism or sabotage, war (whether or not declared), the commencement, continuation or escalation of a war, acts of armed hostility, weather conditions, natural disasters or other similar force majeure events, including any material worsening of such conditions threatened or existing as of the date of the Transaction Agreement;
- J. any action taken at the request of Livent or Allkem (as applicable) in writing;
- K. any reduction in the credit rating or credit rating outlook of Allkem or Livent (as applicable) or its Subsidiaries or any increase in credit default swap spreads with respect to indebtedness of Allkem or Livent (as applicable) or its Subsidiaries, in and of itself (it being understood that the Effects giving rise or contributing to such change that are not otherwise excluded from the definition of "Material Adverse Effect" may be taken into account); or



- L. Effects arising out of any conversion or reconciliation among IFRS, US GAAP, Australian Accounting Standards, the JORC Code, NI 43-101 and Subpart 1300 undertaken in connection with the Transaction,

except, in the case of subparagraphs (A) through (E) and subparagraph (I), to the extent Allkem or Livent (as applicable) and its Subsidiaries, taken as a whole, are disproportionately impacted thereby relative to other entities operating in the same industry or industries in which Allkem or Livent (as applicable) and its Subsidiaries operate (in which case only the incremental disproportionate impact or impacts may be taken into account in determining whether there has been or would reasonably be expected to be an Material Adverse Effect).

- I. **Material Restraint:** means any law adopted by any Governmental Entity having jurisdiction over any Party that (a) is in effect, (b) makes illegal or otherwise prohibits the consummation of the US Merger or the Scheme and (c) either:
  - i. arises under Antitrust Laws or Investment Screening Laws; or
  - ii. the violation or contravention of which would reasonably be expected to result in:
    - A. criminal liability to any person,
    - B. personal liability to any director or officer of a Party or any of their respective Subsidiaries; or
    - C. a material adverse effect on NewCo and its Subsidiaries following the US Merger Effective Time.
- m. **Third Party** means any person, including as defined in Section 13(d) of the Exchange Act, other than Livent or Allkem (as the case may be) or any of its affiliates or any of its or their Representatives (as that term is defined in the Transaction Agreement) acting on behalf of Livent or Allkem (as the case may be) or such affiliate in connection with the Transaction.
- n. **Transaction Litigation** means any shareholder demands, litigations, arbitrations or other similar Proceedings (as that term is defined in the Transaction Agreement) (including derivative claims) commenced against Allkem or Livent (as applicable), any of its Subsidiaries or its or their respective directors or officers, in each case by any shareholder of Allkem or Livent, as applicable, relating to the Transaction Agreement or any part of the Transaction.

# Scheme of Arrangement

## Under section 411 of the Corporations Act

### BETWEEN:

- (1) Allkem Limited (ACN 112 589 910) whose registered office is at Level 35, 71 Eagle Street, Brisbane QLD 4000 (**Allkem**);
- (2) Eligible Shareholders; and
- (3) Ineligible Overseas Shareholders.

### PRELIMINARY MATTERS

- (A) Allkem is a public company limited by shares incorporated in Australia. It has its registered office at registered office is at Level 35, 71 Eagle Street, Brisbane QLD 4000. Allkem is admitted to the official list of ASX and Allkem Shares are quoted on the securities exchange operated by ASX and the TSX.
- (C) Livent Corporation (**Livent**) is a public corporation incorporated in Delaware, in the United States of America. It has its principal executive office at 1818 Market Street, Suite 2550, Philadelphia, Pennsylvania 19103. Livent stock is listed on NYSE.
- (D) Arcadium Lithium plc (**Arcadium Lithium**) is a public limited company incorporated under the laws of the Bailiwick of Jersey. It has its registered address at Suite 12, Gateway Hub, Shannon Airport House, Shannon, Co. Clare V14 E370 Ireland.
- (E) Allkem, Livent and Arcadium Lithium entered into the Transaction Agreement on or about 10 May 2023 to facilitate (among other things) the implementation of this Scheme as part of the Transaction.
- (F) By no later than the day that is one Business Day prior to the First Court Date, Arcadium Lithium will have executed the Deed Poll under which Arcadium Lithium will covenant in favour of the Eligible Shareholders and Ineligible Overseas Shareholders to perform the obligations attributable to it under this Scheme, including to provide the Scheme Consideration to Eligible Shareholders in accordance with the terms of this Scheme.
- (G) If this Scheme becomes Effective:
  - (a) after the Scheme Record Date and prior to Scheme Implementation, all of the Ineligible Shares will be transferred to the Sale Nominee; and
  - (b) on the Implementation Date:
    - (i) Arcadium Lithium will provide the Scheme Consideration to Eligible Shareholders (including the Sale Nominee) in accordance with the terms of this Scheme and the Deed Poll;
    - (ii) all of the Scheme Shares, and all of the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Arcadium Lithium; and
    - (iii) Allkem will enter Arcadium Lithium's name in the Allkem Share Register as the holder of all of the Scheme Shares; and
  - (c) following the Implementation Date, the Consideration CDIs issued to the Sale Nominee on Scheme Implementation in respect of the Ineligible Shares transferred to it under paragraph (a) will be sold by the Sale Nominee, with the net proceeds of such Consideration CDIs being paid to the Ineligible Overseas Shareholders on a pro-rata basis.

## ANNEXURE E

### SCHEME OF ARRANGEMENT

#### OPERATIVE PROVISIONS

#### 1 INTERPRETATION

##### 1.1 Definitions

The following definitions apply in this Scheme.

**Allkem Canadian Branch Shareholder** means an Allkem Shareholder entered in the Canadian branch register of the Allkem Share Register as a holder of one or more Allkem Shares.

**Allkem Principal Register Shareholder** means an Allkem Shareholder entered in the Australian principal register of the Allkem Share Register as a holder of one or more Allkem Shares.

**Allkem Share** means a fully paid ordinary share in Allkem.

**Allkem Share Register** means the register of members of Allkem maintained in accordance with the Corporations Act, and includes the Canadian branch register.

**Allkem Share Registry**

- (a) when used in relation to Allkem's Australian principal share register, means Computershare Investor Services Pty Limited ABN 48 078 279 277; and
- (b) when used in relation to Allkem's Canadian branch share register, means Computershare Investor Services Inc.

**Allkem Shareholder** means a person entered in the Allkem Share Register as a holder of one or more Allkem Shares and includes Allkem Canadian Branch Shareholders.

**Arcadium Lithium Share** means an ordinary share, par value of US\$1.00, of Arcadium Lithium.

**Arcadium Lithium Share Register** means the register of shareholders of Arcadium Lithium.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691), and, where the context requires, the securities exchange that it operates.

**ASX Listing Rules** means the official listing rules of ASX.

**Business Day:**

- (a) when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the ASX Listing Rules; and
- (b) in all other cases, means any day other than:
  - (i) a Saturday or a Sunday; or
  - (ii) a day on which banking and savings and loan institutions are authorised or required by law to be closed in Perth, Western Australia, Australia, Brisbane, Queensland, Australia, the Bailiwick of Jersey or Philadelphia, Pennsylvania, United States of America.

**CDI** means a CHESS Depository Interest, representing beneficial ownership of one Arcadium Lithium Share.

**CDI Election** means a validly completed notice by an Eligible Canadian Branch Shareholder requesting to receive the Scheme Consideration as Consideration CDIs instead of Consideration Shares.

**CDI Electing Shareholder** means an Eligible Canadian Branch Shareholder who has provided Allkem with a duly completed CDI Election by no later than 5.00 pm (Toronto time) / 10.00pm (UTC) on the Election Date.

## ANNEXURE E

### SCHEME OF ARRANGEMENT

**CDN** means CHESSE Depository Nominees Pty Limited (ACN 071 346 506).

**CHESSE** means the Clearing House Electronic Subregister System for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**Consideration CDI** means an Arcadium Lithium CDI issued under this Scheme as Scheme Consideration.

**Consideration Share** means an Arcadium Lithium Share to be issued under this Scheme as Scheme Consideration.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia (Western Australian registry) or such other court of competent jurisdiction under the Corporations Act as may be agreed to in writing by Allkem and Livent.

**Court Orders** means the order or orders of the Court approving this Scheme under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act).

**Deed Poll** means the deed poll under which Arcadium Lithium covenants in favour of Eligible Shareholders and Ineligible Overseas Shareholders to perform the obligations attributed to Arcadium Lithium under this Scheme.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Election Date** means:

- (a) in the case of Allkem Principal Register Shareholders, 5.00pm (Australian Eastern Daylight Time) on the day that is three Business Days prior to the Record Date;
- (b) in the case of Allkem Canadian Branch Shareholders, 5.00pm (Toronto time) / 10.00pm (UTC) on the day that is three Business Days prior to the Record Date.

**Eligible Shareholder** means:

- (a) a Scheme Shareholder who is not an Ineligible Overseas Shareholder; and
- (b) the Sale Nominee.

**Eligible Canadian Branch Shareholder** means an Eligible Shareholder who is an Allkem Canadian Branch Shareholder as at the Scheme Record Date.

**Eligible Principal Register Shareholder** means an Eligible Shareholder who is:

- (a) a Principal Register Shareholder on the Record Date; or
- (b) the Sale Nominee.

**Encumbrance** means:

- (a) a Security Interest; or
- (b) an easement, restrictive covenant, caveat or similar restriction over property.

**FIRB** means the Australian Foreign Investment Review Board.

**Governmental Entity** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX, or any applicable foreign equivalents of the specified bodies.

**Ineligible Consideration CDIs** has the meaning given in clause 4.4(f).

## ANNEXURE E

### SCHEME OF ARRANGEMENT

**Ineligible Overseas Shareholder** means an Allkem Shareholder whose Registered Address at the Scheme Record Date is a place outside of Australia and Argentina, British Virgin Islands, Canada, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States (unless otherwise agreed by Allkem, Livent and Arcadium Lithium in writing, each acting reasonably) or any other jurisdictions agreed by Allkem, Livent and New Topco in writing as lawful and not unduly impracticable or onerous for Arcadium Lithium to issue such Allkem Shareholder Arcadium Lithium Shares or CDIs upon Scheme Implementation in accordance with the terms of this Agreement (each acting reasonably).

**Ineligible Shares** has the meaning given in clause 4.4(c).

**Ineligible Share Transfer** means a duly completed and executed proper instrument of transfer in respect of the Ineligible Shares for the purposes of section 1071B of the Corporations Act, in favour of the Sale Nominee, being a master transfer of all of the Ineligible Shares.

**Net Proceeds** means the total proceeds of sale of all of the Ineligible Consideration CDIs after the deduction of any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of the Ineligible Consideration CDIs.

**NYSE** means the New York Stock Exchange.

**Registered Address** means, in relation to an Allkem Shareholder, the address of the shareholder shown in the Allkem Share Register.

**Sale Nominee** means:

- (a) the nominee appointed by Allkem in accordance with clause 4.4 of this Scheme to sell the Ineligible Consideration CDIs under the terms of this Scheme (or any person holding legal title to the Ineligible Shares or the Ineligible Consideration CDIs (as applicable) for the benefit of, and as agent for, that person); or
- (b) if the Terms of Appointment with the Sale Nominee contemplated by paragraph (a) immediately above are terminated after Implementation, any alternate nominee appointed by Allkem on the terms contemplated by clause 4.4 to sell the Ineligible Consideration CDIs under the terms of this Scheme (or any person holding legal title to the Ineligible Shares or the Ineligible Consideration CDIs (as applicable) for the benefit of, and as agent for, that person),

as applicable.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Allkem, the Eligible Shareholders and the Ineligible Overseas Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Arcadium Lithium, Livent and Allkem.

**Scheme Consideration** means the consideration to be provided by Arcadium Lithium to each Eligible Shareholder for the transfer of each Scheme Share under this Scheme, as set out in clause 4.

**Scheme Effective Date** means the date on which this Scheme becomes Effective.

**Scheme Implementation** means the implementation of this Scheme.

**Scheme Implementation Date** means the date on which Scheme Implementation occurs, being the fifth Business Day following the Scheme Record Date, or such other date as may be agreed to in writing by Allkem and Livent.

**Scheme Meeting** means the meeting of Allkem Shareholders (and any adjournment thereof) ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme.

## ANNEXURE E

### SCHEME OF ARRANGEMENT

**Scheme Record Date** means 7.00 pm (Australian Eastern Daylight Time) on the second Business Day after the Scheme Effective Date, or such other date and time as may be agreed to in writing by Allkem and Livent.

**Scheme Share** means:

- (a) each Allkem Share held by a Scheme Shareholder (other than an Ineligible Overseas Shareholder) as at the Scheme Record Date; and
- (b) each Allkem Share held by an Ineligible Overseas Shareholder and transferred to the Sale Nominee after the Scheme Record Date and prior to Scheme Implementation pursuant to clause 4.4 of this Scheme.

**Scheme Shareholder** means an Allkem Shareholder as at the Scheme Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 5.1.

**Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Arcadium Lithium, being a master transfer of all of the Scheme Shares.

**Second Court Date** means the first day on which the Court hears an application for an order under section 411(4)(b) of the Corporations Act approving this Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Security Interest** means any security interest, including:

- (a) a security interest that is subject to the *Personal Property Securities Act 2009* (Cth);
- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**Share Electing Shareholder** means an Eligible Principal Register Shareholder (other than the Sale Nominee) who has provided Allkem with a duly completed Share Election before 5.00 pm (Australian Eastern Daylight Time) on the Election Date.

**Share Election** means a validly completed notice by an Eligible Principal Register Shareholder (other than the Sale Nominee) requesting to receive the Scheme Consideration as Consideration Shares instead of Consideration CDIs.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Terms of Appointment** means the deed or other document under which the Sale Nominee is appointed under clause 4.4 of this Scheme.

**Transaction** means this Scheme and the US Merger (which is expected to become effective following Scheme Implementation in accordance with the Transaction Agreement).

**Transaction Agreement** means the transaction agreement dated on or about 10 May 2023 between Allkem, Livent and Arcadium Lithium relating to (among other things) Scheme Implementation.

**TSX** means the Toronto Stock Exchange.

**Unclaimed Money Act** means the *Unclaimed Money Act 1990* (WA).

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**US Merger** means the proposed merger between US Merger Sub and Livent in accordance with the Transaction Agreement.

**US Merger Sub** means a Delaware corporation that will be formed after the date of the Transaction Agreement and that will ultimately be (but will not at any time prior to Scheme Implementation be) an indirect wholly-owned subsidiary of Arcadium Lithium and that is referred to as “U.S. Merger Sub” in the Transaction Agreement.

#### 1.2 Rules for interpreting this Scheme

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this Scheme, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a clause is to a clause of this Scheme;
  - (iii) a document (including this Scheme) or agreement, or a provision of a document (including this Scheme) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iv) a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
  - (v) a party to this Scheme, or to any other document or agreement, includes a permitted substitute or a permitted assign of that party;
  - (vi) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (vii) any thing (including a right, amount, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word that suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The word **officer** has the same meaning as given by the Corporations Act.
- (g) A reference to time in this Scheme is a reference to Australian Western Standard Time, unless otherwise expressly specified.
- (h) Nothing in this Scheme is to be construed adversely to a party just because that party prepared this Scheme or prepared or proposed the relevant part of this Scheme.

#### 1.3 Non-Business Days

If the day on or by which a person must do something under this Scheme is not a Business Day, the person must do it on or by the next Business Day.

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## 2 CONDITIONS PRECEDENT

### 2.1 Conditions precedent to the Scheme

This Scheme is conditional upon, and will not become Effective unless and until, each of the following conditions precedent is satisfied.

- (a) As at 8.00 am on the Second Court Date, the conditions in Exhibit A of the Transaction Agreement (other than the conditions in paragraph 1(b) and 1(c) of Exhibit A of the Transaction Agreement) have been satisfied or waived in accordance with the terms of the Transaction Agreement.
- (b) Prior to 8.00 am on the Second Court Date, neither the Transaction Agreement nor the Deed Poll has been terminated in accordance with their terms.
- (c) The order of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act, subject to such alterations or conditions being agreed in accordance with clause 3.3) approving this Scheme comes into effect pursuant to section 411(10) of the Corporations Act on or before either or both of the Transaction Agreement and the Deed Poll are terminated in accordance with their respective terms.

### 2.2 Certificates

- (a) Before 8.30 am on the Second Court Date:
  - (i) Allkem must provide to the Court:
    - (A) a certificate, in the form of a deed, confirming whether or not, in respect of matters within Allkem's knowledge, the conditions precedent in clause 2.1(a) and 2.1(b) have been satisfied; and
    - (B) a certificate from Livent, in the form of a deed, confirming whether or not, in respect of matters within Livent's knowledge, the conditions precedent in clause 2.1(a) and 2.1(b) have been satisfied; and
  - (ii) Arcadium Lithium must provide to the Court a certificate, in the form of a deed, confirming whether or not, in respect of matters within Arcadium Lithium's knowledge, the conditions precedent in clause 2.1(a) and 2.1(b) have been satisfied.
- (b) The certificates referred to in clause 2.2(a) constitute conclusive evidence that the conditions precedent in clauses 2.1(a) and 2.1(b) have been satisfied.

### 2.3 Scheme Effective Date

Subject to clause 2.1, this Scheme takes effect on the Scheme Effective Date.

### 2.4 When Scheme will lapse

Unless Allkem, Arcadium Lithium and Livent otherwise agree in writing (and, if required, as approved by the Court), this Scheme will immediately lapse and be of no further force or effect if, without limiting any rights under the Transaction Agreement, either or both of the Transaction Agreement and the Deed Poll are terminated in accordance with their respective terms.

## 3 THE SCHEME

### 3.1 Lodgement of copy of Court Order with ASIC

Allkem must lodge with ASIC an office copy of the Court Orders in accordance with section 411(10) of the Corporations Act:



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- (a) as soon as possible after the date on which the Court makes the Court Orders and in accordance with the time limit set out in item 10 of Appendix 7A of the ASX Listing Rules; or
- (b) on such other Business Day and by such other time as agreed to in writing by Livent and Allkem.

#### 3.2 Transfer of Scheme Shares

On the Scheme Implementation Date:

- (a) subject to Arcadium Lithium taking the steps to provide the Scheme Consideration which it is required to take on the Scheme Implementation Date under clause 4, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Scheme Implementation Date, will be transferred to Arcadium Lithium without the need for any further act by any Scheme Shareholder or the Sale Nominee (other than acts performed by Allkem or its directors and officers as attorney and agent for the Scheme Shareholders and the Sale Nominee under this Scheme) by:
  - (i) Allkem delivering to Arcadium Lithium a duly completed registrable Scheme Transfer to transfer the Scheme Shares to Arcadium Lithium, which Scheme Transfer has been duly executed by Allkem (or any of its directors and officers) as the attorney and agent of each Eligible Shareholder as a transferor under clauses 6.2 and 6.4; and
  - (ii) Arcadium Lithium duly completing and executing the Scheme Transfer as transferee and delivering the Scheme Transfer to Allkem for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 3.2(a)(ii), Allkem must:
  - (i) attend to registration of the Scheme Transfer; and
  - (ii) enter or procure the entry of the name and address of Arcadium Lithium in the Allkem Share Register as the holder of all of the Scheme Shares.

#### 3.3 Alteration or condition to Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act, and those alterations or conditions have been agreed to in writing by each of Allkem, Livent and Arcadium Lithium:

- (a) Allkem may, by its counsel, consent on behalf of all persons concerned, including each Scheme Shareholder (and, to avoid doubt, the Sale Nominee), to those alterations or conditions; and
- (b) each Scheme Shareholder (and, to avoid doubt, the Sale Nominee) agrees to any such alterations or conditions that counsel for Allkem has consented to.

## 4 SCHEME CONSIDERATION

#### 4.1 Elections by Eligible Shareholders

- (a) Each Eligible Principal Register Shareholder (other than the Sale Nominee) may become a Share Electing Shareholder by providing Allkem with a duly completed Share Election before 5.00 pm (Australian Eastern Daylight Time) on the Election Date.
- (b) Each Eligible Canadian Branch Shareholder may become a CDI Electing Shareholder by providing Allkem with a duly completed CDI Election before 5.00 pm (Toronto time) / 10:00pm (UTC) on the Election Date.

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- (c) To avoid doubt, a Share Election or CDI Election submitted by an Ineligible Overseas Shareholder will be of no force or effect.

#### 4.2 Entitlement to Scheme Consideration

- (a) On the Scheme Implementation Date, in consideration for the transfer to Arcadium Lithium of Scheme Shares under the terms of this Scheme, each Eligible Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with this clause 4.
- (b) Subject to clauses 4.3 to 4.7, the Scheme Consideration to be provided to each Eligible Shareholder will be:
  - (i) where the Eligible Shareholder is:
    - (A) an Eligible Principal Register Shareholder who is not a Share Electing Shareholder; or
    - (B) an Eligible Canadian Branch Shareholder who is a CDI Electing Shareholder,1 Consideration CDI for each Scheme Share; and
  - (ii) where the Eligible Shareholder is:
    - (A) an Eligible Principal Register Shareholder who is a Share Electing Shareholder; or
    - (B) an Eligible Canadian Branch Shareholder who is not a CDI Electing Shareholder; andin either case, is not the Sale Nominee, 1 Consideration Share for each Scheme Share.

#### 4.3 Provision of Scheme Consideration

Subject to clauses 4.4 to 4.7, Arcadium Lithium must:

- (a) on the Scheme Implementation Date (or, in the case of sub-paragraphs (C), (D), (E) and (F) of clause 4.3(a)(iii), by no later than the Business Day following the Scheme Implementation Date):
  - (i) provide to each Eligible Shareholder (or procure the issue to each Eligible Shareholder of) the applicable Scheme Consideration in accordance with this Scheme;
  - (ii) in the case of Scheme Consideration that is required to be provided to Eligible Shareholders in the form of Consideration Shares, procure that the name and address of each relevant Eligible Shareholder is entered in the Arcadium Lithium Share Register as the holder of the applicable Consideration Shares (being the name and Registered Address of the relevant Eligible Shareholder as at the Scheme Record Date); and
  - (iii) in the case of Scheme Consideration that is required to be provided to Eligible Shareholders in the form of Consideration CDIs:
    - (A) issue to CDN (or to a custodian who will hold the Arcadium Lithium Shares on CDN's behalf) to be held on trust that number of Arcadium Lithium Shares that will enable CDN to issue Consideration CDIs as contemplated by this clause 4.3;

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- (B) procure that the name and address of CDN or of its custodian (as applicable) is entered into the Arcadium Lithium Share Register in respect of those Arcadium Lithium Shares underlying the Consideration CDIs, and that a share certificate or holding statement (or equivalent document) in the name of CDN representing those Arcadium Lithium Shares is sent to CDN;
  - (C) procure that CDN issues to each relevant Eligible Shareholder the number of Consideration CDIs to which it is entitled under this clause 4.3; and
  - (D) procure that the name and address of each relevant Eligible Shareholder is entered in the records maintained by CDN or its custodian (as applicable) or both, as the holder of the Consideration CDIs issued to that Eligible Shareholder;
  - (E) in the case of each such Eligible Shareholder who held Scheme Shares on the CHESSE subregister, procure that the Consideration CDIs are held on the CHESSE subregister; and
  - (F) in the case of each such Eligible Shareholder who held Scheme Shares on the issuer sponsored subregister, the Consideration CDIs are held on the issuer sponsored subregister; and
- (b) no later than six Business Days after the Scheme Implementation Date, send or procure the dispatch to each Eligible Shareholder, to their Registered Address as at the Scheme Record Date (or, in the case of the Sale Nominee, as specified in the Ineligible Share Transfer), a Direct Registration System statement, holding statement or allotment confirmation representing the Consideration Shares or Consideration CDIs (as applicable) issued to that Eligible Shareholder.

#### 4.4 Ineligible Overseas Shareholders

- (a) Arcadium Lithium has no obligation to issue, and will not issue, any Scheme Consideration under this Scheme to any Ineligible Overseas Shareholder.
- (b) Allkem must:
  - (i) prior to the First Court Hearing, appoint the Sale Nominee;
  - (ii) ensure that, under the Terms of Appointment, the Sale Nominee irrevocably undertakes to and is otherwise obliged to do all such things required by this clause 4.4 of this Scheme (including, but not limited to, under clause 4.4(c)); and
  - (iii) procure that the Sale Nominee:
    - (A) performs all acts attributed to it under this clause 4.4; and
    - (B) otherwise does all things necessary to give effect to this clause 4.4.
- (c) After the Scheme Record Date, and prior to Scheme Implementation, all of the Allkem Shares which were held by Ineligible Overseas Shareholders as at the Scheme Record Date (each an **Ineligible Share** and together the **Ineligible Shares**), together with all rights and entitlements attaching to those Ineligible Shares, will be transferred to the Sale Nominee:
  - (i) without the need for any further act by any Ineligible Overseas Shareholder (other than acts performed by Allkem or its directors or officers as attorney and agent for the Ineligible Overseas Shareholders); and

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- (ii) on the basis that, if (1) the Scheme lapses under clause 2.4, or (2) Scheme Implementation has not occurred within 5 Business Days after the Scheme Record Date (or such later time determined by Allkem in its sole discretion), (each a **Return Event**), the Sale Nominee must return the Ineligible Consideration Shares to the relevant Ineligible Overseas Shareholders as soon as reasonably practicable (and in any event, no later than 15 Business Days after the date on which Allkem gives written notice of the Return Event to the Sale Nominee) without any cost incurred by or fee payable to the Ineligible Overseas Shareholder.
- (d) Allkem must procure that the Sale Nominee accepts the transfer of the Ineligible Shares under clause 4.4(c) by immediately executing the Ineligible Share Transfer as transferee and delivering it to Allkem for registration.
- (e) In order to give effect to the transfer of Ineligible Shares to the Sale Nominee under clause 4.4(c), Allkem will:
  - (i) as attorney and agent for each Ineligible Overseas Shareholder, execute the Ineligible Share Transfer provided under clause 4.4(d); and
  - (ii) register the transfer of the Ineligible Shares to the Sale Nominee and enter the name of the Sale Nominee in the Allkem Share Register in respect of all of the Ineligible Shares transferred under clause 4.4(c).
- (f) Allkem must procure that the Sale Nominee, and must enforce its contractual rights to ensure that the Sale Nominee:
  - (i) sells the CDIs issued as Scheme Consideration in respect of the Ineligible Shares (**Ineligible Consideration CDIs**) (on ASX or off-market) as soon as reasonably practicable and in any event no more than 15 Business Days after the Scheme Implementation Date, in the manner, and on the terms, the Sale Nominee determines in good faith (and at the risk of the Ineligible Overseas Shareholder); and
  - (ii) as soon as reasonably practicable and in any event no more than 10 Business Days after settlement of all the sales of the Ineligible Consideration CDIs under clause 4.4(f)(i), remits to Allkem the Net Proceeds.
- (g) Promptly after receipt of the Net Proceeds, Allkem must pay each Ineligible Overseas Shareholder, or procure the payment to each Ineligible Overseas Shareholder of, such proportion of the Net Proceeds to which that Ineligible Overseas Shareholder is entitled (rounded down to the nearest cent), to be determined in accordance with the following formula:

where:

$$A = (B/C) \times D$$

A = the proportion of the Net Proceeds to which that Ineligible Overseas Shareholder is entitled;

B = the number of Ineligible Shares transferred to the Sale Nominee in respect of that Ineligible Overseas Shareholder;

C = the total number of Ineligible Shares that were transferred to the Sale Nominee; and

D = the Net Proceeds.
- (h) The Net Proceeds will be payable to Ineligible Overseas Shareholders in Australian dollars.
- (i) Each Ineligible Overseas Shareholder acknowledges and agrees that:

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- (i) none of Allkem, Livent, Arcadium Lithium or the Sale Nominee give any assurance as to the price or foreign exchange rate that will be achieved for the sale of the Ineligible Consideration CDIs described in clause 4.4(f); and
  - (ii) Allkem, Livent, Arcadium Lithium and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Overseas Shareholder that may arise in connection with this clause 4.4.
- (j) Allkem must pay or procure that each Ineligible Overseas Shareholder is paid any amounts owing under clause 4.4(g) by either (in the absolute discretion of Allkem):
- (i) where an Ineligible Overseas Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Allkem Share Registry to receive dividend payments from Allkem by electronic funds transfer to a bank account nominated by the Ineligible Overseas Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
  - (ii) by Global Wire Payment Service, if an Ineligible Overseas Shareholder has elected to receive payments electronically in their local currency using the Allkem Share Registry's Global Wire Payment Service; or
  - (iii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Overseas Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Ineligible Overseas Shareholder (in the case of joint holders, the cheque will be drawn in the name of the joint holders and dispatched in accordance with the procedures set out in clause 4.6(b)).
- (k) Each Ineligible Overseas Shareholder appoints Allkem, and each director and officer of Allkem, as its agent to receive on its behalf any financial services guide (or similar or equivalent document) and any other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Overseas Shareholders under the Corporations Act or any other applicable law.
- (l) Payment of the relevant amounts calculated in accordance with clauses 4.4(g) to an Ineligible Overseas Shareholder in accordance with this clause 4.4 satisfies in full Arcadium Lithium's obligations to the Ineligible Overseas Shareholder under this Scheme in respect of the Scheme Consideration.

#### 4.5 Other ineligible Scheme Shareholders

- (a) Where the issue of Scheme Consideration to which an Eligible Shareholder would otherwise be entitled under this Scheme would result in a breach of law:
- (i) Arcadium Lithium will issue the maximum possible Scheme Consideration to that Eligible Shareholder without giving rise to such a breach; and
  - (ii) any further Scheme Consideration to which that Eligible Shareholder is entitled, but the issue of which to that Eligible Shareholder would give rise to such a breach, will instead be issued to the Sale Nominee and dealt with under clause 4.4, as if:
    - (A) references to "Ineligible Overseas Shareholders" also included that Eligible Shareholder; and
    - (B) references to "Ineligible Consideration CDIs" also included any of that Eligible Shareholder's Scheme Consideration that has been issued to the Sale Nominee.

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- (b) Where the issue of Scheme Consideration to the Sale Nominee under this Scheme would result in a breach of law, Allkem must use its reasonable best efforts to appoint another person as the Sale Nominee in accordance with clause 4.4.

#### 4.6 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration will be issued to and registered in the names of the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Allkem Share Register as at the Scheme Record Date or to the joint holders.

#### 4.7 Orders of a court or Governmental Entity

- (a) If Arcadium Lithium or Allkem (or the Allkem Share Registry) receives written notice of an order or direction made by a court of competent jurisdiction or by a Governmental Entity that:
  - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Eligible Shareholder, which would otherwise be payable or required to be issued to that Eligible Shareholder by Allkem or Arcadium Lithium in accordance with this clause 4 (including in connection with any withholding or deduction under clauses 4.7(b)), then Allkem or Arcadium Lithium (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
  - (ii) prevents Allkem or Arcadium Lithium from providing consideration to any particular Scheme Shareholder in accordance with this clause 4, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Allkem or Arcadium Lithium (as applicable) will be entitled to:
    - (A) in the case of any Ineligible Overseas Shareholder, retain an amount, in Australian dollars, equal to the relevant Ineligible Overseas Shareholder's share of any proceeds of sale received by Allkem pursuant to clause 4.4; and
    - (B) not issue (or, in the case of Allkem, direct Arcadium Lithium not to issue), or issue (or, in the case of Allkem, direct Arcadium Lithium to issue) to a permitted trustee or nominee, such Scheme Consideration as that Scheme Shareholder would otherwise be entitled to under clause 4.3,  
until such time as provision of the consideration in accordance with this clause 4 is permitted by that (or another) order or direction or otherwise by law.
- (b) Arcadium Lithium and Allkem (as applicable) may deduct and withhold from any consideration that would otherwise be provided to a Scheme Shareholder in accordance with this clause 4, any amount that Arcadium Lithium or Allkem (as applicable) determines is required to be deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Government Entity.
- (c) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the

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person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing agency.

- (d) To avoid doubt, any payment or retention by Allkem or Arcadium Lithium (as applicable) under clauses 4.7(a), 4.7(b) and 4.7(c) will constitute the full discharge of Arcadium Lithium's obligations under clause 4.3 with respect to the amount so paid or retained until, in the case of clause 4.7(a)(ii), the amount is no longer required to be retained.

#### 4.8 Consideration Shares to rank equally

Arcadium Lithium covenants in favour of Allkem (in its own right and on behalf of each Eligible Shareholder and each Ineligible Overseas Shareholder) that:

- (a) the Consideration Shares to be issued (including the Arcadium Lithium Shares underlying the Consideration CDIs) as the Scheme Consideration will, on issue:
- (i) be duly issued and fully paid in accordance with applicable laws and the memorandum and articles of association of Arcadium Lithium;
  - (ii) be free from any Encumbrances, pledges and interests of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind, other than as provided for in the memorandum and articles of association of Arcadium Lithium or as required under applicable law; and
  - (iii) rank equally in all respects, including for future dividends, with all existing Arcadium Lithium Shares then on issue; and
- (b) it will apply for, or has applied for:
- (i) the listing of the Consideration Shares on the NYSE, subject to official notice of issuance;
  - (ii) admission of Arcadium Lithium to the official list of ASX (as a foreign exempt listing) commencing on the Business Day following the Scheme Effective Date; and
  - (iii) official quotation of the Consideration CDIs on ASX, subject to customary conditions, commencing:
    - (A) on the Business Day following the Scheme Effective Date (or such later day as ASX may require) until the Scheme Implementation Date, on a deferred settlement basis; and
    - (B) on the Business Day following the Scheme Implementation Date, on an ordinary (T+2) basis.

#### 4.9 Unclaimed monies

- (a) Allkem may cancel a cheque issued under clause 4.4(j)(iii) if the cheque:
- (i) is returned to Allkem; or
  - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Scheme Implementation Date, on request in writing from a Scheme Shareholder to Allkem (or the Allkem Share Registry) (which request may not be made until the date that is 20 Business Days after the Scheme Implementation Date), Allkem must reissue a cheque that was previously cancelled under clause 4.9(a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration that becomes "unclaimed money" (as defined in section 6 of the Unclaimed Money Act).

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#### 4.10 Title to and rights in Scheme Shares

- (a) Immediately upon the provision of the Scheme Consideration to each Eligible Shareholder in accordance with this clause 4, Arcadium Lithium will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Allkem of the name and address of Arcadium Lithium in the Allkem Share Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Arcadium Lithium will, at the time of transfer to Arcadium Lithium, vest in Arcadium Lithium free from all:
  - (i) Encumbrances, pledges and interests of third parties of any kind, whether legal or otherwise; and
  - (ii) restrictions on transfer of any kind.
- (c) To avoid doubt, notwithstanding clause 4.10(a), to the extent that clause 4.7(a) applies to any Eligible Shareholder, Arcadium Lithium will be beneficially entitled to any Scheme Shares held by that Eligible Shareholder immediately upon compliance with clause 4.7 on the Scheme Implementation Date as if Arcadium Lithium had provided the Scheme Consideration to that Eligible Shareholder.

## 5 DEALINGS IN ALLKEM SHARES

### 5.1 Allkem Share dealings that are recognised

To establish the identity of the Scheme Shareholders, dealings in Allkem Shares (or other alterations to the Allkem Share Register) will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Allkem Share Register as the holder of the relevant Allkem Shares as at the Scheme Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Allkem Share Registry at or before the Scheme Record Date,

and Allkem must not accept for registration, nor recognise for any purpose (except a transfer to Arcadium Lithium pursuant to this Scheme and any subsequent transfer by Arcadium Lithium or its successors in title, or a transfer in accordance with clause 4.4(c) to the Sale Nominee), any transfer or transmission application or other request in respect of Allkem Shares received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form.

### 5.2 Allkem to register transfer and transmission applications

Allkem must register registrable transfers and transmission applications of the kind referred to in clause 5.1(b) by the Scheme Record Date, provided that, for the avoidance of doubt, nothing in this clause 5.2 requires Allkem to register a transfer that would result in an Allkem Shareholder holding a parcel of Allkem Shares that is less than a "marketable parcel" (within the meaning given to that term in the operating rules of ASX).

### 5.3 Transfers received after Scheme Record Date not recognised

If this Scheme becomes Effective, each Scheme Shareholder (and any person claiming through any Scheme Shareholder) must not dispose of or transfer, or purport or agree to dispose of or transfer, any Scheme Share or any interest in them after the Scheme Record Date, other than pursuant to this Scheme (including as contemplated in clause 4.4(c)), and any such disposal or transfer, purported disposal or transfer or attempted disposal or transfer will be void and of no legal



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effect whatsoever and Allkem must disregard any disposal, transfer or transmission application in respect of Scheme Shares received after the Scheme Record Date (to avoid doubt, except for pursuant to the Ineligible Share Transfer contemplated by clause 4.4(c)).

#### 5.4 Allkem to maintain Allkem Share Register to determine entitlements

- (a) In order to determine entitlements to the Scheme Consideration, Allkem must maintain, or procure the maintenance of, the Allkem Share Register in accordance with this clause 5 until the Scheme Consideration has been paid to Scheme Shareholders and Arcadium Lithium has been entered into the Allkem Share Register as the holder of the Scheme Shares.
- (b) The Allkem Share Register in this form will solely determine entitlements to the Scheme Consideration.

#### 5.5 Holding statements no effect from Scheme Record Date

- (a) All holding statements for Allkem Shares (other than any holding statements (1) in favour of the Sale Nominee with respect to the Ineligible Shares or (2) in favour of Arcadium Lithium) will cease to have effect as documents of title (or evidence thereof) after the Scheme Record Date.
- (b) Each entry on the Allkem Share Register at and from the Scheme Record Date (other than those entries in respect of Arcadium Lithium or a transfer in accordance with clause 4.4(c) to the Sale Nominee) will cease to have any effect other than as evidence of an entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

#### 5.6 Allkem to provide contact information for Scheme Shareholders

Allkem must ensure that, as soon as practicable after the Scheme Record Date (and in any event by 8.00 am on the day that is two Business Days after the Scheme Record Date), Arcadium Lithium is given details of the name, Registered Address and holding of Allkem Shares of each Eligible Shareholder in the form Arcadium Lithium reasonably requires.

#### 5.7 Suspension of trading

Allkem will apply:

- (a) to ASX, to suspend trading of Allkem Shares on ASX with effect from the close of trading on the Scheme Effective Date; and
- (b) to TSX, to suspend trading of Allkem Shares on TSX with effect from 4.00pm (Toronto time) on the Scheme Effective Date.

#### 5.8 Termination of official quotation

Allkem will apply:

- (a) to ASX, for:
  - (i) removal of Allkem from the official list of ASX; and
  - (ii) termination of the official quotation of Allkem Shares on ASX;with effect on and from the close of trading on the trading day immediately following the Scheme Implementation Date, or such other date as Livent and Allkem may agree, acting reasonably, following consultation with ASX; and
- (b) to TSX, for the delisting of Allkem from TSX with effect on or about the close of trading (Toronto time) on the trading day immediately following the Scheme Implementation Date,

## ANNEXURE E

### SCHEME OF ARRANGEMENT

or such other date as Livent and Allkem may agree, acting reasonably, following consultation with TSX.

## 6 GENERAL PROVISIONS

### 6.1 Allkem giving effect to the Scheme

Allkem must do all things (including executing all documents), and must ensure that its employees and agents do all things (including executing all documents), that are necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

### 6.2 Scheme Shareholders' agreements and consents

Each Scheme Shareholder and the Sale Nominee irrevocably:

- (a) agrees for all purposes to:
- (i) in the case of Ineligible Overseas Shareholders, the transfer of their Ineligible Shares to the Sale Nominee;
  - (ii) in the case of Eligible Shareholders:
    - (A) become a member of Arcadium Lithium;
    - (B) in the case of Eligible Shareholders who are issued Consideration CDIs pursuant to this Scheme, to have their name entered in the records maintained by CDN or its custodian (as applicable), or both, as the holder of CDIs;
    - (C) in the case of Eligible Shareholders who are issued Consideration Shares pursuant to this Scheme, to have their name registered in the Arcadium Lithium Share Register as a holder of Arcadium Lithium Shares; and
    - (D) be bound by the memorandum of association and articles of association of Arcadium Lithium; and
  - (iii) in the case of Eligible Shareholders, the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Arcadium Lithium,

in each case, in accordance with this Scheme;

- (b) agrees for all purposes and to the extent permitted by law, that all instructions, notifications or elections made by the Scheme Shareholder or the Sale Nominee to Allkem (binding or deemed to be binding between the Scheme Shareholder and Allkem) relating to Allkem or its securities (except for tax file numbers), including instructions, notifications or elections relating to:

- (i) whether distributions or dividends are to be paid by cheque or into a specific account; and
- (ii) notices or other communications from Allkem,

will, except to the extent determined otherwise by Arcadium Lithium in its sole discretion, be deemed from the Scheme Implementation Date to be a binding instruction, notification or election (as applicable) made by the Scheme Shareholder or the Sale Nominee (as applicable) to Arcadium Lithium in respect of any Arcadium Lithium Shares provided to the Scheme Shareholder or the Sale Nominee (as applicable), until and unless that deemed instruction, notification or election is revoked or amended by the Scheme Shareholder or the Sale Nominee giving written notice to Arcadium Lithium share registry;

## ANNEXURE E

### SCHEME OF ARRANGEMENT

- (c) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from, and in accordance with, this Scheme;
- (d) acknowledges that this Scheme binds Allkem, all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and the Sale Nominee;
- (e) consents to Allkem, Arcadium Lithium and Livent doing all things (including executing all deeds, instruments, transfers or other documents) as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it; and
- (f) acknowledges and agrees that Allkem, as agent of each Scheme Shareholder and of the Sale Nominee, may sub-delegate its functions under this Scheme to any of its directors and officers, jointly and severally,

in each case, without the need for any further act by the Scheme Shareholder or the Sale Nominee (as applicable).

#### 6.3 Scheme Shareholders' warranties

- (a) Each Scheme Shareholder and the Sale Nominee is taken to have warranted to Allkem and Arcadium Lithium (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), and to have appointed and authorised Allkem as its attorney and agent to warrant to Arcadium Lithium (and, in the case of an Ineligible Overseas Shareholder, to the Sale Nominee), that:
  - (i) all their Allkem Shares (including any rights and entitlements attaching to their Allkem Shares) that are transferred under this Scheme will, at the time of their transfer, be fully paid and free from all:
    - (A) Encumbrances, pledges and interests of third parties of any kind, whether legal or otherwise; and
    - (B) restrictions on transfer of any kind;
  - (ii) they have full power and capacity to transfer their Allkem Shares to Arcadium Lithium (or, in the case of Ineligible Overseas Shareholders, to the Sale Nominee), together with any rights and entitlements attaching to those Allkem Shares, under this Scheme; and
  - (iii) as at the Scheme Record Date, they have no existing right to be issued any other Allkem Shares or any other form of securities in Allkem.
- (b) Allkem undertakes in favour of each Scheme Shareholder (and, in the case of an Ineligible Overseas Shareholder, for the Sale Nominee) that it will provide such warranty to Arcadium Lithium as agent and attorney of each Scheme Shareholder.

#### 6.4 Appointment of Allkem as attorney of Scheme Shareholders and Sale Nominee

On and from the Scheme Effective Date, each Scheme Shareholder and the Sale Nominee, without the need for any further act, irrevocably appoint Allkem and each of its directors and officers, jointly and severally, as its attorney and agent to:

- (a) execute any document or do any other act necessary, expedient or incidental to give full effect to this Scheme and the transactions contemplated by it, including:
  - (i) as attorney and agent for Eligible Shareholders (including the Sale Nominee), executing and delivering the Scheme Transfer under clause 3.2 and;
  - (ii) as attorney and agent for Ineligible Overseas Shareholders, executing and delivering the Ineligible Share Transfer under clause 4.4; and

## ANNEXURE E

### SCHEME OF ARRANGEMENT

- (b) enforce the Deed Poll against Arcadium Lithium, and Allkem accepts such appointment in respect of itself and on behalf of each of its directors and officers.

#### **6.5 Appointment of Arcadium Lithium as agent, attorney and sole proxy in respect of Scheme Shares**

Immediately upon the provision of the Scheme Consideration to each Eligible Shareholder, until Arcadium Lithium is registered as the holder of all Scheme Shares in the Allkem Share Register, each Eligible Shareholder:

- (a) irrevocably appoints Arcadium Lithium as its attorney and agent (and directs Arcadium Lithium as its attorney and agent to appoint any of the directors and officers of Arcadium Lithium as its sole proxy and, where applicable, corporate representative, of that Eligible Shareholder) to:
  - (i) attend shareholders' meetings of Allkem;
  - (ii) exercise the votes attaching to the Scheme Shares registered in the name of the Eligible Shareholder; and
  - (iii) sign any Allkem Shareholders' resolution (whether in person, by proxy or by corporate representative);
- (b) must take all other action in the capacity of a registered holder of Scheme Shares as Arcadium Lithium reasonably directs;
- (c) undertake not to attend or vote at any shareholders' meetings of Allkem or sign any Allkem Shareholders' resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 6.5(a); and
- (d) acknowledges and agrees that in exercising the powers conferred by clause 6.5(a), Arcadium Lithium and any director, officer or agent nominated by Arcadium Lithium may act in the best interests of Arcadium Lithium as the intended registered holder of the Scheme Shares.

#### **6.6 Binding effect of Scheme**

- (a) This Scheme binds Allkem, all of the Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and the Sale Nominee and, to the extent of any inconsistency, overrides the constitution of Allkem.
- (b) Any covenant from any Scheme Shareholder or the Sale Nominee in favour of Arcadium Lithium or any obligation owed by any Scheme Shareholder or the Sale Nominee to Arcadium Lithium will be enforceable by Arcadium Lithium against such person directly and, to the extent necessary, may enforce such rights through Allkem as party to the Scheme.

#### **6.7 No liability when acting in good faith**

Neither Allkem nor Arcadium Lithium, nor any of their respective directors, officers, secretaries or employees will be liable under the Scheme or the Deed Poll for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

## ANNEXURE E

### SCHEME OF ARRANGEMENT

#### 6.8 Deed Poll

Allkem undertakes in favour of each Scheme Shareholder and in favour of the Sale Nominee to enforce the Deed Poll against Arcadium Lithium for and on behalf of each Scheme Shareholder and the Sale Nominee.

#### 6.9 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Allkem, it will be deemed to be received on the date (if any) on which it is actually received at Allkem's registered office or at the Allkem Share Registry and on no other date.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Allkem Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

#### 6.10 Stamp duty

Arcadium Lithium will pay all stamp duty (if any) and any related interest, fines, fees and penalties payable on, or in connection with, the transfer of the Ineligible Shares to the Sale Nominee and of the Scheme Shares to Arcadium Lithium pursuant to this Scheme.

#### 6.11 Governing law

- (a) This Scheme and any dispute arising out of or in connection with the subject matter of this Scheme is governed by the laws of Western Australia.
- (b) Each party irrevocably submits to the jurisdiction of the Federal Court of Australia (Western Australian registry) and of the courts competent to determine appeals from that court with respect to any proceedings that may be brought at any time arising out of or in connection with the subject matter of this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in any inconvenient forum.

# Deed Poll

## Deed Poll

THIS DEED POLL is made on 5 NOVEMBER 2023

### BY:

Arcadium Lithium plc, a public limited company incorporated under the laws of the Bailiwick of Jersey, whose principal executive office is at Suite 12, Gateway Hub, Shannon Airport House, Shannon, Co. Clare V14 E370 Ireland. (**Arcadium Lithium**).

### IN FAVOUR AND FOR THE BENEFIT OF:

Eligible Shareholders.

Ineligible Overseas Shareholders.

### BACKGROUND

- (A) On or about 10 May 2023, Allkem, Livent and Arcadium Lithium entered into a transaction agreement with respect to (among other things) the Scheme and associated matters (**Transaction Agreement**).
- (B) Under the Transaction Agreement:
- (1) Allkem has agreed to propose the Scheme, pursuant to which (among other things):
    - (i) Arcadium Lithium will provide to each Eligible Shareholder the Scheme Consideration in respect of each of their Scheme Shares; and
    - (ii) the Eligible Shareholders will transfer to Arcadium Lithium, and Arcadium Lithium will acquire, all of the Scheme Shares; and
  - (2) Arcadium Lithium has agreed to (among other things) enter into this Deed Poll.
- (C) Arcadium Lithium is executing this Deed Poll to covenant in favour of the Eligible Shareholders and the Ineligible Overseas Shareholders to perform its obligations under the Scheme.

### ARCADIUM LITHIUM DECLARES AS FOLLOWS

## 1 INTERPRETATION

### 1.1 Definitions

**Insolvency Event** means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) any of the following occurring:
  - (i) a controller or analogous person being appointed to the person or any of the person's property;
  - (ii) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property, other than where the application is stayed, withdrawn, dismissed or set aside within 14 days; or
  - (iii) an appointment of the kind referred to in subparagraph (ii) being made (whether or not following a resolution or application);
- (c) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (d) an application being made to a court for an order for its winding up which is not set aside within 14 days;

## ANNEXURE F DEED POLL

- (e) an order being made, or the person passing a resolution, for its winding up;
  - (f) the person:
    - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
    - (ii) being unable to pay its debts or otherwise insolvent;
  - (g) the person entering into a compromise or arrangement with, or assignment for the benefit of, its members or creditors generally;
  - (h) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
  - (i) any analogous event under the laws of any applicable jurisdiction,
- unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by Allkem.

**Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Allkem, Eligible Shareholders and Ineligible Overseas Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Arcadium Lithium, Livent and Allkem.

Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this Deed Poll.

### 1.2 Rules for interpreting this Deed Poll

Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "Scheme" are to be read as references to "Deed Poll".

## 2 NATURE OF THIS DEED POLL

Arcadium Lithium acknowledges and agrees that:

- (a) This Deed Poll may be relied on and enforced by any Scheme Shareholder and by the Sale Nominee in accordance with its terms even though the Scheme Shareholders and the Sale Nominee are not party to it; and
- (b) Under the Scheme, each Scheme Shareholder and the Sale Nominee each irrevocably appoints Allkem and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this Deed Poll against Arcadium Lithium.

## 3 CONDITIONS PRECEDENT AND TERMINATION

### 3.1 Conditions precedent

This Deed Poll, and Arcadium Lithium's obligations under this Deed Poll, are subject to the Scheme becoming Effective.

### 3.2 Termination

- (a) Unless Arcadium Lithium and Allkem otherwise agree in writing (and, if required, as approved by the Court), Arcadium Lithium's obligations under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no further force or effect, if the Transaction Agreement is terminated in accordance with its terms.
- (b) If this Deed Poll is terminated pursuant to clause 3.2(a):
  - (i) Arcadium Lithium is released from its obligations under this Deed Poll; and

- (ii) each Scheme Shareholder and the Sale Nominee retains any rights, powers or remedies it has against Arcadium Lithium in respect of any breach of this Deed Poll that occurred before it was terminated.

## 4 SCHEME OBLIGATIONS

### 4.1 Undertaking to provide Scheme Consideration

Subject to clause 3, in consideration of the transfer of each Scheme Share to Arcadium Lithium in accordance with the Scheme, Arcadium Lithium covenants in favour of each Eligible Shareholder and the Ineligible Overseas Shareholders that it will:

- (a) provide the Scheme Consideration to each Eligible Shareholder on the Scheme Implementation Date; and
- (b) undertake and perform all other actions and obligations, and give each covenant, attributed to it or otherwise contemplated of it under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

### 4.2 Consideration Shares to rank equally

Arcadium Lithium covenants in favour of each Scheme Shareholder and in favour of the Sale Nominee that each Consideration Share (including those to be issued to CDN or its custodian in connection with the Consideration CDIs) will, upon issue:

- (a) be duly issued and fully paid;
- (b) be free from any Encumbrances, pledges and interests of third parties of any kind; and
- (c) rank equally in all respects, including for future dividends, with all existing Arcadium Lithium Shares then on issue.

## 5 PERFORMANCE OF OBLIGATIONS GENERALLY

### 5.1 Performance of the Scheme

Arcadium Lithium must comply with the obligations attributed to Arcadium Lithium under the Scheme and this Deed Poll (on and subject to their terms and conditions) and do all acts necessary or desirable on its part to give full effect to the Scheme.

## 6 REPRESENTATIONS AND WARRANTIES

Arcadium Lithium represents and warrants in favour of each Scheme Shareholder and in favour of the Sale Nominee that:

- (a) **(status)** it is a validly existing corporation in accordance with the laws of its place of incorporation and remains in good standing thereunder;
- (b) **(power)** it has full legal capacity and power to enter into this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) **(corporate authority)** it has taken all corporate action that is necessary to authorise it to enter into this Deed Poll and it has taken or will take all corporate action that is necessary to authorise it to carry out the transactions contemplated by this Deed Poll;
- (d) **(Deed Poll effective)** this Deed Poll constitutes valid and binding obligations on it, enforceable against it in accordance with its terms;
- (e) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this Deed Poll do not and will not conflict with:



## ANNEXURE F DEED POLL

- (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
- (ii) any law binding on or applicable to it or its assets,
- (f) **(no Insolvency Event)** it is not affected by an Insolvency Event.

### 7 CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Arcadium Lithium having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll pursuant to clause 3.2.

### 8 NOTICES

#### 8.1 How to give a notice

A notice, consent or other communication under this Deed Poll is only effective if it is:

- (a) in writing, legible and in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
  - (ii) sent in electronic form (such as email).

#### 8.2 When a notice is given

A notice, consent or other communication that complies with this clause 8 is regarded as given and received upon:

- (a) if sent by mail:
  - (i) within Australia – three Business Days after posting; or
  - (ii) to or from a place outside Australia – seven Business Days after posting;
- (b) if sent in electronic form:
  - (i) if it is transmitted by 5.00 pm on a Business Day – when sent; or
  - (ii) if it is transmitted after 5.00 pm on a Business Day, or at any time on a day that is not a Business Day – on the next Business Day,

provided that no notice of failure of transmission or other error message is received by the sender.

#### 8.3 Address for notices

Arcadium Lithium's mail address and email address are those set out below, or as Arcadium Lithium otherwise notifies.

Address: Percy Exchange, 8-34 Percy Place, Ballsbridge,  
Dublin 4  
Email: [●]  
Attention: Attention: The Secretary

## ANNEXURE F DEED POLL

Copy to: Guy Alexander, Allens at  
[Guy.Alexander@allens.com.au](mailto:Guy.Alexander@allens.com.au)  
William H. Aaronson, Davis Polk & Wardwell  
LLP at  
[william.aaronson@davispolk.com](mailto:william.aaronson@davispolk.com)  
Cheryl Chan, Davis Polk & Wardwell LLP at  
[cheryl.chan@davispolk.com](mailto:cheryl.chan@davispolk.com)

### 9 GENERAL

#### 9.1 Amendment

A provision of this Deed Poll may not be amended or varied unless:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by Allkem (on behalf of each Scheme Shareholder but without the need for Allkem to refer the amendment or variation to any Scheme Shareholder) and, if required, is approved by the Court; or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by Allkem (on behalf of each Scheme Shareholder and the Sale Nominee but without the need for Allkem to refer the amendment or variation to any Scheme Shareholder or the Sale Nominee) and is approved by the Court,

and Arcadium Lithium executes a further deed poll in favour of each Scheme Shareholder and the Sale Nominee giving effect to that amendment or variation.

#### 9.2 Assignment

- (a) The rights created by this Deed Poll are personal to Arcadium Lithium, each Scheme Shareholder and the Sale Nominee and, except with the prior written consent of Allkem and Arcadium Lithium, cannot and must not be assigned, encumbered, charged or otherwise dealt with at law or in equity by a Scheme Shareholder or by the Sale Nominee.
- (b) Any purported dealing in contravention of clause 9.2(a) is invalid.

#### 9.3 Waiver of rights

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of that right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise, or partial exercise, of a right does not prevent any further exercise of that right or of any other right.

#### 9.4 Operation of this Deed Poll

- (a) The rights, powers and remedies of Arcadium Lithium, the Scheme Shareholders and the Sale Nominee under this Deed Poll are in addition to, and do not replace, exclude or limit, any other rights, powers or remedies provided by law independently of this Deed Poll.
- (b) Any provision of this Deed Poll that is void, illegal or unenforceable:

**ANNEXURE F  
DEED POLL**

- (i) in a particular jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed Poll in that or any other jurisdiction; and
- (ii) is, where possible, to be severed to the extent necessary to make this Deed Poll valid, legal or enforceable, unless this would materially change the intended effect of this Deed Poll.

**9.5 Duty**

Arcadium Lithium must:

- (a) pay all stamp duty payable or assessed as being payable in connection with this Deed Poll, the Scheme, or the transfer by the Eligible Shareholders of the Scheme Shares pursuant to the Scheme (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Eligible Shareholder against any liability arising from any failure by Arcadium Lithium to comply with clause 9.5(a).

**9.6 Consent**

Arcadium Lithium consents to Allkem producing this Deed Poll to the Court.

**9.7 Further acts**


Arcadium Lithium must, at their own expense, promptly do all things and execute all documents reasonably necessary to give full effect to this Deed Poll and all transactions contemplated by it.


**9.8 Governing law**

- (a) This Deed Poll and any dispute arising out of or in connection with the subject matter of this Deed Poll is governed by the laws of Western Australia.
- (b) Arcadium Lithium irrevocably submits to the jurisdiction of the Federal Court of Australia (Western Australian registry) and of the courts competent to determine appeals from that court with respect to any proceedings that may be brought at any time arising out of or in connection with the subject matter of this Deed Poll. Arcadium Lithium irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in any inconvenient forum.

**EXECUTED** as a deed poll.

**Signed Sealed and Delivered by Arcadium Lithium** in the presence of:

  
\_\_\_\_\_  
Signature of Witness  
Daniel Rosen  
\_\_\_\_\_  
Name of Witness

  
  
\_\_\_\_\_  
Signature of Authorised Signatory  
GILBERTO ANTONIAZI  
\_\_\_\_\_  
Name of Authorised Signatory

## ANNEXURE G

# Notice of Scheme Meeting

## Allkem Limited

ACN 112 589 910

(“Allkem” or “the Company”)

## Notice of Scheme Meeting

Notice is given that, by an order of the Federal Court of Australia made on Wednesday, 8 November 2023 pursuant to subsection 411(1) of the Corporations Act, a Scheme Meeting of Allkem Shareholders will be held at 10:30am (AWST) / 1:30pm (AEDT) on Tuesday, 19 December 2023:

- physically, at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100; and
- virtually, via the online platform at <https://meetnow.global/MUHNARQ>

More detailed instructions on how to participate in the Scheme Meeting via the online platform are set out in the explanatory statement that accompanies and forms part of this Notice of Scheme Meeting.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out in the Glossary in section 11 of the Scheme Booklet.

### Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modifications or conditions required by the Court to which Allkem, Livent and NewCo agree) proposed to be made between Allkem and Allkem Shareholders (being the Scheme).

A copy of each of:

- the Scheme; and
- the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme,

are contained in the Scheme Booklet, of which this Notice of Scheme Meeting forms part.

The explanatory statement contains important information on the Scheme, to enable Allkem Shareholders to make an informed voting decision.

### Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

*“That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth):*

- a. the scheme of arrangement proposed between Allkem and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without alterations or conditions made or required by the Court and agreed to by Allkem, Livent and NewCo); and*
- b. Allkem is authorised, subject to the terms of the Transaction Agreement, to:*
  - a. agree to any such alterations or conditions; and*
  - b. to approval of the Scheme by the Court, implement the Scheme with any such alterations or conditions.”*

### Chairman

The Court has directed that Mr Peter Coleman is to act (and, if Mr Peter Coleman is unable or unwilling to so act, that Mr Richard Seville is to act) as Chair of the Scheme Meeting.

Dated 9 November 2023

By order of the Court and the Allkem Board

### John Sanders

Chief Legal Officer and Company Secretary

## Explanatory Notes:

These explanatory notes form part of and should be read in conjunction with the Notice of Scheme Meeting.

### 1 General

These explanatory notes have been prepared for the information of Allkem Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at 10:30am (AWST) / 1:30pm (AEDT) on Tuesday, 19 December 2023:

- physically, at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100; and
- virtually, through an online platform at <https://meetnow.global/MUHNARQ>.

These explanatory notes should be read in conjunction with Allkem's Scheme Booklet dated 9 November 2023, of which this Notice of Scheme Meeting forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution. A copy of the Scheme is set out in Annexure E to the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 11 of the Scheme Booklet, unless the context otherwise requires.

### 2 Attending and Participating in the Scheme Meeting

#### Attending online

Allkem Shareholders and their proxies, attorneys or corporate representatives may participate in the Scheme Meeting in person and online (including listening to the Scheme Meeting live, viewing slides, asking questions during the Scheme Meeting (verbally or in writing) and voting during the Scheme Meeting). Online attendees may participate in the Scheme Meeting from their computer or mobile device via the Computershare online virtual meeting platform <https://meetnow.global/MUHNARQ>.

The Computershare online virtual meeting platform is accessible on any internet browser.

Upon entering the URL noted above, Allkem Shareholders (or their attorneys or corporate representatives) should then log in to the virtual meeting by entering:

- for Australian residents:
  - their SRN/HIN; and
  - their postcode; or
- for overseas residents, their SRN/HIN and three letter country code.

Proxyholders should contact the Company's share

registry, Computershare Investor Services, on +61 3 9415 4024 to receive their login information.

More information regarding virtual attendance at the Scheme Meeting (including how to vote, comment and ask questions virtually during the Meeting) is available in the Computershare Online Meeting Guide (attached).

#### How to ask questions

Allkem Shareholders attending the Scheme Meeting online will have a reasonable opportunity to ask questions during the Scheme Meeting via the online platform.

Allkem Shareholders may also ask questions in real time during the Scheme Meeting by attending the Scheme Meeting in person.

Allkem Shareholders who prefer to register questions in advance of the Scheme Meeting are invited to do so by submitting questions by email to [scheme.meeting@allkem.co](mailto:scheme.meeting@allkem.co) before 10:30am (AWST) / 1:30pm (AEDT) on Tuesday, 12 December 2023 (being five Business Days before the Scheme Meeting).

The chairman of the Scheme Meeting will endeavour to address as many of the questions as possible during the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to Allkem Shareholders.

### 3 Requisite Voting Majorities

In accordance with subsection 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution contained in this Notice of Scheme Meeting must be passed by the "Requisite Majorities", being:

- unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Allkem Shareholders present and voting at the Scheme Meeting (either online or in person, or by proxy, attorney or corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution by Allkem Shareholders (either online or in person, or by proxy, attorney or corporate representative).

The Court has the discretion under subsection 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Allkem Shareholders present and voting at the Scheme Meeting.

The vote will be conducted by poll.

## 4 Court Approval

In accordance with subsection 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court and agreed by Allkem, Livent and NewCo) is subject to the approval of the Court.

If the Scheme Resolution is passed by the Requisite Majorities and the other relevant conditions to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Allkem intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

## 5 Entitlement to vote

The time for determining eligibility to vote at the Scheme Meeting is 7:00pm (AEDT) on Sunday, 17 December 2023.

Only those Allkem Shareholders entered on the Allkem Register at that time will be entitled to attend and vote at the meeting, either in person or online, by proxy or attorney, or in the case of a corporate Allkem Shareholder, by a body corporate representative.

Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Allkem Shareholders entitled to attend and vote at the meeting.

## 6 How to vote

Allkem Shareholders entitled to vote at the Scheme Meeting can vote:

- a. **In person:** by attending the Scheme Meeting in person or online via the online platform.
- b. **By proxy:** by appointing one or two proxies to attend the Scheme Meeting in person or online via the online platform and vote on your behalf, such appointment to be made via one of the following methods:

**online:** [www.investorvote.com.au](http://www.investorvote.com.au) and follow the instructions provided (Control Number: 133122). You will need your SRN or HIN, and the Control Number as shown on your Proxy Form.

You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submission carefully before you lodge your proxy.

**mobile:** Scan the QR Code on your Proxy Form and follow the prompts.

**mail:** Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

**custodian voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

- c. **By attorney:** An Allkem Shareholder may appoint a person (whether an Allkem Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Directors may prescribe or accept.

- d. **By corporate representative:** To vote in person at the Scheme Meeting, an Allkem Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Allkem Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A certificate, with or without the seal of the body corporate Allkem Shareholder, signed by two directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.

Voting will be conducted by poll rather than a show of hands.

Further information on how to vote using each of the above methods is set out below.

## Voting in person

If you wish to vote in person, you may attend the Scheme Meeting.

Shareholders, their attorneys or in the case of Allkem Shareholders or proxies which are corporations, corporate representatives wishing to attend the Scheme Meeting physically are asked to meet at The Studio, Level 2, Crown Towers, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia 6100 60 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register.

## Voting by proxy

### Overview

An Allkem Shareholder entitled to vote at the Scheme Meeting may appoint a person to attend and vote at the Scheme Meeting (either physically or online) as their proxy. Each proxy will have the right to vote on the Scheme Resolution and also to speak at the Scheme Meeting.

The following applies to proxy appointments:

- a proxy need not be another Allkem Shareholder, and may be an individual or body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with sections 250D and 253B of the Corporations Act to exercise its powers as proxy at the Scheme Meeting;
- an Allkem Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but, where the proportion or number is not specified, each proxy may exercise half of the votes with any fractions of votes disregarded;
- if a proxy is not directed how to vote on the Scheme Resolution, the proxy may vote or abstain from voting, as the proxy thinks fit;
- if a proxy is instructed to abstain from voting on the Scheme Resolution, the proxy is directed not to vote on the shareholder's behalf on the poll, and the Allkem Shares the subject of the proxy appointment will not be counted in calculating the required majorities; and
- if you appoint a proxy, you may still attend the Scheme Meeting in person. Please note that if you appoint a proxy and attend the Scheme Meeting, your proxy will still be able to participate in the Scheme Meeting and your proxy's authority to vote will not be suspended while you are present. However, you may still vote on the Scheme Resolution. If you do so and your proxy also votes, your vote will be counted and your proxy's vote will not be counted.

If you appoint a proxy:

- without nominating the identity of the proxy, you will be taken to have appointed the chairman of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Scheme Meeting or does not vote as directed, the chairman of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form. Proxy appointments in favour of, or which default, to the chairman of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal in relation to Allkem and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Allkem Shareholders.

### How to appoint a proxy

Allkem Shareholders may appoint a proxy by:

- **online:** [www.investorvote.com.au](http://www.investorvote.com.au) and follow the instructions provided (Control Number: 133122).  
  
You will need your SRN or HIN, and the Control Number as shown on your Proxy Form.  
  
You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submission carefully before you lodge your proxy.
- **mobile:** Scan the QR Code on your Proxy Form and follow the prompts.
- **mail:** Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3000  
Australia
- **custodian voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

### Voting by Attorney

You may appoint an attorney to attend and vote at the Scheme Meeting (either physically or online) on your behalf. Your attorney need not be another Allkem Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, Allkem), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Allkem Share Registry by no later than 10:30am (AWST) / 1:30pm (AEDT) on Sunday, 17 December 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- An Allkem Shareholder may appoint a person (whether an Allkem Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.
- An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Directors may prescribe or accept.

#### Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act, meaning that Allkem will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. Allkem Shareholders can obtain an Appointment of Corporate Representative form at <https://www-au.computershare.com/Investor/#Help/PrintableForms>. Details of how to submit this form are contained within the form.

## 7 Jointly held securities

If you hold Allkem Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also the comments in paragraph 6 under the heading "voting by proxy" of this Notice of Scheme Meeting regarding the appointment of a proxy by persons who jointly hold Allkem Shares.

## 8 Technical difficulties

Technical difficulties may arise before or during the course of the Scheme Meeting. If, before or during the meeting, a technical difficulty occurs such that the Allkem Shareholders as a whole do not have a reasonable opportunity to participate, the Chairman has discretion as to whether to adjourn the meeting until the difficulty is remedied or continue with the meeting (subject to a quorum remaining present).

In exercising their discretion, the Chairman will have regard to the number of Allkem Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Allkem Shareholders are encouraged to lodge a proxy by **10:30am (AWST) / 1:30pm (AEDT) on Sunday, 17 December 2023** even if they plan to attend the Scheme Meeting online.

## 9 Further Information for Allkem Shareholders

Further information for Allkem Shareholders is set out in the Scheme Booklet. If you have any questions of a general nature, please contact the Allkem Shareholder Information Line on 1300 367 804 (within Australia) or +61 2 9066 6162 (outside Australia), between 9:00 am and 5:00 pm (AEDT) Monday to Friday, excluding public holidays.



# ONLINE MEETING GUIDE



## GETTING STARTED

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit <https://meetnow.global/au> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

## TO LOG IN, YOU MUST HAVE THE FOLLOWING INFORMATION:

### Australian Residents

SRN or HIN and postcode of your registered address.

### Overseas Residents

SRN or HIN and country of your registered address.

### Appointed Proxies

Please contact Computershare Investor Services on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

## PARTICIPATING AT THE MEETING

To participate in the online meeting, visit <https://meetnow.global/au>. Then enter the company name in the 'Filter' field. Select and click on the displayed meeting.

**Search for meeting**

Australia ▼

Filter

### To register as a shareholder

Select 'Shareholder', enter your SRN or HIN and select your country. If Australia, also enter your post code.

Shareholder   Invitation   Guest

If you are a shareholder or an appointed corporate representative, please enter the required details below.

SRN/HIN

Country

Post Code

**SIGN IN**

### OR To register as a proxyholder

To access the meeting click on the link in the invitation e-mail sent to you. Or select 'Invitation' and enter your invite code provided in the e-mail.

Shareholder   Invitation   Guest

If you are a received an email invitation for this meeting, please enter your invite code below.

Invite Code

**SIGN IN**

### OR To register as a guest

Select 'Guest' and enter your details.

Shareholder   Invitation   Guest

If you would like to attend the meeting as a Guest please provide your details below.

First Name


Last Name

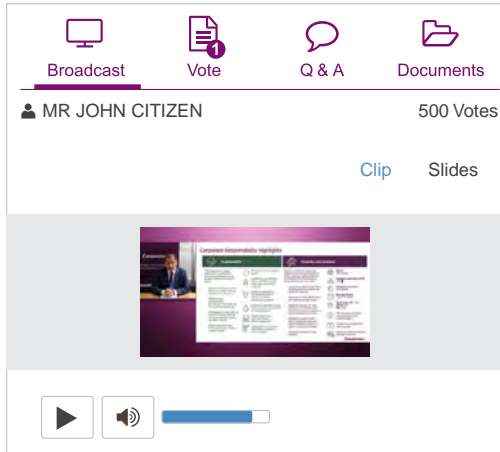
Email


Company Name

**SIGN IN**

**ANNEXURE G**  
**NOTICE OF SCHEME MEETING**

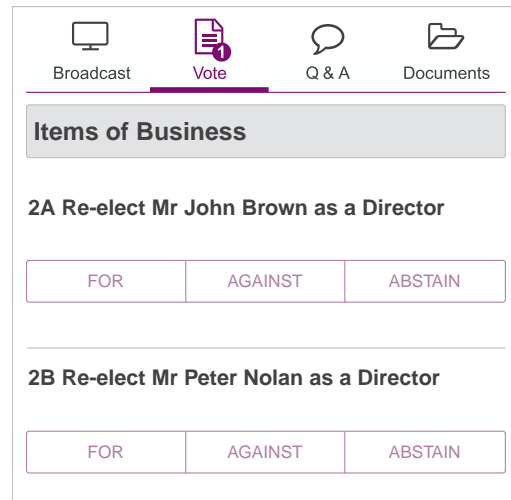
**Broadcast**  The webcast will appear automatically once the meeting has started. If the webcast does not start automatically press the play button and ensure the audio on your computer or device is turned on.




**Vote**  When the Chair declares the poll open, select the 'Vote' icon and the voting options will appear on your screen.

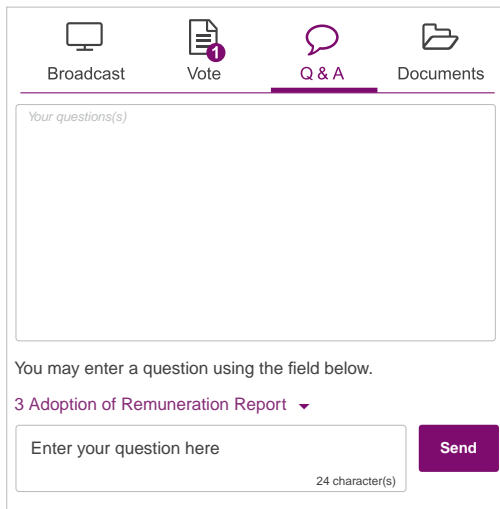
To vote, select your voting direction. A tick will appear to confirm receipt of your vote.

To change your vote, select 'Click here to change your vote' and press a different option to override.

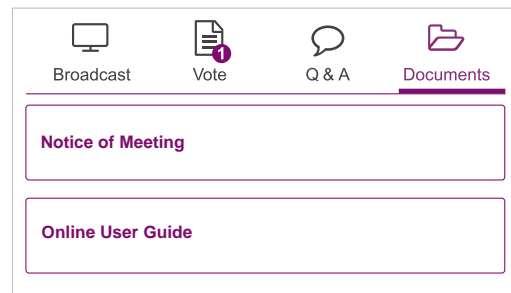


**Q & A**  To ask a question select the 'Q & A' icon, select the topic your question relates to. Type your question into the chat box at the bottom of the screen and press 'Send'.

To ask a verbal question, follow the instructions on the virtual meeting platform.



**Documents**  To view meeting documents select the 'Documents' icon and choose the document you wish to view.



**FOR ASSISTANCE**

If you require assistance before or during the meeting please call +61 3 9415 4024.

## ANNEXURE H

# Comparison of shareholder rights and corporate laws

Allkem is a public company limited by shares, registered in Queensland under the Corporations Act. Allkem is admitted to the official list of ASX and the TSX, and the Allkem Shares are quoted on ASX and TSX.

NewCo is incorporated under the laws of the Bailiwick of Jersey, and NewCo intends for the NewCo Shares to be listed on the NYSE and for the NewCo CDIs to be quoted on ASX (with NewCo being admitted to the official list of ASX through a Foreign Exempt Listing). NewCo will not be listed on TSX.

If the Scheme is Implemented, the rights of Allkem Shareholders in respect of the NewCo Shares or NewCo CDIs they receive will be governed principally by Jersey law and the NewCo Organisational Documents.

In addition:

- once NewCo Shares are issued and listed on the NYSE, NewCo will also be subject to US federal securities laws and NYSE listing standards; and
- once NewCo is admitted to the official list of ASX, NewCo will also be subject to the ASX Listing Rules applicable to entities that have a Foreign Exempt Listing (noting that a Foreign Exempt Listing will exempt NewCo from most of the ASX Listing Rules – see section 7.10 for further information).

Set out below is a comparison of some of the key securityholder rights as they relate to Allkem and NewCo, along with a description of certain securities laws and securities exchange rules where applicable.

References in this Annexure:

- to Australian law, are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable;
- to Jersey law, are references to Jersey Companies Law and Jersey customary law, as applicable; and
- to US law, are references to the NYSE listing standards, the Securities Act of 1933 and the Securities Exchange Act of 1934, as applicable.

The terms of the NewCo Organisational Documents, US law and Jersey law are more detailed than the general information provided below. As such, you should rely on the actual provisions of those documents and laws. If you would like to read the NewCo Organisational Documents, the forms of Memorandum of Association and Articles of Association of NewCo that will take effect immediately prior to the Scheme becoming Effective are attached as Exhibit E to the Transaction Agreement, which is attached to Allkem's ASX announcement on 10 May 2023 (available on ASX's website at [www.asx.com.au](http://www.asx.com.au) and on Allkem's website at [www.allkem.co](http://www.allkem.co)).

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations, and is intended as a general guide only. Allkem Shareholders should consult with their own independent legal advisor if they require further information.

The information in this Annexure H concerning NewCo has been prepared by, and is the responsibility of, Livent.

## Shareholders Meeting

## Requirement of annual meetings; ability to call special meetings

Under Australian law, Allkem is required to hold an annual general meeting at least once in each calendar year, and within five months after the end of its financial year.

Since 1 April 2022, Australian companies have been expressly permitted by the Corporations Act to hold hybrid meetings and, if the company's constitution provides for it, wholly virtual meetings. Hybrid meetings are meetings that use virtual technology to facilitate the meeting but also have one or more physical places at which the meeting is held. This means Allkem Shareholders can choose to attend in person or participate remotely using virtual meeting technology. The constitution of Allkem adopted on 15 November 2022 (**Allkem Constitution**) does not provide for wholly virtual meetings of Allkem Shareholders.

A general meeting of Allkem Shareholders may be called from time to time by the Allkem Board, individual Allkem Directors, or, in the circumstances set out below, by Allkem Shareholders:

- when requested to do so by Allkem Shareholders holding at least 5% of the votes that may be cast at the meeting, Allkem Directors must call a general meeting within 21 days after the request is given to Allkem, and the meeting must be held not later than two months after the request is given; or
- alternatively, Allkem Shareholders holding at least 5% of the votes that may be cast at the meeting may themselves call, and arrange to hold, a general meeting of Allkem at their own cost.

Under the Jersey Companies Law, the annual general meeting of NewCo is required to be held each year and not more than 18 months may elapse between two successive annual general meetings. Similarly, under the NYSE listing standards, NewCo is required to hold an annual meeting of shareholders during each financial year following its listing on NYSE.

The NewCo Board may, and upon request of NewCo Shareholders as required by Jersey law (and as described below) must, convene an extraordinary general meeting of the shareholders

Under the Jersey Companies Law, shareholders of NewCo holding 10% or more of the company's voting rights that are entitled to vote at the relevant meeting may require the NewCo Directors to call a meeting of shareholders. Upon receiving a requisition notice from shareholders, the NewCo Directors must call a special meeting as soon as practicable but in any case not later than two months after the date of the deposit of the requisition. If the NewCo Directors do not do so within 21 days from the date of the deposit of the requisition proceed to call a meeting to be held within two months of that date, the shareholders requisitioning the meeting, or any of them representing more than half of the total voting rights of all of them, may themselves call a meeting, but a meeting so called shall not be held after three months from the date of deposit of the requisition.

## Notice of meeting

As Allkem is listed on ASX, a notice of a general meeting of Allkem Shareholders must be given at least 28 days before the date of the meeting. Allkem is only required to give notice of the meeting to Allkem Shareholders entitled to vote at the meeting, the Allkem Directors and Allkem's auditor(s).

Under the Jersey Companies Law, a provision of a company's articles is void insofar as it provides for the calling of a meeting of the company or of any class of members of the company (other than an adjourned meeting) by a shorter notice than 14 days' notice in writing. The NewCo articles of association require that each person who is a member of NewCo be given notice of any general meeting (including an annual general meeting). The content of a notice of a general meeting called by the NewCo Board is to be decided by the NewCo Board, but it must state the general nature of the business to be transacted at the meeting and any other matters required by the Jersey Companies Law.

### Quorum requirements

The quorum for a meeting under the Allkem Constitution is satisfied by two Allkem Shareholders attending, whether present in person, whether physically or using virtual meeting technology, or by proxy, attorney or representative. If, within 15 minutes after the time appointed for a meeting, a quorum is not present, the meeting:

- if convened by an Allkem Director or at the request of Allkem Shareholders, is dissolved; and
- in any other case, stands adjourned to the same day in the next week and the same time and place (if any), or to such other day, time and place as the Allkem Directors appoint by notice to the Allkem Shareholders.

If, at an adjourned meeting, a quorum is not present within 15 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.

NewCo's articles of association provide that a quorum for a meeting is persons holding or representing by proxy at least a majority of the voting power of the shares entitled to vote on the business of the meeting. Consistent with the Allkem requirements, under NewCo's articles of association, if a quorum is not present within 30 minutes after the time appointed for the general meeting: (1) where the meeting was called at the request of members, meeting is dissolved; or (2) in any other case, the meeting stands adjourned to the day, time and place the Allkem Directors present decide or, if they do not make a decision, to the same day in the next week at the same time and place and if a quorum is not present at the adjourned meeting within 30 minutes after the time appointed for the meeting, the meeting must be dissolved.

### Passing resolutions at a general meeting

Under Australian law, a resolution at a general meeting of Allkem Shareholders is to be passed by a simple majority of votes cast by the Allkem Shareholders present and voting at the meeting – unless the Corporations Act or the Allkem Constitution requires a special resolution.

The Corporations Act requires certain matters to be resolved by a company by special resolution, which requires approval of at least 75% of the votes cast by shareholders entitled to vote. Matters requiring approval by special resolution under the Corporations Act include:

- an amendment to the company's constitution;
- the change of the company's name;
- a selective reduction of capital or selective share buy-back;
- the conversion of ordinary shares into preference shares; and
- a decision to wind up the company voluntarily.

The Allkem Constitution stipulates the following matters must also be resolved by special resolution:

- variation of rights attaching to any preference shares on issue (special resolution of the preference shareholders entitled to vote, or written consent of the preference shareholders, must also be obtained); and
- matters relating to the winding-up of Allkem, including distribution of assets and power of the liquidator to vest property.

In accordance with the Corporations Act, in order for a special resolution to be passed by Allkem Shareholders:

- not less than 28 days' notice of the general meeting must be given, specifying the intention to propose the special resolution and stating the resolution; and
- approval of at least 75% of the votes cast by shareholders entitled to vote must be obtained.

Each NewCo Share will entitle the holder to one vote per share at any general meeting of shareholders.

An ordinary resolution requires approval by the holders of a majority of the voting rights represented at a meeting, in person or by proxy, and voting thereon. A special resolution requires approval by the holders of two-thirds of the voting rights represented at a meeting, in person or by proxy, and voting thereon (or such greater majority as the NewCo articles of association may prescribe).

Voting rights with respect to any class of preferred shares (if any) will be determined by the NewCo Board and set out in the relevant statement of rights for such class.

Neither Jersey law nor the NewCo articles of association restrict non-resident shareholders from holding or exercising voting rights in relation to NewCo Shares.

There are no provisions in the Jersey Companies Law relating to cumulative voting.

### Voting requirements

In accordance with the Corporations Act, a resolution put to the vote at a meeting of Allkem Shareholders of a listed company must be decided on a poll (and not a show of hands) if:

- the notice of the meeting set out an intention to propose the resolution and stated the resolution;
- the company has given notice of the resolution in accordance with the requirements under the Corporations Act for Allkem Shareholders' resolutions; or
- a poll is demanded.

Allkem Shareholders with at least 5% of the votes that may be cast at a meeting of Allkem Shareholders may request Allkem to appoint an independent person to:

- observe the conduct of a poll at the meeting;
- scrutinise the outcome of a poll at the meeting; and
- prepare a report on the outcome of that poll.

Each Allkem Share confers a right to vote at all general meetings of Allkem Shareholders. Allkem Shareholders may vote by "direct vote" if determined by the Allkem Board in accordance with the Allkem Constitution. A direct vote includes a vote delivered to Allkem by post, email, or other electronic means approved by the Allkem Board.

On a show of hands, every Allkem Shareholder present in person and each other person present as a proxy, attorney or representative of an Allkem Shareholder has one vote. On a poll, each Allkem Shareholder present in person, proxy, attorney or representative, or who has lodged a valid direct vote, will have:

- one vote for each fully paid share held by the Allkem Shareholder (or by the Allkem Shareholder that person represents, as applicable); and
- a fraction of a vote for each partly paid Allkem Share held, equivalent to the proportion which the amount paid is of the total amounts paid and payable in respect of those shares (excluding amounts credited).

Similarly, under the NewCo articles of association, each NewCo Share confers a right to vote at all general meetings. On a show of hands, each NewCo Shareholder present has one vote. If a poll is held, NewCo Shareholders present in person or by proxy, attorney or corporate representative will have one vote for every NewCo Share held on the voting record date.

Section 3.6(a) sets out how holders of NewCo CDIs may exercise the rights that attach to the NewCo Shares that underlie their NewCo CDIs.

An ordinary resolution requires approval by the holders of a majority of the voting rights represented at a meeting, in person or by proxy, and voting thereon. A special resolution requires approval by the holders of two-thirds of the voting rights represented at the meeting, in person or by proxy, and voting thereon (or such greater majority as the NewCo articles of association may prescribe). Matters requiring a special resolution under the Jersey Companies Law include the following:

- altering NewCo's memorandum (which includes altering its authorised share capital) or articles of association;
- changing the name of NewCo;
- varying the class rights of shares (being a resolution passed at a separate meeting of the class of members concerned), unless otherwise provided for in the articles of association;
- carrying out the repurchase of NewCo Shares, whether such repurchase is conducted through a stock exchange or outside a stock exchange (and in the latter case, notwithstanding that the agreement to repurchase the shares has been approved by a simple majority of NewCo Shareholders);
- reducing share capital;
- commencing or terminating a summary or creditors' winding up under the Jersey Companies Law; and
- appointing or removing a liquidator.

Certain other matters under the Jersey Companies Law require approval by more than a simple majority of the voting rights represented in person or by proxy at a meeting of shareholders.

### Shareholders' rights to bring a resolution before a meeting

Under the Corporations Act, Allkem Shareholders holding at least 5% of the votes that may be cast at a general meeting may, by written notice to Allkem, propose a resolution for consideration at the next general meeting. The resolution is to be considered at the next general meeting that occurs more than two months after the notice is given.

Under the NewCo articles of association and in accordance therewith, a NewCo Shareholder who holds a share which confers the right to vote at an annual general meeting may, on giving notice to NewCo no more than 120 days and no less than 90 days before the anniversary of the date of the previous annual general meeting, require NewCo to include a resolution to be proposed at the annual general meeting. NewCo has the ability to refuse a proposal on grounds, such as where the proposal is not a proper matter for member action.

Before the business is brought before the annual general meeting, the member (under the NewCo articles of association) must provide to NewCo details of, among other things:

- the shareholder, their shareholding and any arrangement designed to reduce economic risk to NewCo Shares;
- any direct or indirect opportunity to profit derived from increases or decreases in the value of NewCo Shares;
- any proxy or arrangement pursuant to which the shareholder has the right to vote any NewCo Shares;
- certain agreements, arrangements and understandings between such shareholder and certain other persons;
- the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and the text of the proposal; and
- any additional information NewCo may reasonably request regarding the shareholder or the business the shareholder proposes to bring before the meeting.

In addition, a shareholder also has the right to include proposals in the proxy statement for NewCo's annual general meeting pursuant to Rule 14a-8 of the Exchange Act provided that the shareholder submits the proposal to NewCo no less than 120 days before the anniversary of the date on which NewCo's proxy statement for the prior year's annual general meeting was released to shareholders and satisfies certain additional eligibility and procedural requirements of that rule.

## Shares

## Purchase of own shares

The Corporations Act includes a regime under which Allkem may buy back its shares. Generally, Allkem may undertake a share buy-back from time to time:

- if the buy-back does not materially prejudice Allkem's ability to pay its creditors; and
- Allkem follows the procedures set out in the Corporations Act.

Allkem Shareholder approval by way of ordinary resolution is required if Allkem proposes to buy-back more than 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of Allkem.

Allkem Shareholder approval by way of special resolution is required in relation to a "selective buy-back" (i.e. if Allkem were to buy-back shares from a specific shareholder or shareholders, such that not all shareholders have an equal opportunity to participate).

The notice period and the disclosure requirements applying to such shareholder approval depends on the type of buy-back (including the number of shares to be bought back in any 12-month period). Generally, buy-back schemes can be characterised as minimum holding, equal access, selective, on market or relating to employee share schemes.

Subject to the provisions of the Jersey Companies Law and the NewCo articles of association, NewCo may purchase its own shares or CDIs pursuant to a special resolution of its shareholders, and may either cancel them or hold them as treasury shares.

Under Jersey law, if the purchase is to be made on a stock exchange, the special resolution must specify the maximum number of shares or CDIs to be purchased, the maximum and minimum prices which may be paid, and the date on which the authority to purchase is to expire (which may not be more than five years after the date of the resolution). If the purchase is to be made otherwise than on a stock exchange, the purchase must be made pursuant to a written purchase contract approved in advance by a resolution of shareholders (excluding the shareholder from whom NewCo proposes to purchase shares or CDIs).

Issuers listed on NYSE such as NewCo typically disclose certain information prior to undertaking a purchase of their own shares to ensure compliance with US laws prohibiting fraudulent and manipulative practices relating to their own securities. Information typically disclosed includes the estimated time period during which the acquisition will be made, maximum number of shares proposed to be acquired or amount of funds to be expended and an indication of how the buy-back will be conducted.

The NewCo Shares will not Initially be redeemable. The NewCo Board may, by ordinary resolution, issue or convert existing non-redeemable shares, whether issued or not, into redeemable shares either in accordance with their terms or at the option of NewCo and/or the holder of such shares, provided that an issued non-redeemable share may only be converted into a redeemable share with the agreement of the holder or pursuant to a special resolution.

## Transfer of shares

Under the Allkem Constitution, if permitted by the ASX Listing Rules, the Allkem Directors may refuse to register any transfer of Allkem Shares or procure a holding lock to prevent a transfer of Allkem Shares (and must do so if required by the ASX Listing Rules or the transfer would breach the ASX Listing Rules or a restriction agreement).

Where the Allkem Directors refuse to register a transfer or request the application of a holding lock, they must give written notice of the request or refusal to the holder of the shares, the transferee and any broker lodging the transfer. Where Allkem refuses to register a paper-based transfer in accordance with the ASX Listing Rules, it must provide the lodging party with reasons for the refusal. Where Allkem applies for a holding lock in accordance with the ASX Listing Rules to prevent a transfer, Allkem must tell the holder of the reasons for the refusal.

Generally, fully paid ordinary shares are issued in registered form and may be freely transferred pursuant to the NewCo articles of association unless the transfer is restricted by applicable securities laws or prohibited by another instrument.

The NewCo Board may suspend registration of the transfer of shares at such times and for such periods (not exceeding 30 days in any calendar year) as it determines. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Board may determine in its discretion.

Unless otherwise permitted by the Companies (Uncertificated Securities) (Jersey) Order 1999, NewCo may not close any register relating to a participating security without the consent of the approved operator of the relevant system.



## Issue of new shares

Under the Allkem Constitution, the issue of shares in Allkem is under the control of the Allkem Directors who may issue, allot and cancel or otherwise dispose of shares in Allkem, and may grant options or performance rights in respect of unissued shares, or issue or grant other convertible securities, subject to the Corporations Act, the ASX Listing Rules and any special rights attaching to the shares.

Subject to specified exceptions (such as issues under a pro rata offer to existing shareholders), the ASX Listing Rules apply to restrict Allkem from issuing, or agreeing to issue, more equity securities (including shares and options) in any 12-month period without the approval of Allkem Shareholders than the number calculated as follows:

- 15% of the total of:
  - the number of Allkem Shares on issue 12 months before the date of the issue or agreement; plus
  - the number of Allkem Shares issued in the 12 months before the date of the issue or agreement under a specified exception; plus
  - the number of Allkem Shares issued in the 12 months before the date of the issue or agreement with Allkem Shareholder approval; plus
  - the number of partly paid Allkem Shares that became fully paid in the 12 months before the date of the issue or agreement; less
  - the number of Allkem Shares cancelled in the 12 months before the date of the issue or agreement; less
  - the number of equity securities issued or agreed to be issued in the 12 months before the date of issue or agreement to issue but not under a specified exception or with Allkem Shareholder approval.

Subject to certain exceptions, the ASX Listing Rules require the approval of Allkem Shareholders, by ordinary resolution, for Allkem to issue shares or options to Allkem Directors.

Subject to the Jersey Companies Law, NewCo is generally authorised by its articles of association to approve the allotment and issue of shares at such times, on such terms and for such consideration as the NewCo Board thinks fit. In accordance with the Jersey Companies Law, a special resolution of NewCo Shareholders will be required to increase the authorised share capital of NewCo.

Under NYSE listing standards, NewCo Shareholder approval is required for certain significant issuances of NewCo Shares, including an issuance:

- in connection with new or materially amended equity compensation plans, subject to certain exceptions;
- to:
  - a director, officer or substantial security holder of NewCo (each a **Related Party** in this section of Annexure H (Issue of new shares)) if the number of NewCo Shares to be issued, or if the number of NewCo Shares into which the securities may be convertible or exercisable, exceeds either 1% of the number of NewCo Shares or 1% of the voting power outstanding before the issuance;
  - a subsidiary, affiliate or other closely-related person of a Related Party; or
  - any company or entity in which a Related Party has a substantial direct or indirect interest, subject to certain exceptions;
- in any transaction or series of related transactions if:
  - the NewCo Shares have, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance or of such NewCo Shares or securities convertible into or exercisable for NewCo Shares; or
  - the number of NewCo Shares to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of NewCo Shares outstanding before the issuance of the NewCo Shares or securities convertible into or exercisable for NewCo Shares, unless, in either case, the issuance is involving (i) any public offering for cash or (ii) any other financing (that is not a public offering for cash), if such financing involves a sale for cash of NewCo Shares, or securities convertible or exercisable for NewCo Shares, at a price at least as great as the lower of: (i) the official closing price on the NYSE as reported to the Consolidated Tape immediately preceding the signing of a binding agreement to issue the securities the (**Official Closing Price**), or (ii) the average Official Closing Price for the five days immediately preceding the signing of the binding agreement; provided that if the securities in such financing are issued in connection with an acquisition of the stock or assets of another company, shareholder approval will be required if the issuance of such securities alone or when combined with any other present or potential issuance of NewCo Shares, or securities convertible into NewCo Shares, in connection with such acquisition, is equal to or exceeds either 20% of the number of NewCo Shares or 20% of the voting power outstanding before the issuance; or
- that will result in a change of control of NewCo.<sup>59</sup>

<sup>59</sup> The NYSE does not define “change of control” and the exchange applies a subjective test on a case-by-case basis.

## Allkem

## NewCo

### Variation of class rights

Under the Corporations Act, rights attaching to a share in a class of shares may only be varied:

- by a special resolution passed at a meeting of the class of members holding shares in that class; or
- with the written consent of at least 75% of the votes in the class.

Under the NewCo articles of association, the rights attached to a class of shares may only be varied by a special resolution passed at a separate meeting of the holders of shares of the affected class.

### Protection of minority shareholders

Under the Corporations Act, any Allkem Shareholder can bring an action in cases of conduct that is:

- contrary to the interests of Allkem Shareholders as a whole; or
- oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Allkem Shareholder(s), whether in their capacity as a shareholder or in any other capacity.

Former Allkem Shareholders can also bring an action if it relates to the circumstances in which they ceased to be an Allkem Shareholder.

A statutory derivative action may also be instituted by an Allkem Shareholder, former Allkem Shareholder or person entitled to be registered as an Allkem Shareholder, but, in each case, only with leave of the court.

Such leave will be granted if the court is satisfied that:

- it is probable that Allkem will not itself bring the proceedings or properly take responsibility for them or for the steps in them;
- the applicant is acting in good faith;
- it is in the best interests of Allkem that the applicant be granted leave;
- if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and
- either,
  - at least 14 days before making the application, the applicant gave written notice to Allkem of the intention to apply for leave or the reasons for applying; or
  - it is otherwise appropriate to grant leave.

Under Article 141 of the Jersey Companies Law, a shareholder may apply to court for relief on the grounds that the company's affairs are or have been conducted in a manner which is "unfairly prejudicial" to the interests of its shareholders generally or of some part of its shareholders (including at least the member) or that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial.

Under Article 143 of the Jersey Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Jersey Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorising civil proceedings and providing for the purchase of shares by a company or by any of its other shareholders.

There may also be Jersey customary law personal actions available to shareholders.

## Allkem

## NewCo

### Payment of dividends and distributions

Under the Corporations Act, Allkem must not pay a dividend unless:

- Allkem's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to Allkem Shareholders as a whole; and
- the payment of the dividend does not materially prejudice Allkem's ability to pay creditors.

Although it is not finally settled, it is also considered by some that the common law test (that dividends must be paid out of profits) continues to apply in addition to the requirements under the Corporations Act.

Subject to the Corporations Act, the Allkem Constitution and the terms of issue or rights of any shares with special rights to dividends, the Allkem Directors may determine or declare that a dividend is payable, fix the amount and the time for payment of the dividend to the Allkem Shareholders entitled to the dividend. Allkem Directors may alter or rescind a decision to pay a dividend before payment is made.

Under the articles of association subject to the Jersey Companies Law, the NewCo Board may pay any dividends from time to time as it determines, including interim dividends.

Under the Jersey Companies Law, dividends may be paid from any source permitted by law (other than from NewCo's nominal capital account and capital redemption reserve), subject to a requirement for the directors who are to authorise the payment of any dividend to make a statutory solvency statement.

### Directors and Officers

#### Management of the business of the company

Under the Allkem Constitution, the Allkem Directors are responsible for overseeing the proper management of the business of Allkem.

The Allkem Directors may exercise all the powers of the company except any powers that the Corporations Act or the Allkem Constitution requires the company to exercise in a general meeting.

Under NewCo's articles of association, the business and affairs of NewCo are to be managed by or under the direction of the NewCo board of directors, which (in addition to the powers and authorities conferred on it by the NewCo articles of association) may exercise all powers and do all things that are: (1) within the power of NewCo; and (2) are not by the NewCo articles of association or by law directed or required to be done by NewCo in a general meeting.

### Number and election of directors

Under the Allkem Constitution, Allkem must have at least three, but not more than ten, directors (unless the company resolves otherwise in general meeting).

The Allkem Directors may at any time appoint any person as an Allkem Director or as an addition to the Allkem Board to fill a casual vacancy (provided the total number of directors does not exceed the maximum number of directors described above).

Allkem may elect a person as director by resolution passed in a general meeting. An Allkem Director must not hold office without re-election beyond the longer of:

- the third annual general meeting following the director's appointment or last election; or
- 3 years.

There must be an election of directors at each annual general meeting of Allkem.

The person who has been a director the longest without re-election must stand for re-election (if another person is not otherwise standing for election or re-election).

Allkem's managing director is exempt from the retirement and election by rotation procedures under the Allkem Constitution.

Under the NewCo articles of association, each director will be elected by the vote of the majority of votes cast with respect to the director at any meeting of the shareholders called for the purpose of the election of directors at which a quorum is present, provided that if as of a date that is 14 days in advance of the date NewCo files its definitive proxy statement with the Securities and Exchange Commission the number of directors exceeds the number of directors to be elected, the directors will be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote in the election of directors generally.

Certain shareholders that comply with the notice requirements and other requirements of NewCo's articles of association will have the right to nominate director nominees.

The NewCo board of directors may not nominate for election or re-election as director any candidate who has not agreed to tender, promptly following the meeting at which he or she is elected as director, an irrevocable resignation that will be effective upon (i) the failure to receive the required number of votes for re-election at the next annual meeting of shareholders at which he or she faces re-election, and (ii) acceptance of such resignation by the NewCo board of directors.

The NewCo articles of association provide that if an incumbent director does not receive the required number of votes for re-election, within 90 days after certification of the election results, a governance committee of the NewCo board of directors will recommend to the board whether to accept or reject the resignation or whether other action should be taken and the NewCo board of directors will act on such recommendation.

Under the NewCo articles of association, all directors are subject to annual re-election by shareholders. Directors will hold office until the conclusion of the next annual general meeting following his or her appointment, unless such director is re-elected at the general meeting.

Where the number of persons validly proposed for election or re-election as a director is greater than the number of directors to be elected, the persons receiving the most votes (up to the number of directors to be elected) will be elected as directors and an absolute majority of votes cast will not be a pre-requisite to the election of such directors.

## Allkem

## NewCo

### Removal of directors

Allkem Shareholders may remove a director before their period of office ends by passing a resolution to do so at a general meeting. The resolution must be passed by a majority of the votes cast by Allkem Shareholders present and entitled to vote at the meeting.

Under the Corporations Act, the Allkem Directors cannot, in their capacity as directors, remove an Allkem Director from their office or require an Allkem Director to vacate their office.

Under the NewCo articles of association, a NewCo Director may only be removed from office by ordinary resolution of NewCo shareholders in a general meeting for cause, including, but not limited to:

- The director's conviction (with a plea of nolo contendere deemed to be a conviction) of a serious felony involving moral turpitude or a violation of US federal or state securities law, but excluding a conviction based entirely on vicarious liability; or
- the director's commission of any material act of dishonesty (such as embezzlement) resulting or intended to result in material personal gain or enrichment of the director at the expense of NewCo or any subsidiary and which act, if made subject to criminal charges, would be reasonably likely to be charged as a felony.

For these purposes nolo contendere, felony and moral turpitude have the meaning given to them by the laws of the US or any relevant state thereof and will include equivalent acts in any other jurisdiction.

### Residency of directors

Under the Corporations Act, public companies (such as Allkem) must have at least three directors, at least two of whom must ordinarily reside in Australia.

There is no requirement under the Jersey Companies Law or under the NewCo articles of association in respect of the residency of directors.

### Remuneration of directors and officers

Under the ASX Listing Rules, the maximum amount to be paid to Allkem Directors for their services as Allkem Directors (other than the salary of an executive director) must not exceed the amount approved by Allkem Shareholders in general meeting from time to time.

As at the date of this Scheme Booklet, the latest approval was at Allkem's annual general meeting on 30 November 2021, at which Allkem Shareholders approved US\$1,500,000 per annum as the maximum aggregate amount of directors' fees payable to all non-executive directors of Allkem.

Allkem's annual report includes a remuneration report within the directors' report. In accordance with the Corporations Act, the remuneration report is required to include a discussion of the Allkem Board's policy in relation to remuneration of key management personnel of Allkem.

Under the Corporations Act, a listed company (such as Allkem) must put its remuneration report to a shareholder vote at its annual general meeting. If, at two consecutive annual general meetings, 25% or more of the votes cast vote against the resolution to adopt the remuneration report, a "spill resolution" must then be put to shareholders.

A spill resolution is a resolution put to the members that proposes:

- another meeting (the "spill meeting") be held within 90 days;
- all directors who were directors at the time of the annual general meeting (other than the managing director, who is exempt from the retirement by rotation requirements) cease to hold office immediately before the end of the spill meeting; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.

If the spill resolution is approved by the majority of votes cast on the resolution, a spill meeting will be held within 90 days at which directors wishing to remain directors must stand for re-election.

There is no statutory requirement under Jersey Companies Law regarding the remuneration of directors and officers, but it is subject to NewCo's articles of association.

Under the NewCo articles of association, each NewCo Director may be paid such remuneration out of the funds of NewCo as the NewCo board of directors determines for his or her services as a NewCo Director, including fees and reimbursement of expenses.

As well as requiring certain executive compensation disclosure to be included in the proxy statement, SEC rules will also require NewCo to hold an advisory vote not less than once every three years on executive compensation. The frequency of the advisory vote on executive compensation has not yet been determined for NewCo.

### Retirement benefits

The Corporations Act provides that shareholder approval is required in respect of termination benefits payable in connection with a person's retirement from office, or position of employment, in Allkem, if:

- the retirement is from a managerial or executive office; or
- the retiree has, at any time during the last three years before his or her retirement, held a managerial or executive office in Allkem,

and the total value of the benefits exceed one year of that person's base salary.

There is no statutory requirement under the Jersey Companies Law regarding retirement benefits. Similarly, NYSE listing standards do not place a limit on, or require shareholder approval for, payment of any termination or retirement benefits to directors or officers. However, SEC rules will require NewCo to disclose retirement benefits and other post-employment benefits of its directors in proxy statements.

## Release from liability and indemnification of directors and officers

Under Australian law, Allkem cannot:

- exempt an officer or auditor from liability to Allkem incurred in their capacity as an officer or auditor;
- indemnify an officer or auditor against a liability owed to Allkem or a Related Body Corporate; or
- indemnify an officer or auditor against the legal costs incurred in defending certain legal proceedings, including proceedings in which the person is found liable to Allkem or a Related Body Corporate.

The Allkem Constitution requires Allkem (to the maximum extent permitted by law) to indemnify any current or former Allkem Director, secretary officer or senior manager of Allkem or a subsidiary of Allkem against (among other things) any liability incurred in that capacity, except to the extent Allkem is forbidden by law to indemnify the person or the indemnity would be void at law if given.

To the maximum extent permitted by applicable law, every present or former director or officer of NewCo must be indemnified by NewCo against any loss or liability incurred by him or her by reason of being or having been such a director or officer. The NewCo Board may authorise the purchase or maintenance by NewCo for any current or former director or officer of such insurance as is permitted by applicable law in respect of any liability which would otherwise attach to such current or former director or officer.

Under the Jersey Companies Law, a Jersey company may not exempt from liability nor indemnify any person from any liability which would otherwise attach to that person by reason of the fact that the person is or was a director of the company, subject to certain specified exceptions:

- any liability incurred in defending any proceedings (whether civil or criminal):
  - in which judgment is given in the person's favour or the person is acquitted;
  - which are discontinued otherwise than for some benefit conferred by the person or on the person's behalf or some detriment suffered by the person; or
  - which are settled on terms which include such benefit or detriment and, in the opinion of a majority of the directors of the company (excluding any director who conferred such benefit or on whose behalf such benefit was conferred or who suffered such detriment), the person was substantially successful on the merits in the person's resistance to the proceedings;
- any liability incurred otherwise than to the company if the person acted in good faith with a view to the best interests of the company;
- any liability incurred in connection with an application made under Article 212 of the Jersey Companies Law in which relief is granted to the person by the court; or
- any liability against which the company normally maintains insurance for persons other than directors.

### Fiduciary duties of directors and officers

Under Australian law, the directors and officers of a company such as Allkem are subject to a range of duties including duties to:

- act in good faith in the best interests of the company;
- act for a proper purpose;
- not fetter their discretion (in the case of directors only);
- exercise care and diligence in the performance of their duties;
- avoid conflicts of interest;
- not use their position to gain advantage for themselves or someone else, or to cause detriment to the company;
- not misuse information which they have gained through their position to gain advantage for themselves or someone else to cause detriment to the company; and
- otherwise act in accordance with the Corporations Act and the Allkem Constitution.

There are no limitations on shareholders' ability to bring claims against Allkem Directors for a breach of duty, subject to:

- certain procedural requirements; and
- in the case of statutory derivative action, leave of the court.

NewCo Directors will be subject to substantially the same duties that applied to Allkem Directors.

Under the Jersey Companies Law, a director of a Bailiwick of Jersey company, in exercising the director's powers and discharging the director's duties, must:

- act honestly and in good faith with a view to the best interests of the company; and
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Customary law is also an important source of law in the area of directors' duties in Jersey as it expands upon and provides a more detailed understanding of the general duties and obligations of directors. The Bailiwick of Jersey courts view English common law as highly persuasive in this area. In summary, the following duties will apply as manifestations of the general fiduciary duty under the Jersey Companies Law:

#### *Duty to act in good faith*

A director has a duty to act in what he or she bona fide considers to be the best interests of the company. He or she must not act for any collateral purpose. In keeping with such a position of trust, the courts will give the individual director discretion to determine this, and are likely only to infer that he or she was not acting in good faith if no reasonable director could have believed that the course of action was in the best interests of the company.

Generally, as with other fiduciary duties, the duty of good faith is owed by every director individually and not collectively as a board and is owed only to the company and not to any other person, be it another company or an individual.

#### *Duty to act with diligence*

A director will be responsible for the conduct of the company's business and have a duty to exercise reasonable care, skill and diligence in doing so. Therefore the directors should keep fully informed as to the financial position of the company, and seek to attend board meetings and participate in the management of the company whenever possible.

#### *Duty to exercise powers for a proper purpose*

Even if directors are acting in good faith and in the interests of the company and its shareholders as a whole, they must nevertheless use their powers for the purposes for which they were conferred and not for any collateral purpose.

#### *Duty to account for profits*

Jersey law generally precludes a director from taking a personal profit from any opportunities arising from his directorship, even if he is acting honestly and for the good of the company. However, the NewCo articles of association permit the director to be personally interested in arrangements involving NewCo, subject to the requirement to disclose such interest. The NewCo articles of association entitle directors to receive compensation and payment of expenses as determined by the NewCo board of directors.



### Transactions involving directors, officers or other related parties

The Corporations Act prohibits a public company such as Allkem from giving a related party a financial benefit unless:

- Allkem obtains the approval of shareholders and gives the benefit within 15 months after the approval; or
- the financial benefit is exempt.

A related party is defined by the Corporations Act to include (1) any entity that controls the public company, (2) directors of the public company, (3) directors of any entity that controls the public company and, in each case, (4) spouses and certain relatives of such persons.

Exempt financial benefits from the prohibition include:

- certain indemnities and insurance premiums;
- payments for legal costs that are not otherwise prohibited by the Corporations Act; and
- benefits given on arm's length terms.

The ASX Listing Rules prohibit a listed entity such as Allkem from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the equity interests of the entity) from, or disposing of a substantial asset to, certain related parties of the entity, unless it obtains the approval of shareholders. The related parties include subsidiaries, directors, persons who have or have had (in aggregate with any of their associates) in the prior six-month period an interest in 10% or more of the shares in the company and, in each case, any of their associates. The provisions also apply where the transaction may be on arm's length terms.

The ASX Listing Rules also prohibit a listed entity such as Allkem from issuing or agreeing to issue shares to a related party, including a director, unless it obtains the approval of shareholders or the share issue is exempt. Exempt share issues include issues made (1) pro rata to all shareholders, (2) under an underwriting agreement in relation to a pro rata issue, (3) under certain dividend or distribution plans or (4) under an approved employee incentive plan.

The Corporations Act generally requires an Allkem Director who has a material personal interest in a matter that relates to the affairs of Allkem to give the other Allkem Directors notice of that interest. That Allkem Director must not be present at a meeting where the matter is being considered or vote on the matter unless the other Allkem Directors or ASIC approve, or the matter is not one which requires disclosure under the Corporations Act. Under the Corporations Act, failure of an Allkem Director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of the resolution in which the Allkem Director has an interest. Allkem Directors, when entering into transactions with Allkem, are subject to the common law and statutory duties to avoid conflicts of interest.

There are no specific statutory requirements under Jersey Companies Law regarding transactions involving directors, officers or other related parties.

The NewCo articles of association state that a NewCo Director is not disqualified from contracting or entering into an arrangement with NewCo as vendor, purchaser or in another capacity, merely because the director holds office as a director or because of the fiduciary obligations arising from that office.

Under the NewCo articles of association, a NewCo Director who has an interest in a matter that is being considered at a meeting of the NewCo Board may, despite that interest, be present and be counted in a quorum at the meeting, unless that is prohibited by the Jersey Companies Law, but may not vote on the matter if such interest is one which to a material extent conflicts or may conflict with the interests of NewCo and of which the director is aware.

The Jersey Companies Law imposes a statutory duty on directors of NewCo to disclose to the company the nature and extent of his or her interest, whether direct or indirect, in any transaction entered into or proposed to be entered into by NewCo where the director's interest conflicts to a material extent with the interests of the company. The disclosure must be made at the first meeting of the directors at which the Transaction is considered after the director concerned becomes aware of the circumstances giving rise to his or her duty to make it; or if for any reason the director fails to so disclose as soon as practical after that meeting, by notice in writing delivered to the secretary.

Under the NewCo articles of association, NewCo will be prohibited from engaging in any business combination with any "interested member" for a period of three years following the time that such shareholder became an interested member (subject to certain specified exceptions), unless (in addition to other exceptions):

- prior to such business combination the NewCo Board approved either the business combination or the Transaction which resulted in the shareholder becoming an interested member; or
- subsequent to the person becoming an interested member, the business combination is approved by the NewCo Board and shareholders representing two-thirds of the outstanding voting shares not owned by the interested shareholder.

A business combination includes, among other things:

- any sale, transfer or other disposition of assets to the interested member where such assets have an aggregate market value equal to 10 percent or more of either the aggregate market value of all the assets of NewCo determined on a consolidated basis or the aggregate market value of all the outstanding shares of NewCo; or
- a transaction involving NewCo which has the effect of increasing the interested shareholder's proportionate shareholding. An "interested shareholder" is (subject to certain specified exceptions) any person (together with its affiliates and associates) who (i) owns more than 15 percent of NewCo's voting shares or (ii) is an affiliate or associate of NewCo and owned more than 15 percent of NewCo's voting shares within three years of the date on which it is sought to be determined whether such person is an interested shareholder.

### Insider Trading

Under the Corporations Act, any person who possesses price sensitive information relating to Allkem or its securities is prohibited (subject to limited exceptions) from applying for, acquiring or disposing of those securities or procuring others to do so, or from communicating the information to third parties.

Under the Financial Services (Jersey) Law 1998, it is an offence for a person who has information as an insider to deal in securities while they have inside information, to encourage another person to deal securities while they have inside information, or to disclose inside information. Penalties include imprisonment (for a term not exceeding ten years) or a fine.

### Disclosure of Substantial Shareholding

A person who obtains voting power in 5% or more of an ASX listed company is required to publicly disclose that fact (via the filing of a substantial holding notice):

- within two business days; or
- the next trading day, if the company is the subject of a takeover bid,

after becoming aware of that fact. A person's voting power in a company refers to the votes that the person and their associates have in the company, calculated as a proportion of the total votes in the company.

A further notice must be filed within two business days after each subsequent voting power change of 1% or more, and after the person ceases to have voting power of 5% or more. The notice must attach all documents that contributed to the person obtaining the voting power, or provide a written description of arrangements which are not in writing.

Under Jersey law, registered shareholdings above one percent in the register of members are required to be disclosed in the annual confirmation statement and are publicly available.

In addition, a person or group of persons who acquires beneficial ownership of more than 5 percent of a voting class of a company's equity securities registered under section 12 of the Exchange Act, is required to file a Schedule 13D with the SEC. (Depending on the facts and circumstances, the person or group of persons may be eligible to file a more abbreviated Schedule 13G in lieu of the Schedule 13D.) Schedule 13D reports the acquisition and other information and must be filed within 10 days following the acquisition. The Schedule 13D is filed with the SEC and is provided to the company that issued the securities and each exchange where the securities are traded. Any material changes in the facts contained in the schedule (including a material increase or decrease in the percentage of the class of equity securities that are beneficially owned by the person or group of persons making the filing) requires a prompt amendment to the Schedule 13D. An acquisition or disposition of beneficial ownership of securities in an amount equal to 1% or more of the class of securities shall be deemed "material", although acquisitions or dispositions of less than that amount may be material, depending upon the facts and circumstances.

Note that the above applies in respect of NewCo Shares and NewCo CDIs, as NewCo CDIs constitute beneficial ownership of NewCo Shares.

As an ASX Foreign Exempt Listing, NewCo will be required to provide to ASX a copy of any Schedule 13D or Schedule 13G that is filed with the SEC. However, the provisions of the Corporations Act dealing with disclosures of substantial holdings do not apply to entities established outside Australia, such as NewCo. Moreover, NewCo has the ability to give notice to a NewCo Shareholder or anyone thought to have had an interest in a NewCo Share at any time during the prior three years and require the recipient to provide information about their interests in NewCo Shares. If the person to whom such notice is issued does not respond within the requisite time frame, the directors may determine that the member cannot vote and may suspend rights to dividends and transfers.

## Takeovers

## Takeover requirements

Australian law imposes restrictions on a person acquiring interests in the voting shares of Allkem where, as a result of the acquisition, that person's - or someone else's - voting power in Allkem increases (1) from 20% or below to more than 20%, or (2) from a starting point that is above 20% and below 90%.

Exceptions to this restriction include an acquisition:

- of no more than 3% of the voting shares in the company within a six-month period;
- made with shareholder approval;
- made under a takeover bid conducted in accordance with Australian law; or
- that results from a Court approved compromise or arrangement (such as the Scheme).

Takeover bids must treat all shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist under the Corporations Act and there are also restrictions concerning the withdrawal and suspension of offers.

Allkem Shareholders may be required to sell their Allkem Shares:

- under compulsory acquisition requirements, such as where a bidder has made a takeover offer for all shares in a class and the bidder acquires a Relevant Interest in at least 90% (by number) of shares in the class (having acquired at least 75% of the shares the bidder offered to acquire); or
- pursuant to a court-approved compromise or arrangement (like the Scheme).

Under the Jersey Companies Law, there will be no limitation on the ability of a person to acquire any number of NewCo CDIs or NewCo Shares. However, NewCo is able to adopt takeover protection mechanisms as set out below (Takeovers – Takeover defence mechanisms).

Under the Jersey Companies Law, NewCo may be subject to a takeover bid, scheme of arrangement, or a statutory merger and in the following circumstances NewCo Shareholders may be required to sell their NewCo CDIs or NewCo Shares:

- under compulsory acquisition requirements, where an offeror has made a 'takeover offer' (as defined in the Jersey Companies Law) in respect of all shares or shares of a class and the offeror acquires or contracts to acquire not less than 9/10ths in nominal value of the shares to which the offer relates (subject to applicable statutory requirements, including in respect of timing);
- pursuant to a scheme of arrangement which is binding on all shareholders or class of shareholders (as applicable) if: (i) approved by a majority in number of the applicable shareholders representing  $\frac{3}{4}$  ths of the voting rights of the shareholders or class of shareholders (as applicable) present and voting either in person or by proxy at the relevant shareholder meeting; and (ii) sanctioned by the court in Jersey; or
- pursuant to a statutory merger, which is binding on all shareholders if the merger agreement is approved by a special resolution (and, where there is more than one class of members, for approval by a special resolution of a separate meeting of each class) (subject to applicable statutory requirements, including the requirement of directors to provide solvency statements and declarations and rights of members and creditors to object).

In addition, under the Jersey Companies Law, where an offeror has made a 'takeover offer' (as defined in the Jersey Companies Law) in respect of all shares or shares of a class and the offeror acquires or contracts to acquire not less than 9/10ths in nominal value of the shares to which the offer relates, the holder of any shares to which the offer relates who has not accepted the offer may by a written communication addressed to the offeror require the offeror to acquire those shares (subject to applicable statutory requirements, including in respect of timing).

These are similar to the circumstances in which Allkem Shareholders would be required to sell their Allkem Shares described in the section below (Takeovers – Takeover defence mechanisms).

### Takeover defence mechanisms

Under Australian takeovers legislation and policy, boards of target companies are limited in the defensive mechanisms that they can put in place to discourage or defeat a takeover bid. For example, it is likely that the adoption of a shareholders' rights plan or other instrument would give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel if it had the effect of frustrating the bid by diluting the existing shares and the control position of an existing shareholder/bidder (being a so-called 'poison pill').

Given that there will be no applicable Jersey legislation that will restrict a person from acquiring any number of shares in NewCo, a person could potentially acquire a significant stake and seek to control NewCo without making a takeover offer to all shareholders or without seeking the approval of the NewCo Board.

As a safeguard, the articles of association will permit the NewCo Board to adopt certain takeover defence mechanisms, similar to takeover defence mechanisms adopted by other companies listed on NYSE, designed to avoid control of NewCo passing without NewCo Board or shareholders' approval and thereby protect against non-negotiated takeover bids made at unfair or inadequate prices or which rely on coercive or unfair tactics.

The NewCo articles of association authorise the NewCo Board to issue, without shareholder approval, additional ordinary shares or preferred shares in such classes and on such terms as the NewCo Board may approve from time to time. While this authority will provide NewCo with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise, the NewCo Board could also issue a class or series of shares that could delay, defer or prevent a transaction or a change of control of NewCo that might involve a premium price for shareholders or that NewCo Shareholders may otherwise believe to be in their best interests.

For example, the NewCo articles of association permit the NewCo Board to adopt a shareholder rights plan which could have the effect of diluting shareholders that seek to gain control over NewCo Shares without NewCo Board approval (subject to Jersey law). Under a shareholder rights plan, NewCo could issue rights to shareholders to purchase shares at a specified below-market price. These rights would only be exercisable after a person or persons acting in concert acquired a specified percentage of NewCo Shares (eg, 20%) or announced an intention to make a takeover bid for NewCo, but would not be exercisable by the person(s) that acquired a specified percentage of NewCo Shares or made the takeover bid. The prospect of significant dilution means that a prospective bidder would be forced to deal with the NewCo Board to negotiate an agreed outcome. The terms of any such shareholder rights plan may differ from those described above and would be determined by the NewCo Board at such time.

In exercising this authority, the NewCo Directors would be required to comply with their directors' duties under Jersey law, including to act honestly and in good faith with a view to the best interests of NewCo. Under the articles of association, the purposes for which the NewCo Board is entitled to exercise this power include ensuring, among other things, all NewCo Shareholders are treated fairly and in a similar manner, and any process which may result in an acquisition of a significant interest or change of control of NewCo is conducted in an orderly manner.

At the date of this Scheme Booklet, the NewCo Board has not adopted a shareholder rights plan and does not currently intend to do so.

## Shareholder Rights

### Notice of members rights to receive documents

Under the Corporations Act, once each financial year, Allkem must send its members (or make available on its website) a notice setting out:

- the member's right to elect to receive documents in either physical or electronic form; and
- the members right to elect to not be sent certain documents at all.

The NewCo articles of association set out the means by which NewCo may circulate documents and notices. Notices may only be given electronically to members where the member has notified NewCo of an electronic address to which notices can be sent.

In respect of a notice of a general meeting, notice can be given on a website provided that the recipient is given separate notice of the publication on the website.

### Statutory rights of action for misrepresentations

Under the Corporations Act, any shareholder who suffers loss as a result of misleading or deceptive conduct relating to securities can bring an action against the person engaged in the conduct. Similarly, any shareholder who suffers loss as a result of a misleading or deceptive statement contained in a disclosure document (i.e. a prospectus) can bring an action against the company, any director or the underwriter to the offer made through the disclosure document.

Under Jersey Companies Law, a person who acquires or agrees to acquire a security to which a prospectus (as defined in the Jersey Companies Law) relates and suffers a loss in respect of the security as a result of the inclusion in the prospectus of a statement of a material fact which is untrue or misleading, or the omission from it of the statement of a material fact, shall, subject to certain limited exceptions set out in the Jersey Companies Law, be entitled to compensation:

- in the case of securities offered for subscription, from the body corporate issuing the securities and from each person who was a director of it when the prospectus was circulated;
- in the case of securities offered otherwise than for subscription, from the person making the offer and, where that person is a body corporate, from each person who was a director of it when the prospectus was circulated;
- from each person who is stated in the prospectus as accepting responsibility for the prospectus, or any part of it, but, in that case, only in respect of a statement made in or omitted from that part; and
- from each person who has authorized the contents of, or any part of, the prospectus.

There is no statutory right of action for misrepresentation in Jersey. The issue of misrepresentation is covered in Jersey customary law where the position is more complex as it takes influence from the English law concept of misrepresentation (especially in relation to pre-contractual actions) but is also influenced by the French Civil Code concept of *erreur* or *mistake*.

### Right to inspect corporate books and records

Under the Corporations Act, a shareholder must obtain a court order to obtain access to the corporate books. To obtain the order, the applicant must be acting in good faith and be making the inspection for a proper purpose under the Corporations Act. The Allkem Constitution provides that Allkem Directors may determine whether and to what extent, at what time and place and under what conditions, the accounting records and other documents of Allkem will be open to the inspection of Allkem Shareholders (other than Allkem Directors).

Jersey law requires the register of directors and secretaries be open to the inspection of a shareholder or director of the company without charge during business hours (subject to such reasonable restrictions as the company may by its articles of association or in general meeting impose, but so that not less than two hours in each business day be allowed for inspection).

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### Right to inspect register of shareholders

Under Australian law, the register of shareholders of a company is usually kept at the registered office or principal place of business in Australia and must be available for inspection by shareholders, free of charge, at all times when the registered office is open to the public.

If a person asks Allkem for a copy of the Allkem Register (or any part of the Allkem Register) and pays the requested fee (up to a prescribed amount), Allkem must give that person the copy within seven days of the date on which Allkem receives such payment.

The register of shareholders and books containing the minutes of general meetings or of meetings of any class of shareholders of a Jersey company, such as NewCo, must during business hours be open to the inspection of a shareholder of the company without charge.

### Winding-up

Under Australian law, an insolvent company may be wound up by a liquidator appointed either by creditors or the court. Directors cannot exercise their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors as a dividend. The shareholders rank behind the priority creditors (as unsecured creditors) and therefore will only receive a dividend if there are any funds left over.

Shareholders of a solvent company may decide to wind up the company if the directors are able to form the view, and make a written declaration, that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting.

The Allkem Constitution provides that, on winding-up, the liquidator may, with the sanction of a special resolution, divide among Allkem Shareholders in kind the whole or any part of Allkem's property, and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out.

Under the Jersey Companies Law, a company may be wound up voluntarily (*summary winding up*), under supervision (*creditors' winding up*), or by the courts of Jersey (*winding up on just and equitable grounds*). A special resolution of a company is required to approve a summary winding up. A creditors' winding up can either be commenced by a special resolution of the shareholders or by a creditor with a claim of not less than £3,000 against a Bailiwick of Jersey company making an application to the Royal Court of Jersey for an order commencing a creditors' winding-up. In the case of a winding up on just and equitable grounds, a company may be wound up by the Bailiwick of Jersey court if the court is of the opinion that it is (i) just and equitable to do so; or (ii) it is expedient and in the public interest to do so.

Subject to the NewCo articles of association and the rights or restrictions attached to any shares or class of shares, if NewCo is wound up and the property of NewCo available for distribution among the shareholders is more than sufficient to pay (i) all the debts and liabilities of the Company and (ii) the costs, charges and expenses of the winding up, the excess must be divided among the shareholders in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

If NewCo is wound up, the directors or liquidator (as applicable) may, subject to the NewCo articles of association and any other sanction required by the Jersey Companies Law, do either or both of the following: (i) divide in specie among the shareholders the whole or any part of the assets of NewCo and, for that purpose, value any assets and determine how the division will be carried out as between the shareholders or different classes of shareholders; and/or (ii) vest the whole or any part of the assets in trustees for the benefit of shareholders and those liable to contribute to the winding up.

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### Amendments to Constituent Documents

Any amendment to the Allkem Constitution must be approved by a special resolution passed by Allkem Shareholders present and voting on the resolution. A special resolution requires approval of at least 75% of the votes cast by shareholders entitled to vote.

NewCo's memorandum of association sets out in respect of NewCo (among other things) the company's name, that NewCo is a public company, that NewCo will be a par value company and the authorised share capital and the amounts into which the shares are divided.

NewCo's articles of association set out the regulations governing the internal management and procedures of the company (including rights attaching to shares) and, together with the memorandum of association, form a binding contract between NewCo and the NewCo Shareholders. The articles of association set out matters such as the minimum and maximum number of directors, meetings, elections of the board of directors and appointment of officers, filling of vacancies, notices and other routine conduct.

NewCo may amend its memorandum of association and articles of association by a special resolution passed by a majority of not less than two-thirds of the voting rights represented in person or by proxy at a meeting of the NewCo Shareholders at which the resolution is proposed or in writing by the NewCo Shareholders.

## Disclosure

## Nature of disclosure

Allkem is a “disclosing entity” for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require Allkem to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market. Allkem has an obligation under the ASX Listing Rules (subject to some exceptions) to notify ASX immediately upon becoming aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of Allkem Shares. Allkem’s ASX announcements are available on the ASX website at [www.asx.com.au](http://www.asx.com.au). Further announcements will continue to be made available on the ASX website after the date of this Scheme Booklet.

NewCo would be exempt from complying with the Australian continuous disclosure regime set out in ASX Listing Rule 3.1. However, NewCo must provide to ASX all information the company gives to the SEC that is to be made public, as NewCo’s home exchange.

Under US law, NewCo is not generally required to publicly disclose material price-sensitive information until the next quarterly report or a specific disclosure requirement arises in respect of the matter.

NewCo will be obliged to make a range of specific public disclosures in accordance with the US federal securities laws and SEC regulations, including:

- an annual report on Form 10-K, required following the end of each financial year, containing NewCo’s audited annual consolidated financial statements, management’s discussion and analysis of those financial statements and information regarding NewCo’s business, risks, properties and material legal proceedings, among other matters;
- a proxy statement, including information on shareholding by 5 percent holders, directors and executive officers, certain executive compensation matters and matters to be voted upon by shareholders;
- quarterly reports on Form 10-Q, required following the end of each of the first three fiscal quarters of each financial year, containing NewCo’s unaudited quarterly consolidated financial statements and management’s discussion and analysis of those financial statements; and
- current reports on Form 8-K, required as and when certain specified events occur (generally within four business days of a specified event) and also permitted on a voluntary basis to disclose to the investing public generally any information that NewCo deems to be of importance to shareholders.

Under Jersey law, NewCo will be required to produce audited accounts for the company and the NewCo Directors must, for each financial period of the company, deliver to the Jersey Companies Registrar:

- a copy of NewCo’s accounts for the period signed on behalf of the directors by one of them; and
- a copy of the auditor’s report on the accounts.

NewCo is also required to lodge an annual confirmation statement with the Jersey Companies Registrar before the end of February in each year.



**Financial statements**

Pursuant to the Corporations Act, Allkem is required to prepare and lodge with ASIC and ASX both annual and half yearly consolidated financial statements accompanied by an Allkem Directors' statement and report, with an audit or review report, as applicable. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office, on ASX's website ([www.asx.com.au](http://www.asx.com.au)) and on Allkem's website (<https://www.allkem.co/investors/reports-and-results>).

NewCo will be required to keep accounting records that are sufficient to show and explain its transactions. The records must enable NewCo to disclose with reasonable accuracy, at any time, the financial position of NewCo at that time, and enable the NewCo Directors to ensure that any accounts prepared by NewCo comply with the requirements of the Jersey Companies Law. As a publicly traded company, the Jersey Companies Law requires that NewCo's accounts be US GAAP compliant.

As NewCo is a Jersey public company, its accounts must be audited annually by a 'recognised auditor' under the Jersey Companies Law. For each financial period of NewCo, the NewCo Directors must deliver to the JFSC Companies Registry a copy of its accounts for the relevant financial period signed by a NewCo Director on behalf of the NewCo Board, a copy of the auditor's report on the annual accounts and (if relevant) a translation of any non-English documents. The documents must be delivered to the registrar within 7 months after the end of the financial period to which they relate.

# Corporate Directory

## Directors

Peter Coleman (Non-Executive Chairman)  
Martín Pérez de Solay (Managing Director and Chief Executive Officer)  
Fernando Oris de Roa (Non-Executive Director)  
Leanne Heywood (Non-Executive Director)  
Alan Fitzpatrick (Non-Executive Director)  
John Turner (Non-Executive Director)  
Florencia Heredia (Non-Executive Director)  
Richard Seville (Non-Executive Director)

## Company secretaries

John Sanders  
Dylan Roberts

## Joint financial adviser

**UBS Securities Australia Limited**  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## Australian legal adviser

**King & Wood Mallesons**  
Level 30, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

## Independent Expert

**Kroll Australia Pty Ltd**  
Level 32, 85 Castlereagh Street  
Sydney NSW 2000

## Investigating Accountant

**Ernst & Young Strategy and Transactions Limited**  
111 Eagle Street  
Brisbane QLD 4000

## Auditor

**Ernst & Young**  
111 Eagle Street  
Brisbane QLD 4000

## Website

[www.allkem.co](http://www.allkem.co)

## Registered office

Level 35, 71 Eagle Street  
Brisbane QLD 4000

## Allkem principal Australian share registry Computershare Investor Services Pty Limited

Level 1, 200 Mary Street  
Brisbane QLD 4000

## Allkem Canadian branch share registry

**Computershare Investor Services Inc.**  
100 University Ave, 8th Floor  
Toronto, Ontario, Canada M5J 2Y1

## Joint financial adviser

**Morgan Stanley**  
Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

## US legal adviser

**Sidley Austin LLP**  
One South Dearborn Street  
Chicago, Illinois 60603

## Independent Technical Expert

**Behre Dolbear Australia Pty Ltd**  
Level 9/80 Mount Street  
North Sydney NSW 2060

## Taxation advisor

**Deloitte Tax Services Pty Ltd**  
Quay Quarter Tower  
50 Bridge Street  
Sydney NSW 2000

## Shareholder Information Line

**1300 367 804** (within Australia)  
**+61 2 9066 6162** (outside Australia)

The Shareholder Information Line is open between 9:00 am and 5:00 pm (AEDT) Monday to Friday, excluding public holidays.



