

December 2021 Quarterly Activities Report

Allkem Limited (ASX|TSX: “AKE”, the “Company”) provides an update on its global lithium portfolio, business activities and financial position¹ as at 31 December 2021.

HIGHLIGHTS

OPERATIONS

- Mt Cattlin’s strong performance continues, with CY21 annual production of 230,065 dry metric tonnes (“dmt”) of spodumene concentrate exceeding previous guidance of 220k dmt
- 38,071 tonnes were shipped in the quarter, generating US\$60.7 million in revenue, plus an additional shipment of 23kt is scheduled for dispatch in January 2022
- Positive lithium product pricing momentum continues with indicative pricing for H2 FY22 spodumene shipments already at US\$2,500/t CIF (6.0% Li₂O)
- At Olaroz², 3,644 tonnes of lithium carbonate were produced, of which 51% was battery grade in line with guidance
- Sales were 3,293 tonnes at an average price of US\$12,491/tonne FOB³ (65% battery grade) generating revenue of US\$41.1 million with a gross cash margin of 65% (US\$8,155/tonne)
- Lithium carbonate prices for H2 FY22 are expected to be approximately US\$20,000/t FOB³ up ~80% on the H1 FY22

DEVELOPMENT PROJECTS

- At Naraha Plant pre-commissioning works continue within COVID-19 restrictions
- Environmental permits for Sal de Vida Stage 1 have now been received and pond construction commenced in January 2022. Permitting and COVID-19 related delays mean first production from Stage 1 is anticipated to occur by H2 CY23
- A royalty agreement has been reached with the Catamarca provincial government at a rate of 3.5% of net sales revenue (revenue less taxes)
- The James Bay Feasibility Study and Maiden Ore Reserve was released confirming an economically viable, hard rock lithium operation utilising renewable hydropower. The operation is projected to generate a pre-tax NPV of US\$1.42 billion at an 8% discount rate with pre-tax internal rate of return of 45.8% and a pre-tax payback period of 2.4 years on a long term spodumene price of US\$1,001/tonne
- Expansion works at Olaroz have reached 68% completion and first production is expected to commence in H2 CY22
- Total capital expenditure for the Olaroz expansion has been revised up by 10-15% to US\$365-380 million (see “Olaroz – Expansion”). The additional capital expenditure will be funded from guarantee funds that can be specifically used for overruns as detailed under “Corporate & Financials”

CORPORATE & FINANCIALS

- Group revenue for the quarter was approximately US\$107 million and group gross operating cash margin¹ was approximately US\$70 million

¹ All figures presented in this report are unaudited and contain non-IFRS metrics. Gross operating cash margin is calculated as revenue less cash cost of goods sold, freight and insurance.

² All figures 100% Olaroz Project basis

³ “FOB” (Free On Board) excludes insurance and freight charges included in “CIF” (Cost, Insurance, Freight) pricing. Therefore, the Company’s reported prices are net of freight (shipping), insurance and sales commission. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognised by SDJ, the joint venture company in Argentina

- At 31 December group cash was US\$426.6 million, of which US\$118.8 million is being held as a guarantee for the debt facilities until practical completion for the Naraha and Olaroz Expansion projects and can be used for overruns, working capital and Value Added Tax (“VAT”)
- During the quarter Allkem was included in the ASX/S&P 100 index and retained its position as a member of the Dow Jones Sustainability Australia Index
- Allkem has an enviable pipeline of expansion and development projects which it is intended to be detailed in an investor strategy presentation during March

SUSTAINABILITY

Allkem released its [FY21 Sustainability Report](#) in November 2021. This report, along with the supporting performance data, outlines the Company’s response to the environmental and social issues identified as most material by its stakeholders during FY21.

Based on Allkem’s performance in the S&P Global Corporate Sustainability Assessment (“CSA”) the Company has once again been included as a member of the Dow Jones Sustainability Australia Index. As of 12 November 2021, Allkem performed in the 86th percentile (top quartile) in the Metals & Mining industry in the S&P Global CSA.

The Carbon Disclosure Project (“CDP”) 2021 results were also released during the quarter and responses to the CDP questionnaire were based on FY20 reporting, prior to announcing the Company’s net zero target by 2035. The Company maintained a ‘C’ score for its Climate Change response and improved its Water Security response score to a ‘B’.

Safety performance

The Allkem group recorded a Total Recordable Injury Frequency Rate (“TRIFR”) of 3.6 for the rolling 12 months, compared to 3.2 for the 12 months ended September 2021. In the December quarter, one low severity Lost Time Injury occurred at the Olaroz Facility. This has resulted in a complete safety overhaul of the lime plant area and safety systems.

A major initiative regarding the escalation, reporting and investigation of Near-Miss, High-Potential Events has complemented the rollout of company Health, Safety and Environmental standards. The company also embarked on the rollout of a single, standardised Health, Safety and Environment Reporting platform to unify all operations and projects into the Intelex system. This system is also intended to be the platform for the Mt Cattlin pilot program for Principal Hazard Management.

COVID-19 response

With the escalation of global COVID-19 cases due to the Omicron variant, work teams in Canada, Argentina and Australia have all continued a level of biosecurity protocol relative to their jurisdiction.

Argentinian operations have 88% of employees double vaccinated, compared to the Argentine national figure of 73%. All workers travelling to the operations in Argentina also undertake PCR or Rapid Antigen Tests prior to their commute which has seen an increase in confirmed cases over the last several weeks.

The Western Australian (“WA”) Government has also enforced mandatory third (booster) vaccinations for all fly-in fly-out and local workers on WA mine sites within one month of eligibility. Following the successful compliance of the previous two dose mandate, the Mt Cattlin team is on track to implement this and other controls that will be required.

Whilst the Company continues to actively plan for and manage COVID-19 impacts across its global operations, it is likely that the steep increases in Omicron-related COVID-19 cases globally will continue to impact the group's operations and development activity in the near term.

Community and Shared Value Program

Allkem is committed to regularly engaging with community stakeholders across all assets and providing positive and lasting benefits. The Shared Value team was established in Argentina to provide long-term value to the local communities through initiatives based on five pillars; empowerment, transparency, education, health, local production and natural resources.

In compliance with the COVID-19 Bio-Security Protocol, community engagement and briefings continued throughout the quarter with various development initiatives including the Food Sovereignty Support Program that operates across six local communities and the Vicuna Sustainable Management Program. Sales de Jujuy received an award at the COAS supporters' awards for the donation of X-ray equipment to the local Susques hospital. COAS is a not-for-profit organisation that supports the provision of health care in Argentina.

Successful community consultation meetings were also undertaken in Catamarca during the quarter as part of the Sal de Vida environmental approval process.

OPERATIONS

MT CATTLIN

Spodumene concentrate

Ravensthorpe, Western Australia

At Mt Cattlin, 52,225 dmt of spodumene concentrate at 5.7% Li₂O grade was produced in the December quarter, bringing total CY21 production to 230,065 dmt, exceeding CY21 forecast production of 220,000 dmt (Table 1). This was predominantly due to a 10% increase in head grade and a slight increase to throughput.

Mining and processing

Mining activities during the quarter continued to source ore from the 2NE pit and pre-stripping activities also continue at the 2NW pit, with fresh ore expected to be exposed in Q1 CY22.

Recovery of 57% was lower quarter on quarter ("QoQ") due to lower head grade compared to the previous quarters, however average recovery of 59% in CY21 is in line with full year guidance.

The ore sorters continue to make positive contributions to throughput from the stockpiles of low-grade ore. With a recent upgrade from optical ore sorters to laser ore sorters, contribution of low-grade ore increased from 18% in the September quarter, to 37% in the December quarter.

Sales and financial performance

38,071 dmt of spodumene concentrate was shipped during the quarter at an average grade of 5.7% Li₂O, generating revenue of US\$60.7 million at an average sales price of US\$1,595/dmt CIF. As previously advised, an additional shipment of 23kt of CY21 production will be made in January 2022.

The FOB unit cash cost of spodumene concentrate produced for the quarter was US\$324/dmt reflecting higher head grade and throughput. The next stage of pre-stripping activities at the 2NW pit are underway and during FY22 the operation will transition from mining the 2NE pit to the 2NW pit. Head grade is expected to return to the life of mine average and pre-strip costs for the 2NW pit will be expensed resulting in higher unit cash costs as detailed in Table 2.

Table 1: Mt Cattlin operational and sales performance against CY21 forecast production metrics

| Metric | Units | CY21 Forecast | CY21 Actual | Dec Q | Sep Q | Jun Q | Mar Q |
|---|--------------------------|-----------------------|------------------|------------------|-----------|---------|-----------|
| Mining | | | | | | | |
| Total material mined | <i>bcm</i> | 5,400,000 - 5,900,000 | 5,277,317 | 1,973,140 | 1,330,080 | 966,920 | 1,007,177 |
| Ore mined | <i>bcm</i> | - | 650,505 | 142,730 | 195,285 | 174,358 | 138,132 |
| Processing | | | | | | | |
| Total ore processed | <i>wmt</i> | 1,450,000 - 1,650,000 | 1,598,590 | 430,867 | 429,395 | 427,587 | 310,741 |
| Grade of ore processed | <i>% Li₂O</i> | 1.2 - 1.3 | 1.40 | 1.23 | 1.48 | 1.44 | 1.47 |
| Mass yield | <i>%</i> | - | 14.7 | 12.4 | 16.1 | 15.1 | 15.3 |
| Recovery | <i>%</i> | 58 - 62 | 59.7 | 57.0 | 61.7 | 60.0 | 59.7 |
| Concentrate produced | <i>dmt</i> | 210,000 - 220,000 | 230,065 | 52,225 | 67,931 | 63,321 | 46,588 |
| Grade of concentrate produced | <i>% Li₂O</i> | 5.6 - 5.8 | 5.7 | 5.7 | 5.7 | 5.7 | 5.8 |
| Sales | | | | | | | |
| Concentrate shipped | <i>dmt</i> | - | 206,127 | 38,071 | 89,640 | 48,499 | 29,917 |
| Grade of concentrate shipped | <i>% Li₂O</i> | - | 5.8 | 5.7 | 5.7 | 5.8 | 5.9 |
| Realised price ⁴ | <i>US\$/dmt CIF</i> | | 829 | 1,595 | 796 | 560 | 386 |
| Revenue ⁴ | <i>US\$ million</i> | | 171 | 60.7 | 71.4 | 27.1 | 11.6 |
| Production Costs | | | | | | | |
| Cash cost per tonne produced ⁵ | <i>US\$/t FOB</i> | 390 - 420 | 345 | 324 | 351 | 328 | 384 |

⁴ Revenue and realised price are stated on a CIF basis to be consistent with Statutory accounting practices. Prior periods have been adjusted to such basis.

⁵ Excluding marketing and royalties

FY22 production and sales outlook

In order to align with Allkem's 30 June financial year end, forecast spodumene production for the 12-month period ending 30 June 2022 is anticipated to be approximately 200-210ktpa as detailed in Table 2 below.

Table 2: Mt Cattlin FY22 Production metrics

| FY22 Forecast Production Metrics | Units | Forecast |
|---|--------------------------|-----------------------|
| Total material mined | <i>bcm</i> | 6,800,000 - 7,200,000 |
| Total ore processed | <i>wmt</i> | 1,700,000 - 1,800,000 |
| Grade of ore processed | <i>% Li₂O</i> | 1.1 - 1.2 |
| Recovery | <i>%</i> | 55 - 59 |
| Concentrate produced | <i>dmt</i> | 200,000 - 210,000 |
| Grade of concentrate produced | <i>% Li₂O</i> | 5.5 - 5.7 |
| Cash cost per tonne produced ⁶ | <i>US\$/t FOB</i> | 400-430 |

⁶Excluding marketing and royalties

The Company continues to experience very strong demand for its spodumene concentrate and lithium carbonate as supply side tightness persists in raw materials and throughout the battery supply chain. In addition to the 23kt January shipment noted above, contracting arrangements for an additional

45kt of spodumene concentrate in Q1 CY22 are well advanced with indicative pricing of US\$2,500/t CIF for 6.0% Li₂O. Allkem expects FY22 shipments to closely match forecast production volumes.

Resource drilling

Allkem intends to commence a resource extension drilling program in March which will total 147 holes for 32,685 metres of reverse circulation (“RC”) drilling with the aim of extending the life of the Mt Cattlin operations.

OLAROZ LITHIUM FACILITY

Lithium Carbonate

Jujuy Province, Argentina

Production

Production for the December quarter was 3,644 tonnes, up 30% QoQ and down 2% from the previous corresponding period (“PCP”). 51% of the quarter’s production was battery grade lithium carbonate, in line with production targets. The Olaroz operation will conduct a regular planned maintenance shutdown for eight days in February which will include tie-in’s to interconnect the expansion assets with the existing site facilities.

Sales and financial performance

Quarterly product sales of 3,293 tonnes of lithium carbonate included 65% of battery grade material, in line with customer requirements. The sales volume was up 26% QoQ but down 24% from the PCP, reflecting a decision in 2020 to reduce excess inventory at a time of significant market softness and uncertainty related to COVID-19.

Total sales revenue of US\$41.1 million was up 68% QoQ and up 149% from the PCP. The average price received was up 34% QoQ to US\$12,491/tonne on an FOB² basis which is 4% higher than previous guidance.

Pricing for this June half is anticipated to be approximately US\$20,000/tonne FOB².

Table 3: Olaroz production metrics

| Metric | Units | Dec Q | Sep Q | QoQ % | PCP Dec 20 | PCP % |
|--------------------------------------|------------|--------|-------|-------|------------|-------|
| Production | tonnes | 3,644 | 2,802 | 30% | 3,727 | -2% |
| Sales | tonnes | 3,293 | 2,622 | 26% | 4,345 | -24% |
| Average price received | US\$/tonne | 12,491 | 9,341 | 34% | 3,797 | 229% |
| Cash cost of goods sold ⁷ | US\$/tonne | 4,336 | 4,754 | -9% | 3,623 | 20% |
| Revenue | US\$M | 41.1 | 24.5 | 68% | 17 | 149% |
| Gross cash margin | US\$/tonne | 8,155 | 4,587 | 78% | 174 | 4587% |
| Gross cash margin | % | 65% | 49% | 16% | 0 | 61% |
| Export Tax | US\$/tonne | 444 | 370 | 20% | 85 | 422% |

⁷ Excludes royalties, export tax and corporate costs

Cost and margins

Cash cost of goods sold for the quarter was US\$4,336/tonne and export duties for the quarter were US\$444/tonne.

Gross cash margin for the quarter increased by 78% to US\$8,155/tonne and this is expected to increase further with higher prices anticipated for the June half.

Expansion

Project Status

Construction activity at the Olaroz Stage 2 lithium facility is progressing well. Commissioning of ponds, brine distribution infrastructure and liming plants is occurring as individual project components are completed. First production is currently anticipated in H2 CY22, subject to any further COVID-19 related delays.

By the end of December 2021, overall project construction had reached 68% completion, with 91% of pond construction activity completed and with the soda ash and carbonation plants being 37% and 43% complete respectively. The workforce is expected to reach peak levels during the next six weeks, subject to any restrictions resulting from the current Omicron wave being experienced in Argentina.

As previously disclosed, COVID-19 impacts over the preceding two years have necessitated significant changes to operating protocols which have slowed activities and increased costs. These have included the installation of additional construction workforce accommodation to enable adherence to strict social distancing requirements. Changes have also been required to be made to transport arrangements and work practices have been modified to reduce interaction between teams.

A recent review of Olaroz expansion project capital expenditure, excluding VAT and working capital, indicates an expected 10-15% increase to between US\$365-380 million due to refinement of the project scope, Argentine inflation substantially exceeding the devaluation of the Argentine Peso, global construction cost inflation, COVID-19 related costs and increased international freight rates. This increase will be funded 100% as shareholder loans from guarantee funds that can be specifically used for overruns as detailed under "Corporate & Financials".

The major areas of cost impact were in the lime plant, carbonation plant, soda ash facilities, costs related to drilling brine production wells and construction of additional camp facilities as mentioned above.



BORAX ARGENTINA

Boron Minerals

Salta-Jujuy Province, Argentina

Sales in Q2 FY22 of 12,828 tonnes of boron minerals and refined products represents a quarterly decrease of 2% and an approximate increase of 21% from the PCP (Table 4). Total sales revenue was down 5% QoQ due to a 3% decrease in the average realised price resulting from a change in product mix and lower sales volume. Revenue was up 25% from the PCP. The 12-month rolling TRIFR has improved from 8.3 in January 2021 to 1.4 in December 2021 following a sustained focus on safety initiatives.

Table 4: Borax Argentina sales volumes

| CY2021 | Units | 2021 | QoQ % | 2020 | PCP % |
|-----------------|---------------|---------------|------------|---------------|------------|
| December | tonnes | 12,828 | -2% | 10,573 | 21% |
| September | tonnes | 13,083 | 17% | 8,964 | 46% |
| June | tonnes | 11,188 | 9% | 12,278 | -9% |
| March | tonnes | 10,282 | 24% | 10,690 | -4% |

DEVELOPMENT PROJECTS

NARAHHA

Lithium Hydroxide

Naraha, Japan

Construction of the Naraha lithium hydroxide plant in Japan is largely complete, with pre-commissioning works well underway. Commissioning activities continue to be influenced by the availability of international equipment commissioning experts given COVID-19 related border closures in Japan however completion is still expected in H1 2022.

SAL DE VIDA

Lithium Carbonate

Catamarca Province, Argentina

Sal de Vida is designed to produce battery grade lithium carbonate through an evaporation and processing operation at the Salar del Hombre Muerto site. The 2021 Feasibility Study focuses on an initial 10.7ktpa operation that can readily expand to ~32ktpa production capacity through later stages.

Piloting activities

The onsite piloting program continued to deliver positive results. The most recent pilot run achieved its objectives to assess new instrumentation and equipment and accomplish continuous softening-IX-crystallisation operation at optimised conditions. Pilot pond operations are also underway to validate and refine the design model for commercial scale operations through maintenance, testing and harvesting trials. Piloting activities will continue in CY22 for training purposes to support operational readiness for Stage 1 production.

Wellfield drilling and early construction

Pump testing has been performed by the hydrogeological team on all eight production wells and results are in line with operating assumptions and expectations. A revised Resource & Reserve estimate is planned after final assessment of the drill program.

General infrastructure and early works progressed onsite during the quarter. Infrastructure materials have arrived at site for the construction camp and the lay down areas have been prepared and completed. A public road by-pass was also completed allowing the earthworks for the ponds to commence.

Engineering and procurement

Engineering is progressing well and is largely complete for the ponds to wellfields and process plant and non-process infrastructure. Procurement for long lead items is also well advanced.

Liners for the evaporation ponds have been delivered to site and the earthworks and liner contractor has mobilised to site.

Project execution

With final environmental permits now received from the Provincial Government, construction of ponds and the brine distribution network will commence in January 2022.

A royalty agreement with the Catamarca Provincial Government has now been executed which confirms a life of project royalty rate at 3.5% of net sales revenue (revenue less taxes). Due to permitting and COVID-19 related delays, the Stage 1 construction schedule has been impacted and commissioning and first production is now expected by H2 CY23.

Allkem is also progressing studies into the expansion of Stage 1 production capacity to 15ktpa within the same execution timeframe. Learnings from the pilot program continue to be utilised to refine the battery grade production capabilities of Stage 1.



Figure 1: Sal de Vida – laydown area of construction camp (left) and arrival of pond liners to site (right)

JAMES BAY

Spodumene Concentrate

Québec, Canada

Feasibility Study

The Feasibility Study and Maiden Ore Reserve, released on 21 December 2021, details a ~321 ktpa operation, utilising hydropower, conventional mining methods and a process flowsheet and 2mpta plant design similar to Mt Cattlin. This ~19-year operation is underpinned by a Mineral Resource Estimate of 40.3Mt at 1.4% Li₂O and Ore Reserve of 37.2Mt at 1.3% Li₂O.

The Study demonstrates lowest quartile development capital costs of US\$286 million and unit operating costs of US\$333/ tonne. The operation is projected to generate a pre-tax NPV of US\$1.42 billion at an 8% discount rate with pre-tax internal rate of return of 45.8% and a pre-tax payback period of 2.4 years assuming an average spodumene selling price of US\$1,001/tonne.

Project execution

Allkem expects construction activity at the James Bay project to commence in Q3 CY22 with commissioning to follow in H1 CY24. To achieve these milestones, key focus areas for CY22 include:

- Further engineering activities to finalise design, equipment and plant configuration;
- Procurement of equipment, temporary installations and key contracts;
- Development of sustaining initiatives for local stakeholders; and
- Progression of the Environmental and Social Impact Assessment (“ESIA”), Impact and Benefit Agreement (“IBA”) and regulatory approvals.

Project status

Basic engineering has commenced alongside the procurement process and preparation of construction permits for early works is underway. Basic engineering for the process plant has

progressed as planned and is expected to move directly to detailed engineering upon completion in January 2022.

Additional site investigation works are underway with respect to sterilisation drilling (for the final plant and infrastructure location) and further resource definition. The first drill rig mobilised to site in early January and drilling of the first hole has commenced.

The ESIA was re-submitted to authorities in July 2021 to reflect the changes made to the project as presented in the 2021 Preliminary Economic Assessment that was released earlier in the year. The clarification process is on-going with authorities and engagement with local communities and stakeholders continues, including the Cree Nation of Eastmain and the Cree Nation Government.

Under the Cree Nations process, the IBA is aligned with the Feasibility Study / NI 43-101 report and as such the completion and release of the Feasibility Study will allow the IBA discussion to be progressed to completion.

LITHIUM MARKET

Demand

The strong demand for lithium chemicals and spodumene concentrate experienced throughout 2021 accelerated further during the December quarter in response to record production volumes of lithium-ion battery materials and batteries in China.

Electric Vehicle (“EV”) sales in 2021 were estimated at ~6.2 million units, up ~100% compared to the prior year. Approximately 2 million EVs were sold in the December quarter, which represents a ~40% increase compared to the PCP and a ~13% increase QoQ. EV sales in China alone were estimated at ~3.3 million units in 2021, representing a 150% increase to the prior year. China also achieved a new EV sales record for the December quarter of ~1.3 million units, which also equals total sales in 2020.

With EV sales anticipated to increase substantially in 2022, production volumes of lithium-ion batteries ramped up in China to a new record level of ~85GWH during the December quarter, up by 40% QoQ and more than double from the PCP.

Demand for lithium carbonate in China continued to grow during the quarter in response to a strong preference for LFP battery formats (lithium, iron, phosphate) in the domestic market which represented more than 50% of battery chemistries.

Spot prices for lithium carbonate and hydroxide across all key geographies rallied to new records as limited uncommitted supply fell short of demand during the quarter. Spodumene concentrate spot prices also reached record highs during the quarter, almost doubling from the previous quarter.

Contracted prices were gradually adjusted upwards to reflect tightening market conditions across the supply chain.

Lithium chemicals and spodumene concentrate have historically been largely sold under annual and long-term contracts. Reported spot prices reflect marginal volumes rather than prices in the high-volume contract market.

Allkem’s sales volumes of lithium carbonate and spodumene concentrate throughout CY21, have been mostly to customers with supply contracts of 1–3 year tenure. Pricing for spodumene concentrate contracts are negotiated on a quarterly basis with long term customers. Pricing for lithium carbonate contracts during CY21 were approximately 1/3 linked to average monthly spot indices, 1/3 with annual fixed price agreed in late 2020, and 1/3 linked to contract indices with quarterly adjustments. In 2022,

annual contracts that previously had a fixed price will be linked to contract indices with an average of bi-monthly adjustments.

Supply

Chinese lithium chemical production sourced from spodumene increased by ~5% QoQ due to higher spodumene volumes shipped from Australia. Accelerated demand for lithium chemicals in China, in contrast to limited incremental supply, resulted in a supply deficit during the quarter which in turn pushed spot prices of lithium chemicals and spodumene concentrate to new records.

Competition for securing lithium resources intensified during the quarter as new investors entered the sector resulting in upstream acquisitions at record resource multiples. It's anticipated that lithium-ion battery producers and EV manufacturers will continue to play a more active role in sourcing lithium chemicals and spodumene concentrate in 2022 through direct investments and long-term purchase agreements.

CORPORATE & FINANCIALS

Annual General Meeting

The Annual General Meeting ("AGM") was held virtually on Tuesday 30 November 2021 and all resolutions were passed via a poll.

Change of company name and ASX ticker

Following shareholder approval at the AGM, the change of company name from Orocobre Limited (ORE) to Allkem Limited (AKE) was completed.

Financial position

At 31 December 2021, Allkem corporate had available cash of ~US\$426.6 million up from a balance of US\$423.6 million at 30 September 2021, of which US\$9.8 million and US\$109 million have been set aside as pre-completion guarantees for the Naraha debt facility and Olaroz Expansion debt facility respectively. The US\$109 million is available for cost overruns related to the Olaroz expansion works.

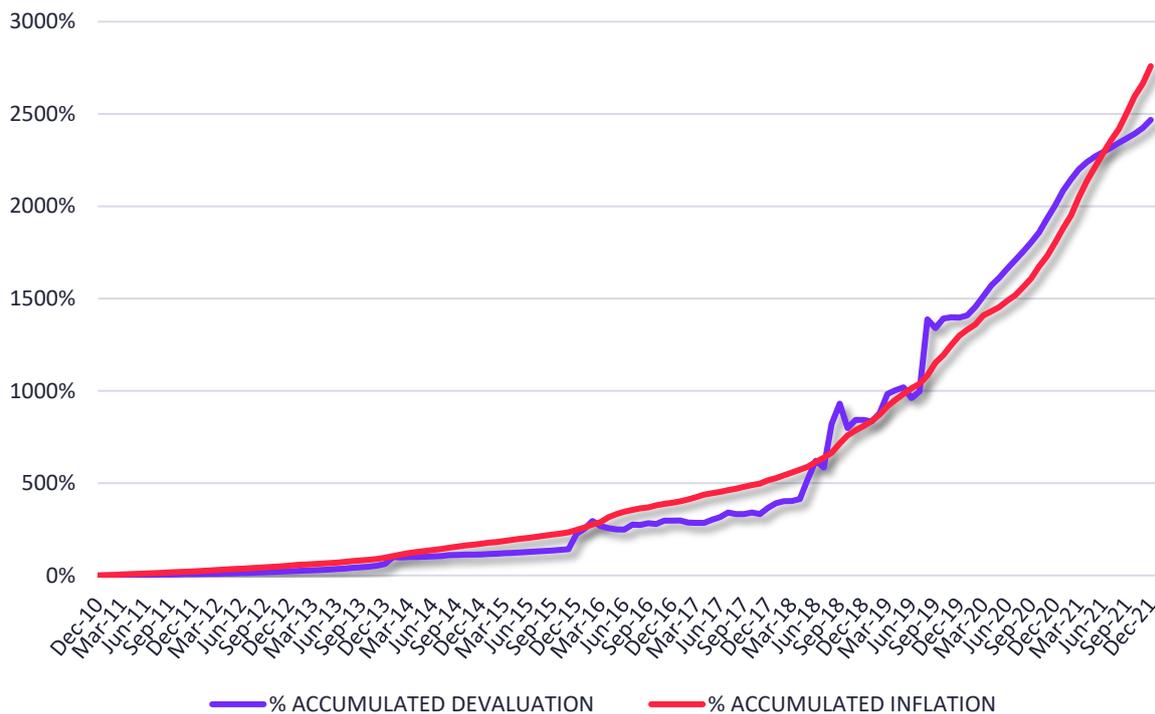
Mt Cattlin contributed US\$45.1 million cash from operations net of capex and working capital movements and US\$1.5million proceeds from a tenement sale, partially offset by Olaroz Stage 2 project funding of US\$23.1 million, Sal de Vida capex of US\$6.2 million, James Bay development cost of US\$4.2 million, US\$2.4 million contribution to the Naraha project, US\$5.8 million in corporate costs and merger related costs of US\$1.9 million. A US\$40 million facility originally arranged by Galaxy Resources Limited also remains fully undrawn and was rolled over with a current maturity of December 2022.

Argentina economic conditions

The official foreign exchange rate depreciated against the US dollar by 4% in the December quarter from AR\$98.74 at 30 September 2021, to AR\$102.72 at 31 December 2021. The accumulated 12-month period from 1 January 2021 to 31 December 2021 resulted in a ~22% devaluation of the AR\$ against the US\$.

December inflation was 3.8% and an aggregate of ~10% in the quarter. Inflation for the 12-month period from 1 January 2021 to 31 December 2021 was approximately ~51%.

Figure 2: Inflation versus devaluation from December 2010- December 2021



ENDS

This release was authorised by Mr Martin Perez de Solay, CEO and Managing Director of Allkem Limited.

| | | | |
|---|---|--|--|
|  | <p>Allkem Limited ABN 31 112 589 910 Level 35, 71 Eagle St Brisbane, QLD 4000</p> | <p>Investor Relations & Media Enquiries Andrew Barber +61 418 783 701 Andrew.Barber@allkem.co</p> | <p>Connect info@allkem.co +61 7 3064 3600 www.allkem.co</p> |
| |  | | |

IMPORTANT NOTICES

This investor ASX/TSX release (**Release**) contains general information about the Company as at the date of this Release. The information in this Release should not be considered to be comprehensive or to comprise all of the material which a shareholder or potential investor in the Company may require in order to determine whether to deal in Shares of Allkem. The information in this Release is of a general nature only and does not purport to be complete. It should be read in conjunction with the Company's periodic and continuous disclosure announcements which are available at allkem.co and with the Australian Securities Exchange (**ASX**) announcements, which are available at www.asx.com.au.

Forward Looking Statements

Forward-looking statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performances or achievements expressed or implied by such forward-looking statements, including but not limited to, the risk of further changes in government regulations, policies or legislation; the risks associated with the continued implementation of the merger between the Company and Galaxy Resources Ltd, risks that further funding may be required, but unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with development of the Company Projects; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Company's Projects; risks associated with investment in publicly listed companies, such as the Company; and risks associated with general economic conditions.

Subject to any continuing obligation under applicable law or relevant listing rules of the ASX, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this Release to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statements are based. Nothing in this Release shall under any circumstances (including by reason of this Release remaining available and not being superseded or replaced by any other Release or publication with respect to the subject matter of this Release), create an implication that there has been no change in the affairs of the Company since the date of this Release.

Not for release or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released to U.S. wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction, and neither this announcement or anything attached to this announcement shall form the basis of any contract or commitment.

Competent Person Statement

Any information in this Presentation that relates to James Bay Mineral Resources and Ore Reserves is extracted from the ASX announcement, entitled "James Bay Lithium Project – Feasibility Study & Maiden Ore Reserve" dated 21 December 2021 which is available to view on allkem.co and www.asx.com.au. The Company 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 and Ore Reserves in the relevant market announcement continue to apply and have not materially changed. The Company 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 Presentation relating to a production target or forecast financial information derived from a production target is extracted from the ASX Announcement entitled "James Bay Lithium Project – Feasibility Study & Maiden Ore Reserve" dated 21 December 2021 which is available to view on the Company's website and www.asx.com.au. The Company confirms that all the material assumptions underpinning the production target, and the forecast financial information derived from a production target, in the original market announcement continue to apply and have not materially changed.

Any scientific and technical information relating to the Company's James Bay project contained in this release is derived from, and in some instances is an extract from, the technical report dated as of 11 January 2022 entitled "NI 43-101 Technical Report Feasibility Study – James Bay Lithium Project" prepared by G-Mining Services Inc. (Technical Report) which has been prepared in accordance with Canadian National Instrument 43-101 – Standards for Disclosure of Mineral Projects. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com.