

US\$200m IFC project finance proposal for Sal de Vida

Allkem Limited (ASX|TSX: AKE, “Allkem” or the “Company”) and the International Finance Corporation (“IFC”) have agreed a non-binding term sheet for a project financing facility (“IFC loan”) for the wholly Allkem owned Sal de Vida Project located in Catamarca Province, Argentina.

HIGHLIGHTS

- IFC has proposed a US\$200 million project finance facility to support Allkem’s development of Sal de Vida Stage 1
- IFC’s environmental and social performance requirements are globally recognised and will complement the ESG standards already adopted at Sal de Vida by Allkem
- Subject to finalisation of commercial terms and other key outstanding items including final Board approval by both IFC and Allkem, the facility is expected to reach financial close by late CY22

Managing Director and CEO, Martin Perez de Solay said, *“We are already in a strong financial position to self-fund the Sal de Vida project however we saw an opportunity to further improve the financing structure for Sal de Vida and partner with IFC, an institution with decades of experience providing finance and sustainable business solutions in the mining space.”*

“Sal de Vida is expected to generate significant economy-wide benefits that will improve the fiscal outlook, economic performance and social outcomes at national, regional and local community levels.”

PROJECT FINANCING

IFC’s proposed investment comprises a US\$200 million debt package, including up to US\$100 million from IFC for a tenor of up to 9 years and the remainder funded by a syndicate of commercial banks.

The IFC loan and its key terms reflect current market conditions for this facility type, loan size, tenor and region.

IFC’s proposed financing structure will provide Sal de Vida with a diversified international lender group in a syndicated loan agreement at the asset level and will help de-risk the capital structure of the project.

IFC’s Performance Standards are globally recognised as a benchmark for environmental and social risk management in the private sector. IFC has eight Performance Standards: Risk Management, Labour, Resource Efficiency, Community, Land Resettlement, Biodiversity, Indigenous People and Cultural Heritage.

A robust and detailed environmental assessment was conducted by IFC, including the assessment of brine extraction and water usage and the associated monitoring and mitigation plan. Allkem technical teams participated in the process and will work to implement the IFC’s Environmental and Social Action Plan (ESAP).

IFC technical assessment through senior consulting firms validated the project scope, cost and schedule and has provided a detailed risk analysis to ensure proper mitigation plans are established.

Next steps

Subject to finalisation of facility terms, legal due diligence, approval from the Allkem Board of Directors, approval by IFC Management and World Bank Group Board of Directors the facility is expected to close before the end of 2022.

ABOUT IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC uses their capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of current global issues. For more information, visit www.ifc.org.

SAL DE VIDA PROJECT

The Sal de Vida Stage 1 Project is designed to produce 15ktpa of predominately battery grade lithium carbonate. The 2022 Feasibility Study estimated capital expenditure to be US\$271 million and cash operating costs of US\$3,612 per tonne. Construction commenced in January 2022.

Stage 1 project economics include pre-tax Net Present Value of US\$1.23 billion at a 10% discount rate, pre-tax internal rate of return of 50% and a payback period of 1.75 years from the start of commercial production.

As at 30 June 2022, Allkem had US\$664 million of free cash and cash equivalents available for the development of Sal de Vida and its other growth projects.

ENDS

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

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Competent Person Statement

Any information in this announcement relating to Sal de Vida scientific or technical information, production targets or forecast financial information derived from a production target is extracted from the ASX Announcement entitled "Sal de Vida capacity increased to 45ktpa in two stages" released on 4 April 2022 which is available to view on www.allkem.co and www.asx.com.au. The Company confirms that all the material assumptions underpinning the scientific or technical information, production targets or the forecast financial information derived from a production target in the original market announcement continue to apply and have not materially changed.

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