

ASX / TSX ANNOUNCEMENT

5 July 2021

Scheme Booklet registered by ASIC

Galaxy Resources Limited (ASX: GXY) (**Galaxy**) and Orocobre Limited (ASX:ORE, TSX:ORL) (**Orocobre**) refer to the announcement made on 2 July 2021 in relation to:

- its proposed merger with Orocobre pursuant to which Orocobre will acquire all of the shares in Galaxy (**Galaxy Shares**) by way of a scheme of arrangement (**Scheme**); and
- the orders made by the Supreme Court of Western Australia convening a meeting of shareholders of Galaxy (**Galaxy Shareholders**) to consider and vote on the Scheme (**Scheme Meeting**) and approving the dispatch of an explanatory statement providing information about the Scheme, together with the Notice of Scheme Meeting (**Scheme Booklet**) to Galaxy Shareholders.

Scheme Booklet

Galaxy is pleased to confirm that the Australian Securities and Investments Commission (**ASIC**) has today registered the Scheme Booklet. A copy of the Scheme Booklet is attached to this announcement and will also be made available on Galaxy's website at www.gxy.com.

The Scheme Booklet will be dispatched to Galaxy Shareholders by Wednesday, 7 July 2021 in the manner described in Galaxy's announcement made on 2 July 2021.

Galaxy Shareholders should carefully read the Scheme Booklet in its entirety, including the material accompanying it, before deciding whether to vote in favour of the Scheme. If after reading the Scheme Booklet you have any further questions about the Scheme or the Scheme Booklet, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia), between 8.30 am and 5.30 pm (AEST), Monday to Friday (excluding public holidays).

Directors' Recommendation and Independent Expert's Report

The Scheme Booklet includes a copy of the independent expert's report prepared by Deloitte Corporate Finance Pty Limited (**Independent Expert**), which concludes that the Scheme is fair and reasonable, and in the best interests of Galaxy Shareholders, in the absence of a superior proposal for Galaxy.

The Scheme continues to be unanimously recommended by each director of Galaxy (**Galaxy Director**), subject to no superior proposal emerging for Galaxy and the Independent Expert continuing to conclude that the Scheme is in the best interests of Galaxy Shareholders. Each Galaxy Director intends to vote, or procure the voting of, all Galaxy Shares held or controlled by them in favour of the Scheme, subject to those same qualifications.

Scheme Meeting

The Scheme Meeting, at which Galaxy Shareholders will vote on the proposed Scheme, will be held at 10.00 am (AWST) on Friday, 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street, Perth WA 6000.

Galaxy Shareholders can also attend the Scheme Meeting online via a live webcast. Details of how to access the live webcast and participate in the Scheme Meeting online are contained in the notice of meeting included in the Scheme Booklet, and the Lumi Online Meeting Guide which is included in the notice of meeting and is also available at www.edocumentview.com.au/GXYlumiguide.

All Galaxy Shareholders registered as at 5.00 pm (AWST) on Wednesday, 4 August 2021 will be eligible to vote at the Scheme Meeting.

ENDS

This release was authorised by Mr Simon Hay, Chief Executive Officer of Galaxy Resources Limited and Mr Rick Anthon, Joint Company Secretary of Orocobre Limited.

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IMPORTANT NOTICES

This announcement is a joint announcement by Galaxy Resources Limited ACN 071 976 442 (**Galaxy**) and Orocobre Limited ACN112 589 910 (**Orocobre**).

This announcement has been prepared in relation to the proposed merger between Galaxy and Orocobre by way of scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (**Scheme**). Under the Scheme, Orocobre will acquire 100% of the fully paid ordinary shares in Galaxy in exchange for the issue of new fully paid ordinary shares in Orocobre. The Scheme is subject to the terms and conditions described in the merger implementation deed entered into between Galaxy and Orocobre as announced on 19 April 2021 (**Merger Implementation Deed**). A copy of the Merger Implementation Deed is available on the ASX website (at www.asx.com.au).

Galaxy and Orocobre have jointly prepared this announcement based on information available to them as at the date of this announcement. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Galaxy or Orocobre, their respective directors, employees, agents or advisers, or any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

Forward Looking Statements

This announcement may contain forward looking statements concerning Galaxy, Orocobre and the merged group which are made as at the date of this announcement (unless otherwise indicated). Forward looking statements are not statements of historical fact and actual events and results may differ materially from those contemplated by the forward looking statements as a result of a variety of risks, uncertainties and other factors, many of which are outside the control of Galaxy, Orocobre and the merged group. Such factors may include, 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 risks associated with general economic conditions. Any forward-looking statements, as well as any other opinions and estimates, provided in this announcement are based on assumptions and contingencies which are subject to change without notice and may prove ultimately to be materially incorrect, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Except as required by law or the ASX listing rules, Galaxy and Orocobre assume no obligation to provide any additional or updated information or to update any forward looking statements, whether as a result of new information, future events or results, or otherwise. Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other presentation or publication with respect to Galaxy, Orocobre or the merged group, or the subject matter of this announcement), create an implication that there has been no change in the affairs of Galaxy or Orocobre since the date of this announcement.

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. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States except in transactions registered under the U.S. Securities Act of 1933 or exempt from, or not subject to, the registration of the U.S. Securities Act of 1933 and applicable U.S. state securities laws.

TSX matters

Orocobre is an "Eligible Interlisted Issuer" for purposes of the TSX and intends to rely on the exemptions set forth in Section 602.1 of the TSX Company Manual in respect of the Scheme. The issuance of shares by Orocobre pursuant to the Scheme is subject to acceptance by the TSX.



SCHEME BOOKLET

In relation to a proposal from Orocobre Limited ACN 112 589 910 to acquire all of the shares in Galaxy by way of a recommended scheme of arrangement between Galaxy and its shareholders.

VOTE IN FAVOUR

Your Galaxy 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 Galaxy Shareholders.

GALAXY RESOURCES LIMITED ACN 071 976 442

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether to vote in favour of the Scheme Resolution required to implement the Scheme. If you are in any doubt about what to do, you should consult your legal, financial, taxation or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Scheme, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays.

Financial adviser to Galaxy



Legal adviser to Galaxy



IMPORTANT NOTICES

General

This Scheme Booklet is important. Galaxy 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 Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside of Australia) between 8.30 am to 5.30 pm (AEST) 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 section 412(1) of the Corporations Act.

This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares by Orocobre by way of a scheme of arrangement between Galaxy and Galaxy Shareholders under Part 5.1 of the Corporations Act.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (subject to each Condition Precedent 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 Galaxy Shareholders whether to vote in favour of the Scheme.

This Scheme Booklet does not constitute or contain an offer to Galaxy Shareholders, or a solicitation of an offer from Galaxy Shareholders, in any jurisdiction.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 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 section 411(1) of the Corporations Act. Instead, Galaxy 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 Galaxy Shares, please disregard this Scheme Booklet.

ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 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.

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, including statements about intentions, beliefs and expectations, plans, strategies and objectives of the directors and management of Galaxy and Orocobre for Galaxy, Orocobre and the Merged Group, the anticipated timing for and outcome and effects of the Scheme (including expected benefits to shareholders of Galaxy and Orocobre), indications of and guidance on synergies, future earnings or financial position or performance, anticipated production or construction or development commencement dates, costs or production outputs, capital expenditure and future demand for lithium, expectations for the ongoing development and growth potential of the Merged Group and the future operations of Galaxy and Orocobre. Forward looking statements (such as those above), are not based on historical facts, but rather reflect the current views and expectations of Galaxy (in relation to the Galaxy Information) or Orocobre (in relation to the Orocobre Information) concerning future events and circumstances. 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

IMPORTANT NOTICES

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.

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 Galaxy and Orocobre for the Merged 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 Galaxy, Orocobre or the Merged Group (including the realisation of any expected synergies), particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing COVID-19 pandemic.

To the maximum extent permitted by law, none of Galaxy, Orocobre, 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 Listing Rules or the Corporations Act, Galaxy, Orocobre and the Merged Group 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 Galaxy, Orocobre or the Merged Group, or the subject matter of this Scheme Booklet), create an implication

that there has been no change in the affairs of Galaxy or Orocobre since the date of this Scheme Booklet. See also information relating to certain specific forward looking statements in this Scheme Booklet in section 11.11(c).

Past performance

You should note that past performance metrics and figures (including any data about past share price performance of Galaxy and Orocobre) 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 Merged Group. Any such historical information is not represented as being, and is not, indicative of Galaxy and Orocobre's view on their future financial condition and/or performance, nor the future financial condition or performance of the Merged Group.

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 Galaxy Shareholder or any other person. Before making any decision (including a decision in relation to the Scheme or in relation to Galaxy 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

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia. The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia or New Zealand may be restricted by law or regulation in such other jurisdictions and persons outside Australia or New Zealand who come into possession of this Scheme Booklet should observe any such restrictions. This Scheme Booklet may be distributed outside Australia and New Zealand solely to Galaxy Shareholders and solely for purposes of voting on the Scheme; this Scheme Booklet shall not constitute an offer of New Orocobre Shares in any jurisdiction outside Australia and New Zealand. In particular, this Scheme Booklet may not be distributed in the United States and the New Orocobre Shares may not be issued to persons in the United States. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Galaxy disclaims all liabilities to such persons.

IMPORTANT NOTICES

Due to the limited number of Galaxy Shareholders outside Australia and New Zealand and the cost of compliance with local laws, Galaxy Shareholders who are resident outside of Australia or New Zealand, or who are nominees, trustees or custodians for beneficial holders resident outside Australia or New Zealand, may not receive New Orocobre Shares under the Scheme, unless Orocobre (in its sole and absolute discretion) determines otherwise.¹

Galaxy Shareholders whose addresses are shown in the Galaxy Register on the Scheme Record Date as being in a place outside of both Australia and New Zealand (and their external territories), unless Orocobre (in its sole and absolute discretion) determines otherwise, will not be issued New Orocobre Shares, and rather will be issued cash in accordance with section 3.13(d) of this Scheme Booklet.

Orocobre has determined that Galaxy Shareholders whose addresses are shown in the Galaxy Register on the Scheme Record Date as being in Argentina, Canada, Hong Kong or the United Kingdom, will also be entitled to receive New Orocobre Shares under the Scheme. Accordingly, a Galaxy Shareholder whose address is shown in the Galaxy Register on the Scheme Record Date as being in a place outside of Australia and New Zealand (and their external territories), Argentina, Canada, Hong Kong and the United Kingdom, will, unless Orocobre (in its sole and absolute discretion) determines otherwise, be an Ineligible Overseas Shareholder for the purposes of the Scheme and this Scheme Booklet should be read accordingly.

Based on the information available to Galaxy, Galaxy Shareholders whose addresses are shown in the Galaxy Register on the Scheme Record Date as being in the following jurisdictions will be entitled to have New Orocobre Shares issued to them under the Scheme subject to any qualifications set out below in respect of that jurisdiction:

- Australia;
- Argentina;
- Canada;
- Hong Kong;
- New Zealand;
- United Kingdom; and
- any other person or jurisdiction in respect of which Orocobre reasonably believes that it is not prohibited and not unduly onerous or impractical to issue New Orocobre Shares to a Galaxy Shareholder with a registered address in such jurisdiction.

¹ Ineligible Shareholders who hold Scheme Shares on the Scheme Record Date will ultimately receive Ineligible Shareholder Cash Proceeds as consideration for their Scheme Shares in lieu of New Orocobre Shares. See section 3.13 for further information.

Nominees, custodians and other Galaxy Shareholders who hold Galaxy Shares on behalf of a beneficial owner resident outside Australia, Canada, Hong Kong, New Zealand and the United Kingdom may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Galaxy.

Notice to Galaxy Shareholders in 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 New Orocobre Shares under the Scheme is being made to existing shareholders of Galaxy in New Zealand in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

Notice to Galaxy Shareholders in Argentina

The New Orocobre Shares 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 New Orocobre Shares in Argentina. This Scheme Booklet does not constitute an offer to sell any of New Orocobre Shares to any prospective purchaser in Argentina under circumstances in which such offer would be unlawful. This Scheme Booklet may be distributed, and the New Orocobre Shares issued, only to existing Galaxy Shareholders.

Notice to Galaxy Shareholders in Canada

The New Orocobre Shares will be issued by Orocobre in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities law in each province and territory of Canada.

No securities commission in Canada has reviewed or in any way passed upon this document or the merits of the Scheme.

Notice to Galaxy Shareholders in 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

IMPORTANT NOTICES

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 which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which 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" as defined in the Securities and Futures Ordinance and any rules made thereunder.

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 document is for the exclusive use of Galaxy 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 Galaxy Shareholders.

Notice to Galaxy Shareholders in United Kingdom

Neither this 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 (**FSMA**)) has been published or is intended to be published in respect of the New Orocobre Shares.

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 New Orocobre Shares 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 Galaxy or Orocobre.

In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons:

- who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**); or
- to whom it may otherwise be lawfully communicated (together "relevant persons").

The investment to which this Scheme Booklet relates is available only to, and any invitation, offer or agreement to purpose 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.

Implied value

Any reference to the implied value of the Scheme Consideration should not be taken as an indication that Galaxy Shareholders will receive cash. The implied value of the New Orocobre Shares is not fixed. The implied value of the New Orocobre Shares will vary with the market price of Orocobre Shares, and there can be no guarantee of that price. This also applies to Ineligible Shareholders, whose Scheme Consideration will be remitted to the Nominee for sale in accordance with the process described in section 3.13. Any cash remitted to Ineligible Shareholders under this arrangement will depend on the market price of Orocobre Shares at the time of sale by the Nominee and any applicable brokerage, stamp duty and other taxes and charges, and selling costs.

IMPORTANT NOTICES

Important notice associated with Court order

The fact that, under section 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 Galaxy Shareholders should vote (on this matter, members 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.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D 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 Galaxy Shareholder may appear at the Second Court Hearing, which is expected to be held at 10.00 am on Friday, 13 August 2021 at the Supreme Court of Western Australia.

Any Galaxy 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 Galaxy a notice of appearance in the prescribed form, together with any affidavit on which the Galaxy 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 which may include tax being payable on any gain on disposal of Galaxy Shares. For further detail about the general Australian tax consequences of the Scheme, refer to section 10 of this Scheme Booklet.

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

Privacy

Galaxy and Orocobre 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 Galaxy 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 Galaxy and Orocobre to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to Galaxy, Orocobre 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.

Galaxy 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. Galaxy Shareholders may contact Computershare Investor Services Pty Limited (Galaxy's share registry) if they wish to exercise these rights.

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

External websites

Unless expressly stated otherwise, the content of Galaxy's website and Orocobre's website do not form part of this Scheme Booklet and Galaxy Shareholders should not rely on any such content.

Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 12 of this Scheme Booklet, or otherwise in the sections in which they are used. Section 12 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.

IMPORTANT NOTICES

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 document. 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.

Financial data

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

The financial information in this Scheme Booklet is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

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. Non-IFRS financial information in this Scheme Booklet includes pro forma financial information.

Galaxy and Orocobre have included this non-IFRS financial information because they believe that it provides Galaxy Shareholders with additional relevant information. The non-IFRS financial information does not have a standardised meaning prescribed by the Australian Accounting Standards, 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. 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 (Li_2CO_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) factors used to convert lithium oxide (Li_2O) production to LCE is 2.47 and the conversion factor used to convert lithium hydroxide (**LiOH**) to LCE is 0.88.

Production Capacity

All references to LCE production, production and production capacity in this Scheme Booklet are on an 100% interest basis unless otherwise stated. Table 7.3.1 in section 7 shows the attributable equity interest in each product and the associated attributable production.

Competent Persons Statement

See section 11.11 for the Competent Persons 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 Australian Western Standard Time (AWST), 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 Precedent to the Scheme being satisfied or waived (where permitted).

Date of this Scheme Booklet

This Scheme Booklet is dated 5 July 2021.

CONTENTS

CLAUSE	PAGE
LETTER FROM THE CHAIRMAN OF GALAXY	8
LETTER FROM THE CHAIRMAN OF OROCOBRE	11
IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEME	13
1. CONSIDERATIONS RELEVANT TO YOUR VOTE	14
2. FREQUENTLY ASKED QUESTIONS	28
3. SUMMARY OF THE SCHEME	44
4. YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING	58
5. OVERVIEW OF GALAXY	63
6. OVERVIEW OF OROCOBRE	84
7. OVERVIEW OF THE MERGED GROUP	115
8. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP	131
9. RISK FACTORS	142
10. TAXATION IMPLICATIONS	162
11. ADDITIONAL INFORMATION	168
12. GLOSSARY	181
 Annexure	
A. Summary of the Merger Implementation Deed	193
B. Scheme of Arrangement	215
C. Deed Poll	233
D. Notice of Scheme Meeting	241
E. Independent Expert's Report	255
F. Investigating Accountant's Report	476
 CORPORATE DIRECTORY	 480

LETTER FROM THE CHAIRMAN OF GALAXY

Dear Galaxy Shareholder,

On behalf of your Galaxy Directors and senior management team, I am pleased to provide you with this Scheme Booklet for your consideration, which contains information in relation to the proposed merger of Galaxy Resources Limited (**Galaxy**) and Orocobre Limited (**Orocobre**).

On 19 April 2021, Galaxy announced that it had entered into a binding Merger Implementation Deed with Orocobre under which the two companies will merge via a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**). Pursuant to the Scheme, Orocobre will acquire all of the fully paid ordinary shares in Galaxy (**Galaxy Shares**) subject to the satisfaction of certain conditions, including approval of the Scheme by Galaxy Shareholders and the Supreme Court of Western Australia (**Court**).

If the Scheme is approved and becomes Effective, Scheme Shareholders are entitled to receive 0.569 New Orocobre Shares for every Galaxy Share held at the Scheme Record Date, currently expected to be 18 August 2021. If the Scheme is Implemented, Scheme Shareholders will hold approximately 45.7% of the Merged Group on a diluted basis.

The Scheme provides Galaxy Shareholders with the opportunity to share in the significant benefits of being part of a larger diversified group and the synergies expected to be available to help enhance and progress our portfolio of world class assets.² The Merged Group's growth opportunities in both brine and hard rock position it to take advantage of expected rising demand for lithium in connection with the electric vehicle market.

Scheme Rationale

This is an exciting transaction that aims to create a top-5 lithium chemicals company globally³ with a significant growth profile and the following features:

- A highly complementary portfolio of assets to create a company with diversified assets and a project portfolio across four continents and across lithium source, stage of asset and end products;
- An enhanced financial position to optimise and potentially accelerate development of the Merged Group's portfolio of world class assets with the ability and intent to capture downstream value;
- The potential to create significant synergies and value which Galaxy Shareholders will have the opportunity to share in;
- A highly experienced and complementary board and management team with extensive experience operating within Argentina, Australia and Canada and a proven track record of successfully delivering projects across hard rock, brine and processing; and
- The potential to attract significant shareholder interest with enhanced scale, liquidity and financial capacity and expected inclusion in the ASX200 index (and approaching ASX100 index eligibility thresholds).

² Refer to section 7.5 for further information in respect of the potential synergies and their value and section 9.2(b) for further information regarding the risks associated with realisation of anticipated synergies (in whole or part).

³ Based on market capitalisation of selected lithium focused peers. The Merged Group's market capitalisation is calculated as the sum of the Orocobre and Galaxy market capitalisations as at the Last Practicable Date. Refer to section 1.2(a) for further information on market capitalisation versus selected peers.

LETTER FROM THE CHAIRMAN OF GALAXY

Your Galaxy Directors unanimously recommend that Galaxy Shareholders 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 Galaxy Shareholders. Each Galaxy Director intends to vote all the shares that they hold in Galaxy in favour of the Scheme, subject to those same qualifications. In reaching their recommendation, your Galaxy Directors have considered a range of factors, including the potential for Galaxy Shareholders to share in the significant value creation from the expected diversification, growth and scale of the Merged Group.

This Scheme Booklet contains detailed information about the Scheme, including the reasons to vote in favour of, or against, the Scheme (see section 1) and the risks of holding Orocobre Shares (see section 9 generally, and 9.2 in particular).

Independent Expert

Galaxy has engaged an independent expert, Deloitte Corporate Finance (**Independent Expert**), to opine on whether the Scheme is in the best interests of Galaxy Shareholders. The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders. A complete copy of the Independent Expert's Report is included in Annexure E of this Scheme Booklet.

Implementation of the Scheme

Implementation of the Scheme is subject to the satisfaction of a number of conditions, including approval of the Scheme by Galaxy Shareholders and the Court, no Galaxy or Orocobre material adverse effect or prescribed event occurring and certain other customary conditions, which are summarised in section 3.6 and in part 1 of Annexure A. Orocobre and Galaxy each have termination rights under the Merger Implementation Deed in certain circumstances (which are summarised in part 10 of Annexure A).

Key risks

Details of specific risks relating to the Scheme, specific risks relating to the Merged Group, general risks relating to the Merged Group and risks for Galaxy and Galaxy Shareholders if the Scheme is not Implemented, are set out in section 9. Some of the key risks that Scheme Shareholders who receive New Orocobre Shares on Implementation of the Scheme may be exposed to include (but are not limited to):

- the failure to realise the benefits of the Scheme, including expected synergies;
- integration risks, including that integration takes longer or costs more than expected;
- fluctuations in the price of lithium carbonate, lithium hydroxide, lithium spodumene concentrate and boron minerals;
- key personnel risks, including loss of the Merged Group's key personnel or the inability to recruit necessary staff; and
- risks associated with COVID-19.

LETTER FROM THE CHAIRMAN OF GALAXY

Your Vote is Important

Your vote is important and, on behalf of your Galaxy Directors, I encourage you to vote on the Scheme at the Scheme Meeting to be held at 10.00 am (AWST) on Friday 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000 or via the online platform. In considering your vote I urge you to read this Scheme Booklet (including the Independent Expert's Report) carefully in full and, if required, to seek your own professional advice. If you have questions about the Scheme, please contact the Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside of Australia) between 8.30 am to 5.30 pm (AEST) Monday to Friday, excluding public holidays.

Conclusion

On behalf of the Galaxy Board, I would like to thank you for your ongoing support of Galaxy. We believe the Scheme has the potential to create significant value which Galaxy Shareholders will have the opportunity to share in. We encourage you to 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 Galaxy Shareholders.



Martin Rowley
Non-Executive Chairman
Galaxy Resources Limited

LETTER FROM THE CHAIRMAN OF OROCOBRE

Dear Galaxy Shareholder,

On behalf of the board of directors of Orocobre (**Orocobre Board**) and the Orocobre management team, we are pleased to play our part in providing you with the opportunity to participate in the Scheme which aims to create a top-5 lithium chemicals company globally⁴ and a leading ASX-listed pure play lithium company⁵ with a leading growth pipeline.

The Scheme represents a highly strategic merger which creates exciting transformational opportunities for both companies and positions the combined business strongly for the future. The Scheme is expected to create significant value and realise significant synergies to be shared by shareholders of the Merged Group. In particular, it provides an opportunity for Orocobre to apply its proven track record and world class brine technical expertise, in-country experience and stakeholder relationships to de-risk and successfully deliver Sal de Vida.

Both Galaxy and Orocobre shareholders will have the opportunity to share in the value generated from the creation of the Merged Group with:

1. a balanced portfolio of production and growth projects, with existing production capacity of 40,000 tpa LCE⁶ and a significant growth pipeline of brownfield and greenfield projects aiming to deliver in excess of 100,000 tpa LCE production capacity;⁷
2. a diversified portfolio across four continents and various lithium sources and end products;
3. two complementary, tier-one brine assets in Argentina with potential to realise significant synergies from the sharing of management expertise to de-risk and optimise both assets, improved position to deliver a larger and accelerated project at Sal de Vida and a possible reduction in Sal de Vida energy costs by accessing the existing Borax Tincalayu infrastructure and proposed gas pipeline;
4. operating, employee sharing and marketing synergies available to the group which is expected to streamline operations and reduce operating costs;
5. significant combined board and management expertise with a proven track record in delivering projects across brine, hard rock and processing;
6. a strengthened balance sheet, with combined gross cash of \$487 million,⁸ that will provide financial flexibility to deliver a world class project pipeline and accelerate multiple projects in parallel either on a standalone basis or with strategic partners; and
7. expected inclusion in the ASX 200 index and to approach ASX 100 index eligibility thresholds.

⁴ Based on market capitalisation of selected lithium focused peers. The Merged Group's market capitalisation is calculated as the sum of the Orocobre and Galaxy market capitalisations as at the Last Practicable Date. Refer to section 1.2(a) for further information on market capitalisation versus selected peers.

⁵ Based on market capitalisation as at the Last Practicable Date. For further information see section 7.

⁶ Refer to section 7.1(a) for further information in respect of the pro forma production guidance of the Merged Group, which is based on the production guidance of Galaxy and the plant production capacity of Orocobre. The production guidance in respect of the Merged Group is a forward looking statement. Galaxy Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in section 9.3.

⁷ For further information see section 7.3.

⁸ As at 31 March 2021 and includes restricted cash of \$108m. For more detail on "restricted cash" see section 6.10.

LETTER FROM THE CHAIRMAN OF OROCOBRE

The Scheme is endorsed by the Orocobre Board, subject to no proposal for Orocobre emerging. The Independent Expert has also concluded that the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders in the absence of a Superior Proposal for Galaxy emerging.

Orocobre remains committed to its current shareholders, as well as its future shareholders, and we are confident in our ability to bring our expertise to de-risk and deliver the substantial growth pipeline of the Merged Group. We look forward to welcoming you as a shareholder of Orocobre upon successful implementation of the Scheme.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Hubbard', with a stylized, flowing script.

Robert Hubbard
Non-Executive Chairman
Orocobre Limited

IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEME

KEY DATES

Date of this Scheme Booklet	Monday, 5 July 2021
Latest time and date for receipt of completed proxy forms for Scheme Meeting (including proxy forms lodged online)	Wednesday, 4 August 2021 at 10.00 am
Time for determining eligibility to vote at the Scheme Meeting	Wednesday, 4 August 2021 at 5.00 pm
Scheme Meeting to be held at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000 Galaxy Shareholders will also be able to attend and participate in the Scheme Meeting via an online platform. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out at Annexure D of this Scheme Booklet.	Friday, 6 August 2021 at 10.00 am

IF THE SCHEME RESOLUTION IS PASSED BY GALAXY SHAREHOLDERS

Second Court Date for approval of the Scheme	Friday, 13 August 2021
Effective Date Scheme Order lodged with ASIC and lodgement is announced on ASX Last day of trading in Galaxy Shares on ASX (with Galaxy Shares suspended from trading on ASX from close of trading)	Monday, 16 August 2021
New Orocobre Shares commence trading on the ASX on a deferred settlement basis	Tuesday, 17 August 2021
Scheme Record Date for determining entitlements to Scheme Consideration	Wednesday, 18 August 2021 at 5.00 pm
Implementation Date Scheme Shareholders (and the Nominee, on behalf of Ineligible Shareholders) will receive the Scheme Consideration All Scheme Shares transferred to Orocobre	Wednesday, 25 August 2021
New Orocobre Shares commence trading on the ASX on a normal settlement basis.	Thursday, 26 August 2021

All times and dates in the above timetable are references to AWST (unless stated otherwise). 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 each other Condition Precedent to the Scheme being satisfied or waived (where permitted). Galaxy reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on Galaxy's website at www.gxy.com.



1 CONSIDERATIONS RELEVANT TO YOUR VOTE

1

CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Summary

Set out below are some of the reasons why:

- (a) your Galaxy 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 Galaxy Shareholders; and
- (b) notwithstanding the unanimous recommendation of your Galaxy Directors, you may decide to vote against the Scheme.

You should read the entire Scheme Booklet before deciding whether to vote in favour of the Scheme. There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

✓	Creation of a leading ASX-listed pure play lithium company with existing production capacity of approximately 40,000 tpa LCE and which aims to become a top-5 lithium chemicals company globally (top 3 outside of China). ¹⁰
✓	Combination of a highly complementary portfolio of assets to create a lithium company with diversified assets and a project portfolio across four continents and across lithium source, stage of asset and end product.
✓	The Merged Group will have one of the leading development pipelines in the lithium sector with an enhanced financial position to optimise and potentially accelerate development of the portfolio of world class assets and with the ability and intent to capture downstream value.
✓	Potential to create significant synergies and value which Galaxy Shareholders will have the opportunity to share in.
✓	The Merged Group will have an experienced and complementary board and management team with extensive experience operating within Argentina, Australia and Canada and a proven track record of developing and operating projects, to further de-risk the delivery of Sal de Vida and James Bay.
✓	Scale, capacity and expertise to develop and own downstream lithium conversion facilities and capture greater margin from the value chain.

¹⁰ For further information see sections 7.1, 7.2 and 7.5. Refer to Section 7.1(a) for further information in respect of the pro forma production guidance of the Merged Group, which is based on the production guidance of Galaxy and the plant production capacity of Orocobre. The production guidance in respect of the Merged Group is a forward looking statement. Galaxy Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 9.3. Refer to section 1.2(a) for further information on market capitalisation versus selected peers.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

REASONS TO VOTE IN FAVOUR OF THE SCHEME

✓	Potential to attract significant shareholder interest as a leading ASX pure play lithium company by value with enhanced scale, liquidity and financial capacity and which is expected to be included within the ASX200 index (and to approach ASX100 index eligibility thresholds).
✓	Your Galaxy Directors unanimously recommend that Galaxy Shareholders 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 Galaxy Shareholders. As at the Last Practicable Date, no Superior Proposal has emerged.
✓	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of the Galaxy Shareholders in the absence of a Superior Proposal.

These reasons are discussed in more detail in section 1.2 of this Scheme Booklet.

REASONS WHY YOU MAY CHOOSE TO VOTE AGAINST THE SCHEME

✗	You may disagree with your Galaxy Directors' unanimous recommendation or the Independent Expert's conclusion.
✗	The exposure of Galaxy Shareholders to Galaxy's assets is diluted in the Merged Group.
✗	The Scheme increases the exposure of Galaxy Shareholders to Argentina as a jurisdiction compared to Galaxy as a standalone entity.
✗	The Scheme alters the risk profile for Galaxy Shareholders compared to Galaxy as a standalone entity.
✗	A Superior Proposal for Galaxy may emerge in the future, if Galaxy were to continue as a standalone entity.
✗	The tax consequences of the Scheme being Implemented may not suit your current financial position or tax circumstances.
✗	The future trading price of the New Orocobre Shares that form the Scheme Consideration is not certain, and the effective value you receive for your Galaxy Shares may not reflect the market value of Orocobre Shares as at the date of this Scheme Booklet, the Scheme Meeting or the Scheme Record Date.

These reasons are discussed in more detail in section 1.3 of this Scheme Booklet.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

1.2 Reasons to vote in favour of the Scheme

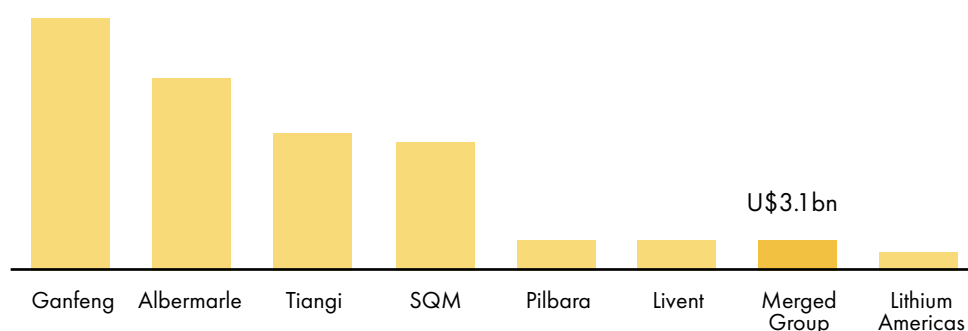
(a) Creation of a leading ASX-listed pure play lithium company with existing production capacity of approximately 40,000 tpa LCE and which aims to become a top-5 lithium chemicals company globally (top 3 outside of China)¹⁰

If the Scheme is Implemented, the Merged Group aims to become a top-5 lithium chemicals company globally (top-3 outside of China) based on market capitalisation¹¹ that has one of the largest lithium resource bases globally.

In line with its global peers, the Merged Group will offer investors diversified exposure across brine, hard rock and downstream processing across four continents, providing the scale and reach to service a wide range of customers and their needs. Investors will also benefit from the enhanced scale and combined technical expertise of the Merged Group which will position it to deliver one of the leading development pipelines in the lithium sector.

Galaxy Shareholders will receive the benefit of the Merged Group's immediate access to the operating expertise and revenues from Orocobre's asset portfolio.

Figure 1.2.1 – Merged Group Combined Market Capitalisation versus selected peers



Note: Market capitalisation of selected lithium focused peers as at the Last Practicable Date. The market capitalisation of the Merged Group is calculated as the sum of the Orocobre and Galaxy market capitalisation as at the Last Practicable Date.

(b) Combination of a highly complementary portfolio of assets to create a lithium company diversified across four continents and across lithium source, stage of asset and end product

Following the anticipated development of its project pipeline, the Merged Group will be one of the world's largest and most geographically diversified producers of lithium chemicals with operations and projects spanning South America (Sal de Vida, Olaroz and Cauchari), North America (James Bay), Australia (Mt Cattlin) and Japan (Naraha). The combined portfolio will include hard rock (Mt Cattlin and James Bay) and brine (Olaroz, Cauchari and Sal de Vida) assets with a product offering covering all major lithium products including spodumene, battery and technical grade lithium carbonate and battery grade lithium hydroxide (Naraha).¹²

¹⁰ For further information see section 7. Refer to Section 7.1(a) for further information in respect of the pro forma production guidance of the Merged Group, which is based on the production guidance of Galaxy and the plant production capacity of Orocobre. The production guidance in respect of the Merged Group is a forward-looking statement. Galaxy Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 9.3.

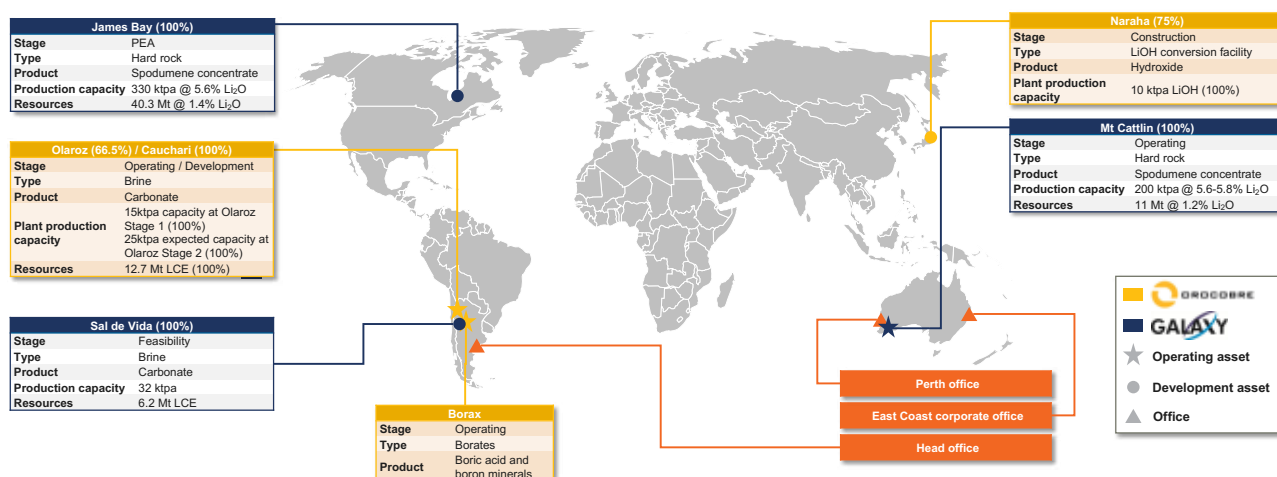
¹¹ Based on market capitalisation of selected lithium focused peers. Market capitalisation of the Merged Group calculated as the sum of the Orocobre and Galaxy market capitalisations as at the Last Practicable Date.

¹² Further information regarding the development risks for the Merged Group is set out in section 9.2(i).

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

Olaroz and Sal de Vida are two highly complementary and large-scale tier-one assets located in Argentina, and the Scheme is expected to deliver significant synergies to the Merged Group and its shareholders.¹³ The Merged Group will also be able to leverage Orocobre's experience from being involved in developing the Naraha lithium hydroxide facility to pursue and optimise a fully integrated downstream strategy at James Bay.

Figure 1.2.2 – Merged Group Product & Geographic Exposure of Asset Portfolio¹⁴



Further information regarding the Mineral Resources and Ore Reserves of Galaxy and the Mineral Resources of Orocobre is set out in section 5.5 and section 6.5, respectively. Further information about production guidance for Galaxy is set out in section 5.6.

- (c) **The Merged Group will have one of the leading growth pipelines in the lithium sector, with an enhanced financial position to optimise and potentially accelerate development and with the ability and intent to capture further downstream value**

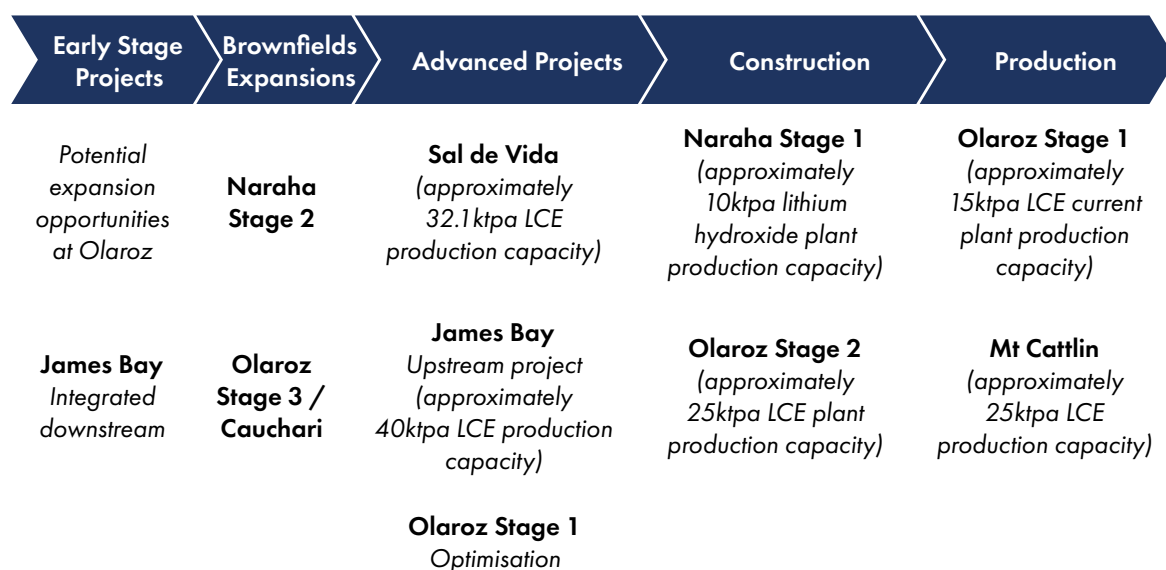
The Scheme will consolidate a portfolio of brine and hard rock lithium projects across the entire production and development spectrum. The growth pipeline is balanced across production optimisation, brownfield expansions, projects in construction and advanced projects and early-stage greenfield projects as outlined in the figure below.

¹³ Refer to section 7.5 for further information in respect of the potential synergies and their value and section 9.2(b) for further information regarding the risks associated with realisation of anticipated synergies (in whole or part).

¹⁴ Sal de Vida & Mt Cattlin Mineral Resources includes inferred Resources. For more information see section 5.5.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

Figure 1.2.3 – Merged Group Combined Project Pipeline¹⁵



The portfolio will include two core producing assets at Olaroz Stage 1 and Mt Cattlin, with existing production capacity of approximately 40,000 tpa LCE¹⁶.

The construction of the Naraha Stage 1 Lithium Hydroxide downstream conversion facility in Japan is expected to be completed in H1 2022. The Olaroz Stage 2 construction is also expected to be completed by H1 2022 and will add additional LCE plant production capacity.

The Merged Group will apply its combined management and technical expertise to the execution of Stage 1 of Sal de Vida, which is currently scheduled to commence commissioning in late 2022, and will evaluate strategic options in relation to Sal de Vida, either on a standalone basis or with strategic investment partners, as part of the Merged Group's detailed review of its operations as further outlined in section 7.8. Following announcement of the Scheme, Galaxy has commenced a study into the potential acceleration of the development of later stages of Sal de Vida, including the combining of Stages 2 and 3 into a single expansion project. This study will be run in parallel without impacting the current development schedule for Stage 1.

Together with the ongoing optimisation of Olaroz Stage 1 and development of a fully integrated James Bay, these advanced projects will aim to add up to an additional 70,000 tpa LCE of production capacity over the medium term.¹⁷ Orocobre is currently undertaking studies for the brownfield expansions of Naraha Stage 2 and Olaroz Stage 3, which have the potential to further increase production capacity. The Merged Group will have one of the leading growth pipelines in the lithium sector aiming to deliver in excess of 100,000 tpa LCE production capacity. See section 7.2 for further information regarding the Merged Group's growth pipeline and section 9.2(i) for information regarding development risks that may impact on the ability of the Merged Group to achieve production guidance, or meet operating and capital expenditure estimates on a timely and accurate basis.

¹⁵ For further information about production capacity for Galaxy and Orocobre see sections 5.6 and 6.6, respectively.

¹⁶ For further information about Mt Cattlin production capacity see section 5.6. For further information about Olaroz Stage 1 plant production capacity see section 6.6.

¹⁷ For further information about production capacity for Galaxy and Orocobre see sections 5.6 and 6.6, respectively.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

The Scheme also creates an enhanced platform of technical expertise, scale, financial capacity and geographic presence which is well placed to consider further inorganic growth options.

(d) Potential to realise significant synergies and value which Galaxy Shareholders will have the opportunity to share in

The Merged Group is expected to realise significant synergies which include sharing of technical expertise, operating efficiencies, marketing expertise and a reduction of corporate overheads.¹⁸ Examples of some of the expected synergies include:

- (i) sharing of each organisation's management, technical and operational expertise to de-risk Sal de Vida and James Bay, and optimise Olaroz;
- (ii) further de-risking Sal de Vida by leveraging Orocobre's proven in-country management, expertise and government relationships from Olaroz to accelerate Sal de Vida development and ramp-up;
- (iii) pursuing a vertically integrated strategy at James Bay by simultaneously investigating investment into a wholly-owned downstream conversion facility to deliver a higher value lithium hydroxide end product sooner than previously anticipated;
- (iv) realising further operational synergies by managing Sal de Vida and Olaroz under the same leadership structure, with the ability to share key staff and functional support across Olaroz and Sal de Vida to add operational flexibility and efficiencies;
- (v) optimising procurement and logistics across Sal de Vida and Olaroz which is expected to lower operating costs due to economies of scale, and leveraging improved purchasing power;
- (vi) realising marketing synergies through significantly expanded customer relationships, global reach across all key continents and a broader production base across lithium product, type and grade;
- (vii) enabling the Merged Group to supply a larger global customer base as a large-scale lithium chemicals producer with a diversified production base and product offering; and
- (viii) consolidating corporate functions and centralising support functions.

The Scheme, if Implemented, will consolidate the Sal de Vida and Olaroz assets which are both located in north-western Argentina. The increased scale and ability to share proprietary data, management expertise and key employees will be leveraged to de-risk Sal de Vida and optimise Olaroz, with the potential to realise a number of benefits, including the following:

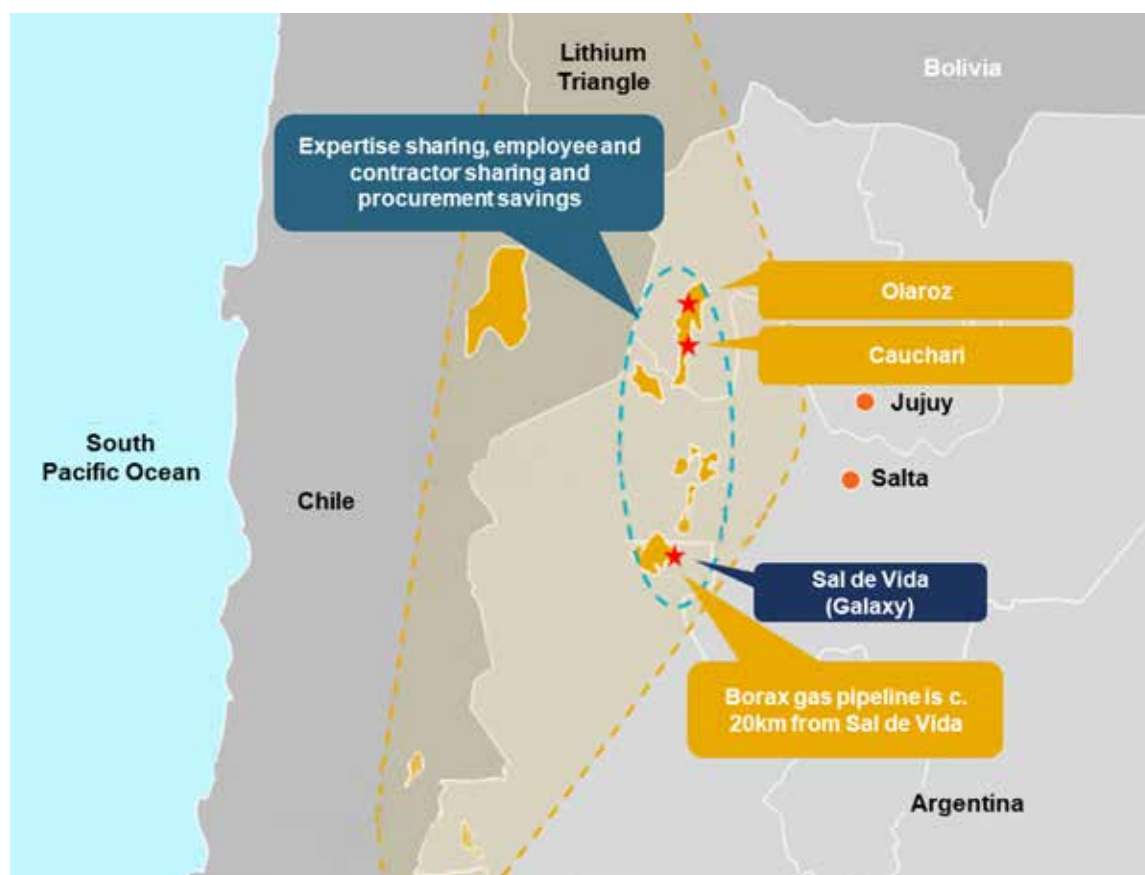
- (i) de-risking the development of Sal de Vida by leveraging the technical, development and operating learnings from the team that built Olaroz, the only lithium brine asset to be developed in the last 20 years;

¹⁸ Galaxy and Orocobre are not in a position to finalise modelling that would definitively quantify the expected financial benefits of the expected synergies. This will only be able to be achieved following Implementation of the Scheme and completion of the Merged Group's detailed review of its operations (as outlined in section 7.8). Due to a number of factors outside of the control of Galaxy and Orocobre, including the risk factors in section 9, final synergy values that may be realisable by the Merged Group will only be clearer following Implementation of the Scheme (and even then may not ultimately be realised).

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

- (ii) applying combined and proprietary technical expertise to optimise the Olaroz operations;
- (iii) potentially unlocking operational synergies by managing Sal de Vida and Olaroz under the same Argentinian leadership structure, with the operational flexibility to re-route and share key staff between operations and source and retain talented employees as the Merged Group becomes a more attractive employer;
- (iv) realising potential synergies from applying the Borax Tincalayu infrastructure and proposed gas pipeline to potentially reduce energy costs at Sal de Vida (Sal de Vida is approximately 20km from the proposed gas pipeline);
- (v) utilising Orocobre's in-country management expertise and the Merged Group's strengthened balance sheet to potentially accelerate Sal de Vida Stage 2 and 3; and
- (vi) leveraging the scale of Sal de Vida and Olaroz to potentially establish the largest lithium producer in Argentina, delivering significant economic development to the North-western region of Argentina and an opportunity to further strengthen relationships with the Argentinian Federal and Provincial governments.¹⁹

Figure 1.2.4 – Geographical location of the Merged Group's Argentinian assets



¹⁹ There is a risk that anticipated synergies will not be realised (in whole or in part). Further information about this risk is set out in section 9.1(a).

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(e) Highly experienced and complementary board and senior management teams to drive growth

The Scheme combines two highly experienced and complementary board and senior management teams with extensive experience operating within Argentina, Australia and Canada and a proven track record of successfully delivering growth projects. The leadership team of the Merged Group will be well positioned to leverage its extensive lithium knowledge and its in-country experience and local government relationships to deliver and de-risk its pipeline of projects going forward.

The Merged Group Board will comprise nine members, with Orocobre and Galaxy to each contribute four independent directors. Martín Pérez de Solay will continue with the Merged Group Board as CEO and Managing Director and will retain Orocobre's existing senior management team. Simon Hay will assume a newly created role as President of International Business and will report to the CEO. Martin Rowley will be appointed as Non-Executive Chairman and Robert Hubbard will be appointed as Deputy Chairman of the Merged Group Board. Both Mr Rowley and Mr Hubbard will retire from their roles within 12 months of Implementation and will lead a process to ensure that the long-term Merged Group Board composition is ideally composed to lead the Merged Group going forward.

Additionally, the Scheme will combine the Argentinian workforce from both companies to number approximately 800 staff. More information about the intended composition of the Merged Group Board, and the intentions of the Merged Group following Implementation, is set out in sections 7.7 and 7.8, respectively.

(f) Scale, capacity and expertise to develop and own downstream lithium conversion facilities and capture greater margin from the value chain

The Merged Group will have the scale, capacity and expertise to develop wholly-owned downstream conversion facilities to produce a higher value lithium hydroxide end product. Such a strategy will accelerate the development of downstream lithium conversion facilities as part of the James Bay development. In addition, lithium hydroxide conversion facilities can be evaluated for future production from Olaroz (Stage 3) and Sal de Vida.

(g) Potential to attract significant investor interest as a leading ASX lithium company with enhanced scale, liquidity and financial capacity which is expected to be included in the ASX200 index (and to approach ASX100 index eligibility thresholds)

The Scheme will provide investors with exposure to a leading lithium chemicals company with enhanced scale, liquidity and financial capacity. The Merged Group is expected to be included in the ASX 200 index, and to approach the ASX 100 index thresholds, which will strengthen the Merged Group's capital market profile and help attract domestic and global investors.

The Merged Group will also benefit from a significantly strengthened balance sheet with combined gross cash of \$487 million,²⁰ \$40 million in undrawn corporate facilities and meaningful operating cashflows from existing operations. This will provide the financial flexibility to deliver a world class development project pipeline and accelerate multiple projects in parallel, either on a standalone and wholly-owned basis or with strategic investment partners as referred to in section 1.2(c).

²⁰ Includes restricted cash of \$108m. For more detail on "restricted cash" see section 6.10

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(h) Your Galaxy Directors unanimously recommend that Galaxy Shareholders 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 Galaxy Shareholders. As at the Last Practicable Date, no Superior Proposal has emerged

The Galaxy Board unanimously recommends that Galaxy Shareholders 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 Galaxy Shareholders. The decision of your Galaxy Directors to give their recommendation in relation to the Scheme follows an extensive due diligence assessment by Galaxy of Orocobre and consideration of the merits of the Scheme, including:

- (i) the merits and challenges of continuing to operate Galaxy as a standalone entity;
- (ii) the merits and strategic rationale of the Scheme; and
- (iii) the likelihood of a Superior Proposal for Galaxy emerging in the future.

Your Galaxy Directors consider that the reasons to vote in favour of the Scheme (including those summarised in this section 1.2) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.3). Therefore, your Galaxy Directors unanimously recommend that Galaxy Shareholders 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 Galaxy Shareholders. Your Galaxy Directors consider that the Scheme has the potential to realise greater benefits to Galaxy Shareholders than any other alternative currently available, including Galaxy continuing as a standalone entity.

In relation to the Galaxy Directors' unanimous recommendation, Galaxy Shareholders should note the arrangements set out in section 7.7 (in relation to the appointment of certain Galaxy Directors to the Merged Group Board) and section 11.2 (in relation to the treatment of Galaxy Performance Rights), including that some Galaxy Directors have certain interests in the outcome of the Scheme which may differ from those of other Galaxy Shareholders if the Scheme is Implemented.

This includes your Galaxy Directors appointed to the Orocobre Board being entitled to remuneration determined in accordance with Orocobre's remuneration policies and to potentially participate in the NED SRP described in section 6.14(b). The maximum aggregate remuneration of Non-Executive Directors of Orocobre is approved from time to time by Orocobre Shareholders at a general meeting of Orocobre. The current aggregate fee pool is A\$850,000 which was established and approved at Orocobre's 2017 Annual General Meeting. Subject to Orocobre Shareholder approval, this fee pool is likely to be increased to accommodate the restructured board of the Merged Group.

These arrangements are disclosed in this Scheme Booklet to allow Galaxy Shareholders to consider the Galaxy Directors' unanimous recommendation (that Galaxy Shareholders 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 Galaxy Shareholders), with the full context of the Galaxy Directors' interests in the outcome of the Scheme.

Each Galaxy Director intends to vote in favour of the Scheme in respect of any Galaxy Shares held or controlled by them at the time of the Scheme Meeting, subject to those same qualifications. As at the Last Practicable Date, no Superior Proposal for Galaxy has emerged.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(i) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of the Galaxy Shareholders, in the absence of a Superior Proposal

The Independent Expert, Deloitte Corporate Finance Pty Limited, has concluded that the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders in the absence of a Superior Proposal. The reasons for the Independent Expert's conclusion are set out in the Independent Expert's Report in Annexure E. Your Galaxy Directors recommend that Galaxy Shareholders read the Independent Expert's Report in full.

1.3 Reasons why you may choose to vote against the Scheme

(a) You may disagree with your Galaxy Directors' unanimous recommendation or the Independent Expert's conclusion

You may disagree with the unanimous recommendation of your Galaxy Directors and/or the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders, in the absence of a Superior Proposal. Refer to Annexure E for a copy of the Independent Expert's Report.

(b) The exposure of Galaxy Shareholders to Galaxy's assets is diluted in the Merged Group

Following the Implementation of the Scheme, Galaxy Shareholders will hold approximately 45.7% of the fully diluted issued share capital of Orocobre. Accordingly, Galaxy Shareholders will have a reduced exposure to Galaxy's existing project portfolio.

It is possible that you may wish for Galaxy to remain a standalone entity because you specifically invested in Galaxy to seek exposure to a company with the specific characteristics of Galaxy.

(c) The Scheme increases the exposure of Galaxy Shareholders to Argentina compared to Galaxy as a standalone entity

The Merged Group will have greater exposure to Argentinian assets as compared to Galaxy as a standalone entity and you may consider the political risk profile of this to be disadvantageous relative to that of Galaxy as a standalone entity (see section 9 for specific risk factors relating to the Scheme, the creation of the Merged Group and risks relating to the Merged Group, including in particular the sovereign risk factor in section 9.2(k)).²¹

(d) The Scheme alters the risk profile for Galaxy Shareholders compared to Galaxy as a standalone entity

The risk profile for Galaxy Shareholders will change if the Scheme is Implemented and you may consider the risk profile of the Merged Group to be disadvantageous relative to that of Galaxy as a standalone entity. The Merged Group will have exposure to different risks and benefits to which Galaxy Shareholders are currently exposed. Section 9 outlines the specific risk factors relating to the Scheme and the creation of the Merged Group as well as the risks relating to the Merged Group. Whilst Galaxy and Orocobre are both lithium producers and developers, other key differences including capital structure, ownership and board and management of the Merged Group will differ from that of Galaxy as a standalone entity.

²¹ Further details of the political risk profile of Argentinian assets is set out at section 9.2(k).

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(e) A Superior Proposal for Galaxy may emerge in the future, if Galaxy were to continue as a standalone entity

You may believe that there is a possibility that a Superior Proposal for Galaxy could emerge in the foreseeable future. However, between the Announcement Date (being 19 April 2021) and the Last Practicable Date (being 1 July 2021) no Superior Proposal has been received or has otherwise emerged.

If a Superior Proposal emerges, this will be announced to ASX, and your Galaxy Directors would carefully consider such Superior Proposal and advise Galaxy Shareholders accordingly.²²

If the Scheme is Implemented, the Scheme will not prevent Scheme Shareholders from benefitting from a third party proposal in respect of the Merged Group in the future, if such a proposal were to emerge.

(f) The tax consequences of the Scheme may not suit your current financial position or tax circumstances

Implementation of the Scheme may trigger taxation consequences for Galaxy Shareholders. A general guide to the Australian taxation implications of the Scheme has been prepared by Galaxy's taxation advisor, Ernst & Young, and is set out in section 10.

All Galaxy Shareholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Galaxy Shareholders, foreign tax consequences.

(g) The trading value of the Scheme Consideration is not fixed and will depend on the price at which Orocobre Shares trade on the ASX after the Implementation Date

The future trading price of the New Orocobre Shares that form the Scheme Consideration is not certain and the effective value that you receive for your Galaxy Shares under the Scheme may not reflect the market value of Orocobre Shares as at the date of this Scheme Booklet, the Scheme Meeting or the Scheme Record Date. Alternatively, if there is an increase in the trading price of Orocobre Shares between the date of this Scheme Booklet and the time you receive the Scheme Consideration, the effective value you receive for your Galaxy Shares may be favourable compared to the market value of the Orocobre Shares as at the date of this Scheme Booklet or the Scheme Meeting.

1.4 Other considerations

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

²² Galaxy is subject to exclusivity provisions under the Merger Implementation Deed (see section 1.4(b) and part 8 of Annexure A).

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(a) Implications for Galaxy if the Scheme is not Implemented

If the Scheme is not Implemented, Galaxy Shareholders will retain their Galaxy Shares and will not receive the Scheme Consideration. A summary of the key risks for Galaxy and Galaxy Shareholders if the Scheme is not Implemented is set out in section 9.4.

Transaction related costs of approximately A\$2,500,000 are expected to be incurred by Galaxy irrespective of whether or not the Scheme is Implemented. These amounts do not include transaction or other similar costs that may be incurred by Orocobre (and may therefore be incurred by the Merged Group) should the Scheme proceed. Further details of the costs estimated to be incurred by Galaxy and Orocobre in relation to the Scheme (including in the event the Scheme does not proceed) are set out in section 11.9 of this Scheme Booklet.

(b) Exclusivity obligations

The Merger Implementation Deed contains certain customary exclusivity arrangements, including:

- (i) reciprocal no shop provisions;
- (ii) reciprocal no talk and no due diligence provisions (each subject to customary exceptions to allow the directors of Galaxy and Orocobre to comply with their fiduciary obligations); and
- (iii) a matching right regime in favour of Orocobre in relation to any Superior Proposal received by Galaxy.

These exclusivity arrangements are detailed in part 8 of Annexure A.

(c) Break fees

In certain circumstances, a break fee of A\$18,600,000 may be payable:

- (i) to Orocobre by Galaxy (**Galaxy Break Fee**); or
- (ii) to Galaxy by Orocobre (**Orocobre Break Fee**).

The Galaxy Break Fee is payable to Orocobre where:

- (i) Orocobre terminates the Merger Implementation Deed due to a material breach by Galaxy;
- (ii) during the Exclusivity Period, any Galaxy director withdraws their support for the Scheme by withdrawing or adversely modifying their recommendation in relation to the Scheme, or makes an announcement in support of a Competing Proposal, except where the Independent Expert:
 - (A) concludes (in an update, revision, amendment or addendum to the Independent Expert's Report) that the Scheme is not in the best interests of Galaxy Shareholders; or
 - (B) withdraws the Independent Expert's Report prior to 7.00 am on the Second Court Date; and
- (iii) a Competing Proposal is announced or received by Galaxy and, within 9 months, the Competing Bidder (together with any of its associates) acquires voting power of (or an economic interest in) more than 50% of all Galaxy Shares and that Competing Proposal is (or becomes) free from any conditions (or if the Competing Proposal is a scheme of arrangement, the scheme becomes effective).

The full circumstances in which the Galaxy Break Fee or Orocobre Break Fee may be payable are set out in part 9 of Annexure A.

1 CONSIDERATIONS RELEVANT TO YOUR VOTE

(d) Warranties by Scheme Shareholders about their Scheme Shares and no encumbrances over Scheme Shares


Under the Scheme, each Scheme Shareholder is deemed to have warranted to Galaxy and Orocobre that:

- (i) all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer of them to Orocobre (ie on the Implementation Date), be fully paid and free from all encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (ii) they have full power and capacity to sell and transfer their Scheme Shares (including any rights and entitlements to attaining to those shares) to Orocobre under the Scheme; and
- (iii) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of securities in Galaxy.

In addition, pursuant to the Scheme and to the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under the Scheme to Orocobre will, at the time of transfer of them to Orocobre (ie on the Implementation Date), vest in Orocobre free of all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(e) The Scheme may be Implemented even if you vote against the Scheme or you do not vote at all

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 Galaxy Shareholders and the Court. If this occurs, your Galaxy Shares will be transferred to Orocobre and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

An aerial photograph of a large-scale solar evaporation facility. The foreground shows several rectangular ponds filled with a light blue liquid, separated by dark, earthen embankments. In the background, a range of rugged, snow-capped mountains stretches across the horizon under a clear sky. The entire image is overlaid with a semi-transparent dark blue layer, and a bright blue L-shaped graphic element is positioned on the right side.

2

FREQUENTLY ASKED QUESTIONS

2 FREQUENTLY ASKED QUESTIONS

This section answers some common questions you may have about the Scheme. It is not intended to be exhaustive or address all relevant issues for Galaxy Shareholders and should be read together with all other parts of this Scheme Booklet. If you have any additional questions about this Scheme Booklet or the Scheme that are not addressed below, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays.

Question	Answer	More information
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OVERVIEW OF THE SCHEME

Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Galaxy Shareholder and Galaxy Shareholders are being asked to vote on the Scheme at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.</p> <p>Please disregard this Scheme Booklet if you have transferred or disposed of all of your Galaxy Shares as you will not be entitled to vote at the Scheme Meeting.</p>	Section 4
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Galaxy and the Scheme Shareholders.</p> <p>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 (typically known as the “target” company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the “Requisite Majorities”.</p> <p>If the Scheme becomes Effective, Orocobre will acquire all of the Scheme Shares for the Scheme Consideration, and Galaxy will become a wholly owned Subsidiary of Orocobre.</p>	Section 3.1 and Annexure C
What is the Scheme Consideration?	<p>Each Scheme Shareholder (other than Ineligible Shareholders) will receive 0.569 New Orocobre Shares for each Galaxy Share held by the Scheme Shareholder on the Scheme Record Date.</p> <p>Ineligible Shareholders who hold Scheme Shares on the Scheme Record Date will ultimately receive Ineligible Shareholder Cash Proceeds as consideration for their Scheme Shares in lieu of New Orocobre Shares.</p>	Sections 3.2 and 3.13(c)

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What do your Galaxy Directors recommend?	<p>Your Galaxy Directors unanimously recommend that all Galaxy Shareholders 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 Galaxy Shareholders.</p> <p>The decision of Galaxy Directors to recommend the Scheme follows a comprehensive assessment by Galaxy of Orocobre and consideration of potential benefits and risks of the Scheme. Your Directors consider that the Scheme has the potential to deliver greater benefits to Galaxy Shareholders than any other alternative currently available, including Galaxy continuing as a standalone entity.</p> <p>Section 1.2 of this Scheme Booklet provides a summary of the reasons why your Galaxy Directors consider that Galaxy Shareholders vote in favour of the Scheme, again subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Galaxy Shareholders.</p>	Section 3.7
How do your Galaxy Directors intend to vote?	<p>Each Galaxy Director who holds or controls Galaxy Shares intends to vote all Galaxy Shares held or controlled by them 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 Galaxy Shareholders.</p> <p>Details of your Galaxy Directors' interests in Galaxy Shares are set out in section 11.1 of this Scheme Booklet.</p>	Section 3.7
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders, in the absence of a Superior Proposal.</p> <p>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 E of this Scheme Booklet. Your Galaxy Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.</p> <p>If the Independent Expert changes its conclusion, this will be announced to the ASX. In such circumstances, the Galaxy Board will consider the revised opinion and advise Galaxy Shareholders of their recommendation. If the Independent Expert changes, withdraws or qualifies its conclusion in any written update to the Independent Expert's Report, or withdraws the Independent Expert's Report prior to 7.00 am on the Second Court Date, Galaxy may be entitled to terminate the Merger Implementation Deed.</p>	Annexure E
What will be the effect of the Scheme?	<p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> all of your Galaxy Shares will be transferred to Orocobre; in exchange, you will receive the Scheme Consideration of 0.569 New Orocobre Shares for each Galaxy Share you hold (unless you are an Ineligible Shareholder, in which case you will ultimately receive the Ineligible Shareholder Cash Proceeds in lieu of New Orocobre Shares); and Galaxy will become a wholly-owned subsidiary of Orocobre. 	Section 3.1

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What are the prospects of receiving a Superior Proposal?	<p>Since the Scheme was announced on 19 April 2021, no Superior Proposal has emerged. Given the time that has elapsed since the announcement of the Scheme, and due to the merger of equals nature of the transaction structure, your Galaxy Directors' view is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting.</p> <p>It is possible that, if Galaxy were to continue as an independent company, a Superior Proposal for Galaxy may emerge in the future.</p> <p>Your Galaxy Directors are of the view that a number of the synergies and benefits listed in section 1.2 might only be realised through the specific combination of Galaxy and Orocobre.</p>	
How has the Galaxy Board worked in the best interests of Galaxy Shareholders?	<p>The terms of the Merger Implementation Deed were negotiated between Galaxy and Orocobre, with the Galaxy Directors seeking to ensure that the final Merger Implementation Deed reflects the best possible outcome for Galaxy Shareholders.</p> <p>As noted above, the decision of Galaxy Directors to recommend the Scheme follows a comprehensive assessment by Galaxy of Orocobre and consideration of the potential benefits and risks of the Scheme. Your Directors consider that the Scheme has the potential to deliver greater benefits to Galaxy Shareholders than any other alternative currently available, including Galaxy continuing as a standalone entity.</p> <p>Your Galaxy Directors are of the view that a number of the synergies and benefits listed in section 1.2 might only be realised through the specific combination of Galaxy and Orocobre.</p>	
What are the risks for me if the Scheme is Implemented?	Galaxy Shareholders who receive New Orocobre Shares under the Scheme may be subject to certain risks, as detailed in section 9.	Section 9
If I wish to support the Scheme, what should I do?	<p>If you wish 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>If you are a registered Galaxy Shareholder and you are unable to attend the Scheme Meeting in person or online, you may be entitled to vote by proxy, corporate representative or attorney. You can lodge a vote online at www.investorvote.com.au using your secure access information (or scan the personalised QR code on your proxy form). If you are a custodian go to www.intermediaryonline.com.</p>	Section 4

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What are the consequences of the Scheme not being approved?	<p>If the Scheme is not approved by the Requisite Majorities of Galaxy Shareholders or by the Court, the Scheme will not become Effective and will not be Implemented. In these circumstances, Galaxy will remain an independent company and you will remain a Galaxy Shareholder.</p> <p>Further, if any other Condition Precedent to the Scheme is not satisfied or waived (where permitted), the Merger Implementation Deed may be terminated and the Scheme will not be Implemented.</p> <p>The consequences of the Scheme not being Implemented include (but are not limited to) that:</p> <ul style="list-style-type: none"> • you will retain your Galaxy Shares and continue to be exposed to the risks associated with an investment in Galaxy; • you will not receive the Scheme Consideration; • the Galaxy Board and Galaxy's management will continue to operate Galaxy's business; • the expected benefits of the Scheme (set out in section 1.2) will not be realised; and • the price of Galaxy Shares traded on ASX may fall, to the extent that the market price of Galaxy Shares reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty). <p>Further information about the implications and risks for Galaxy Shareholders if the Scheme is not Implemented is set out in section 3.16 and 9.4.</p>	Section 3.16 and 9.4
Can I attend the Court and oppose the Court approval of the Scheme?	<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 Galaxy, 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 Galaxy at least one day before the Second Court Date.</p>	-

THE SCHEME CONSIDERATION

What are the New Orocobre Shares being issued as Scheme Consideration?	<p>The New Orocobre Shares being issued as Scheme Consideration are new fully paid ordinary shares in Orocobre which will rank equally in all respects with all existing Orocobre Shares as at the Implementation Date.</p>	Section 6.18
When and how will I receive my Scheme Consideration?	<p>You will be eligible to receive the Scheme Consideration if you are a Scheme Shareholder on the Scheme Record Date.</p> <p>If the Scheme becomes Effective, Orocobre must issue New Orocobre Shares to you (or to the Nominee on your behalf if you are an Ineligible Shareholder) on the Implementation Date (currently expected to be 25 August 2021).</p> <p>Orocobre will send, or procure the sending of, holding statements (or other evidence of ownership) for the New Orocobre Shares issued to Scheme Shareholders (except Ineligible Shareholders) within five Business Days after the Scheme Record Date.</p>	Section 3.3

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Will I be able to trade the New Orocobre Shares on ASX?	<p>Yes, Orocobre Shares currently trade on ASX, and if the Scheme is Implemented, the New Orocobre Shares will trade on ASX.</p> <p>It is expected that you will be able to trade the New Orocobre Shares on a deferred settlement basis from the Business Day after the Effective Date.</p> <p>Please note that the exact number of New Orocobre Shares to be issued to you will not be confirmed until you receive your holding statement (or other evidence of ownership) following the Implementation Date. Should you deal in your New Orocobre Shares before receiving your holding statement (or other evidence of ownership), it is your responsibility to ensure that you do not commit to sell more New Orocobre Shares than will be issued to you.</p>	Section 3.11
What are the tax implications of the Scheme?	<p>If the Scheme becomes Effective, there may be tax consequences for Galaxy Shareholders which may include tax being payable on any gain or disposal of their Scheme Shares. Galaxy Shareholders are urged to seek their own independent tax advice regarding the specific tax consequences of the Scheme, which may differ depending on the nature of characteristics of each Galaxy Shareholder.</p> <p>A summary of the general Australian tax consequences for Scheme Shareholders who participate in the Scheme is set out in section 10. However, Scheme Shareholders should not rely on the summary in section 10 in substitution for specific advice on their own affairs.</p>	Section 10
Will I be entitled to scrip-for-scrip capital gains tax (CGT) rollover relief?	<p>Based on the general summary of taxation consequences included in section 10, following the Implementation of the Scheme, it is expected that Galaxy Shareholders who are not Ineligible Shareholders and who hold their shares on capital account should be entitled to Australian CGT scrip-for-scrip roll-over relief in respect of the New Orocobre Shares they receive as Scheme Consideration.</p> <p>Notwithstanding this, you are urged to seek professional taxation advice in relation to your own personal circumstances.</p> <p>Galaxy Shareholders should note that Galaxy has not and is not intending to apply for a class ruling from the ATO on the applicability of such CGT roll-over relief.</p>	Section 10
Can I choose to receive cash instead of New Orocobre Shares?	<p>No. There is no option for Scheme Shareholders to elect to receive cash in place of the Scheme Consideration.</p> <p>If a Scheme Shareholder is an Ineligible Shareholder and the Scheme becomes Effective, the New Orocobre Shares that would have been issued to those Ineligible Shareholders will instead be issued to the Nominee on the Implementation Date, to be sold by the Nominee on behalf of the Ineligible Shareholders. Ineligible Shareholders will receive their respective proportion of the net proceeds of the sale of those New Orocobre Shares in the form of cash. For more information on the sale process see section 3.13(c).</p>	Section 3.13

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Who is classified as an Ineligible Overseas Shareholder?	<p>A Scheme Shareholder will be an Ineligible Overseas Shareholder if their address as shown in the Galaxy Register on the Scheme Record Date is a place outside of Australia, New Zealand and their respective external territories, unless Orocobre, determines (in its sole and absolute discretion) that it is lawful and not unduly onerous or impracticable to issue New Orocobre Shares to that Scheme Shareholder on Implementation.</p> <p>Orocobre has determined that Galaxy Shareholders whose addresses are shown in the Galaxy Register on the Scheme Record Date as being in Argentina, Canada, Hong Kong or the United Kingdom, will also be entitled to receive New Orocobre Shares under the Scheme. Accordingly, a Galaxy Shareholder whose address is shown in the Galaxy Register on the Scheme Record Date as being in a place outside of Australia and New Zealand (and their external territories), Argentina, Canada, Hong Kong and the United Kingdom, will, unless Orocobre (in its sole and absolute discretion) determines otherwise, be an Ineligible Overseas Shareholder for the purposes of the Scheme and this Scheme Booklet should be read accordingly.</p>	Section 3.13(a)
What are the consequences if I am a Galaxy Shareholder holding less than A\$500 worth of Galaxy Shares?	<p>If you are a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date would, on Implementation, be entitled to receive less than a “marketable parcel” (which, as at the date of this Scheme Booklet, means A\$500 worth) of New Orocobre Shares (assessed by reference to the price of Orocobre Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date), you are an Unmarketable Parcel Shareholder.</p> <p>If you are an Unmarketable Parcel Shareholder and you wish to receive the Scheme Consideration in the form of New Orocobre Shares, you must provide Computershare with a duly completed Opt-in Notice before 5.00 pm (AWST) on 17 August 2021 (being the Business Day prior to the Scheme Record Date). Duly completed Opt-in Notices must be returned by email to corpactprocessing@computershare.com.au, or by mail in accordance with the instructions on the Opt-in Notice.</p> <p>Any Unmarketable Parcel Shareholder who does not provide Computershare with a duly completed Opt-in Notice prior to this time is a “Relevant Unmarketable Parcel Shareholder”. Relevant Unmarketable Parcel Shareholders are “Ineligible Shareholders”. If you are a Relevant Unmarketable Parcel Shareholder, the New Orocobre Shares to which you would otherwise be entitled will be issued to the Nominee, who will deal with those New Orocobre Shares in accordance with the procedure set out at section 3.13(c).</p>	Section 3.13

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What will Ineligible Shareholders receive under the Scheme?	<p>"Ineligible Shareholder" means either:</p> <ul style="list-style-type: none"> • an "Ineligible Overseas Shareholder"; or • a "Relevant Unmarketable Parcel Shareholder". <p>Ineligible Shareholders will not receive New Orocobre Shares pursuant to the Scheme.</p> <p>If you are an Ineligible Shareholder, on Implementation of the Scheme, all New Orocobre Shares that you would otherwise have been entitled to receive will be issued to the Nominee for sale by the Nominee on your behalf and at your risk as soon as reasonably practicable and in any event within 10 Business Days (on which the New Orocobre Shares are capable of being traded on ASX) of the Implementation Date.</p> <p>You will receive such proportion of the proceeds in Australian dollars (after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs) as is owed to you calculated by reference to the formula set out in section 3.13(c), in full satisfaction of your rights to the Scheme Consideration (known in this Scheme Booklet as the Ineligible Shareholder Cash Proceeds).</p>	Section 3.13
How will fractional entitlements to Orocobre Shares be treated?	<p>If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of an Orocobre Share, your fractional entitlement of:</p> <ul style="list-style-type: none"> • 0.5 of a New Orocobre Share or more will be rounded up to the nearest whole number; and • less than 0.5 of a New Orocobre Share will be rounded down to the nearest whole number. 	Section 3.14
How will Galaxy Performance Rights be treated?	<p>On the Court making the Scheme Order, all unvested Galaxy Performance Rights will automatically vest in accordance with their terms. Prior to the Scheme Record Date, Galaxy will use all reasonable endeavours to procure that each Galaxy Performance Right is exercised and Galaxy Shares are issued to the holder.</p>	Section 11.2
What happens if the market price of Orocobre Shares increases or decreases?	<p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the price of Orocobre Shares.</p> <p>Irrespective of movements in the price of Orocobre Shares, on the Implementation Date, you (or the Nominee, if you are an Ineligible Shareholder) will receive the Scheme Consideration, being 0.569 New Orocobre Shares for every Galaxy Share held as at the Scheme Record Date.</p> <p>For more information on the closing price and daily trading volume of Orocobre Shares over the last 12 months up to 1 July 2021, being the Last Practicable Date, see section 6.16.</p>	-

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What warranties do I give under the Scheme?	<p>Under the Scheme, each Scheme Shareholder is deemed to have warranted to Galaxy and Orocobre on the Implementation Date that:</p> <ul style="list-style-type: none"> all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the time of transfer of them to Orocobre, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the <i>Personal Properties Securities Act 2009</i> (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; they have full power and capacity to transfer Scheme Shares to Orocobre together with any rights attaching to those shares; and as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of Galaxy securities. 	Section 1.4(d)

THE SCHEME MEETING AND VOTING DETAILS

Can I vote at the Scheme Meeting?	Each Galaxy Shareholder who is registered on the Galaxy Register at 5.00 pm (AWST) on 4 August 2021 is entitled to attend and vote at the Scheme Meeting.	Section 4.5 and Annexure D
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting will be held at 10.00 am on Friday 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000.</p> <p>Galaxy Shareholders will also be able to attend and participate in the Scheme Meeting online via an online platform. Details of how to access the online platform are contained in the Notice of Meeting set out in Annexure D.</p>	Section 4.4 and Annexure D
What am I being asked to vote on?	<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 D of this Scheme Booklet.</p>	Annexure D
What vote is required to approve the Scheme?	<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"> (headcount test) unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Galaxy Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate Galaxy Shareholders, by corporate representative); and (voting test) at least 75% of the total number of votes cast on the Scheme Resolution by Galaxy Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney, or in the case of corporate Galaxy Shareholders, by corporate representative). <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to other outstanding Conditions Precedent including the approval of the Court.</p> <p>The Court has discretion to waive the requirement for the headcount test to be passed. If, at the Scheme Meeting, Galaxy Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the headcount test, the Merger Implementation Deed sets out a process under which the parties may work together to apply to the Court for a waiver of the headcount test.</p>	Section 3.9 and Annexure D

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
How do I vote?	<p>You may vote on the Scheme Resolution:</p> <ul style="list-style-type: none"> • by attending the Scheme Meeting in person or online; • by appointing one or two proxies to attend the Scheme Meeting in person or online and vote on your behalf, by following the instructions in section 4.6 of this Scheme Booklet, so that it is received by 10.00 am (AWST) on 4 August 2021; • by appointing an attorney to attend the Scheme Meeting in person or online and vote on your behalf, using a duly executed power of attorney lodged with Galaxy by 10.00 am (AWST) on 4 August 2021; or • by appointing a corporate representative (in the case of a Galaxy Shareholder which is a body corporate) to attend the Scheme Meeting in person or online and vote on your behalf, using a duly executed certificate of appointment of a corporate representative lodged with Galaxy by 10.00 am (AWST) on 4 August 2021. 	Section 4.6 and Annexure D
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important and your Galaxy Directors encourage you to vote. If you cannot attend the Scheme Meeting (either in person or online) you should appoint a proxy, attorney or corporate representative (as applicable) to vote on your behalf.</p> <p>Your Galaxy 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 Galaxy Shareholders.</p>	Section 4
What happens if I do not vote?	<p>If you do not vote on the Scheme Resolution at the Scheme Meeting and the Scheme becomes Effective:</p> <ul style="list-style-type: none"> • all of your Galaxy Shares will be transferred to Orocobre; • in exchange, you will receive the Scheme Consideration of 0.569 New Orocobre Shares for each Galaxy Share that you hold (unless you are an Ineligible Shareholder, in which case you will receive the Ineligible Shareholder Cash Proceeds); • Galaxy will become a wholly-owned subsidiary of Orocobre; and • Galaxy will request that ASX remove Galaxy from the official list of ASX on or shortly after the Implementation Date. <p>If the Scheme does not become Effective, Galaxy will remain an independent company and you will remain a Galaxy Shareholder.</p>	Sections 3.16

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What happens if I vote against the Scheme Resolution?	<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 Galaxy Shareholders and each other Condition Precedent is satisfied or waived (where permitted).</p> <p>If the Scheme becomes Effective, your Galaxy Shares will be transferred to Orocobre on the Implementation Date in consideration for Orocobre issuing the Scheme Consideration to you on the Implementation Date (or in the case of Ineligible Shareholders, issued to the Nominee on your behalf to be sold with the net proceeds of such sales to be remitted to Ineligible Shareholders in accordance with the process described in section 3.13(c)). 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 Galaxy Shareholders, or the Court, or any other Condition Precedent to the Scheme is not satisfied or waived (where permitted), Galaxy will remain a standalone entity and you will remain a Galaxy Shareholder. You will not receive the Scheme Consideration in these circumstances. Further information about the implications and risks for Galaxy Shareholders if the Scheme is not Implemented are set out in section 3.16 and 9.4.</p>	Section 4.2
How will voting at the Scheme Meeting be conducted?	<p>Voting at the Scheme Meeting will be conducted by way of a poll.</p> <p>This means that every Galaxy 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 Galaxy Share held by them.</p>	Section 4.6 and Annexure D
When will the result of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to ASX shortly after its conclusion and will also be made available on Galaxy's website at www.gxy.com .	-
Can I split my shares?	If Orocobre is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding) have, prior to the Scheme Record Date, been party to shareholder splitting or division in attempt to obtain unfair advantage by reference to such rounding, Orocobre may give notice to those Scheme Shareholders attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice. This notice deems the Scheme Shareholder identified in the notice to be the holder of all those Scheme Shares the subject of the shareholder splitting or division.	-

VOTING CONSIDERATIONS

Why might I vote in favour of the Scheme?	<p>Reasons why you might vote in favour of the Scheme are set out in section 1.2 of this Scheme Booklet.</p> <p>Your Galaxy Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.2) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.3).</p>	Section 1.2
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2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Why might I vote against the Scheme?	<p>Reasons why you might vote against the Scheme are set out in section 1.3 of this Scheme Booklet.</p> <p>Your Galaxy Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.2) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.3).</p>	Section 1.3
What happens if a Competing Proposal for Galaxy emerges?	<p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited acquisition proposals for Galaxy.</p> <p>If, during the Exclusivity Period, Galaxy or any of its related bodies corporate receives a Competing Proposal and Galaxy determines to take action in reliance on the fiduciary duty exceptions to the exclusivity provisions in the Merger Implementation Deed:</p> <ul style="list-style-type: none"> • (notification) Galaxy must notify Orocobre of the material terms of the Competing Proposal (including price, conditions precedent, timetable, break fee and name of the competing bidder); • (matching right) if the Galaxy Board determines that the Competing Proposal is a Superior Proposal, Orocobre will be given a period of five Business Days during which Orocobre may make a counterproposal that would provide an equivalent or superior outcome for Galaxy Shareholders than that offered under the Competing Proposal, and during this period Galaxy must not enter into, or agree to enter into, any binding documentation to give effect to the Competing Proposal; and • (matching Counter Proposal) If the Galaxy Board determine that the terms and conditions of Orocobre's Counter Proposal would provide an equivalent or superior outcome for Galaxy Shareholders than that offered under the Competing Proposal, Galaxy and Orocobre must agree and enter into such documentation to give effect to Orocobre's Counter Proposal. <p>Galaxy will be required to pay the Galaxy Break Fee (of A\$18,600,000) to Orocobre if (among other things):</p> <ul style="list-style-type: none"> • a Galaxy Director approves, endorses, recommends or makes an announcement in support of a Competing Proposal, or announces an intention to do any of those acts; or • a Competing Proposal is announced or received by Galaxy and, within 9 months, the Competing Bidder (together with any of its associates) acquires voting power of (or an economic interest in) more than 50% of all Galaxy Shares and that Competing Proposal is (or becomes) free from any conditions (or if the Competing Proposal is a scheme of arrangement, the scheme becomes effective). <p>If a Competing Proposal for Galaxy emerges prior to the Second Court Hearing, your Galaxy Directors will carefully consider the Competing Proposal and determine whether it is a Superior Proposal. Your Galaxy Directors will keep you informed of any material developments regarding Superior Proposals.</p> <p>Further details about the exclusivity provisions in the Merger Implementation Deed, and the circumstances in which the Galaxy Break Fee is payable, are set out in Annexure A.</p>	Part 8 of Annexure A

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
CONDITIONS AND IMPLEMENTATION OF THE SCHEME		
What are the Conditions Precedent to the Scheme?	<p>The Scheme is subject to a number of Conditions Precedent, some of which remain outstanding as at the date of this Scheme Booklet.</p> <p>A summary of the Conditions Precedent is set out in sections 3.6 and part 1 of Annexure A of this Scheme Booklet.</p>	Sections 3.4 and part 1 of Annexure A
When will the Scheme become Effective?	<p>If:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of Galaxy Shareholders at the Scheme Meeting; the Court makes the Scheme Order at the Second Court Hearing (or following any Appeal); and all of the other Conditions Precedent are satisfied or waived (where permitted), <p>the Scheme will become Effective on the date on which the Scheme Order is lodged with ASIC (this is the Effective Date).</p> <p>This is currently expected to occur on 16 August 2021.</p>	Section 3.9
What happens on the Implementation Date?	<p>On the Implementation Date:</p> <ul style="list-style-type: none"> Orocobre will acquire all the Scheme Shares and Galaxy will become a wholly owned subsidiary of Orocobre; and Scheme Shareholders (and the Nominee, on behalf of Ineligible Shareholders) will be issued the Scheme Consideration. <p>The Implementation Date is currently expected to be 25 August 2021.</p>	Section 3.9
What happens if the Scheme is not Implemented?	<p>If the Scheme is not Implemented:</p> <ul style="list-style-type: none"> you will not receive the Scheme Consideration; and you will retain your Galaxy Shares and continue to have exposure to the benefits and risks associated with an investment in Galaxy, <p>and, in the absence of a Competing Proposal:</p> <ul style="list-style-type: none"> Galaxy will continue to operate as a standalone entity and remain listed on ASX; and the price of Galaxy Shares traded on ASX may fall, to the extent that the market price for Galaxy Shares reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty). 	Sections 1.4(a) and 9.4

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Can the Merger Implementation Deed be terminated?	<p>The Merger Implementation Deed may be terminated in certain circumstances. These are summarised in part 10 of Annexure A.</p> <p>If the Merger Implementation Deed is terminated, the Scheme will not proceed. In certain circumstances, termination of the Merger Implementation Deed may trigger payment of a break fee of A\$18,600,000 by Galaxy or Orocobre to the other. Further detail about the circumstances in which break fees are payable by Galaxy and Orocobre are set out in part 9 of Annexure A.</p>	Part 10 of Annexure A
Is there a reimbursement or break fee payable?	<p>Under the Merger Implementation Deed, a break fee of A\$18,600,000 may become payable by Galaxy to Orocobre, or Orocobre to Galaxy if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities will not trigger the payment of the break fee by Galaxy.</p> <p>The circumstances in which break fees are payable by Galaxy and Orocobre are set out in part 9 of Annexure A.</p>	Section 1.4(c) and part 9 of Annexure A

INFORMATION ABOUT OROCOBRE

Who is Orocobre?	<p>Orocobre is an ASX and TSX listed global lithium chemicals company and an established producer of boron. Orocobre has a diversified portfolio across producing, brownfield and greenfield development assets across both battery and technical grade lithium carbonate and battery grade lithium hydroxide. Its key assets include Olaroz Stage 1 and Stage 2 located in Argentina, Naraha Stage 1 located in Japan, and brownfield projects with the potential to expand to Olaroz Stage 3 and Naraha Stage 2. As a result, Orocobre has significant in-country experience within Argentina and material technical expertise relating to development of brine projects which it will be able to bring to de-risk and deliver Sal de Vida.</p> <p>Orocobre also owns Borax Argentina S.A which is a well-established producer of boron minerals and refined chemicals which has been operating for over 50 years in the Salta-Jujuy region of Argentina.</p>	Section 6
Does the Orocobre Group own Galaxy Shares?	Neither the Orocobre Group nor any Orocobre Directors own any interests in Galaxy securities or have any direct interest in the outcome of the Scheme.	Section 6.20

INFORMATION ABOUT THE MERGED GROUP

What is the Merged Group?	<p>If the Scheme is Implemented, the parent company of the Merged Group will be Orocobre Limited (to be rebranded under a new name to be announced in due course, subject to shareholder approval), and Galaxy will be a wholly owned subsidiary of Orocobre.</p> <p>See section 7.8 for more information.</p>	Section 7.8
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2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What are Orocobre's intentions in relation to the Merged Group?	<p>If the Scheme is Implemented, it is the current intention of Orocobre that the Merged Group will continue to operate the business in substantially the same manner as currently conducted.</p> <p>The Merged Group will undertake a detailed review of the combined portfolio to determine the optimal capital allocation strategy for the Merged Group in order to maximise value for all shareholders. The Merged Group will undertake a comprehensive review and technical studies for each of its key projects (see section 7.8 for more detail), including a review of the potential to accelerate Stage 2 and 3 of Sal de Vida either on a standalone basis or with strategic investment (in respect of which, studies have commenced, see 5.3(b)). In addition, the Merged Group will focus on delivering the synergies as stated in this Scheme Booklet whilst also optimising the broader portfolio.</p> <p>The Merged Group will rebrand under a new name to be announced in due course (subject to shareholder approval), with its head office to be located in Buenos Aires, Argentina and the corporate headquarters to remain on the east coast of Australia, with an office in Perth.</p>	Section 7.8
Who will the directors be?	<p>If the Scheme is Implemented, the Merged Group Board will include:</p> <ol style="list-style-type: none"> 1. Mr Martin Rowley as Non-Executive Chair; 2. Mr Robert Hubbard as Non-Executive Deputy Chair; 3. Mr Martín Pérez de Solay as CEO and Managing Director; 4. Mr Richard Seville as Non-Executive Director; 5. Mr Fernando Oris de Roa as Non-Executive Director; 6. Ms Leanne Heyward as Non-Executive Director; 7. Ms Florencia Heredia as Non-Executive Director; 8. Mr John Turner as Non-Executive Director; and 9. Mr Alan Fitzpatrick as Non-Executive Director. <p>Both Mr Rowley and Mr Hubbard will retire from their roles within 12 months of Implementation and will lead a process to ensure that the long-term Merged Group Board composition is ideally composed to lead the Merged Group going forward.</p> <p>Further information about the intended composition of the Merged Group Board is set out in section 7.7.</p>	Section 7.7

2 FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Who will the senior management be?	If the Scheme is Implemented, Martín Pérez de Solay will be CEO and Managing Director, Simon Hay ²³ will become President of International Business, Neil Kaplan will be CFO and Rick Anthon and John Sanders ²⁴ will be Joint Company Secretaries of the Merged Group.	Section 7.7
Who will the substantial shareholders be?	Based on publicly disclosed information as at the Last Practicable Date, the substantial shareholder which will own 5.0% or more of the Merged Group will be Toyota Tsusho Corporation (6.2%). ²⁵	Section 7.10

ADDITIONAL INFORMATION

Can I sell my Galaxy Shares now?	<p>You can sell your Galaxy Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price.</p> <p>Galaxy intends to apply to ASX for Galaxy Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be 16 August 2021).</p> <p>You will not be able to sell your Galaxy Shares on market after this time.</p> <p>If you sell your Galaxy Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Galaxy Shares until the Scheme is Implemented.</p>	Section 3.9
Will I need to pay brokerage or stamp duty?	Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Scheme.	Section 10.
Is there a number that I can call if I have further queries about the Scheme?	If, after reading this Scheme Booklet, you have any questions about the Scheme, please contact the Galaxy Shareholder Information Line on 1300 034 153 (inside Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays.	-

²³ Subject to finalisation of employment arrangements.

²⁴ Subject to finalisation of employment arrangements.

²⁵ Pro forma shareholdings based on an offer exchange ratio of 0.569 Orocobre Shares for each Galaxy Share held as at the Scheme Record Date.



3 SUMMARY OF THE SCHEME

3

SUMMARY OF THE SCHEME

3.1 The Scheme

On 19 April 2021, Galaxy and Orocobre announced that they had entered into a Merger Implementation Deed, under which it is proposed that Orocobre will acquire all of the issued shares in Galaxy pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act. A summary of the Merger Implementation Deed is contained in Annexure A of this Scheme Booklet and a full copy of the Merger Implementation Deed (which includes the Scheme and Deed Poll) can also be obtained from the ASX website (www.asx.com.au). A full copy of the Scheme is also contained in Annexure B of this Scheme Booklet.

If the Scheme is Implemented, Orocobre will acquire all of the Galaxy Shares held by Galaxy Shareholders and Galaxy will become a wholly-owned subsidiary of Orocobre. Subject to the Scheme becoming Effective, Galaxy will request that ASX remove Galaxy from the official list of ASX on the Business Day after the Implementation Date. A new name will be selected for the Merged Group in due course and will be adopted subject to shareholder approval.

The Scheme is subject to various Conditions Precedent, including (among other things), approval by the Requisite Majorities of Galaxy Shareholders at the Scheme Meeting, and approval by the Court pursuant to section 411 (4) (b) of the Corporations Act on the Second Court Date. For further details of the Conditions Precedent to the Scheme, please see section 3.6 and part 1 of Annexure A.

If the Scheme becomes Effective, Orocobre will issue the Scheme Consideration to Scheme Shareholders (or, in the case of Ineligible Shareholders, to the Nominee) on the Implementation Date.

3.2 Scheme Consideration

If the Scheme is Implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration from Orocobre, being 0.569 New Orocobre Shares for each Galaxy Share held by each Scheme Shareholder as at the Scheme Record Date.

Scheme Shareholders will not, and are not entitled to, receive the Scheme Consideration in the form of cash. Any New Orocobre Shares to which Ineligible Shareholders would otherwise be entitled will be dealt with in accordance with the procedures set out in section 3.13(a).

In the case of any Scheme Shares held in joint names, any Scheme Consideration will be issued to and registered in the names of the joint holders.

Where the calculation of the number of New Orocobre Shares to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a New Orocobre Share, the fractional entitlement will be either rounded up or down to the nearest whole number of New Orocobre Shares in accordance with the procedure set out in section 3.14.

All New Orocobre Shares issued to Scheme Shareholders under the Scheme will rank equally in all respects with all existing Orocobre Shares on issue as at the Implementation Date. See section 6.18 for more information regarding the rights attaching to the New Orocobre Shares.

3 SUMMARY OF THE SCHEME

3.3 Provision of Scheme Consideration

Orocobre must:

- (a) on the Implementation Date, issue to:
 - (i) each Scheme Shareholder that is not an Ineligible Shareholder, such number of New Orocobre Shares as that Scheme Shareholder is entitled to and procure that the name and address of each Scheme Shareholder is entered in the Orocobre Register in respect of those New Orocobre Shares; and
 - (ii) the Nominee, such number of New Orocobre Shares as each Ineligible Shareholder would otherwise be entitled to and procure that the Nominee will deal with those New Orocobre Shares in accordance with the procedure set out at section 3.13(c);
- (b) apply to ASX for official quotation of the New Orocobre Shares on ASX, subject to the Scheme becoming Effective, and use its best endeavours to obtain ASX's approval for official quotation commencing from the Business Day after the Effective Date (on a deferred settlement basis), and with effect from the first Business Day following the Implementation Date on an ordinary (T+2) basis; and
- (c) procure that on or before the date that is five Business Days after the Scheme Record Date, a holding statement (or other evidence of ownership) is sent to the Registered Address of each Scheme Shareholder (other than Ineligible Shareholders) representing the number of New Orocobre Shares issued to the Scheme Shareholder pursuant to the Scheme.

For more information about the provision of the relevant consideration to Ineligible Shareholders, see section 3.13(a) of this Scheme Booklet.

3.4 Shareholder instructions, notifications and elections

To the extent permitted by law, all instructions, notifications or elections made by each Scheme Shareholder to Galaxy (binding or deemed to be binding between the Scheme Shareholder and Galaxy) relating to Galaxy or its securities (except for tax file numbers), including instructions, notifications or elections relating to:

- (a) whether distributions or dividends are to be paid by cheque or into a specific account; and
- (b) notices or other communications from Galaxy,

will, except to the extent determined otherwise by Orocobre in its sole discretion, be deemed from the Implementation Date to be a binding instruction, notification or election (as applicable) made by the Scheme Shareholder to Orocobre in respect of any Orocobre Shares provided to the Scheme Shareholder, until and unless that deemed instruction, notification or election is revoked or amended by the Scheme Shareholder giving written notice to Orocobre's share registry.

3.5 Deed Poll

On 19 April 2021, Orocobre executed a Deed Poll in favour of the Scheme Shareholders, pursuant to which Orocobre undertakes to:

- (a) provide the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (b) undertake all other actions attributed to it under the Scheme.

A copy of the Deed Poll is contained in Annexure C of this Scheme Booklet.

3 SUMMARY OF THE SCHEME

3.6 Conditions Precedent

Pursuant to the Merger Implementation Deed, a number of Conditions Precedent must be satisfied or waived (where permitted) before the Scheme can be Implemented. Some of the Conditions Precedent include (but are not limited to) the following:

- (a) **Galaxy Shareholder approval:** the Scheme Resolution is passed by the Requisite Majorities before 7.00 am on the Second Court Date;
- (b) **Court approval:** the Court makes the Scheme Order;
- (c) **Order lodged with ASIC:** an office copy of the Scheme Order is lodged with ASIC;
- (d) **BNP Facility Agreement:** before 7.00 am on the Second Court Date, BNP has given its consent to the change in control of Galaxy and the delisting of Galaxy from ASX that will occur on Implementation as not being “review events” for the purposes of the BNP Facility Agreement, on terms reasonably acceptable to Orocobre;
- (e) **Independent Expert’s Report:** the Independent Expert does not change, withdraw or qualify its conclusion that the Scheme is in the best interests of Galaxy Shareholders in any written update to its Independent Expert’s Report or withdraw its Independent Expert’s Report prior to 7.00 am on the Second Court Date;
- (f) **Regulatory approvals:** before 7.00 am on the Second Court Date, all consents, approvals, waivers and modifications that are necessary to implement the Scheme are obtained on terms acceptable to the parties (acting reasonably) and none of those approvals, waivers and modifications have been withdrawn, cancelled or revoked;
- (g) **No regulatory action:** at 7.00 am on the Second Court Date, there is not in effect any order, injunction or decree of a court (whether temporary, preliminary or final) or any action or investigation by any regulatory authority which restrains or prohibits or impedes the Scheme or the acquisition of any or all of the Galaxy Shares by Orocobre;
- (h) **ASX quotation:** before 7.00 am on the Second Court Date, ASX has not indicated to Orocobre that it will not grant permission for the official quotation of the New Orocobre Shares from the Business Day following the Implementation Date;
- (i) **No Material Adverse Effect:** no Galaxy Material Adverse Effect or Orocobre Material Adverse Effect occurs between 19 April 2021 and 7.00 am on the Second Court Date;
- (j) **No Prescribed Event:** no Galaxy Prescribed Event or Orocobre Prescribed Event has occurred between 19 April 2021 and 7.00 am on the Second Court Date; and
- (k) **Representations and warranties:** each of the representations and warranties given by Galaxy and Orocobre under the Merger Implementation Deed are true and correct in all material respects as at the time given, or, if this is not the case, the breach has been remedied in accordance with the procedures set out in the Merger Implementation Deed, or is not of such materiality that Galaxy or Orocobre (as applicable) could terminate the Merger Implementation Deed as a result of the breach.

All of the Conditions Precedent to the Scheme are summarised in part 1 of Annexure A. The Scheme will not proceed unless each Condition Precedent is satisfied or waived (where permitted) in accordance with the Merger Implementation Deed.

3 SUMMARY OF THE SCHEME

BNP has given its consent to the change in control of Galaxy and the delisting of Galaxy from the ASX that will occur on or following Implementation for the purposes of the BNP Facility Agreement. Accordingly, the Condition Precedent set out at paragraph 3.6(d) above has been satisfied.

As at the Last Practicable Date, your Galaxy Directors are not aware of any circumstances which would cause any outstanding Condition Precedent to not be satisfied or waived (where permitted). However, a number of outstanding Conditions Precedent are outside of the control of Galaxy and Orocobre. The risks associated with a failure to obtain, or delay in, satisfaction or waiver of the Conditions Precedent are discussed further in section 9.1.

3.7 Galaxy Directors' unanimous recommendation and voting intentions

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

Each Galaxy Director intends to vote all the Galaxy 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 Galaxy Directors held Relevant Interests in an aggregate of 11,886,955 Galaxy Shares, comprising approximately 2.35% of the issued capital in Galaxy. See section 11.1 of this Scheme Booklet for more information about the interests of your Galaxy Directors in Galaxy Shares.

Your Galaxy 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 Galaxy Shareholders, are set out in section 1 of this Scheme Booklet.

3.8 Independent Expert's conclusion

Your Galaxy Directors have appointed Deloitte Corporate Finance Pty Limited as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Galaxy Shareholders, in the absence of a Superior Proposal.

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 E of this Scheme Booklet. Your Galaxy Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.

3.9 Key steps to Implement the Scheme

The key steps to Implement the Scheme and relevant information concerning these steps are set out below. All dates following the Scheme Meeting are indicative only and may be subject to change. Galaxy will announce to ASX any change to the dates in the timetable set out in the "Important Dates and Expected Timetable for the Scheme" section of this Scheme Booklet.

Step 1. Scheme Meeting and Galaxy Shareholder approval

At the First Court Hearing, the Court made the requisite orders that the Scheme Meeting should be convened and that 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 Galaxy Shareholders. The Scheme Meeting is scheduled to occur at 10.00 am (AWST) on Friday 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000, and Galaxy Shareholders will be able to attend in person or online via an online platform. The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in section 4.4.

3 SUMMARY OF THE SCHEME

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

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

Voting on the Scheme Resolution will be conducted by way of a poll. Galaxy Shareholders (who are present in person or online, or by proxy, attorney or corporate representative) will have one vote for each Galaxy Share that they hold.

The Court has the power to waive the requirement for the headcount test to be passed. If, at the Scheme Meeting, Galaxy Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the headcount test, the Merger Implementation Deed sets out a process under which the parties may apply to the Court for a waiver of the headcount test. Of course, in those circumstances, there is no guarantee that the Court will grant such a waiver.

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 the Notice of Scheme Meeting in Annexure D of this Scheme Booklet. Voting is not compulsory, however, your vote is important and your Galaxy Directors encourage you to vote by attending the Scheme Meeting in person 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 available as soon as possible after the conclusion of the Scheme Meeting and announced to the ASX (www.asx.com.au).

Please note that the Scheme Meeting may be postponed or adjourned if satisfaction or waiver (where permitted) of a Condition Precedent is delayed. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

Steps 2 to 5 described below will only occur if the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting.

Step 2. Second Court Hearing and Court approval of the Scheme

Galaxy will apply to the Court for an order approving the Scheme (known in this Scheme Booklet as the Scheme Order) if:

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

3 SUMMARY OF THE SCHEME

Galaxy'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 Friday 13 August 2021 (referred to in this Scheme Booklet as the **Second Court Date**). The Court may refuse to approve the Scheme even if the Scheme Resolution is approved by the Requisite Majorities of Galaxy 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 section 411(17)(a) of the Corporations Act is satisfied.

Any Galaxy 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 Galaxy, 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 Galaxy at least one Business Day prior to the Second Court Date.

If the Court refuses to make any orders or confirmations for the purposes of approving the Scheme, Galaxy must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or legal advice is received from a sufficiently qualified barrister that, in their view, an appeal would have no prospect of success before the End Date) (this is referred to in this Scheme Booklet as an **Appeal**).

Please note that the Second Court Hearing may be postponed or adjourned, including as a consequence of governmental advice regarding the COVID-19 pandemic, or if satisfaction of a Condition Precedent is delayed. Any postponement or adjournment of the Second Court Hearing will be announced to ASX.

Step 3. Effective Date and Suspension of Trading in Galaxy Shares

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

- notify ASX of that fact and lodge a copy of the Scheme Order with ASX; and
- apply to ASX to suspend trading of Galaxy Shares from close of trading on the Effective Date.

It is expected that trading in Galaxy Shares on ASX will be suspended from close of trading 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 Monday 16 August 2021.

Once the Scheme becomes Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Galaxy and each of its directors and officers (jointly and each of them severally) as its attorney and agent for the purposes of enforcing the Deed Poll against Orocobre and executing any document or doing any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. This includes executing a proper instrument of transfer in respect of a Scheme Shareholder's Scheme Shares.

Step 4. Scheme Record Date and entitlement to Scheme Consideration

Only those Galaxy Shareholders on the Galaxy Register on the Scheme Record Date (currently expected to be 5.00 pm (AWST) on Wednesday 18 August 2021), will be entitled to receive the Scheme Consideration in respect of the Galaxy Shares they hold at that time.

(i) Dealings in Galaxy Shares on or prior to the Scheme Record Date

For the purposes of determining who is a Scheme Shareholder (ie a Galaxy Shareholder on the Scheme Record Date), dealings in Galaxy 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 Galaxy Register as the holder of the relevant Galaxy Shares as at the Scheme Record Date; and
- (B) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings (or other valid requests for other alterations) are received by the Share Registry at or before the Scheme Record Date. Galaxy will not accept for registration or recognise for any purpose (except a transfer to Orocobre pursuant to the Scheme and any subsequent transfer by Orocobre or its successors in title) any transfer or transmission application or other request in respect of Galaxy Shares received after the Scheme Record Date, or received prior to the Scheme Record Date but not in actionable form.

(ii) Dealings in Galaxy Shares after the Scheme 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 Scheme 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 Galaxy will disregard any disposal, transfer or transmission application in respect of Scheme Shares received after the Scheme Record Date.

For the purposes of determining entitlements to the Scheme Consideration, Galaxy will maintain the Galaxy Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders and Orocobre has been entered into the Galaxy Register as the holder of the Scheme Shares. The Galaxy Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- (A) all statements of holding for Scheme Shares will cease to have any effect as documents relating to title in respect of those shares; and
- (B) each entry on the Galaxy Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

3 SUMMARY OF THE SCHEME

Step 5. Implementation

The Implementation Date for the Scheme is the date which is five Business Days after the Scheme Record Date (or such other date as ordered by the Court or agreed in writing between Galaxy and Orocobre). On the Implementation Date, Orocobre must issue to:

- (i) each Scheme Shareholder, other than an Ineligible Shareholder, such number of New Orocobre Shares as that Scheme Shareholder is entitled to and procure that the name and address of each Scheme Shareholder is entered into the Orocobre Register in respect of those New Orocobre Shares; and
- (ii) the Nominee such number of New Orocobre Shares as each Ineligible Shareholder would otherwise be entitled to and procure that the Nominee will deal with those New Orocobre Shares in accordance with the procedure set out in section 3.13(c).

Subject to provision of the Scheme Consideration by Orocobre in the manner contemplated above, on the Implementation Date, Galaxy will transfer all of the Scheme Shares to Orocobre by:

- (i) delivering to Orocobre a transfer form to transfer the Scheme Shares to Orocobre (referred to in this Scheme Booklet as the **Scheme Transfer Form**), duly executed by Galaxy (or any of its directors and officers) as attorney and agent of each Scheme Shareholder; and
- (ii) Orocobre duly completing and executing the Scheme Transfer Form as transferee, attending to stamping of the Scheme Transfer Form (if required) and delivering it to Galaxy for registration.

Immediately following receipt of the duly completed, executed and stamped (if required) Scheme Transfer Form in accordance with paragraph (ii) above, Galaxy will attend to registration of the Scheme Transfer Form and enter or procure the entry of the name and address of Orocobre in the Galaxy Register as the holder of all the Scheme Shares.

3.10 Despatch of holding statements and CHES confirmation advices

No later than five Business Days following the Scheme Record Date, Orocobre must send or procure the dispatch to each Scheme Shareholder (other than Ineligible Shareholders) a holding statement representing the New Orocobre Shares to be issued to that Scheme Shareholder (or other evidence of ownership). The holding statement (or other evidence of ownership) for each Scheme Shareholder (other than Ineligible Shareholders) will be sent to their address as contained in the Galaxy Register.

In the case of any Scheme Shares held in joint names, holding statements and CHES confirmation advices will be sent to the holder whose name appears first in the Galaxy Register as at the Scheme Record Date.

3.11 Commencement of trading in New Orocobre Shares on ASX

Trading in New Orocobre Shares issued under the Scheme on ASX is expected to commence on a normal settlement (T+2) basis with effect from the next Business Day following the Implementation Date (or such other date as ASX requires).

3.12 Treatment of Galaxy Performance Rights

On the Court making the Scheme Order, all unvested Galaxy Performance Rights will automatically vest in accordance with the terms of the governing Incentive Award Plan. The Incentive Award Plan was approved by Galaxy Shareholders at Galaxy's 2019 annual general meeting held on 28 May 2019, and a summary of the Incentive Award Plan is attached to Galaxy's 2019 notice of annual general meeting available on its website (www.gxy.com).

Prior to the Scheme Record Date, Galaxy will use all reasonable endeavours to procure that each Galaxy Performance Right is exercised and Galaxy Shares are issued to the holder.

3 SUMMARY OF THE SCHEME

3.13 Ineligible Shareholders

(a) Ineligible Overseas Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for New Orocobre Shares to be offered, or issued, under the Scheme to Scheme Shareholders in those countries.

Galaxy Shareholders whose address as shown in the Galaxy Register on the Scheme Record Date is a place outside of Australia and New Zealand (and their respective external territories) are Ineligible Overseas Shareholders, other than any Galaxy Shareholder to whom Orocobre determines (in its sole and absolute discretion) that it is lawful and not unduly impracticable or onerous for Orocobre to issue New Orocobre Shares as Scheme Consideration on the Implementation Date.

Orocobre has determined that Galaxy Shareholders whose addresses are shown in the Galaxy Register on the Scheme Record Date as being in Argentina, Canada, Hong Kong or the United Kingdom, will also be entitled to receive New Orocobre Shares under the Scheme. Accordingly, a Galaxy Shareholder whose address is shown in the Galaxy Register on the Scheme Record Date as being in a place outside of Australia and New Zealand (and their external territories), Argentina, Canada, Hong Kong and the United Kingdom, will, unless Orocobre (in its sole and absolute discretion) determines otherwise, be an Ineligible Overseas Shareholder for the purposes of the Scheme and this Scheme Booklet should be read accordingly.

Orocobre is not obliged to issue, and will not issue, any New Orocobre Shares to any Ineligible Overseas Shareholder, unless Orocobre determines, (in its sole and absolute discretion), that it is lawful and not unduly onerous or impracticable to issue to that Scheme Shareholder New Orocobre Shares when the Scheme becomes Effective.

(b) Unmarketable Parcel Shareholders

A Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on Implementation, be entitled to receive less than a “marketable parcel” (which, as at the date of this Scheme Booklet, means A\$500 worth) of New Orocobre Shares (assessed by reference to the price of Orocobre Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date) is an Unmarketable Parcel Shareholder.

An Unmarketable Parcel Shareholder who does not provide Galaxy’s share registry, Computershare, with a duly completed Opt-in Notice before 5.00 pm (AWST) on 17 August 2021 (being the Business Day prior to the Scheme Record Date) is a Relevant Unmarketable Parcel Shareholder. Orocobre is under no obligation to issue, and will not issue, any New Orocobre Shares to any Relevant Unmarketable Parcel Shareholder, and instead, unless Orocobre and Galaxy agree otherwise, Orocobre must procure that the New Orocobre Shares that each Relevant Unmarketable Parcel Shareholder would otherwise be entitled to receive as Scheme Consideration are dealt with in accordance with the procedure set out in section 3.13(c).

For an Opt-in Notice to be effective, it must be duly completed and returned to Computershare by email to corpactprocessing@computershare.com.au, or by mail in accordance with the instructions on the Opt-in Notice, prior to 5.00 pm (AWST) on 17 August 2021 (being the Business Day prior to the Scheme Record Date). An Opt-in Notice has been made available to each Galaxy Shareholder, either physically, by email or through the Computershare website at www.gxyscheme.com.

You will cease to be an Unmarketable Parcel Shareholder if, on Implementation of the Scheme, you would be entitled to receive a “marketable parcel” of New Orocobre Shares (assessed by reference to the price of Orocobre Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date). If you cease to be an Unmarketable Parcel Shareholder in this manner, you do not need to complete and provide an Opt-in Notice to Computershare, and you will receive the Scheme Consideration in the form of New Orocobre Shares.

3 SUMMARY OF THE SCHEME

(c) Provision of Scheme Consideration to Ineligible Shareholders

An Ineligible Shareholder means:

- (i) an Ineligible Overseas Shareholder (see section 3.13(a)); or
- (ii) a Relevant Unmarketable Parcel Shareholder (see section 3.13(b)).

If a Scheme Shareholder is an Ineligible Shareholder, and the Scheme becomes Effective, the New Orocobre Shares that would have been issued to that Ineligible Shareholder will instead be issued to the Nominee on the Implementation Date. Galaxy will procure that the Nominee:

- (i) as soon as reasonably practicable and in any event no more than 10 Business Days (on which the New Orocobre Shares are capable of being traded on ASX) following the Implementation Date, sells on ASX or off-market all of the New Orocobre Shares issued to the Nominee in relation to that Ineligible Shareholder in such manner, at such prices and on such other terms as the Nominee reasonably determines in good faith (and at the risk of the Ineligible Shareholder); and
- (ii) as soon as reasonably practical and in any event no more than 10 Business Days after settlement of any New Orocobre Shares sold in accordance with section 3.13(c)(i), remits to Galaxy the proceeds of that sale (after deducting any reasonable brokerage or other selling costs, taxes and charges) (**Galaxy Cash Proceeds**).

Promptly after receiving the Galaxy Cash Proceeds in respect of the sale of all of the New Orocobre Shares referred to in section 3.13(c)(i), Galaxy must pay, or procure the payment, to each Ineligible Shareholder, of the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent (the **Ineligible Shareholder Cash Proceeds**):

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

where:

- A is the Ineligible Shareholder Cash Proceeds;
- B is the number of New Orocobre Shares that Ineligible Shareholder would have been entitled had it not been an Ineligible Shareholder and which were issued to the Nominee;
- C is the total number of New Orocobre Shares which would otherwise have been issued to all Ineligible Shareholders and which were issued to the Nominee as described above; and
- D is the Galaxy Cash Proceeds (as defined above).

3 SUMMARY OF THE SCHEME

(d) Payment of Ineligible Shareholder Cash Proceeds

The Ineligible Shareholder Cash Proceeds owing to each Ineligible Shareholder following the process set out above will be paid to that Ineligible Shareholder by Galaxy either (in Galaxy's absolute discretion):

- (i) where an Ineligible Shareholder has, before the Scheme Record Date, elected to receive dividend payments from Galaxy by electronic funds transfer to a nominated bank account, paying or procuring the payment of, the relevant amount in Australian currency by electronic means into that nominated bank account; or
- (ii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Shareholder by prepaid post to their address as contained in the Galaxy Register (as at the Scheme Record Date).

Payment of the Ineligible Shareholder Cash Proceeds to each Ineligible Shareholder in the manner set out above satisfies in full Orocobre's obligations to the Ineligible Shareholder under the Scheme in respect of the Scheme Consideration.

(e) Appointment of Galaxy as Agent

Each Ineligible Shareholder appoints Galaxy (and each Galaxy Director and officer of Galaxy) as its agent to receive on behalf of that Ineligible Shareholder any financial services guide (or similar or equivalent document) and any other notices (including any updates or those documents) that the Nominee is required to provide to Ineligible Shareholders under the Corporations Act or any other applicable law.

(f) Other ineligible Scheme Shareholders

Where the issue of New Orocobre Shares to which a Scheme Shareholder (other than an Ineligible Shareholder) would otherwise be entitled to under the Scheme would result in a breach of law:

- (i) Orocobre will issue the maximum possible number of New Orocobre Shares to the relevant Scheme Shareholder without giving rise to such a breach; and
- (ii) any further New Orocobre Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Nominee and dealt with in accordance with the procedure set out in section 3.13(c) as if:
 - (A) references to "Ineligible Shareholders" also included the relevant Scheme Shareholder; and
 - (B) references to "New Orocobre Shares" also included any of the relevant Scheme Shareholders' New Orocobre Shares that have been issued to the Nominee.

3.14 Fractional Entitlements

Where the calculation of the total number of New Orocobre Shares to be issued to (or in respect of) a particular Scheme Shareholder as Scheme Consideration would result in an entitlement to a fraction of the New Orocobre Share, such fractional entitlement:

- (a) of 0.5 of a New Orocobre Share or more will be rounded up to the nearest whole number; and
- (b) of less than 0.5 of a New Orocobre Share will be rounded down to the nearest whole number.

3 SUMMARY OF THE SCHEME

3.15 Deemed warranties by Scheme Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to Galaxy and Orocobre on the Implementation Date, and appointed and authorised Galaxy as its attorney and agent to warrant to Orocobre, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the time of transfer of them to Orocobre, be fully paid and free from all:
 - (i) mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) 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 Scheme Shares to Orocobre together with any rights attaching to those shares; and
- (c) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of Galaxy securities.

Galaxy undertakes to provide such warranty to Orocobre as attorney and agent of each Scheme Shareholder.

3.16 Implications if the Scheme is not Implemented

If the Scheme is not Implemented:

- (a) unless Galaxy Shareholders choose to sell their Galaxy Shares on the ASX, Galaxy Shareholders will continue to hold their Galaxy Shares and will be exposed to general risks as well as risks specific to Galaxy, including those set out in section 9 of this Scheme Booklet;
- (b) Galaxy Shareholders will not receive the Scheme Consideration;
- (c) a break fee of A\$18,600,000 may be payable by Galaxy to Orocobre in certain circumstances. Those circumstances do not include the failure by Galaxy Shareholders to approve the Scheme at the Scheme Meeting. Further information regarding break fees is set out in section 1.4(c) and part 9 of Annexure A;
- (d) transaction-related costs of approximately A\$2,500,000 are expected to be incurred in by Galaxy 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 11.9;
- (e) Galaxy will continue to operate as a standalone, ASX-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
- (f) the price of Galaxy Shares traded on ASX may fall, to the extent that the market price of Galaxy Shares reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty).

Further information about the risks to Galaxy Shareholders if the Scheme is not Implemented is set out in section 9.4.

3 SUMMARY OF THE SCHEME

3.17 Delisting from ASX

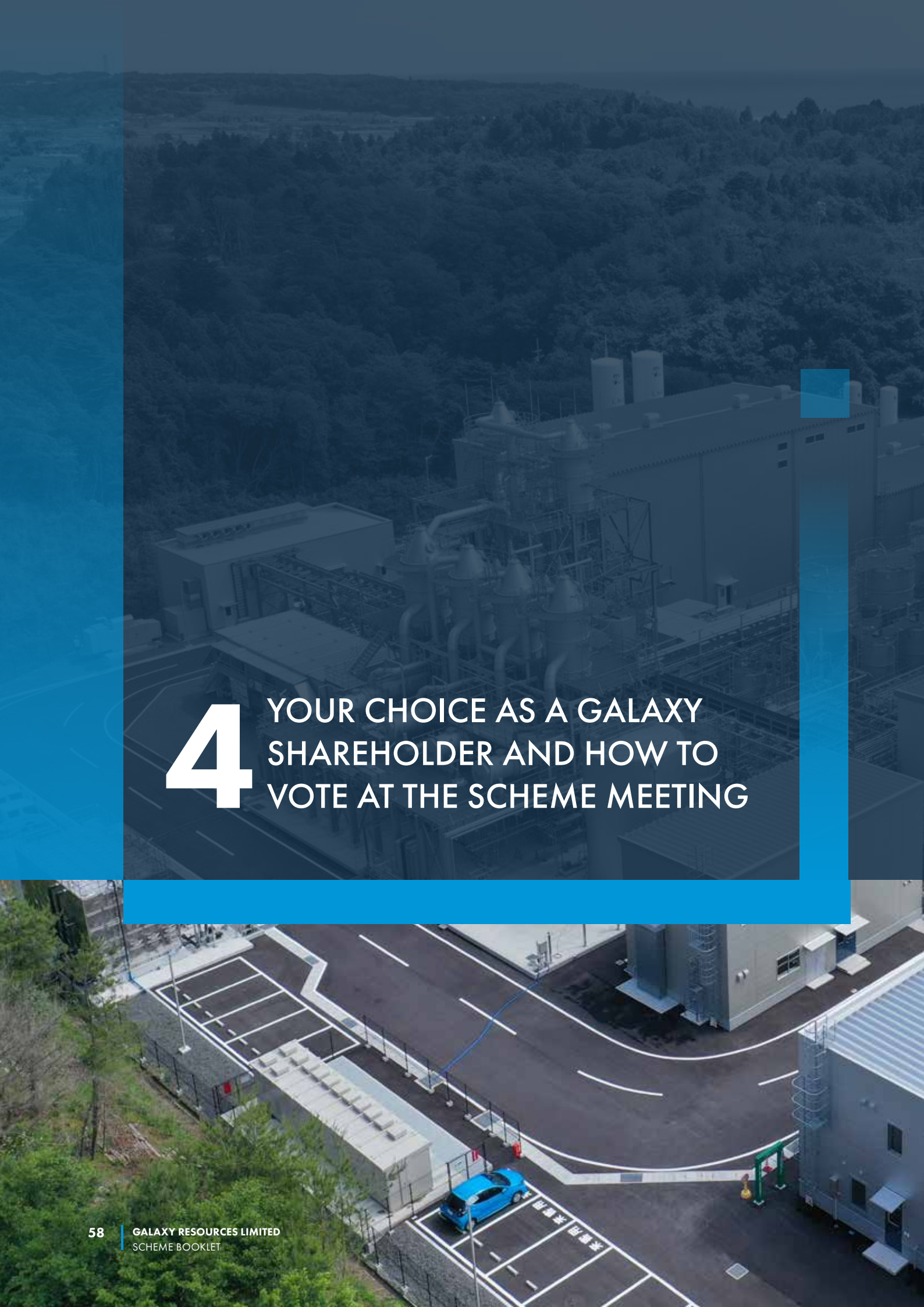
On or after the Implementation Date, Galaxy will apply for termination of the official quotation of Galaxy Shares on ASX, and for Galaxy to be removed from the official list of ASX on the Business Day immediately following the Implementation Date.

3.18 End Date

The Scheme will lapse if, and be of no further force or effect if:

- (a) either or both of the Merger Implementation Deed or the Deed Poll are terminated in accordance with their terms;
or
- (b) the Effective Dates does not occur before the End Date.

The End Date is currently 19 October 2021 (unless extended in accordance with the Merger Implementation Deed).



4 YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

4

YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

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.

Galaxy Shareholders should refer to sections 1.2 and 1.3 of this Scheme Booklet for further guidance on the reasons to vote for and against the Scheme, and to section 1.4 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 and particular needs of any individual Galaxy Shareholder.

There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays.

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

Anyone entitled to attend the Scheme Meeting may obtain a free copy of this Scheme Booklet from Galaxy's website (www.gxy.com) or upon request to Computershare through the Galaxy Shareholder Information Line.

4.2 Your choices as a Galaxy Shareholder

As a Galaxy Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme	<p>Each Galaxy Director who holds or controls Galaxy Shares intends to vote all Galaxy Shares held or controlled by them 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 Galaxy Shareholders.</p> <p>To follow your Galaxy Directors' unanimous recommendation, you 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 D of this Scheme Booklet.</p>
Vote against the Scheme	<p>If, despite your Galaxy Directors' unanimous recommendation and the Independent Expert's conclusion that the Scheme is in the best interests of Galaxy Shareholders, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.</p> <p>However, if the Scheme becomes Effective, the Scheme will bind all Galaxy Shareholders, including those who voted against the Scheme Resolution at the Scheme Meeting and those who did not vote at all.</p>

4 YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

Sell your Galaxy Shares on the ASX	<p>The Scheme does not preclude you from selling some or all of your Galaxy Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 16 August 2021), at which time it is currently expected that trading in Galaxy Shares will end.</p> <p>If you are considering selling some or all of your Galaxy Shares:</p> <ul style="list-style-type: none">• you should have regard to the prevailing trading prices of Galaxy Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of Galaxy Shares through the ASX website (www.asx.com.au). For more information on the closing price and daily trading volume of Galaxy Shares over the last 12 months up to the Last Practicable Date, see section 5.15; 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. <p>Galaxy Shareholders who sell some or all of their Galaxy Shares on market before trading in Galaxy Shares ends:</p> <ul style="list-style-type: none">• may receive payment (which may vary from the value of the Scheme Consideration) for the sale of their Galaxy 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); and• will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Galaxy Shares they have sold.
Do nothing	<p>Galaxy Shareholders who elect not to vote at the Scheme Meeting and do not sell their Galaxy Shares on market will:</p> <ul style="list-style-type: none">• if the Scheme is Implemented – have their Galaxy Shares transferred to Orocobre by operation of the Scheme and receive the Scheme Consideration; or• if the Scheme is not Implemented – retain their Galaxy Shares.

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 Galaxy 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 Galaxy Shareholders.

If you are unable to attend the Scheme Meeting, your Galaxy 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 using your secure access information (or scan the personalised QR code on your proxy form). If you are a custodian, go to www.intermediaryonline.com.

4 YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

4.4 Details of the Scheme Meeting

The Scheme Meeting will be held at 10.00 am (AWST) on Friday 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000.

Galaxy 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 Meeting at Annexure D. Additional details about the proceedings at the Scheme Meeting are set out in section 3.9 and in the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet.

Please note that the Scheme Meeting may be postponed or adjourned if satisfaction or waiver of a Condition Precedent (where permitted) is delayed. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

4.5 Entitlement to vote

Each Galaxy Shareholder who is registered on the Galaxy Register at 5.00 pm (AWST) on 4 August 2021 is entitled to attend and vote at the Scheme Meeting.

In the case of jointly held Galaxy Shares, only one of the joint shareholders is entitled to vote. If more than one Galaxy Shareholder votes in respect of jointly held Galaxy Shares, only the vote of the Galaxy Shareholder whose name appears first on the Galaxy 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 D of this Scheme Booklet.

4.6 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll. Galaxy Shareholders (who are present in person or by proxy, attorney or corporate representative) will have one vote for each Galaxy Share that they hold.

If you are a Galaxy 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 or online via the online platform and vote on your behalf, such appointment to be made either:
 - **online:** by lodging your proxy in accordance with the instructions at www.investorvote.com.au using your secure access information (or scan your personalised QR code on your proxy form that you have received either electronically or in hard copy). If you are a custodian go to www.intermediaryonline.com. Your online proxy form must be received by Galaxy by no later than 10.00 am (AWST) on 4 August 2021 to be effective; or
 - **hard copy:** by completing and returning the personalised proxy form that you have received in accordance with the instructions on that form. Your hard copy proxy form must be received by Galaxy by no later than 10.00 am (AWST) on 4 August 2021 to be effective;

4 YOUR CHOICE AS A GALAXY SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

- (c) **by attorney:** by appointing an attorney to attend the Scheme Meeting in person or online via the online platform and vote on your behalf, using a duly executed power of attorney; or
- (d) **by corporate representative:** in the case of a body corporate, appointing a corporate representative to attend the Scheme Meeting online or via the online platform and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

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

4.7 How to ask questions

Galaxy Shareholders who would like to ask questions at the Scheme Meeting are encouraged to do so in writing before the Scheme Meeting by emailing their questions to info@gxy.com prior to 10.00 am (AWST) on 4 August 2021.

Alternatively, Galaxy Shareholders can submit questions when attending the Scheme Meeting either in person or, if attending online, via the online platform. More information regarding how to participate in the Scheme Meeting online (including how to ask questions online during the meeting) is available in the Lumi AGM User Guide, which is included with the Notice of Meeting set out in Annexure D, and available at www.edocumentview.com.au/GXYlumiguide.



5 OVERVIEW OF GALAXY

5 OVERVIEW OF GALAXY

5.1 Introduction

The information contained in this section 5 has been prepared by Galaxy. The information concerning Galaxy, and the intentions, views and opinions contained in this section 5 are the responsibility of Galaxy. Additional information is included in the Independent Expert's Report attached in Annexure E. Orocobre does not assume any responsibility for the accuracy or completeness of the information in this section 5.

5.2 Business overview

Galaxy is a leading ASX-listed global lithium chemicals company headquartered in Perth, Western Australia. Galaxy Shares began trading on the ASX in February 2007 and mining commenced at Mt Cattlin in 2010. In mid-2011, Galaxy acquired a 20% interest in James Bay with a farm-in option to acquire an interest of up to 70% of the project. In July 2012, Galaxy merged with Lithium One Inc, a TSX listed lithium developer, acquiring the Sal de Vida project and the remaining interest in James Bay.

Galaxy has a successful track record in developing and operating lithium mines and chemical processing facilities. Its key assets include the:

- (a) Mt Cattlin lithium spodumene mine located in Western Australia;
- (b) Sal de Vida lithium brine project located on the Salar del Hombre Muerto in the Province of Catamarca in northwest Argentina; and
- (c) James Bay lithium spodumene project located in Quebec, Canada.

Figure 5.2.1 – Galaxy's global lithium operations



5 OVERVIEW OF GALAXY

5.3 Overview of Galaxy's assets, divisions and operations

(a) Mt Cattlin

Galaxy's wholly-owned Mt Cattlin project produces a high-quality lithium spodumene concentrate that is qualified in supply chains globally. Mt Cattlin is located two kilometres north of the town of Ravensthorpe in Western Australia.

Conventional mining and processing techniques are used for Mt Cattlin with open-pit mining of a relatively flat-lying pegmatite ore body. Mining is carried out using excavator and truck operations, delivering ore to a crushing and dense medium separation (**DMS**) gravity separation circuit. Contractors are used for earthmoving operations including drilling, blasting, and load and haul.

Mt Cattlin produces lithium concentrate with grade up to 6.0% Li₂O that is trucked to Esperance Port for export to an Asian customer base.

As at 31 March 2021, Mt Cattlin had a Mineral Resource of 11.0Mt at 1.20% Li₂O and an Ore Reserve of 8.0Mt @ 1.04% Li₂O.²⁶

A summary of key production and sales statistics achieved at Mt Cattlin during GFY19, GFY20 and Q1 2021:

Table 5.3.1 – Mt Cattlin key production and sales

	Units	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	GFY 2020	GFY 2019
Mining								
Total material mined	bcm	72,640	577,906	463,387	653,277	1,007,177	1,767,210	4,625,344
Ore mined	bcm	29,115	124,096	86,940	111,926	138,132	352,077	647,100
Processing and sales								
Ore processed	wmt	154,457	324,503	291,730	315,674	310,741	1,086,364	1,695,369
Grade of ore processed	%	1.03	1.04	1.09	1.25	1.47	1.11	1.23
Mass Yield	%	9.5	9.7	10.6	10.8	15.3	10.2	11.5
Recovery	%	55	55	57	51	60	54	55
Concentrate produced	dmt	14,305	30,942	30,067	33,344	46,558	108,658	191,569
Sales								
Concentrate sold	dmt	32,512	26,030	16,753	75,336	29,917	150,631	132,687
Grade of concentrate sold	%	5.9	5.9	5.6	5.8	5.8	5.8	6.0
Financial								
Cost of sales per tonne sold	\$/dmt	373	583	379	469	417	458	592

²⁶ Further information about the Mineral Resources and Ore Reserves for Mt Cattlin is set out in section 5.5(a).

5 OVERVIEW OF GALAXY

(b) Sal de Vida

The Sal de Vida lithium brine project, wholly owned by Galaxy, is located on the Salar del Hombre Muerto in the Province of Catamarca in northwest Argentina. Sal de Vida is Galaxy's flagship project and represents one of the highest quality undeveloped lithium brine deposits.

The Sal de Vida deposit consists of a large-scale salt pan located at approximately 4,000 meters above sea level in the Andes mountains. It lies within the so called "lithium triangle", an area encompassing Chile, Bolivia and Argentina that contains 60% of the world's estimated lithium resources.

In April 2021, Galaxy released an updated Development Plan and Brine Reserve and Resource estimate following the completion of the 2021 Feasibility Study. The Brine Reserve estimate includes 1.3 Mt LCE, supporting a 44-year project life and a Brine Resource of 6.23Mt LCE.²⁷ In March 2021, Galaxy announced that piloting and test-work at Sal de Vida shows the brine readily upgrades to battery grade lithium carbonate.

Figure 5.3.1 – Location of the Sal de Vida lithium brine project



The Sal de Vida Project will be developed in stages. The 2021 Feasibility Study focused on an initial stage, Stage 1, which will start with brine extraction from a series of wells, pumping into solar evaporation ponds, and processing in a plant that will be located at the site. The plant is designed to produce 10,700 tpa of predominately battery-grade lithium carbonate.²⁸ Subsequent stages utilise the same basis of design as the initial Stage 1, allowing project integration planning and detailed engineering to sequentially continue. Plant commissioning of Stage 1 is expected in Q4 2022, with plant ramp up beginning in early 2023. A recent pre-feasibility study confirmed a development pathway for two additional stages of 10,700 tpa, with each stage (of additional wells, ponds and plant capacity) being installed sequentially after each other.^{29 30}

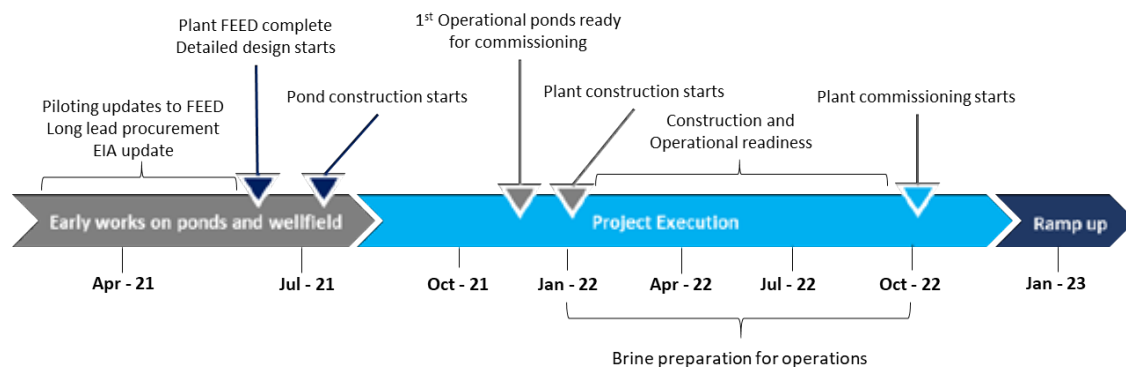
²⁷ For further information on Sal de Vida's Resources and Reserves, see section 5.5(b).

²⁸ For further information about Sal de Vida's production capacity, see section 5.6.

²⁹ For further information about Sal de Vida production capacity, see section 5.6.

³⁰ For further information on the Merged Group's intentions in relation to Sal de Vida, see section 7.8(b)(i).

Figure 5.3.2 – Sal de Vida development timeline³¹



Sal de Vida 2021 Feasibility Study Results

Key Physicals (Stage 1)		Financial Summary	Stage 1	Stages 1 - 3
Annual Production	10,700 tpa LC	Development Capital	\$153 million	\$466 million
Resource grade	754 Li ppm	FOB Cash Operating Costs	\$3,500/t	\$3,352/t
Project Life	44 Yrs	Pre-tax NPV (8% discount rate)	\$809 million	\$2,100 million
Pond grade	1.7%	Pre-tax IRR	43%	43%
Pond Recovery	84%	Payback period ¹ (first production)	2.0 years	3.6 years
Plant Recovery	84%			

Notes:

1. Payback from project commencement is 4.0 years for Stage 1 and 5.7 years for Stage 1-3.

Figure 5.3.4 - Sal de Vida pilot ponds (March 2021)



31 For more information about the risks associated with development of Sal de Vida, see section 9.2(i).

5 OVERVIEW OF GALAXY

(c) James Bay

Galaxy's wholly-owned James Bay lithium pegmatite project is located in Québec, Canada, approximately 130km east of James Bay and the Cree Nation of Eastmain community. The James Bay development is located adjacent to the Billy Diamond Highway (formerly the James Bay Highway) which provides access to key infrastructure in the region.

In March 2021, Galaxy completed a Preliminary Economic Assessment (**PEA**) on the James Bay project to produce lithium spodumene concentrate and commenced the front end engineering design for the upstream process. Galaxy has recently commenced a concept study to assess options on a downstream lithium hydroxide facility in North America. The integration of the upstream mine and concentrator with the lithium hydroxide facility would establish a potentially significant lithium chemicals business in North America to service the lithium demand growth driven by the electric vehicle revolution.

The James Bay project comprises five sets of claim blocks with a JORC-compliant mineral resource estimate of 40.3 Mt @ 1.40% Li₂O.³² The high-grade deposit is shallow and outcropping at surface in several locations. It comprises a swarm of pegmatite dykes dipping approximately 60 degrees, that form a discontinuous corridor approximately four kilometres long and 300 metres wide that is amenable to open pit extraction.

The pegmatite deposit will be mined by conventional open pit methods. All material will require drilling and blasting and will be removed using excavators and haul trucks. The mine plan shows a low waste stripping profile in the initial years with a gradual increase later in the mine life. The average strip ratio for the LOM plan is 3.7:1.

The James Bay processing design is based on an annual throughput of 2Mt of mineralised material to produce a final lithium spodumene product grade to 5.6% Li₂O with the operational flexibility to increase the product grade up to 6.0% Li₂O if market conditions or other reasons dictate.³³ The selected process is based on that currently used at Galaxy's Mt Cattlin operations, which incorporates a similar flowsheet based on crushing and DMS.

Figure 5.3.5 - James Bay 2021 Preliminary Assessment Results

Key Physicals (LOM)		Financial Summary	
Spodumene production	330,000 tpa	Development Capital	\$244 million
Product Grade	5.6% Li ₂ O	Cash Operating Costs (FOB Montreal)	\$290/t
Mine Life	18 Yrs	Pre-tax NPV (8% discount rate)	\$560 million
Strip Ratio	3.7 : 1	Pre-tax IRR	39.60%
Resource Grade	1.4% Li ₂ O	Pre-tax pay back period	2.2 years

³² For further information on James Bay's Resources and Reserves, see section 5.5(c).

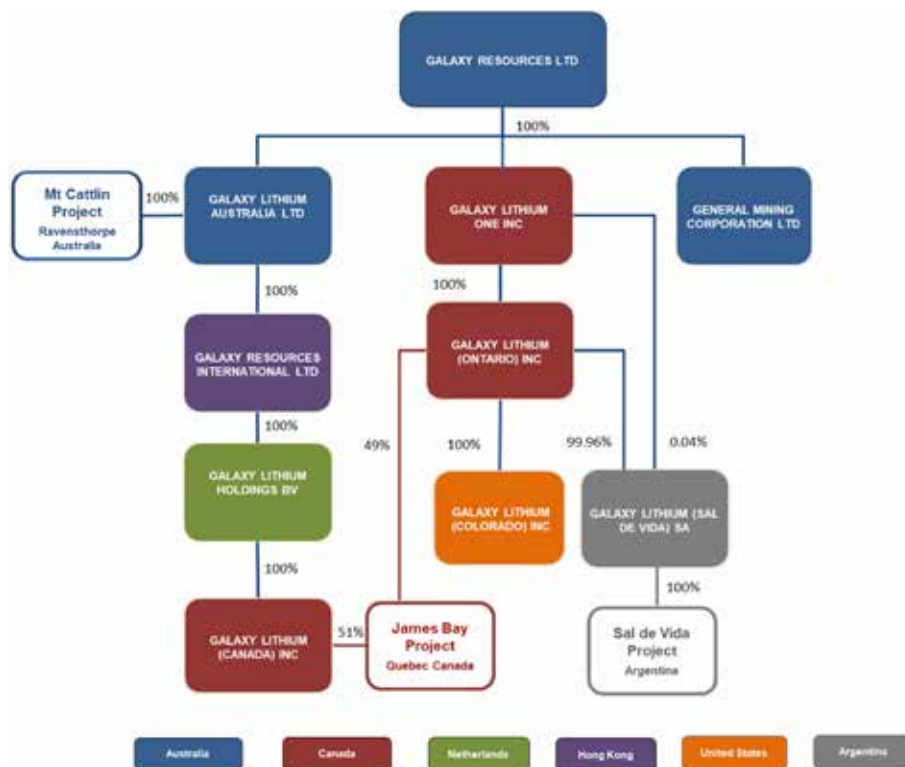
³³ For further information about James Bay production guidance, see section 5.6(c).

5 OVERVIEW OF GALAXY

5.4 Corporate Structure of Galaxy

Galaxy and its subsidiaries are set out below. On Implementation of the Scheme, Galaxy will become a wholly-owned subsidiary of Orocobre and each of the subsidiaries of Galaxy will form part of the Orocobre Group.

Figure 5.4.1 – Galaxy corporate structure



5.5 Mineral Resources and Ore Reserves

(a) Mt Cattlin

Table 5.5.1 – Mt Cattlin Mineral Resources

Mineral Resources (31 Mar 2021)		Tonnage (Mt)	Grade (% Li ₂ O)	Grade (ppm Ta ₂ O ₅)	Contained Metal ('000t Li ₂ O)	Contained metal (lbs Ta ₂ O ₅)
Measured	In-situ	0.3	1.60	236	4.8	156,000
Indicated	In-situ	4.8	1.39	170	66.7	1,798,000
	Stockpiles	3.0	0.80	122	24.0	807,000
Inferred	In-situ	2.9	1.25	143	36.3	913,000
Total		11.0	1.20	151	131.8	3,674,000

Notes: Depleted Mineral Resource – March 2021. Fresh unaltered rock reported at cut-off grade of 0.4% Li₂O. Transitional partly weathered rock reported at cut-off grade of 0.6% Li₂O. The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 edition. All tonnages reported are dry metric tonnes. Excludes mineralisation classified as oxide. Minor discrepancies may occur due to rounding to appropriate significant figures. A Competent Persons Statement and other information required by the ASX Listing Rules for Mt Cattlin Mineral Resources and Ore Reserves is set out in section 11.11.

5 OVERVIEW OF GALAXY

Table 5.5.2 – Mt Cattlin Ore Reserves

Ore Reserves (31 March 2021)		Tonnage (Mt)	Grade (%Li ₂ O)	Grade (ppm Ta ₂ O ₅)	Contained Metal (‘000t Li ₂ O)	Contained metal (lbs Ta ₂ O ₅)
Proven	In-situ	0.3	1.36	198	4.1	131,000
Probable	In-situ	4.7	1.19	146	55.9	1,512,000
	Stockpiles	3.0	0.80	122	24.0	807,000
Total		8.0	1.04	139	84.0	2,449,000

Notes: Reported at cut-off grade of 0.4 % Li₂O. The preceding statements of Ore Reserves conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 edition. All tonnages reported are dry metric tonnes. Excludes oxide. Transitional mineralisation included at cut-off grade 0.6 % Li₂O. Reported with 17% dilution and 93% mining recovery. Revenue factor \$650/tonne applied. Minor discrepancies may occur due to rounding to appropriate significant figures. A Competent Persons Statement and other information required by the ASX Listing Rules for Mt Cattlin Mineral Resources and Ore Reserves is set out in section 11.11.

(b) Sal de Vida

Table 5.5.3 – Sal de Vida Mineral Resources

Mineral Resource (14 April 2021)	Brine Volume (m3)	Average Li (mg/l)	In Situ Li (tonnes)	Li ₂ CO ₃ Equivalent (tonnes)
Measured	4.9 x 10 ⁸	759	369,000	1,964,000
Indicated	6.8 x 10 ⁸	717	485,000	2,583,000
Measured & Indicated	1.2 x 10⁹	735	854,000	4,546,000
Inferred	3.9 x 10 ⁸	811	316,000	1,684,000
Total	1.6 x 10⁹	754	1,170,000	6,230,000

Notes: Cut-off grade: 500 mg/L lithium. The reader is cautioned that mineral resources are not ore reserves and do not have demonstrated economic viability. Values are inclusive of Reserve estimates, and not “in addition to”. A Competent Persons Statement and other information required by the ASX Listing Rules for Sal de Vida Mineral Resources and Ore Reserves is set out in section 11.11.

Table 5.5.4 – Sal de Vida Ore Reserves

Ore Reserve (14 April 2021)	Time Period (years)	Li Total Mass (tonnes)	Li ₂ CO ₃ Equivalent (tonnes)
Proven	1-10	36,559	194,595
Probable	7-44	205,839	1,095,635
Total	44	242,397	1,290,229

Notes: Assumes 500 mg/L Li cut-off, 68.7% Li process recovery. A Competent Persons Statement and other information required by the ASX Listing Rules for Sal de Vida Mineral Resources and Ore Reserves is set out in section 11.11.

5 OVERVIEW OF GALAXY

(c) James Bay

Table 5.5.5 – James Bay Mineral Resources

Mineral Resource (31 Dec 2020)	Tonnage (Mt)	Grade (%Li ₂ O)	Contained Metal (’000t Li ₂ O)
Indicated	40.30	1.40	564.2
Total	40.30	1.40	564.2

Notes: Reported at a cut-off grade of 0.62 percent Li₂O inside conceptual pit shells optimised using lithium spodumene concentrate price of \$905 per tonne containing 6.0% Li₂O, metallurgical and process recovery of 70%, overall mining and processing costs of \$55 per tonne milled and overall pit slope of 50 degrees. All figures rounded to reflect the relative accuracy of the estimates. A Competent Persons Statement and other information required by the ASX Listing Rules for James Bay Mineral Resources is set out in section 11.11.

5.6 Project outlook

(a) Mt Cattlin – Production and cost guidance³⁴

Mt Cattlin production rates have returned to 190,000 tpa of product in the first quarter of 2021. Mt Cattlin is now targeting lithium spodumene concentrate product grade of 5.6-5.8% Li₂O which has enabled an increase in plant recoveries to 60% in the March quarter 2021.

Table 5.6.1 – Mt Cattlin production and cost guidance

	unit	GFY21 guidance
Total material mined	<i>bcm</i>	5.4 million – 5.9 million
Processing		
Ore processed	<i>wmt</i>	1.45 million - 1.65 million
Grade of ore processed	%Li ₂ O	1.2 - 1.3
Recovery	%	58 - 62
Concentrate produced	<i>dmt</i>	195,000 - 210,000
Grade of concentrate produced	%Li ₂ O	5.6 - 5.8
Production costs		
Cash cost per tonne produced (FOB Esperance, excluding royalties)	<i>\$/dmt</i>	420 - 450

(b) Sal de Vida – Early construction

Sal de Vida continues to progress engineering for the processing plant and early construction activities. Drilling of the Stage 1 production wellfield continues and results from the first two wells led to a Mineral Resource and Ore Reserve increase in April 2021. A further update to the Mineral Resource and Ore Reserve is expected on completion of this drilling program in H2 2021. Piloting activities continue onsite to fine-tune operational procedures and produce samples of battery grade lithium carbonate for testing by potential customers.

Following announcement of the Scheme, Galaxy commenced a study into the acceleration of the development of later stages of Sal de Vida including the combining of Stages 2 and 3 into a single expansion project. This study will be run in parallel without impacting the current development schedule for Stage 1. This study will be of use to Galaxy even if the Scheme does not proceed, as it will provide an option to accelerate an increase in production, and clearly define the differences between staged and a rapid and/or singular expansion.³⁵

³⁴ For further information see ASX release by Galaxy entitled “Mt Cattlin Update” dated 3 June 2021, available at www.gxy.com and www.asx.com.

³⁵ For further information on the Merged Group’s intentions in relation to Sal de Vida, see section 7.8(b)(i).

5 OVERVIEW OF GALAXY

(c) James Bay – Project development and engineering

Further engineering will continue to accelerate the upstream project to “construction-ready” status by year-end. A geological site investigation program was completed in Q1 2021, supporting design assumptions in the PEA and providing data for impact modelling to support an updated Environmental and Social Impact Assessment (**ESIA**). The optimised changes and supporting data will be integrated into the ESIA and re-submitted to authorities in Q2 2021.

Following announcement of the Scheme, Galaxy commenced a concept study to assess options for a downstream lithium hydroxide production facility including location, capacity and other critical project design criteria.

(d) Market outlook

Current market demand outlook remains very strong and significant pricing momentum has been experienced to date since late 2020. Lithium spodumene shipments from Mt Cattlin will continue to be priced on a spot basis through GFY21.

All Mt Cattlin long-term customers (contracted and spot) have requested shipments in H2 GFY21. Customers have expressed preference for an increase in volume of lithium units over grade, agreeing to receive concentrate with a lower grade of 5.6-5.8% Li₂O. This represents a significant benefit to Galaxy as the slightly lower price paid by customers for a lower grade concentrate of product is more than offset by the greater revenue from the volume and recovery uplift at the lower concentrate grade.

5.7 Galaxy Board and senior management

(a) Galaxy Board

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

Table 5.7.1 – Galaxy Board

Name	Position
Martin Rowley	Independent Non-Executive Chairman
Anthony Tse	Executive Director
Peter Bacchus	Non-Executive Director
John Turner	Non-Executive Director
Alan Fitzpatrick	Non-Executive Director
Florencia Heredia	Non-Executive Director

(b) Senior management

As at the date of this Scheme Booklet, Galaxy’s key management personnel comprised, in addition to the members of the Galaxy Board listed above:

Table 5.7.2 – Galaxy key management personnel

Name	Position
Simon Hay	Chief Executive Officer
Alan Rule	Chief Financial Officer
Nick Rowley	Director – Corporate Development
Tom Blackwell	Executive – Major Projects

5 OVERVIEW OF GALAXY

5.8 Galaxy securities and capital structure

(a) Galaxy securities on issue

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

Table 5.8.1 – Galaxy securities

Type of security	Number on issue
Galaxy Shares	505,669,628 ³⁶
Galaxy Performance Rights	9,511,647 ³⁷

No other securities in Galaxy were on issue as at the Last Practicable Date.

(b) Substantial shareholders

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

Table 5.8.2 – Substantial shareholders

	Percentage beneficial shareholding ³⁸
Ausbil Investment Management Limited	9.26%
Paradice Investment Management Pty Ltd	6.19%

5.9 Galaxy incentive and equity arrangements

The Galaxy Performance Rights are governed by the terms of Galaxy's incentive award plan (**Incentive Award Plan**) under which Galaxy can issue both options and performance rights to eligible participants, and utilise an employee share trust arrangement.

The Incentive Award Plan was approved by Galaxy Shareholders at Galaxy's 2019 annual general meeting held on 28 May 2019, and a summary of the Incentive Award Plan is attached to Galaxy's 2019 notice of annual general meeting available on its website (www.gxy.com).

³⁶ This includes 1,111,198 shares held by the share plan trustee on trust for transfer to employees upon exercise of performance rights.

³⁷ This number includes approximately 103,000 Galaxy Performance Rights which Galaxy and Orocobre have agreed may be issued under the Galaxy Incentive Award Plan to certain Galaxy employees by no later than the Scheme Record Date. For further information about how these Galaxy Performance Rights will be treated pursuant to the Scheme, see section 11.2.

³⁸ % shareholding as disclosed in most recent substantial shareholder notice.

5 OVERVIEW OF GALAXY

At the end of 2019, the Galaxy Board approved the adoption of a new short-term incentive and long-term incentive program governed by the terms of the Incentive Award Plan. Under the short-term incentive program, cash and equity based incentives are granted to various Galaxy employees with vesting conditions linked to achievement of certain performance objectives. Galaxy's long-term incentive program is solely equity-based and all long-term incentives granted to various employees vest after four years, subject to the satisfaction of non-financial performance metrics related to production and development and shareholder returns.

Following receipt of shareholder approval at Galaxy's 2021 annual general meeting, 90,056 Galaxy Performance Rights were issued to Galaxy's non-executive directors in lieu of directors' fees forgone during the period from 1 July 2020 to 30 June 2021. These Galaxy Performance Rights did not attach any performance conditions, and they vested on 1 July 2021. Also following shareholder approval at Galaxy's 2021 annual general meeting, 59,495 Galaxy Performance Rights were issued to Galaxy's executive director (Mr Anthony Tse) under the Incentive Award Plan, as part of Galaxy's short-term incentive program. These Galaxy Performance Rights will automatically vest on the Court making the Scheme Order, as set out in section 11.2. No voting recommendations were made by interested Directors in respect of the resolutions relating to the issue of these Galaxy Performance Rights.

Further information on how Galaxy Performance Rights, including those issued under the arrangements referred to in this section, will be treated pursuant to the Scheme is set out in section 11.2.

5.10 People and culture and health and safety

(a) People & Culture

Galaxy strives to attract, develop and retain quality people who are committed to the Galaxy values and achieving Galaxy's corporate objectives.

At the end of 2020, Galaxy had 200 employees and on average 178 contractors taking its total workforce to 378 across its three sites and three offices. Wherever possible Galaxy seeks to employ people from local communities or reside its staff within local communities, with over 80% of its employees being local hires.

At Galaxy, all employees are encouraged to develop their careers and there is a broad range of on-the-job opportunities to achieve this. Galaxy supports training, membership of professional associations and further education. All employees are set performance and development plans each year and have formal reviews with their managers twice yearly to ensure the plans are on track.

(b) Health & Safety

Galaxy has developed an integrated Health, Safety, Environment and Community (**HSEC**) Management System aligned to Australian Standard 4801 and ISO 14001. The HSEC Management System describes the framework within which Galaxy manages its operations and sets the minimum standards of performance across the Galaxy Group.

The HSEC Committee assists the Galaxy Board in fulfilling its responsibilities for corporate governance. This includes oversight of Galaxy's practices and governance in the areas of health, safety, environment and community.

Galaxy is committed to providing a healthy and safe workplace for all personnel and individuals who may be impacted by its activities. Galaxy strives to achieve an injury-free workplace and is pleased to report a reduction in overall injuries and total recordable injuries in 2020.

In 2020, Galaxy recorded a Total Recordable Injury Frequency Rate (**TRIFR**) of 9.4, down from 14.5 in 2019. The Lost Time Injury Frequency Rate (**LTIFR**) for 2020 was 1.3, slightly higher than the 1.1 in 2019. One lost time injury was recorded in each of the 2019 and 2020 reporting years and the difference in LTIFR is attributable to a slight reduction in total hours worked in 2020.

5 OVERVIEW OF GALAXY

5.11 Financing arrangements

(a) Available Cash Financing

As at 31 March 2021, Galaxy held \$217 million in cash and financial assets.

(b) BNP Debt Facility

On 31 December 2020, Galaxy entered into the BNP Facility Agreement to extend the maturity date of its \$40 million debt facility with BNP to 31 December 2021. As at 31 March 2021, the facility remains undrawn. If the Scheme is not Implemented, Galaxy will remain a standalone entity and will seek to implement a new debt facility to replace the existing BNP Facility Agreement when it matures on 31 December 2021 on terms tailored to Galaxy as an independent company.

One of the Conditions Precedent to the Scheme is that BNP gives its consent under the BNP Facility Agreement to the change of control, and delisting from ASX, of Galaxy that will occur as a consequence of the Scheme being Implemented, prior to 7.00 am on the Second Court Date. As at the date of this Scheme Booklet, BNP has given its consent, and accordingly, this Condition Precedent has been satisfied. Further details about the Conditions Precedent are set out in section 3.6 and part 1 of Annexure A.

5.12 Historical financial information

This section 5.12 contains the following financial information relating to Galaxy:

- Consolidated historical Income Statements for GFY19 and GFY20;
- Consolidated historical statements of Financial Position for GFY19 and GFY20; and
- Consolidated historical statements of Cash Flows for GFY19 and GFY20.

The financial information in this section 5.12 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The information has been extracted from Galaxy's audited financial reports for GFY19 and GFY20.

(a) Basis of interpretation

The historical financial information of the Galaxy Group presented in this section is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Galaxy recommends that Galaxy Shareholders read the following in conjunction with the financial statements of Galaxy for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on Galaxy's website at www.gxy.com and on ASX's website as www.asx.com.au).

The historical financial information of the Galaxy Group has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The Galaxy historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

Galaxy's financial report for GFY20 was audited and its half year financial report for the six-month period ended 30 June 2020 was reviewed by PricewaterhouseCoopers (**PwC**). PwC issued an unmodified audit opinion GFY20 and an unmodified review conclusion in relation to Galaxy's half year financial report for the six-month period ended 30 June 2020.

5 OVERVIEW OF GALAXY

(b) Consolidated Income Statement and other comprehensive income

The following table presents Galaxy Group's historical consolidated Income Statement and Other Comprehensive Income for GFY19 and GFY20.

Table 5.12.1 – Galaxy Group Historical Consolidated Income Statement and Other Comprehensive Income for GFY19 and GFY20

	2020 \$'000	2019 \$'000
Operating sales revenue	55,293	69,514
Cost of sales	(64,690)	(80,897)
Inventory write down	(10,813)	(23,637)
Gross Profit / (Loss)	(20,210)	(35,020)
Impairment of Property, Plant & Equipment and Right of Use Assets	(14,183)	(188,905)
Other income	9,237	-
Other expenses	(11,178)	(16,974)
Profit / (Loss) Before Tax and Net Finance Income	(36,334)	(240,899)
Finance income	7,447	11,685
Finance expenses	(2,529)	(2,269)
Profit / (Loss) Before Tax	(31,416)	(231,483)
Income tax benefit / (expense)	107	(52,259)
Profit / (Loss) After Tax for the Year	(31,309)	(283,742)
Profit / (Loss) Attributable to Members of the Parent	(31,309)	(283,742)
Other Comprehensive Income / (Loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation reserve	2,167	(2,270)
<i>Items that will not be classified to profit or loss</i>		
Changes in the fair value of financial assets designated at fair value through other comprehensive income	432	(27,316)
Income tax (expense) / benefit relating to changes in fair value of financial assets	-	(534)
Other Comprehensive Income / (Loss) for the Period, Net of Tax	2,599	(30,120)
Total Comprehensive Income / (Loss) After Tax	(28,710)	(313,862)
Total Comprehensive Income / (Loss) After Tax Attributable to Members of the Parent	(28,710)	(313,862)

5 OVERVIEW OF GALAXY

	2020 \$'000	2019 \$'000
Earnings per share attributable to the ordinary equity holders of the Company		
Basic income / (loss) per share (cents per share)	(7.528)	(69.435)
Diluted income / (loss) per share (cents per share)	(7.528)	(69.435)

Commentary on Galaxy's historical financial performance for GFY19 and GFY20

The Galaxy Group's loss after tax for GFY20 was \$31.3 million (GFY19: loss \$283.7 million). The loss after tax in GFY20 includes a write down of inventory at Mt Cattlin at 30 June 2020 of \$10.8 million (GFY19: \$23.6 million), an impairment of Property, Plant & Equipment and Right of Use Assets at Mt Cattlin at 30 June 2020 of \$14.2 million (GFY19: \$188.9 million) and a derecognition of deferred tax assets of \$nil (GFY19: \$33.3 million).

Revenue from operations decreased 20% to \$55.3 million compared to GFY19, driven by lower realised lithium spodumene prices offset by a 14% increase in volume sold to 150,631 dmt (GFY19: 132,687 dmt). The average realised selling price for lithium spodumene achieved in GFY20 was \$352/dmt, a 30% reduction from GFY19 (\$502/dmt).

Cost of goods sold decreased by 20% in GFY20 to \$64.7 million (GFY19: \$80.9 million) primarily due to lower depreciation and amortisation in GFY20 of \$5.8 million (GFY19: \$35.2 million) offset by higher sales volume in GFY20 of 14%. The lower depreciation and amortisation resulted from the impairment in Property, Plant and Equipment at Mt Cattlin of \$188.9 million in GFY19 and \$14.2 million for the half year ended 30 June 2020. Cost of goods per tonne sold decreased from \$592/dmt in GFY19 to \$458/dmt due to the lower depreciation and amortisation in GFY20.

Total JobKeeper payments of A\$2.3 million for Australian employees were received during GFY20.

Other income of \$9.2 million in GFY20 included \$3.5 million reversal of provision relating to the conclusion of all outstanding matters related to the sale of northern tenements at Sal de Vida to Pohang Iron & Steel Co, Ltd (POSCO) in 2018 and foreign exchange gains of \$5.7 million.

(c) Consolidated statement of Financial Position

The following table presents the Galaxy Group's historical consolidated statement of Financial Position for GFY19 and GFY20.

Table 5.12.2 – Galaxy Group Historical Statement of Financial Position GFY19 and GFY20

	2020 \$'000	2019 \$'000
CURRENT ASSETS		
Cash and cash equivalents	210,437	100,907
Financial assets	1,770	36,812
Trade and other receivables	20,986	10,801
Inventories	8,351	27,752
Other current assets	1,725	1,660
Total Current Assets	243,269	177,932

5 OVERVIEW OF GALAXY

	2020 \$'000	2019 \$'000
NON-CURRENT ASSETS		
Financial assets	2,891	5,514
Property, plant and equipment	27,473	33,728
Right of use assets	4,369	8,402
Exploration and evaluation assets	106,404	88,517
Other non-current assets	2,630	2,003
Total Non-Current Assets	143,767	138,164
Total Assets	387,036	316,096
CURRENT LIABILITIES		
Trade and other payables	21,039	24,867
Lease liabilities	8,150	6,572
Provisions	7,263	6,922
Income tax payable	-	14,022
Total Current Liabilities	36,452	52,383
NON-CURRENT LIABILITIES		
Lease liabilities	12,389	18,205
Provisions	7,142	4,673
Total Non-Current Liabilities	19,531	22,878
Total Liabilities	55,983	75,261
Net Assets	331,053	240,835
EQUITY		
Contributed equity	792,942	674,091
Reserves	(37,931)	(33,012)
Accumulated losses	(423,958)	(400,244)
Total Equity	331,053	240,835

Commentary on Galaxy's historical financial performance for GFY19 and GFY20

Current assets at 31 December 2020 increased by \$65.3 million to \$243.3 million, compared with 31 December 2019, primarily due to the equity financing of \$118.8 million completed in December 2020 offset by capex of \$25.3 million (including capital works and exploration and evaluation costs at Mt Cattlin, Sal de Vida and James Bay) and write down of inventory of \$10.8 million at 30 June 2020.

The differential between production and sales volumes in GFY20 of approximately 42,000 dmt resulted in a decrease of closing inventory of \$19.4 million. At 31 December 2020, Galaxy had approximately 17,000 dmt of final lithium spodumene product in inventory.

5 OVERVIEW OF GALAXY

Non-current assets of \$143.8 million were in line with GFY19 with capex offset by depreciation and amortisation and the impairment of property, plant and equipment and right of use assets at Mt Cattlin of \$14.2 million at 30 June 2020.

Current liabilities decreased by \$16.0 million to \$36.4 million at 31 December 2020, primarily due to the reduction in income tax payable of \$14.0 million.

The Galaxy Group ended the period with no outstanding borrowings or bank debt liabilities.

(d) Consolidated statement of Cash Flows

The following table presents the Galaxy Group's historical consolidated statement of Cash Flows for GFY19 and GFY20.

Table 5.12.3 – Galaxy Group Consolidated Statement of Cash Flows GFY19 and GFY20

	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES		
Receipts from customers	45,698	63,624
Payments to suppliers, contractors and employees	(51,948)	(98,902)
Cash generated from / (used in) Operations	(6,250)	(35,278)
Income and withholding tax paid	(7,288)	(61,885)
Net Cash inflow / (outflow) from Operating Activities	(13,538)	(97,163)
INVESTING ACTIVITIES		
Interest received	8,388	10,686
Payments for property, plant and equipment	(6,116)	(12,628)
Payments for financial assets	-	(68,448)
Proceeds from disposal of financial assets	32,057	850
Payments for loan acquired	-	(31,087)
Repayment of loan acquired	-	31,087
Payments for exploration and evaluation assets	(19,219)	(17,480)
Proceeds from sale of exploration and exploration and evaluation assets	-	271,600
Net Cash inflow / (outflow) from Investing Activities	15,110	184,580
FINANCING ACTIVITIES		
Principal elements of lease payments	(7,833)	(7,513)
Net proceeds from issue of shares, net of transaction costs	118,820	-
Bank charges and interest paid	(987)	(1,830)
Proceeds from borrowings	-	32,000
Repayments of borrowings	-	(32,000)
Transaction costs related to loans and borrowings	(575)	(373)

5 OVERVIEW OF GALAXY

	2020 \$'000	2019 \$'000
Net Cash inflow / (outflow) from Financing Activities	109,425	(9,716)
Net increase / (decrease) in Cash and Cash Equivalents	110,997	77,701
Cash and cash equivalents at the beginning of the period	100,907	24,755
Effect of foreign exchange rate changes	(1,467)	(1,549)
Cash and Cash Equivalents at the End of the Period	210,437	100,907

Commentary on Galaxy's historical financial performance for GFY19 and GFY20

The Galaxy Group's cash outflow from operating activities for GFY20 was \$13.5 million (GFY19: cash outflow \$97.2 million). The improvement of \$83.7 million was driven by a reduction in income tax paid of \$54.6 million, a reduction in payment to suppliers, contractors and employees of \$47.0 million due to a 43% reduction in lithium spodumene production at Mt Cattlin offset by a reduction in receipts from customers of \$17.9 million primarily due to a 30% reduction in the realised lithium spodumene price.

Net cash inflows from investing activities in GFY20 were \$15.1 million, a reduction of \$169.5 million compared to GFY19 primarily due to the proceeds of the sale of northern tenements at Sal de Vida to POSCO in 2018 for a total price of \$271.6 million, which was received by Galaxy in GFY19. Major investing activities cash outflows were \$6.1 million (GFY19: \$12.6 million) in payments for property, plant and equipment, \$19.2 million (GFY19: \$17.5 million) in exploration and evaluation costs at Mt Cattlin, Sal de Vida and James Bay, and \$32.1 million in proceeds for financial assets (GFY19: \$68.4 million payment). Investing activities also included \$8.4 million (GFY19: \$10.7 million) in interest income received.

The Galaxy Group had a net financing cash inflow of \$109.4 million for GFY20 (GFY19: outflow \$9.7 million), primarily comprising the equity financing of \$118.8 million (net of issue costs) completed in December 2020, offset by principal elements of lease payments of \$7.8 million (GFY19: \$7.5 million).

At 31 December 2020, the Galaxy Group had closing cash of \$210.4 million together with financial assets of \$4.7 million.

5.13 Material changes in Galaxy's financial position

The most recent published financial statements of Galaxy are provided in its 2020 Annual Financial Report, which was released to ASX on 14 April 2021. Galaxy published its March 2021 Quarterly Activity Report on 19 April 2021.

Other than a rebound in the lithium spodumene concentrate price and the ramp up of mining, production and sales volumes at Mt Cattlin, that could potentially result in a reversal of previous impairments at Mt Cattlin when the 30 June 2021 half-year financial statements are prepared, to the knowledge of your Galaxy Directors, the financial position of Galaxy has not changed materially since 31 December 2020, being the last date of the period to which the financial statements for GFY20 relate.

On 2 June 2021, a bill was passed in the Argentinian Senate to replace the current fixed tax rate with a progressive tax scale, which would have the effect of increasing the top corporate tax rate band in Argentina from 30% to 35% in respect of tax years beginning 1 January 2021 and onwards. At this stage, Galaxy is unable to confirm the impact that this increase could have on the financial position of Galaxy. The financial models underlying the Independent Expert's Report assumed an Argentinian tax rate of 35.0% applicable to both of Galaxy and Orocobre.

5 OVERVIEW OF GALAXY

Copies of Galaxy's periodic reports (including for GFY20) can be obtained from Galaxy's website at www.gxy.com, ASX's website at www.asx.com.au and from Galaxy free of charge following a request to Computershare through the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays, received before the Scheme is approved by the Court.

5.14 Galaxy Directors' intentions for the business

The Corporations Regulations require your Galaxy Directors to provide a statement as to their intentions regarding Galaxy's business.

If the Scheme is Implemented, Galaxy will become a wholly-owned subsidiary of Orocobre, and Orocobre and the entities owned and/or controlled by Orocobre (including Galaxy), will be the Merged Group. If the Scheme is Implemented, it is intended that the Merged Group Board will be constituted in accordance with the arrangements set out in section 7.7. It is for the Merged Group Board to determine its intentions as to:

- (a) the continuation of the business of Galaxy;
- (b) any major changes, if any, to be made to the business of Galaxy, including any redeployment of the fixed assets of Galaxy; or
- (c) the future employment of the present employees of Galaxy.

Accordingly, it is not possible for the resigning Galaxy Directors to provide a statement regarding the above matters.

The proposed intentions of the Merged Group Board (including those Galaxy Directors who will be appointed to the Merged Group Board if the Scheme is Implemented), are set out in section 7.8.

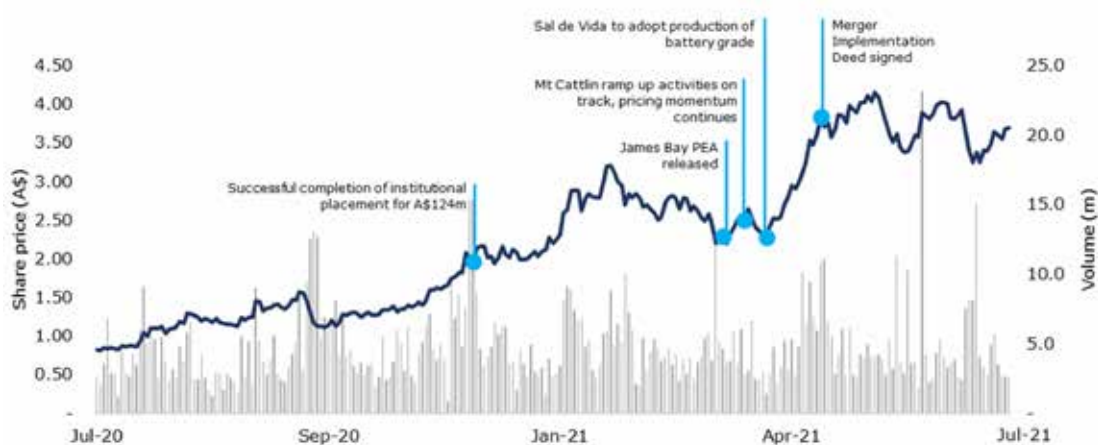
If the Scheme is not Implemented, the current intentions of the Galaxy Board are to continue to operate the Galaxy Group in the ordinary course of business. Further information relating to the Galaxy Board's intentions in respect on Galaxy's ongoing financing arrangements is set out in section 5.11 (b).

5.15 Recent Galaxy Share price performance

Galaxy Shares are listed on ASX under the ASX code 'GXY'.

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

Figure 5.15.1 – Galaxy Share price and trading volume over the 12 months before the Last Practicable Date



Source: Galaxy trading data sourced from CapitalIQ as at the Last Practicable Date.

5 OVERVIEW OF GALAXY

Table 5.15.1 – Price of Galaxy Shares as at the Last Practicable Date and other periods.

As at the Last Practicable Date	A\$ per share
The last recorded traded price	\$3.69
The highest recorded traded price of Galaxy Shares in the previous three month period	\$4.15 (10 May 2021)
The lowest recorded traded price of Galaxy Shares in the previous three month period	\$2.78 (6 April 2021)
The highest recorded traded price of Galaxy Shares in the previous twelve month period	\$4.15 (10 May 2021)
The lowest recorded traded price of Galaxy Shares in the previous twelve month period	\$0.81 (3 July 2020)
The closing price of Galaxy Shares on 16 April 2021 (the last trading day prior to announcement of the Scheme)	\$3.61

Source: Galaxy trading data sourced from CapitalIQ as at the Last Practicable Date.

5.16 Public information available for inspection

Galaxy 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 Galaxy to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Galaxy is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Galaxy 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 Galaxy's website at www.gxy.com, or free of charge following a request in writing to Galaxy 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. Copies of the documents lodged with ASIC in relation to Galaxy may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au, including at ASIC's self-service kiosks at ASIC's service centres, or obtained from Galaxy following a request to Computershare through the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday, excluding public holidays, at any time before the Scheme Meeting.

5 OVERVIEW OF GALAXY

A list of announcements made by Galaxy to ASX from the date of the Galaxy 2020 Annual Report on 14 April 2021 to the Last Practicable Date is included below.

Table 5.16.1 – Galaxy announcements since Galaxy 2020 Annual Report

Date	Description of Announcement
21 June 2021	Change of Director's Interest Notice - MR
8 June 2021	Change in substantial holding
4 June 2021	Change of Director's Interest Notice - MR
4 June 2021	Change of Director's Interest Notice – AT
4 June 2021	Change of Director's Interest Notice – JT
4 June 2021	Change of Director's Interest Notice – PB
4 June 2021	Change of Director's Interest Notice – FH
4 June 2021	Change of Director's Interest Notice - AF
4 June 2021	Appendix 3G
3 June 2021	Mt Cattlin Update
20 May 2021	Annual General Meeting Voting Results
20 May 2021	Corporate Presentation – Annual General Meeting
12 May 2021	Appendix 2A
4 May 2021	Appendix 3G
4 May 2021	Appendix 2A
20 April 2021	Becoming a substantial shareholder
19 April 2021	Orocobre and Galaxy Merger – Presentation
19 April 2021	Orocobre and Galaxy Merger – Announcement
19 April 2021	Quarterly Activities Report – March 2021

5.17 Litigation

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



6 OVERVIEW OF OROCOBRE

6

OVERVIEW OF OROCOBRE

6.1 Introduction

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

6.2 Overview of Orocobre and the Orocobre Group

Orocobre is an ASX- and TSX-listed global lithium chemicals company and an established producer of boron. Orocobre has a diversified portfolio of producing brownfield and greenfield development assets. Orocobre is an established producer of battery and technical grade lithium carbonate from the large-scale, long mine life Olaroz Lithium Facility located in Argentina and will shortly become a producer of battery grade lithium hydroxide from the Naraha Lithium Hydroxide Plant located in Japan.

Since its incorporation in 2005, Orocobre has grown from a small resource explorer to a vertically integrated producer of lithium chemicals.

Orocobre is now one of the largest ASX-listed lithium producers by market capitalisation, with a current plant production capacity of approximately 15,000 tpa of refined lithium chemicals. Orocobre is currently undertaking an expansion of the Olaroz Lithium Facility to lift plant production capacity. Orocobre has Mineral Resources of 12.7Mt LCE³⁹ (measured, indicated and inferred on a 100% basis for both the Olaroz and Cauchari salars) and is now looking to grow production and increase free cash flow organically through its development pipeline of the high quality projects.

Construction of the Naraha Lithium Hydroxide Facility is currently ~90% complete and after commissioning is expected to be capable of producing 10,000 tpa of high-quality lithium hydroxide.

Orocobre is well positioned to deliver these growth projects with a strong balance sheet as at 31 March 2021⁴⁰ with cash and cash equivalents of \$270.3 million (\$96.6 million set aside as guarantees) and project debt at \$172.6 million and a net cash balance of \$97.7 million.

6.3 Key assets

Orocobre has two key assets:

- the Olaroz Lithium Facility and the associated Cauchari project in Argentina; and
- the Naraha Lithium Hydroxide Plant in Japan.

Orocobre also owns and operates the Borax SA operations in Argentina.

³⁹ For further information about Orocobre's Mineral Resources see section 6.5.

⁴⁰ Further information regarding development risks for Orocobre is set out in section 9.2(i).

6 OVERVIEW OF OROCOBRE

Figure 6.3.1 – Orocobre's global operations



Olaroz (66.5%)⁴¹	
Stage	Operating / Expansion
Type	Brine
Product	Carbonate
Plant production capacity	Approximately 15,000 tpa capacity for Stage 1 (approximately 10,000 tpa attributable to Orocobre) and expansion activities underway for Stage 2 expected to deliver an additional 25,000 tpa in plant production capacity (16,625 tpa attributable to Orocobre)
Resources (measured and indicated)	6.4 Mt LCE (4.3Mt LCE attributable to Orocobre)
Cauchari (100%)⁴²	
Stage	Development
Type	Brine
Product	Carbonate
Resources (measured, indicated and inferred)	6.3 Mt LCE (all categories)
Naraha (75%)	
Stage	Construction
Type	LiOH conversion facility
Product	Hydroxide
Plant production capacity	10,000 tpa LiOH (7,500 tpa attributable to Orocobre)
Borax (100%)⁴³	
Stage	Operating
Type	Borates
Product	Borax chemicals, boric acid and boron minerals

41 For further information about Mineral Resources for Olaroz, see section 6.5. For further information about Olaroz Stage 1 plant production capacity see section 6.6.

42 For further information about Mineral Resources for Cauchari see section 6.5.

43 For further information about resources for Borax, see section 6.5.

6 OVERVIEW OF OROCOBRE

(a) Olaroz Lithium Facility

Orocobre holds a 66.5% interest in the Olaroz Lithium Facility, located on the Olaroz salar in Jujuy Province in northern Argentina, approximately 230 kilometres northwest of the provincial capital city of Jujuy. The Olaroz Lithium Facility was developed jointly with Toyota Tsusho Corporation (**TTC**) who hold a 25% interest, and with the province of Jujuy via Jujuy Energia y Minería Sociedad del Estado (**JEMSE**) holding an 8.5% interest. The Olaroz Lithium Facility operates at an altitude of 3,900 metres above sea level and produces battery grade and technical grade lithium carbonate. The Olaroz salar is a long life and high quality resource which is capable of production for at least 40 years.

The Olaroz Lithium Facility is being developed sequentially across multiple stages in line with market demand. Stage 1 of the Olaroz Lithium Facility has been in production since 2015 and has a current plant production capacity of approximately 15,000 tpa LCE of both battery grade and technical grade lithium carbonate. Stage 2 of the Olaroz Lithium Facility is a brownfields expansion project with a total capital cost of approximately \$334.5 million. Stage 2 is expected to be commissioned in H1 2022. Orocobre has commenced early stage work on studies for Olaroz Stage 3 and anticipates releasing initial studies in H1 2022.⁴⁴

(b) Cauchari Project

The Cauchari Project was acquired by Orocobre in 2020 following Orocobre's takeover of Advantage Lithium Corporation. The Cauchari salar has similar brine characteristics to Olaroz and provides additional optionality for Orocobre when considering a potential Stage 3 expansion at the Olaroz Lithium Facility.

The Cauchari Project has a total brine resource of 6.3Mt (all categories) extending over an area of 117.7 km².⁴⁵

In 2019, Advantage Lithium Corporation delivered a Pre-Feasibility Study into the development of a standalone Lithium Carbonate production facility at Cauchari. Orocobre will consider utilising the Cauchari project in a stage 3 development of the Olaroz Lithium Facility, subject to reaching agreement with TTC under the existing Olaroz joint venture arrangements.

(c) Naraha Lithium Hydroxide Plant

The Naraha Lithium Hydroxide Plant (75% Orocobre, 25% TTC) is the first of its kind to be built in Japan and is designed to convert primary grade lithium carbonate feedstock sourced from Olaroz into 10,000 tpa of battery grade lithium hydroxide.

TTC, on behalf of Toyotsu Lithium Corporation is managing delivery of the Naraha Lithium Hydroxide Plant and will have ongoing management responsibility once operations commence, with input from Orocobre technical personnel. A technical oversight committee of Orocobre and TTC personnel is in place to provide strong governance and reporting practices. The project is being delivered by a turnkey engineering, procurement, and construction contract with Veolia with commissioning expected by H1 2022. An options study for a potential Naraha Stage 2 expansion is expected by H1 2022, which will investigate the potential to expand lithium hydroxide production capacity.⁴⁶

⁴⁴ For further information about Mineral Resources for Olaroz, see section 6.5(a).

⁴⁵ For further information about Mineral Resources for Cauchari, see section 6.5(b).

⁴⁶ Further information regarding development risks for Orocobre is set out in section 9.2(i).

6 OVERVIEW OF OROCOBRE

(d) Borax Argentina S.A

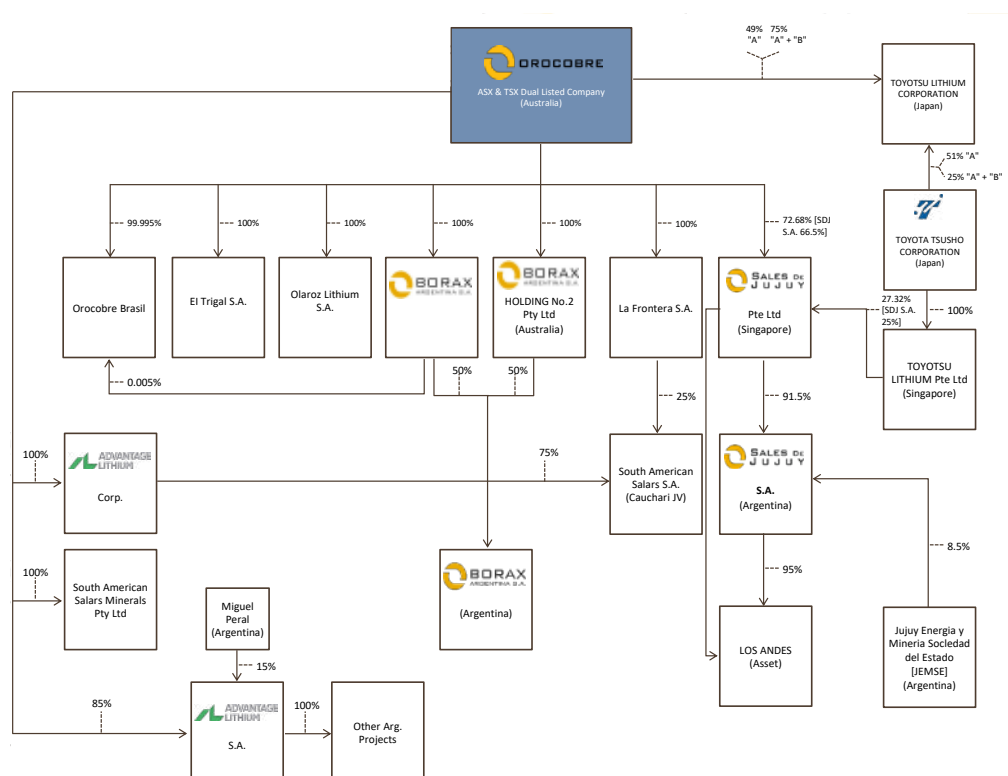
Borax is a well-established producer of boron minerals and refined chemicals with over 50 years operating experience in the Salta-Jujuy region of Argentina.

6.4 Corporate structure of Orocobre

(a) Orocobre Group

The corporate structure of Orocobre and its wholly owned or controlled entities is set out below. If the Scheme is Implemented, Galaxy will become a wholly-owned subsidiary of Orocobre and the Galaxy Group will become part of the Orocobre Group.

Figure 6.4.1 – Orocobre Corporate Structure



(b) Olaroz Joint Venture

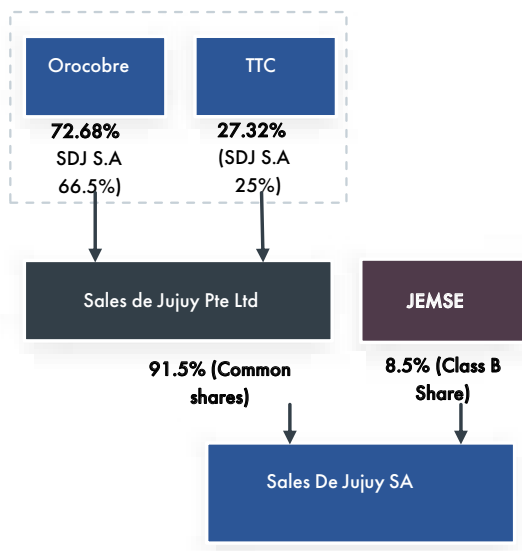
The Olaroz joint venture operates the Olaroz Lithium Facility managed through the operating company Sales de Jujuy S.A. (SDJ) which is owned by Orocobre (66.5%), TTC (25%) and JEMSE (8.5%). Orocobre's and TTC's interests in SDJ are held via Sales de Jujuy Pte Ltd, a Singapore incorporated company. Orocobre to date has funded JEMSE's pro rata contributions to the funding of developments at the Olaroz Lithium Facility. JEMSE's funding contribution for Stage 1 of the Olaroz Lithium Facility will be repaid to Orocobre from future dividends from SDJ. JEMSE is not contributing funding to Stage 2.

The structure of the Olaroz joint venture is set out in the diagram below.

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.

6 OVERVIEW OF OROCOBRE

Figure 6.4.2 – Olaroz Joint Venture structure

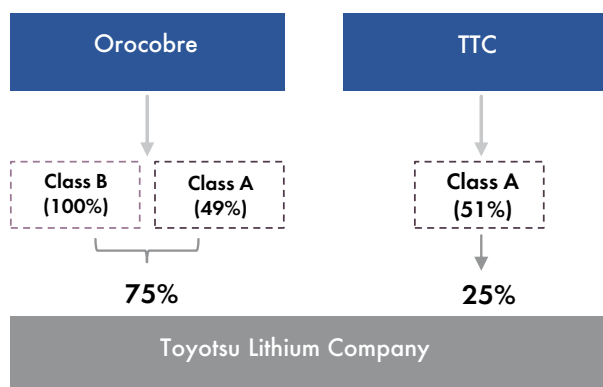


(c) Naraha Lithium Hydroxide Plant Joint Venture

The Naraha Lithium Hydroxide Plant is a joint venture between TTC and Orocobre operated by the Japanese incorporated joint venture company Toyotsu Lithium Corporation (**TLC**). TTC is the manager of the Naraha Lithium Hydroxide Plant and holds 51% of Class A shares in TLC and Orocobre holds 49% of Class A and 100% of Class B shares. Class B shares have no voting rights but full participating rights to dividends and distributions. This structure results in an economic ownership of 75% for Orocobre and 25% for TTC in the Naraha Lithium Hydroxide Project. The structure of the Naraha Lithium Hydroxide Plant joint venture is set out in the diagram below.

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.

Figure 6.4.3 – Naraha Lithium Hydroxide Joint Venture structure



6 OVERVIEW OF OROCOBRE

6.5 Mineral Resources

Below is a summary of the Mineral Resources of Orocobre's key assets.

(a) Olaroz

Table 6.5.1.1 – Olaroz Mineral Resource

Resource Category	Area (km ²)	Thickness (m)	Mean Specific Yield %	Brine Volume km ³	Concentration			Tonnes of contained metal		
					Lithium mg/l	Potassium mg/l	Boron mg/l	Lithium Mt	Potassium Mt	Boron Mt
Measured	93	54	8.4%	0.42	632	4,930	927	0.27	2.08	0.39
Indicated	93	143	10.0%	1.33	708	6,030	1,100	0.94	8.02	1.46
Measured & Indicated	93	197	9.6%	1.75	690	5,730	1,050	1.21	10.1	1.85

Note: A Competent Persons Statement in relation to Olaroz Mineral Resources is set out in section 11.11.

(b) Cauchari

Table 6.5.2 – Cauchari Mineral Resources

	Measured (M)	Indicated (I)	M+I	Inferred
Aquifer volume (km ³)	9.7	20.9	30.7	10.7
Mean specific yield	6%	6%	6%	6%
Brine volume (km ³)	0.6	1.2	1.9	0.6
Li Mean grade (g/m ³)	35	26	29	27
Li mean concentration (mg/l)	527	452	476	473
Resource (tonnes)	345,000	550,000	900,000	290,000
Lithium Carbonate Equivalent	1,850,000	2,950,000	4,800,000	1,500,000

Notes:

1. JORC and CIM definitions were followed for mineral resources.
2. Lithium is converted to lithium carbonate (Li₂CO₃) with a conversion factor of 5.32.
3. Numbers may not add due to rounding.
4. A Competent Persons Statement in relation to Cauchari Mineral Resources is set out in section 11.11 (b).

6 OVERVIEW OF OROCOBRE

(c) Borax - Porvenir

Table 6.5.3 – Borax – Porvenir Mineral Resources

Classification	Cut-off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	9%	4,907,877	14.5	710,672
Indicated	9%	1,942,433	16.0	310,517
Measured & Indicated	9%	6,850,000	14.9	1,020,000
Classification	Cut-off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	16%	1,474,341	20.0	295,117
Indicated	16%	804,595	21.0	168,776
Measured & Indicated	16%	2,278,937	20.4	463,992

Notes: A Competent Persons Statement in relation to Borax (Porvenir) Mineral Resources is set out in section 11.11.

(d) Borax - Tincalayu

Table 6.5.4 – Borax – Tincalayu

	Current Production 30ktpa			Expanded Production 100ktpa		
	Cut-off	Tonnes (Mt)	Soluble B ₂ O ₃ (%)	Cut-off	Tonnes (Mt)	Soluble B ₂ O ₃ (%)
Global Resource (Not limited to a Pit Shell) - with Marginal Cut-off						
Indicated	5.6	6.9	13.9	2.8	6.9	13.8
Inferred	5.6	9.9	10.2	2.8	13.8	8.5
Maximum DCF In-Pit Resource - with Marginal Cut-off						
Indicated	5.6	5.1	14.7	2.8	6.8	13.8
Inferred	5.6	1.4	11.0	2.8	11.0	9.3

Notes: A Competent Persons Statement in relation to Borax (Tincalayu) Mineral Resources is set out in section 11.11.

(e) Historical Borax Argentina S.A. Resources – Not reported under the JORC Code

Table 6.5.5 – Historical Borax Argentina S.A. Resources

Mine / Project	Material	Historical Estimate	Tonnes	Grade %B ₂ O ₃	Tonnes B ₂ O ₃
Current Soft Rock Mines					
Sijes - Hydroboracite	Hydroboracite	Measured	3,099,998	22.8	706,800
Sijes - Colemanite	Colemanite	Inferred	200,000	22.0	40,000
Total and Average			3,299,998	22.6	746,800
Undeveloped Ulexite Deposits in Salt Lake Sediments					
Ratones	Ulexite	Indicated	364,663	18.0	65,639

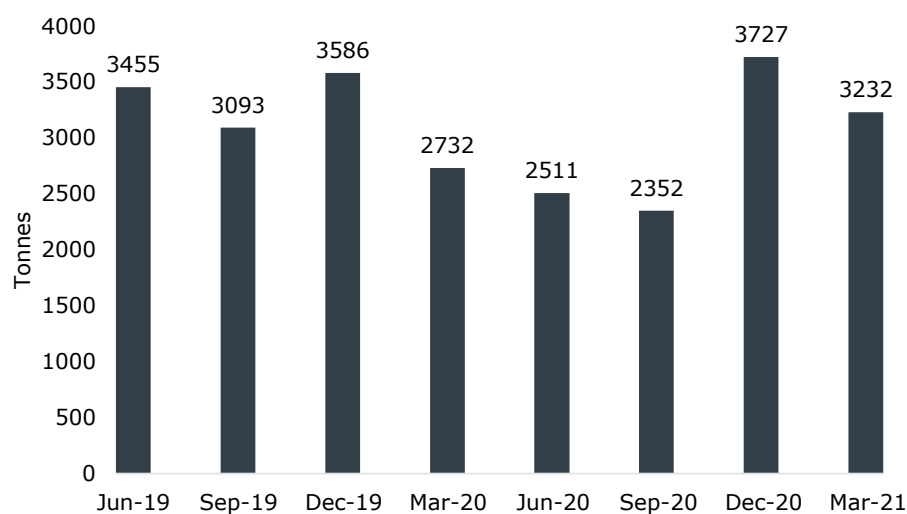
6 OVERVIEW OF OROCOBRE

6.6 Historic production and costs

The Olaroz Lithium Facility has produced on average 3,086 tonnes of lithium carbonate per quarter over the last eight quarters since June 2019, as illustrated in Figure 6.6.1 below.

In the March 2021 quarter 3,232 tonnes of lithium carbonate were produced, the highest ever achieved in a March quarter and up 18% compared to the March 2020 quarter. The proportion of battery grade product was also higher than in prior years. Sales revenue also increased by 7% quarter-on-quarter to \$17.7 million for the March 2021 quarter, supported by stronger lithium market conditions.

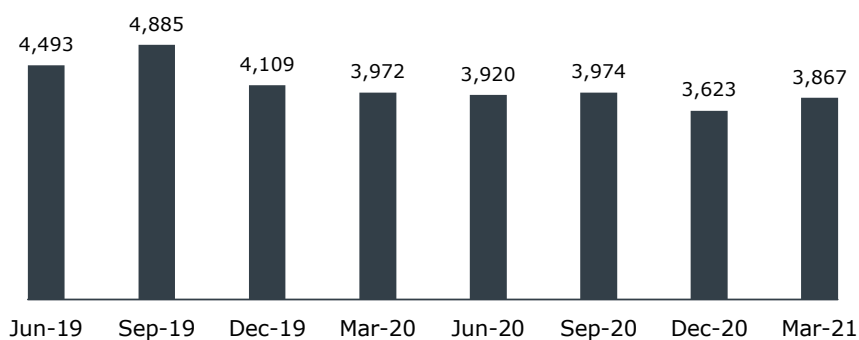
Figure 6.6.1 - Olaroz quarterly lithium carbonate production (LCE)



Orocobre has significantly improved its operating cash costs over the last two years, with cash costs declining by 13.9% from \$4,493/t to \$3,867/t over the past eight quarters since June 2019. This was primarily driven by higher brine concentration resulting in higher daily production rates, higher plant recovery and lower reagent usage.

Optimised costs have been a focus for the business with ongoing efforts to reduce fixed costs through a restructuring program and renegotiation of supply contracts.

Figure 6.6.2 - Olaroz quarterly operating cash costs (US\$/t)



6 OVERVIEW OF OROCOBRE

6.7 Board and senior management

(a) Orocobre Board

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

Table 6.7.1 – Orocobre Board

Name	Position
Robert Hubbard	Non-Executive Chairman
Fernando Oris de Roa	Non-Executive Deputy Chairman
Martín Pérez de Solay	Managing Director and Chief Executive Officer
Richard Seville	Non-Executive Director
John Gibson, Jr.	Non-Executive Director
Leanne Heywood	Non-Executive Director
Masaharu Katayama	Non-Executive Director
Patricia Martinez	Non-Executive Director

(b) Senior management

As at the date of this Scheme Booklet, Orocobre's key management personnel are, in addition to the members of the Orocobre Board listed above:

Table 6.7.2 – Orocobre senior management

Name	Position
Hersen Porta	Chief Operations Officer
Neil Kaplan	Chief Financial Officer and Joint Company Secretary
Rick Anthon	Corporate Development Manager, General Counsel & Joint Company Secretary
Andrew Barber	Chief Investor Relations Officer
Nicolás Martín Mordeglia	Chief Legal and Communications Officer
Ileana Freire	Chief Human Resources Officer
Christian Cortes	Chief Sales and Marketing Officer

6.8 Health and safety

The safety, health and wellbeing of its workforce is Orocobre's main priority.

(a) Olaroz Lithium Facility

The Olaroz Lithium Facility recorded a Total Recordable Injury Frequency Rate of 2.4 in the first half of OFY21, down from 3.0 in the previous corresponding period.

(b) Borax

Two Lost Time Injuries (LTI) were recorded at Borax early in H1 FY21. A safety stand down was subsequently implemented and no further LTIs have been recorded at Borax operations.

6 OVERVIEW OF OROCOBRE

6.9 Environmental, social and governance

Orocobre has clear safety, environmental and social objectives and fosters a culture of collaboration to drive efficiency, quality, and sustainable development across its operations. As a signatory of the UN Global Compact, and in accordance with the UN Sustainable Development Goals, Orocobre aims to promote the global transition to a low-carbon future, optimise operational performance with respect for people and the environment, and improve the quality of life for local communities.

In OFY20, Orocobre achieved a 2.5% reduction in carbon emissions intensity across its operations and a 10.7% reduction in water intensity at Olaroz. Contribution to its communities is a core focus of Orocobre and is driven by its Shared Value team, which works to implement projects and work collaboratively with local communities to generate long term sustainable outcomes. Orocobre has a strong sense of community focus and has employed over 620 people from local communities and provincial areas in OFY20.

Orocobre's commitment to sustainability and the welfare of its surrounding communities has been recognised with inclusion in the Dow Jones Sustainability Australia Index, which represents the top 30% of companies in the S&P/ASX 200 based on long-term economic, environmental, and social criteria. Orocobre has also been evaluated as a Sector Leader in ESG criteria by the Australian Council of Superannuation Investors (ACSI) for two consecutive years.

6.10 Financing arrangements

On 5 December 2012, SDJ entered into a 12 year \$192 million term loan provided by Mizuho Bank Ltd. (**Mizuho**) to fund the construction of Stage 1 of the Olaroz Lithium Facility. The Mizuho Stage 1 facility was fully drawn by January 2015 and SDJ commenced bi-annual principal repayments of the facility on 10 September 2015. As of 31 March 2021, SDJ has paid the facility down to \$44.5 million (on Orocobre's 66.5% share basis). The Mizuho Stage 1 facility is secured over Sales de Jujuy Pte. Ltd's shares in SDJ (see section 6.4(b) for Olaroz's JV Structure) and supported by the Japan Oil, Gas and Metals National Corporation (**JOGMEC**) which has provided a guarantee for 82.35% of the Stage 1 facility. The balance of the Stage 1 facility is guaranteed by Orocobre as to 75% of the balance and TTC as to 25%. Olaroz Stage 1 is also supported by a \$10.7 million working capital facility (on Orocobre's 66.5% share basis) that is provided by HSBC and Banco Macro.

On 22 August 2019, SDJ entered into a 9.5 year \$180 million term loan provided by Mizuho to fund the construction of Stage 2 of the Olaroz Lithium Facility. As of 31 March 2021, \$76 million of the Stage 2 facility was drawn (66.5% basis) with the remainder expected to be drawn by August 2021. Bi-annual principal repayments will commence in September 2022. The Stage 2 facility is secured over Sales de Jujuy Pte. Ltd's shares in SDJ (see section 6.4(b) for more information regarding Olaroz's JV Structure). Under the Stage 2 facility, Orocobre has an agreement with TTC that Orocobre will maintain 75% of the drawn amount of the Stage 2 facility (\$135 million) as a project guarantee, to be held by Orocobre as restricted cash in term deposits. This restricted cash will be able to be used to meet cost overruns should they occur, including any VAT and working capital requirements. There is also flexibility for Orocobre to use a portion of the restricted cash to fund any cash requirements at Olaroz Stage 1 (up to \$60 million of the \$135 million). The restricted cash will be released back to Orocobre to the extent of 82.35% upon meeting specific completion milestones by H2 2023 at which time JOGMEC will guarantee 82.35% of the Stage 2 Facility.

On 23 April 2019, the Naraha Joint Venture entered into a 6 year JPY6.1 billion (\$59 million) term loan provided by a consortium of Japanese banks to fund the construction of the Naraha Lithium Hydroxide Plant. As of 25 April 2019, this facility was fully drawn with bi-annual principal repayments to commence in September 2021. The term loan is unsecured. Orocobre has placed \$11.1 million in a term deposit as restricted cash to support the term loan as a project guarantee. This amount will be released to Orocobre once the term loan is fully repaid.

6 OVERVIEW OF OROCOBRE

6.11 Historical financial information

This section contains the following historical financial information relating to Orocobre:

- historical income statements for the years ended 30 June 2019 and 30 June 2020 and for the 6 months ended 31 December 2019 and 31 December 2020;
- historical statements of financial position as at 30 June 2019, 30 June 2020, 31 December 2019 and 31 December 2020; and
- historical statement of cash flows for the years ended 30 June 2019 and 30 June 2020 and for the 6 months ended 31 December 2019 and 31 December 2020,

(together, the **Orocobre Historical Financial Information**).

Further historical financial information can be found on Orocobre's website (www.orocobre.com).

A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

(a) Basis of preparation

The Orocobre Historical Financial Information presented in this section is in an abbreviated form and does not contain all disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Orocobre recommends that the following be read in conjunction with the financial statements of Orocobre for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The Orocobre Historical Financial Information is extracted from the financial statements for OFY19 and OFY20 and the financial half-years ended 31 December 2019 and 31 December 2020, which have been lodged with ASIC and are available on Orocobre's website (www.orocobre.com) and the ASX website (www.asx.com.au). The Orocobre financial statements for:

- OFY19 and OFY20 were audited by Ernst & Young. Ernst & Young issued unqualified audit opinions on these financial statements; and
- the half-years ended 31 December 2019 and 31 December 2020 were subject to review by Ernst & Young. Ernst & Young issued unqualified review conclusions on these financial statements.

The significant accounting policies used in the preparation of the Orocobre Historical Financial Information are consistent with those set out in Orocobre's annual report for OFY19 and OFY20. The Orocobre Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and International Financial Reporting Standards (**IFRS**), which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

6 OVERVIEW OF OROCOBRE

(b) Orocobre Historical Income Statements

Set out in the following table are the Orocobre Historical Income Statements for OFY20 and OFY19 and for the 6 months ended 31 December 2020 and 31 December 2019.

Table 6.11.1 – Historical income statements for OFY20 and OFY19 and half-years ended 31 December 2020 and 31 December 2019

USD '000	12 months to 30 June 2020	12 months to 30 June 2019	6 months to 31 December 2020	6 months to 31 December 2019
Revenue from contracts with customers	77,079	81,149	35,880	48,966
Cost of sales	(53,726)	(43,800)	(25,406)	(32,218)
Gross profit	23,353	37,349	10,474	16,748
Other income	15	75	2,550	11
Corporate and administrative expenses	(21,274)	(16,815)	(12,021)	(10,796)
Selling expenses	(5,996)	(7,962)	(1,735)	(3,819)
Depreciation and amortisation expense	(13,883)	(7,630)	(11,070)	(8,307)
Gain on business combination	-	30,741	-	-
Impairment of assets	(33,139)	(637)	(627)	(5,890)
Share of net gains on joint ventures	-	24,752	-	-
Share of net losses of associates	(1,507)	(1,544)	(920)	(639)
Foreign currency loss	(11,678)	(6,078)	(457)	(7,691)
Profit / (loss) before interest and income tax	(64,109)	52,251	(13,806)	(20,383)
Finance income	6,769	11,220	1,626	3,609
Finance costs	(19,670)	(7,173)	(13,906)	(9,787)
Profit/(loss) before income tax	(77,010)	56,298	(26,086)	(26,561)
Income tax (expense) / benefit	9,851	(1,712)	(3,056)	7,618
Profit / (loss) for the period	(67,159)	54,586	(29,142)	(18,943)
Profit / (loss) for the year attributable to:				
Owners of the parent entity	(51,991)	54,616	(18,919)	(14,880)
Non-controlling interests	(15,168)	(30)	(10,223)	(4,063)
Profit / (loss) for the period	(67,159)	54,586	(29,142)	(18,943)

6 OVERVIEW OF OROCOBRE

Comprehensive profit/(loss)	12 months to 30 June 2020	12 months to 30 June 2019	6 months to 31 December 2020	6 months to 31 December 2019
Profit/loss for the period	(67,159)	54,586	(29,142)	18,943
Other Comprehensive profit/loss				
<i>(Items that may be reclassified subsequently to profit or loss)</i>				
Translation gains/(losses) on foreign operations - subsidiaries	1,044	1,059	769	(42)
Translation gains/(losses) on foreign operations - associates	-	240	247	(64)
Net gains/(losses) on revaluation of hedged derivatives	(1,019)	(2,223)	962	412
Movement in reserves from business combination	-	74,588		-
Net gains/(losses) on revaluation of financial assets - associates	31	(456)	-	30
Other comprehensive profit/(loss) for the period, net of tax	56	73,208	1,978	336
Total comprehensive profit/(loss) for the period, net of tax	(67,103)	127,794	(27,164)	(18,607)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent entity	(51,681)	128,235	(17,264)	(14,698)
Non-controlling interests	(15,422)	(441)	(9,900)	(3,909)
Total comprehensive profit/(loss) for the year, net of tax	(67,103)	127,794	(27,164)	(18,607)

Earnings per share (cents)	12 months to 30 June 2020	12 months to 30 June 2019	6 months to 31 December 2020	6 months to 31 December 2019
Basic earnings/(loss) per share	(19.64)	20.90	(5.95)	(5.69)
Diluted earnings/(loss) per share	(19.64)	20.79	(5.95)	(5.69)

Commentary on Orocobre's historical financial performance is outlined below. More information is available in Orocobre's financial statements for OFY19 and OFY20 and for the 6 months ended 31 December 2019 and 31 December 2020, which can be found on Orocobre's website (www.orocobre.com).

Commentary on Orocobre's historical financial performance for OFY20

The Orocobre Group reported a net loss after tax of \$67.2 million for OFY20, which compares to a net profit after tax of \$54.6 million for OFY19.

Note that the 12 months ended 30 June 2019 included six months of the Olaroz Joint Venture being equity accounted (not consolidated) and hence comparatives for the Orocobre Historical Income Statement and Orocobre Historical Statement of Cash Flows in the Annual Financial Statements are not on a like for like basis given the accounting treatment that had to be followed pursuant to IFRS. Consolidation of the joint venture only began on 1 January 2019. Taking this into account the results were driven by:

- (i) revenues substantially decreased due to a decline in Olaroz tonnes sold and average realised prices, with sales of 10,514 tonnes of lithium carbonate at an average price of \$5,520/t for OFY20 versus 12,080 tonnes at an average price of \$10,322/t. This resulted in Olaroz revenues reducing from \$124.7 million for OFY19 to \$58 million in OFY20;
- (ii) Olaroz cash cost of goods sold (excludes royalties, export taxes, head office costs, COVID and restructuring costs) of \$4,372/t for OFY20 were higher than \$4,302/t in OFY19 predominantly due to lower production volumes impacted by COVID-19, a reduction in export incentive following lower sales revenue and a warranty provision related to packaging costs;
- (iii) an impairment of assets of \$33.1 million for OFY20 related to non-cash carrying value write-downs in inventories of \$18.1 million mainly due to the low pricing environment, remeasurement of Advantage Lithium as an associate prior to consolidation of \$10.3 million, and other assets of \$4.6 million;
- (iv) the one-off \$30.7 million gain on business combination in OFY19 is a result of a gain on consolidation and other business combination one-off items resulting from Orocobre accounting for control of Olaroz (Sales de Jujuy PTE Ltd);
- (v) the \$24.8 million Olaroz Joint Venture equity share of net gains for OFY19 was due to Orocobre equity accounting the Olaroz Joint Venture for six months of the 2019 financial year; and
- (vi) significantly increased finance costs of \$19.7 million for OFY20 compared to \$7.2 million for OFY19 was mainly due to consolidating 12 months of SDJ's interests cost in OFY20 versus 6 months in OFY19 due to a change in control from 1 Jan 2019, working capital facilities changing from USD denominated to ARS due to local regulations, increase of non-controlling shareholder loans and non-cash changes in fair value on ARS denominated financial assets and an interest lease liability charge due to the implementation of AASB 16 Leases.

Commentary on Orocobre's historical financial performance for the 6 months ended 31 December 2020

The Orocobre Group reported a net loss after tax of \$29.1 million for the 6 months ended 31 December 2020, which compares to a net loss after tax of \$18.9 million for the 6 months ended 31 December 2019. These results were driven by:

- (i) revenues decreasing due to a decline in Olaroz average realised selling price of lithium carbonate of \$3,492/t for H1 OFY21 versus \$6,157/t for H1 OFY20 offset by an increase in tonnes sold of 7,738 tonnes in H1 OFY21 versus 6,395 tonnes in H1 OFY20. This resulted in Olaroz revenues reducing from \$39.4 million for H1 OFY20 to \$27.0 million in H1 OFY21;
- (ii) Olaroz cash cost of goods sold (excludes royalties, export taxes, head office costs, COVID and restructuring costs) of \$3,777/t for H1 OFY21 were lower than the previous corresponding period of \$4,643/t predominantly due to higher brine grades, better recoveries, reduced consumption of raw materials and improved plant performance;
- (iii) an impairment of assets of \$0.6 million for 1H OFY21 mainly related to a write down of Borax's assets versus 1H OFY20 impairment of \$5.9 million which mainly related to an impairment of investment of associate and an inventory net realisable value write-down;

6 OVERVIEW OF OROCOBRE

- (iv) finance income reduced from \$3.6 million in H1 OFY20 to \$1.6 million in 1H OFY21 mainly due to reduced interest received on short term deposits;
- (v) increased finance costs of \$13.9 million for H1 OFY21 compared to \$9.8 million for H1 OFY20 was mainly due to an increase of non-controlling shareholder loans and a loss in fair value of ARS denominated financial assets; and
- (vi) income tax expense increased from a \$7.6 million tax benefit for 1H OFY20 to a \$3.1 million tax expense for H1 OFY21, which predominately represents the revaluation of tax losses in Olaroz due to the Argentine pesos (ARS) devaluation.

(c) Orocobre's Historical Statements of Financial Position

Set out in the following table is the Orocobre historical financial position as at 30 June 2020, 30 June 2019, 31 December 2020 and 31 December 2019.

Table 6.11.2 – Historical statement of financial position as at 30 June 2020, 30 June 2019, 31 December 2020 and 31 December 2019

USD '000	30 June 2020	30 June 2019	31 December 2020	31 December 2019
Current assets				
Cash and cash equivalents	171,836	279,798	262,309	195,025
Trade and other receivables	16,403	22,510	17,775	19,557
Inventory	30,336	45,620	25,826	44,426
Prepayments	8,321	14,946	4,294	6,067
Total current assets	226,896	362,874	310,204	265,075
Non-current assets				
Other receivables	18,424	13,194	18,413	14,665
Inventory	42,009	34,537	44,580	36,323
Other financial assets	17,171	17,171	17,171	17,171
Property, plant and equipment	762,008	643,730	800,135	744,561
Right of use asset	27,494	-	25,838	-
Intangible assets	897	920	833	834
Exploration, evaluation and development assets	44,762	11,833	45,053	15,109
Investment in associates	6,000	28,779	5,327	25,151
Total non-current assets	918,765	750,164	957,350	853,814
Total assets	1,145,661	1,113,038	1,267,554	1,118,889
Current liabilities				
Trade and other payables	36,956	31,506	23,770	32,976
Derivative financial instruments	2,899	1,797	2,978	1,986
Loans and borrowings	62,397	76,695	37,429	63,374

6 OVERVIEW OF OROCOBRE

USD '000	30 June 2020	30 June 2019	31 December 2020	31 December 2019
Provisions	710	923	1,003	961
Lease liabilities	2,654	-	3,496	2,758
Total current liabilities	105,616	110,921	68,676	102,055
Non-current liabilities				
Other payables	5,396	1,919	18,547	2,942
Derivative financial instruments	5,461	5,658	4,117	4,729
Loans and borrowings	157,613	103,387	206,427	113,542
Deferred tax liability	118,995	129,121	122,398	121,669
Provisions	33,355	27,336	34,531	31,091
Lease liabilities	28,651	-	28,207	25,855
Total non-current liabilities	349,471	267,421	414,227	299,828
Total liabilities	455,087	378,342	482,903	401,883
Net assets	690,574	734,696	784,651	717,006
Equity				
Issued capital	548,462	527,716	668,512	527,716
Reserves	(16,608)	(32,176)	(13,779)	(17,294)
Retained earnings	70,505	136,279	51,586	107,616
Equity attributable to the owners of Orocobre	602,359	631,819	706,319	618,038
Equity attributable to non-controlling interests	88,215	102,877	78,332	98,968
Total equity	690,574	734,696	784,651	717,006

Commentary on Orocobre's historical financial position as at 30 June 2020

The decrease in current assets as at 30 June 2020 to \$226.9 million was primarily driven by a decline in cash and cash equivalents from \$279.8 million as at 30 June 2019 to \$171.8 million as at 30 June 2020 as Orocobre drew down on its cash balance to fund the development of Olaroz Stage 2, reduction of Argentine in-country working capital facilities, and net operating outflows due to an unfavourable lithium market.

Non-current assets increased by \$168.6 million to \$918.8 million as at 30 June 2020 primarily due to a \$118.2 million increase in property, plant and equipment to \$762.0 million and a \$32.9 million increase in exploration, evaluation and development assets to \$44.8 million as at 30 June 2020. This was related to the development of Olaroz Stage 2 and Naraha, and also the acquisition of Advantage Lithium Corporation.

Total liabilities increased from \$378.3 million as at 30 June 2019 to \$455.1 million as at 30 June 2020 primarily due to a \$54.2 million increase in non-current loans and borrowings due to project finance for Olaroz Stage 2 and related party shareholder loans, partially offset by paydown of project finance for Olaroz Stage 1. Orocobre also implemented AASB 16 Leases for OFY20, which resulted in the addition of current lease liabilities of \$2.7 million and non-current lease liabilities of \$28.7 million.

6 OVERVIEW OF OROCOBRE

Commentary on Orocobre's historical financial position as at 31 December 2020

The increase in current assets in H1 OFY20 to \$310.2 million was primarily driven by an increase in cash and cash equivalents from \$171.8 million as at 30 June 2020 to \$262.3 million as at 31 December 2020 mainly driven by a A\$168.8 million share placement and share purchase plan which settled in August and September 2020 respectively, offset by operating losses of Olaroz due to low lithium pricing and part repayment of local finance facilities.

Non-current assets increased by \$38.6 million over the 6 months to 31 December 2020 to \$957.4 million, primarily due to a \$38.1 million increase in property, plant and equipment related to the development of Olaroz Stage 2.

Total liabilities increased from \$455.1 million as at 30 June 2020 to \$482.9 million as at 31 December 2020 primarily due to a \$48.8 million increase in non-current loans and borrowings due to project finance for Olaroz Stage 2 and related party shareholder loans, partially offset by paydown of project finance for Olaroz Stage 1.

(d) Orocobre's Historical Statements of Cash Flows

Set out in the following table are the Orocobre Historical Statements of Cash Flows for OFY19 and OFY20 and the 6 months ended 31 December 2019 and 31 December 2020.

Table 6.11.3 – Historical statements of cash flows for OFY19 and OFY20 and half-years ended 31 December 2019 and 31 December 2020

USD '000	12 months to 30 June 2020	12 months to 30 June 2019	6 months to 31 December 2020	6 months to 31 December 2019
Cash flows from operating activities				
Receipts from customers	80,924	82,676	35,200	50,364
Payments to suppliers and employees	(90,575)	(76,699)	(42,788)	(51,009)
Interest received	6,238	8,189	1,098	4,471
Interest paid	(12,777)	(5,678)	(7,618)	(5,916)
Net cash generated from/(used in) operating activities	(16,190)	8,488	(14,108)	(2,090)
Cash flows from investing activities				
Cash inflow from business combination	-	29,867	-	-
Net payments for exploration, evaluation and development expenditure	(4,623)	(5,985)	(291)	(3,336)
Proceeds from sale of assets, net of transaction costs	914	1,000	2,450	-
Purchase of property, plant and equipment	(126,555)	(35,580)	(43,512)	(74,123)
Investment in associates	(1,178)	(10,605)	-	(1,178)
Net cash used in investing activities	(131,442)	(21,303)	(41,353)	(78,637)
Cash flows from financing activities				
Proceeds from issue of shares (net of transaction costs)	136	352	119,351	-

6 OVERVIEW OF OROCOBRE

USD '000	12 months to 30 June 2020	12 months to 30 June 2019	6 months to 31 December 2020	6 months to 31 December 2019
Principal portion of lease liabilities	(2,287)	-	(893)	(859)
Proceeds from borrowings	97,577	9,250	44,578	48,842
Repayment of borrowings	(56,351)	(12,199)	(18,063)	(51,514)
Loan to joint ventures	-	(21,000)	-	-
Net cash (used in)/provided by financing activities	39,075	(23,597)	144,973	(3,531)
Net (decrease)/increase in cash and cash equivalents	(108,557)	(36,412)	89,512	(84,258)
Cash and cash equivalents, net of overdrafts, at the beginning of the period	279,798	316,681	171,836	279,798
Effect of exchange rates on cash holdings in foreign currencies	595	(471)	961	(515)
Cash and cash equivalents, net of overdrafts, at the end of the period	171,836	279,798	262,309	195,025

Commentary on Orocobre's historical statements of cash flows for OFY20

Cash flows from operating activities for OFY20 were an outflow of \$16.2 million compared to an inflow of \$8.5 million for OFY19 mainly due to lower sales volume and lower average sales price. Payments to suppliers and employees for OFY20 were lower than the previous year due to lower production volumes. Higher net interest paid for OFY20 was due to lower fixed deposit interest rates and lower cash balance, and higher local borrowing costs following from refinancing the USD working capital facility to Argentine Peso.

Cash flows from investing activities increased significantly from an outflow of \$21.3 million for OFY19 to an outflow of \$131.4 million for OFY20 primarily due to an increase in purchase of property, plant and equipment to support construction of Olaroz Stage 2.

Cash flows from financing activities were increased from an outflow of \$23.6 million for OFY19 to an inflow of \$39.1 million for OFY20 driven by drawdowns in the Mizuho project finance facility for Olaroz Stage 2 and working capital facilities, and shareholders loans partially offset by repayments for the Mizuho project finance facility for Olaroz Stage 1.

6 OVERVIEW OF OROCOBRE

Commentary on Orocobre's Historical Statement of Cash Flows for the 6 months ended 31 December 2020

Cash flows from operating activities for H1 OFY21 were an outflow of \$14.1 million compared to an outflow of \$2.1 million for H1 OFY20 primarily due to lower average sales price received, net interest paid being higher due to lower term deposit interest rates and higher local ARS borrowing costs, partially offset by a decrease in payments to suppliers which were lower than the previous year due to lower production volumes and a reduction in unit costs.

Cash flows from investing activities decreased from an outflow of \$78.6 million for H1 OFY20 to an outflow of \$41.4 million for H1 OFY21 primarily due to a decrease in purchase of property, plant and equipment related to the expansion build slowdown as a result of COVID-19.

Cash flows from financing activities increased from an outflow of \$3.5 million for H1 OFY20 to an inflow of \$145.0 million for H1 OFY21 primarily driven by a A\$168.8 million share placement and share purchase plan which settled in August and September 2020, respectively. The \$51.5 million cash outflow in H1 OFY20 was due to a repayment of the Olaroz Stage 1 project finance facility to Mizuho and working capital facilities.

6.12 Material changes in Orocobre's financial position

The most recent published financial statements of Orocobre are provided in its 2020 Annual Financial Report, which was released to the ASX on 27 August 2020. Orocobre has also published its 2021 Half Yearly Report and Accounts on 26 February 2021. To the knowledge of Orocobre's Directors, there has not been any material change in the financial position or performance of Orocobre since 31 December 2020, except as disclosed in this Scheme Booklet or otherwise in announcements to the ASX.

6.13 Capital structure

(a) Orocobre securities on issue

As at the Last Practicable Date, the capital structure of Orocobre comprised of the following securities. No other securities in Orocobre were on issue as at the Last Practicable Date.

Table 6.13.1 – Orocobre securities

Capital structure	Number on issue
Orocobre Shares	344,355,722
OREAS FY19 LTI Performance Rights vesting on 31 August 2021	599,270
OREAS FY20 LTI Performance Rights vesting on 31 August 2022	1,292,960
OREAS FY21 LTI Performance Rights vesting on 31 August 2023	1,294,166
OREAS 2021 Performance Rights vesting on 31 March 2022	139,500
No. shares outstanding (fully diluted)	347,681,618

6 OVERVIEW OF OROCOBRE

A summary calculation of Orocobre's enterprise value is as follows.

Table 6.13.2 – Orocobre enterprise value

Millions unless otherwise noted	USD	AUD
Share price as at the Last Practicable Date ⁴⁷ (\$/share)	4.96	6.44
Market capitalisation	1,724	2,239
Cash & cash equivalents as at 31 March 2021 ⁴⁸	270	354
Debt (excl. lease liabilities) as at 31 March 2021	173	227
Enterprise Value	1,627	2,112

6.14 Orocobre incentive and equity arrangements

(a) Performance Rights and Option Plan

Orocobre has operated a Performance Rights and Options Plan (**PROP**) since 2012. The PROP was updated and last approved by Orocobre Shareholders at Orocobre's 2019 annual general meeting on 22 November 2019. The PROP is an at risk equity long-term incentive plan which allows Orocobre to provide performance rights to eligible and invited employees to assist in the reward and motivation of eligible participants as well as attracting new employees to the Orocobre Group. The Orocobre Board may invite any employee, or other person as determined by the Orocobre 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 Orocobre Employee Share Scheme Trust which has been established to facilitate and manage the issue or acquisition of shares on the settlement of vested Orocobre performance rights, if any. The Orocobre Board views the operation of the PROP to be necessary to retain eligible employees and to align their interests with shareholder value creation.

All Orocobre performance rights currently on issue were issued under the PROP. Each Orocobre performance right entitles the participant to receive one Orocobre Share for nil consideration if the Orocobre performance right vests upon achievement of vesting conditions as set out in an offer letter provided to the participant.

A copy of the PROP is available on Orocobre's website (www.orocobre.com). A summary of the terms of the PROP is contained in Orocobre's notice of annual general meeting for 2019, which was lodged with ASX on 18 October 2019 (and is available at www.asx.com).

⁴⁷ Based on closing share price as at the Last Practicable Date, converted to US\$ based on AUD:USD exchange rate of 0.77.

⁴⁸ Figures as at 31 March 2021, converted to A\$ using AUD:USD exchange rate of 0.762.

6 OVERVIEW OF OROCOBRE

(b) Non-Executive Director Share Rights Plan (NED SRP)

Approved at Orocobre's 2019 annual general meeting on 22 November 2019, the NED SRP was introduced to support non-executive directors build their shareholdings in Orocobre and as a means of enhancing the alignment of interests between non-executive directors and Orocobre shareholders generally. The current non-executive directors on the Orocobre Board generally have shareholdings commensurate with their fees and tenure.

As of the Last Practicable Date, no Orocobre Shares have been issued pursuant to the NED SRP, however it remains the preferred mechanism for non-executive directors to accumulate shares and for Orocobre to attract prospective directors.

6.15 Orocobre substantial shareholders

As at the Last Practicable Date, Orocobre had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act.

Table 6.15.1 – Orocobre substantial shareholders

Name	Percentage shareholding ⁴⁹
Toyota Tsusho Corporation	11.4%
Australian Super Pty Ltd.	7.39%
Handelsbanken Asset Management	6.23%

⁴⁹ % shareholding as disclosed in most recent substantial shareholder notice.

6 OVERVIEW OF OROCOBRE

6.16 Recent Orocobre share price performance

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

Figure 6.16.1 – Orocobre Share price and trading volume over the 12 months before the Last Practicable Date



Source: Price data obtained from CapitalIQ as at the Last Practicable Date

Table 6.16.2 below indicates the price of Orocobre Shares as at the Last Practicable Date at or during the following periods:

Table 6.16.2 – Price of Orocobre Shares as at the Last Practicable Date and other periods

As at the Last Practicable Date	A\$ per share ⁵⁰
The last recorded traded price	\$6.44
The highest recorded traded price of Orocobre Shares in the previous three month period	\$7.20 (10 May 2021)
The lowest recorded traded price of Orocobre Shares in the previous three month period	\$5.00 (6 April 2021)
The highest recorded traded price of Orocobre Shares in the previous twelve month period	\$7.20 (10 May 2021)
The lowest recorded traded price of Orocobre Shares in the previous twelve month period	\$2.38 (3 July 2020)
The closing price of Orocobre Shares on 16 April 2021 (the last trading day prior to announcement of the Scheme)	\$6.20

Source: Price data obtained from CapitalIQ

The Orocobre Share prices shown above should not be taken as an indication of the likely trading price of Orocobre Shares following Implementation of the Scheme (see also section 9.3(b)).

⁵⁰ Price data obtained from FactSet.

6 OVERVIEW OF OROCOBRE

6.17 Dividend policy

No dividends have been proposed, declared or paid since Orocobre was incorporated in 2005.

6.18 Rights and liabilities attaching to Orocobre Shares

(a) Introduction

The rights and liabilities attaching to the Orocobre Shares which will be issued as Scheme Consideration are set out in Orocobre's constitution (**Orocobre Constitution**), and are also subject to the Corporations Act and the ASX Listing Rules.

The following is a summary of the main rights and liabilities attaching to Orocobre Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of all of the rights and liabilities attaching to Orocobre Shares. Such rights and liabilities involve complex questions of law arising from the interaction of the Orocobre Constitution and statutory and common law requirements.

This summary must be read subject to the full text of the Orocobre Constitution, available at the ASX website: (<https://www.asx.com.au/asxpdf/20071130/pdf/3165sb2cv40zy2.pdf>)

(b) Overview

The New Orocobre Shares will be issued fully paid and will rank equally for dividends and other rights with existing Orocobre Shares, with effect from their date of issue.

Under the Corporations Act, the Orocobre Constitution has effect as a contract between:

- (i) Orocobre and each Orocobre Shareholder;
- (ii) Orocobre and each director and company secretary of Orocobre; and
- (iii) an Orocobre Shareholder and each other Orocobre Shareholder.

Accordingly, if you receive New Orocobre Shares pursuant to the Scheme, you are taken to receive them subject to the terms of the Orocobre Constitution and you will be bound by the terms of the Orocobre Constitution.

(c) Meetings of Orocobre Shareholders and notices

Orocobre Shareholders' rights to attend and vote at shareholder meetings are primarily prescribed by the Corporations Act. Subject to certain exceptions, each Orocobre Shareholder is entitled to receive notice of, attend (whether or not entitled to vote) and vote at general meetings and to receive all notices and other documents required to be sent to Orocobre Shareholders under the Orocobre Constitution, the Corporations Act and the ASX Listing Rules.

Orocobre may give a notice of meeting to Orocobre Shareholders by serving it personally, sending it by post to, or leaving it at, the address shown in the Orocobre Register or such other address, or by sending it by fax or electronically to the address provided by the Orocobre Shareholder for the purpose of giving notices.

(d) Voting rights

Subject to any rights or restrictions attached to Orocobre Shares and the terms of the Orocobre Constitution, at a general meeting of Orocobre Shareholders, every Orocobre Shareholder entitled to vote in person or by proxy, attorney or representative has:

- (i) one vote on a show of hands; and
- (ii) one vote on a poll for every fully paid Orocobre Share held and a fraction of a vote for each partly paid Orocobre Share equivalent to the proportion which each partly paid Orocobre Share is paid up.

If more than one joint holder of a Orocobre Share is present at a meeting in person or by proxy, attorney or representative and tenders a vote, the vote of the Orocobre Shareholder named first in the Orocobre Register will be accepted to the exclusion of the others.

A person present at a general meeting who represents more than one Orocobre Shareholder (whether personally, or by proxy, attorney or representative) is entitled to one vote on a show of hands for each Orocobre Shareholder that person represents. If multiple persons present at a general meeting represent one Orocobre Shareholder, only one person is entitled to vote on a show of hands. The person must not vote in such a way as to contravene directions given under an instrument appointing them as proxy or attorney.

A resolution at a general meeting must be decided on a show of hands unless a poll is demanded. A poll may be demanded on any resolution (except a resolution concerning the election of the chairperson of the meeting or the adjournment of a meeting) by:

- (i) the chairperson of the meeting;
- (ii) at least five Orocobre Shareholders present and entitled to vote on the resolution; or
- (iii) Orocobre Shareholders present and representing at least 10% of the total voting rights of all Orocobre Shareholders having the right to vote on the resolution on a poll.

If votes on a proposed resolution are equal, the chairperson has a casting vote.

(e) Dividend rights, distributions in kind and bonus plans

Orocobre Directors may pay any dividend (including an interim or final dividend, or bonus issue) that they think justified by the profits of Orocobre, and fix the date for payment.

Subject to any special rights and restrictions attached to any Orocobre Share, any dividend declared by Orocobre Directors will be paid to Orocobre Shareholders in proportion to the number of Orocobre Shares held by them. Orocobre Directors may direct payment of a dividend by the distribution of specific assets (including paid-up shares of Orocobre or of another body corporate) to Orocobre Shareholders. Orocobre Directors may direct to pay the dividend to certain Orocobre Shareholders wholly or partly from any particular fund or reserve or out of profits derived from any particular source and pay the remaining Orocobre Shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source or generally.

Orocobre Directors, following initial authorisation by resolution of Orocobre Shareholders in general meeting, may implement a dividend reinvestment plan on such terms as they think fit, under which any dividend payable to Orocobre Shareholders who participate in the plan may be applied in subscribing for Orocobre Shares. Orocobre Directors, following initial authorisation by resolution of Orocobre Shareholders in general meeting, may establish a bonus share plan on such terms as they think fit, under which Orocobre Shareholders may elect that dividends not be payable on some or all the Orocobre Shares held and to receive bonus Orocobre Shares in lieu of cash dividends. Orocobre Directors may at their discretion amend, suspend or terminate any such dividend reinvestment plan or bonus share plan that they implement.

6 OVERVIEW OF OROCOBRE

(f) Issue of further Orocobre Shares

Subject to the Corporations Act, the ASX Listing Rules and the Orocobre Constitution, Orocobre Directors may issue and grant options over unissued Orocobre Shares to such persons, for such price, on such conditions and at such times as the Orocobre Directors think fit.

(g) Transfer of Orocobre Shares

Subject to the Orocobre Constitution and the rights attached to Orocobre Shares under the ASX Listing Rules or the Corporations Act or other applicable legislation, Orocobre Shareholders may transfer Orocobre Shares by a CHESS transfer or an instrument in writing in a form approved by the Orocobre Directors.

Orocobre Directors may request ASX Settlement Pty Limited to apply a holding lock or refuse to register a transfer of Orocobre Shares in circumstances set out in the Orocobre Constitution (including but not limited to, those permitted under the ASX Listing Rules or ASX Settlement Operating Rules). Where Orocobre Directors refuse to register a transfer, Orocobre must give written notice of the refusal and the reasons for refusal within seven business days after the date on which the transfer is lodged with Orocobre.

(h) Variation of rights

The Corporations Act provides that the rights attached to a class of shares may be varied or cancelled only:

- (i) with the written consent of members with at least 75% of the votes of the affected class; or
- (ii) by special resolution passed at a meeting of the holders of the issued shares of that class.

(i) Number of directors

Orocobre must have at least three directors and not more than ten directors. The minimum and maximum number of directors applying at any time cannot be varied except with the approval of Orocobre Shareholders in general meeting.

Subject to the Orocobre Constitution, the Corporations Act and the maximum number of directors (being a number of not more than ten unless otherwise approved by Orocobre Shareholders in general meeting), Orocobre Shareholders may by ordinary resolution elect any natural person as a director.

(j) Officers' indemnity

Orocobre must indemnify on a full indemnity basis and to the full extent permitted by law its current and former directors, alternate directors and executive officers, and those of every subsidiary, for all losses and liabilities incurred by the person as an officer of Orocobre or a subsidiary including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending proceedings (whether civil or criminal) in which judgment is granted in favour of the person or in which the person is acquitted, or incurred in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act, only to the extent that the loss or liability is not covered by insurance.

6 OVERVIEW OF OROCOBRE

(k) Capitalising profits

Orocobre may capitalise and distribute among Orocobre Shareholders undivided profits and other amounts available for distribution. Orocobre Shareholders are entitled to participate in such capital distribution if entitled to receive dividends and in the same proportions.

(l) Reduction of capital

Orocobre may reduce its capital by way of a share buy-back or otherwise in accordance with the Corporations Act and ASX Listing Rules.

(m) Winding up

If Orocobre is wound up, a liquidator may, with the sanction of a special resolution of Orocobre Shareholders, divide the assets of Orocobre among Orocobre Shareholders in kind and, for that purpose, determine how the division is to be carried out between Orocobre Shareholders.

Subject to the Orocobre Constitution and the rights or restrictions attached to Orocobre Shares, if on winding up, a surplus remains after the payment of all company debts, liabilities and winding up costs, that surplus must be divided among Orocobre Shareholders in proportion to the number of shares they hold.

6.19 Interests in Orocobre securities held by Orocobre Directors

As at the date of this Scheme Booklet, the number of Orocobre securities held or controlled by or on behalf of each Orocobre Director is as follows:

Table 6.19.1 – Orocobre Directors' interest in Orocobre securities

Director	Orocobre performance rights	Orocobre Shares
Martín Pérez de Solay	588,986	305,442
Richard Seville	N/A	5,333,953
John Gibson	N/A	37,900
Fernando Oris de Roa	N/A	100,000
Robert Hubbard	N/A	112,197
Leanne Heywood	N/A	25,002
Masaharu Katayama	N/A	-
Patricia Martinez	N/A	-
Total	588,986	5,914,494

6 OVERVIEW OF OROCOBRE

6.20 Interests in Galaxy securities

As at the date of this Scheme Booklet no Orocobre Director holds a Relevant Interest in Galaxy Shares or any other Galaxy security.

Except for the consideration to be provided under the Scheme and as described in the Scheme Booklet, none of Orocobre nor any of its Related Bodies Corporate (or any of their respective associates) has provided, or agreed to provide, consideration for any Galaxy Shares or other Galaxy securities under any transaction during the period of four months before the date of this Scheme Booklet.

6.21 Other interests of Orocobre Directors

Except as provided for in this Scheme Booklet, the Orocobre Directors have no interest in the outcome of the Scheme.

6.22 Disclosure of interests

Except as otherwise provided in this Scheme Booklet, no:

- (a) Orocobre Director or proposed director of Orocobre;
- (b) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of Orocobre; or
- (c) promoter, stockbroker or underwriter of Orocobre or the Merged Group,
(together, the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet, any interests in:
 - (d) the formation or promotion of Orocobre or the Merged Group;
 - (e) property acquired or proposed to be acquired by Orocobre in connection with the formation or promotion of Orocobre or the Merged Group or the offer of Orocobre Shares under the Scheme; or
 - (f) the offer of Orocobre Shares under the Scheme.

6.23 Disclosure of fees and other benefits and collateral benefits

Orocobre has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (a) to a director or proposed director of Orocobre to induce them to become or qualify as a director of Orocobre;
- (b) for services provided by any Interested Persons in connection with:
 - (i) the formation or promotion of Orocobre or the Merged Group; or
 - (ii) the offer of the New Orocobre Shares under the Scheme.

In the four months before the date of this Scheme Booklet, neither Orocobre nor any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to vote in favour of the Scheme or dispose of Galaxy Shares which benefit is not offered to all Galaxy Shareholders under the Scheme.

6 OVERVIEW OF OROCOBRE

6.24 Publicly available information about Orocobre

Orocobre is a listed disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Orocobre to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Orocobre is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements. Copies of these announcements can be obtained free of charge from the ASX website at www.asx.com.au. Copies of the documents lodged with ASIC in relation to Orocobre may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au, including at ASIC's self-service kiosks at ASIC's service centres.

On request to Orocobre and free of charge, Galaxy Shareholders may obtain a copy of:

- (a) the annual financial report of Orocobre for the year ended 30 June 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC) (**Orocobre 2020 Annual Report**); and
- (b) any continuous disclosure notice given to ASX by Orocobre since the lodgement with ASIC of the Orocobre 2020 Annual Report on 28 August 2020 and before lodgement of this Scheme Booklet with ASIC.

Galaxy Shareholders may request copies of the above documents by email to mail@orocobre.com or by phone at +61 7 3871 3985.

A list of announcements made by Orocobre to ASX from the date of the Orocobre 2020 Annual Report on 28 August 2020 to the Last Practicable Date, is included below.

Table 6.24.1 – Orocobre announcements since Orocobre 2020 Annual Report

Date	Description of announcement
1 July 2021	Appendix 3Y
1 July 2021	Appendix 2A
10 June 2021	Appendix 3G
19 April 2021	March 2021 Quarterly Report
19 April 2021	Orocobre and Galaxy proposed merger presentation
19 April 2021	Orocobre and Galaxy proposed merger
14 April 2021	Lithium price upgrade and quarterly report date
12 March 2021	Appendix 3Y
12 March 2021	Appendix 3G
9 March 2021	Appendix 2A
26 February 2021	Half Year Results FY21
26 February 2021	Half Year Results FY21 Presentation
26 February 2021	Half Year Results FY21 Directors Report and Financials
26 February 2021	Appendix 4D
17 February 2021	FY21 half year results briefing details
15 February 2021	Minor damage from earthquake near Naraha

6 OVERVIEW OF OROCOBRE

Date	Description of announcement
27 January 2021	December 2020 Quarterly Report
20 January 2021	December Quarterly Report briefing details
11 January 2021	Change in Directors Interests
22 December 2020	Appendix 3Y
22 December 2020	Appendix 3G
17 December 2020	Change in Substantial Holding
2 December 2020	Final Director's Interest Notice
2 December 2020	Initial Director's Interest Notice
27 November 2020	Change in Substantial Holding
24 November 2020	Becoming a substantial holder
13 November 2020	2020 AGM Presentation
13 November 2020	2020 AGM Results of Meeting
13 November 2020	2020 AGM Transcripts
13 November 2020	Retirement of Director
29 October 2020	September 2020 Quarterly Report
28 October 2020	Appointment of new Director
26 October 2020	Operational Update
22 October 2020	September 2020 Quarterly Report Briefing
14 October 2020	Citi Australia Conference Presentation
9 October 2020	Notice of Annual General Meeting/Proxy Form
2 October 2020	Cleansing Statement
2 October 2020	Appendix 2A
2 October 2020	Appendix 3Y
2 October 2020	Appendix 3Y
25 September 2020	Completion of Share Purchase Plan
24 September 2020	AGM Information
14 September 2020	Appendix 3G
7 September 2020	Share Purchase Plan
3 September 2020	Cleansing Notice
3 September 2020	Appendix 3Y
2 September 2020	Change of Directors Interests
2 September 2020	Appendix 2A

6 OVERVIEW OF OROCOBRE

Date	Description of announcement
28 August 2020	MOU signed with Prime Planet and Energy Solutions
28 August 2020	Appendix 3B
28 August 2020	Appendix 4E
28 August 2020	Corporate Governance Statement
28 August 2020	Appendix 4G
28 August 2020	Annual Report 2020
28 August 2020	FY20 results, capital raise presentation
28 August 2020	Orocobre reports FY20 results, capital raise and new MOU

6.25 Litigation

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

6.26 No other material information

The Orocobre Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision in relation to the Scheme which has not been previously disclosed to Galaxy Shareholders.



7 OVERVIEW OF THE MERGED GROUP

7 OVERVIEW OF THE MERGED GROUP

This section of the Scheme Booklet contains information in relation to the Merged Group if the Scheme is Implemented.

7.1 Strategic rationale for the Scheme

The Scheme is a highly strategic merger which aims to create a top-5 lithium chemicals company globally and a leading ASX-listed pure play lithium company with a combined market capitalisation of approximately A\$4 billion. See section 1.2(a) for further information regarding the combined market capitalisation of the Merged Group.

The Scheme provides an opportunity for Galaxy Shareholders and Orocobre Shareholders to share in the benefits of a proposed merger underpinned by the compelling strategic rationale outlined below.

(a) Creates a leading ASX-listed pure play lithium company

The combination of Galaxy and Orocobre pursuant to the Scheme aims to create a top-5 lithium chemicals company globally⁵¹ and a leading ASX-listed pure play lithium company. The Merged Group will have existing production capacity of approximately 40,000 tpa LCE⁵², pro forma measured and indicated resources of 15.3Mt LCE⁵³ (on an attributable basis) and a diversified asset and project portfolio across four continents. The Merged Group will also be vertically integrated and able to supply lithium chemicals to a range of markets and customers.

(b) Highly complementary portfolio of assets

The Scheme will combine two complementary, large-scale tier-one assets in Argentina with the potential to deliver significant synergies (refer to section 7.5 for more information about the Merged Group's anticipated synergies).⁵⁴

The Merged Group will have a highly diversified portfolio across four continents and various lithium sources and end products with a balanced portfolio across producing, brownfield and greenfield projects. The Merged Group will have operations spanning South America (Sal de Vida and Olaroz), North America (James Bay), Australia (Mt Cattlin) and Japan (Naraha). The combined portfolio will include hard rock (Mt Cattlin and James Bay) and brine (Olaroz and Sal de Vida) assets with a product offering covering all major lithium products including spodumene, battery and technical grade lithium carbonate and battery grade lithium hydroxide (Naraha).

(c) Significant growth profile

The Scheme combines two portfolios with significant upstream and downstream growth potential, evenly balanced across production, optimisation, construction, brownfield expansions, greenfield projects and early-stage assets. The Merged Group will aim to deliver in excess of 100,000 tpa of LCE capacity if all projects are developed.⁵⁵

The Scheme also creates an enhanced platform of technical expertise, scale, financial capacity and geographic presence which is well placed to consider further inorganic growth options.⁵⁶

⁵¹ Based on market capitalisation of selected lithium focused peers. The Merged Group's market capitalisation is calculated as the sum of the Orocobre and Galaxy market capitalisations as at the Last Practicable Date. Refer to section 1.2(a) for further information on market capitalisation versus selected peers.

⁵² For further information about the Merged Group's anticipated future production capacity see section 7.3. Refer to Section 7.1(a) for further information in respect of the pro forma production guidance of the Merged Group, which is based on the production guidance of Galaxy and the plant production capacity of Orocobre. The production guidance in respect of the Merged Group is a forward-looking statement. Galaxy Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 9.3.

⁵³ For further information about the Merged Group's pro forma Mineral Resources and Ore Reserves see section 7.4.

⁵⁴ There is a risk that anticipated synergies will not be realised (in whole or in part). Further information about this risk is set out in section 9.1(a).

⁵⁵ For further information about the Merged Group's anticipated future production capacity see section 7.3.

⁵⁶ Further information about the development risks relating to the Merged Group is set out in section 9.2(i).

7 OVERVIEW OF THE MERGED GROUP

(d) Synergies

The combination of Galaxy and Orocobre pursuant to the Scheme will have the potential to unlock significant synergies in the Merged Group. In particular, it provides an opportunity for Orocobre to apply its proven track record and brine technical expertise, in-country experience and local government relationships to de-risk and successfully deliver Sal de Vida. There are expected to be operating, employee sharing and marketing synergies available to the Merged Group which will help to streamline operations and reduce operating costs.⁵⁷

Refer to section 7.5 for more detailed information about the Merged Group's anticipated synergies.

(e) Highly experienced board and management team

The Scheme will combine two highly experienced boards and management teams with a proven track record in delivering projects across brine, hard rock and processing. The Merged Group's Board and management team will have extensive experience operating within Argentina, which will underpin the successful optimisation of Olaroz and delivery of Sal de Vida. More information regarding the intended composition of the proposed Merged Group Board and management teams is set out in section 7.7.

(f) Enhanced scale and financial capacity

The Merged Group will have a market capitalisation of approximately A\$4 billion⁵⁸ and is expected to be included in the ASX 200 index (and approach the ASX 100 index thresholds). As a result, the Merged Group will have a significantly enhanced liquidity and capital markets profile which will help to attract domestic and global investors. Further, the Merged Group will possess a materially strengthened balance sheet with combined gross cash of \$487 million⁵⁹ which will provide financial flexibility to deliver a world-class development project pipeline and accelerate multiple projects in parallel, either on a standalone basis or with strategic investment partners.

7.2 Overview of the Merged Group assets

Following completion of the Scheme, the combined entity will have a diversified portfolio of assets across four continents and across various lithium sources and end products, including:

- (a) **Olaroz (66.5%) and Cauchari (100%):** Large scale, low-cost and long-life brine project located in the Jujuy Province in northern Argentina which is being developed sequentially across multiple stages. Includes Olaroz Stage 1 which produces battery and technical grade lithium carbonate and the Olaroz Stage 2 expansion which is under construction and expected to be commissioned by H1 2022. Orocobre has also commenced work on an options study for Olaroz Stage 3 which is expected to be released by H1 2022 and is expected to source brine from the Cauchari resource. Refer to section 6.5(a) for additional detail.

⁵⁷ There is a risk that anticipated synergies will not be realised (in whole or part). Further information about this risk is set out in section 9.1(a).

⁵⁸ The market capitalisation of the Merged Group is calculated as the sum of the Orocobre and Galaxy market capitalisation as at the closing price of Galaxy Shares and Orocobre Shares on the Last Practicable Date.

⁵⁹ For further information on the Merged Group's intentions in relation to Sal de Vida, see section 7.8(b)(i).

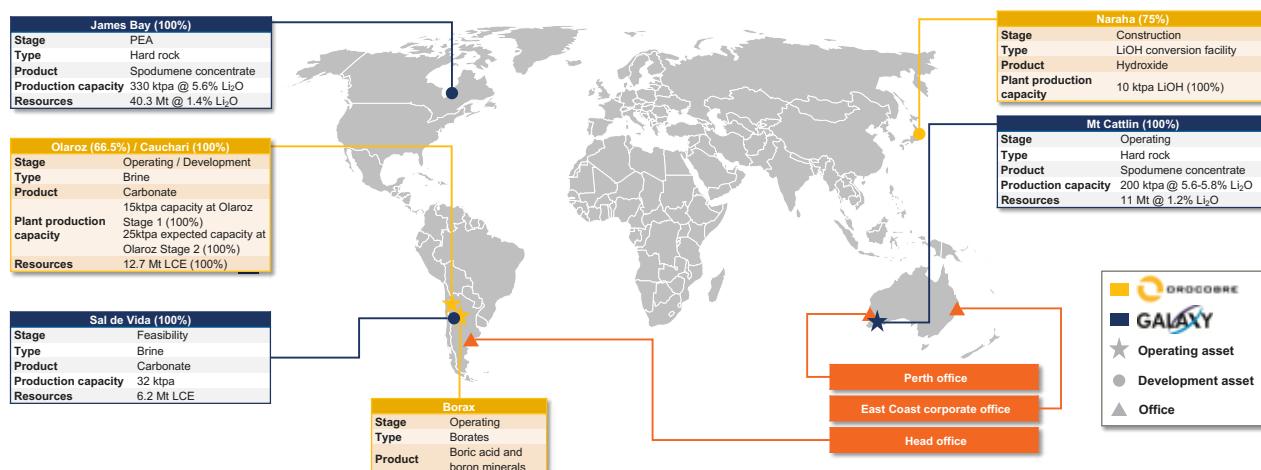
7 OVERVIEW OF THE MERGED GROUP

- (b) **Sal de Vida (100%)**: Large scale, low-cost and long-life brine project in the Catamarca province in Argentina. The Merged Group will apply its combined management and technical expertise to the execution of Stage 1 of Sal de Vida, which is currently scheduled to commence commissioning in late 2022. Following announcement of the Scheme, Galaxy commenced a study into the acceleration of the development of later stages of Sal de Vida, including the potential combination of Stages 2 and 3 into a single expansion project. This study will be run in parallel to, and without impacting, the current development schedule for Stage 1.⁶⁰ Refer to section 5.3(b) for additional detail.
- (c) **Naraha (75%)**: Low cost, lithium hydroxide conversion facility in Japan designed to convert technical grade lithium carbonate sourced from Olaroz into battery grade lithium hydroxide. Turnkey project under construction with commissioning expected by H1 2022. Refer to section 6.3(c) for additional detail.
- (d) **Mt Cattlin (100%)**: Producing hard rock lithium spodumene asset located in Western Australia with ~25,000 tpa LCE production capacity. Refer to section 5.3(a) for additional detail.⁶¹
- (e) **James Bay (100%)**: Hard rock lithium spodumene development asset located in Quebec, Canada with approximately 40,000 tpa LCE production capacity. Front end engineering design is underway for the upstream project with the target to achieve “construction ready” status by the end of 2021. In parallel Galaxy commenced a study for a vertically integrated downstream lithium hydroxide project to be completed by H1 2022. Refer to section 5.3(c) for additional detail.⁶²
- (f) **Borax (100%)**: Well-established producer of boron minerals and refined chemicals in the Salta-Jujuy region of Argentina. Refer to section 6.3(d) for additional detail.

Further information about the risks relating to the Merged Group’s planned development is set out in section 9.2(i).

Below is a summary of the Merged Group’s portfolio if the Scheme is Implemented.

Figure 7.2.1 – Merged Group’s asset portfolio



⁶⁰ For further information on the Merged Group's intentions in relation to Sal de Vida, see section 7.8(b)(i).

⁶¹ For further information about Mt Cattlin production capacity see section 5.6.

⁶² For further information about James Bay production capacity, see section 5.6.

7 OVERVIEW OF THE MERGED GROUP

7.3 Anticipated future production capacity from the Merged Group's combined assets

The anticipated future production capacity from the Merged Group's asset portfolio is summarised in the table below.

Table 7.3.1 – Anticipated production capacity

Asset	Anticipated annual plant production capacity (ktpa LCE)	Ownership interest (%)	Anticipated attributable annual plant production capacity (ktpa LCE)	Anticipated timing of first production
Mt Cattlin ⁶³	Approximately 25.0	100	Approximately 25.0	In production
Olaroz - Stage 1 ⁶⁴	Approximately 15.0	66.5	Approximately 10.0	In production
Olaroz - Stage 2 ⁶⁵	Approximately 25.0	66.5	Approximately 16.6	H1 2022
Sal de Vida - Stage 1 ⁶⁶	10.7	100	10.7	Early 2023
Sal de Vida – Stage 2	10.7	100	10.7	Early 2025
Sal de Vida – Stage 3	10.7	100	10.7	Early 2027
James Bay ⁶⁷	40.0	100	40.0	2024
Total	137.1		123.7	
Naraha – Stage 1 (LiOH) ⁶⁸	10.0	75	7.5	H1 2022

Notes:

1. A study has commenced into the possible acceleration of SDV Stages 2 and 3.
2. Future production in the indicated amounts and by the indicated dates is not guaranteed. See section 9 for risks associated with future production and timing.
3. Naraha production excluded from total as it is converting stated production to lithium hydroxide.

⁶³ For further information on Mt Cattlin production guidance for 2021 see ASX release by Galaxy entitled "Mt Cattlin Update" dated 3 June 2021, available at www.gxy.com and www.asx.com. For the purposes of ASX Listing Rule 5.19, Galaxy confirms that all the material assumptions underpinning the production target in the announcement referred to above continues to apply and have not materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Person's findings are presented have not been materially modified from that announcement.

⁶⁴ Refers to existing Olaroz Stage 1 LCE plant production capacity.

⁶⁵ Refers to anticipated Olaroz Stage 2 LCE plant production capacity.

⁶⁶ For further information on Sal de Vida Stages 1-3 production guidance see ASX release by Galaxy entitled "Sal de Vida Development Plan" dated 14 April 2021, available at www.gxy.com and www.asx.com. For the purposes of ASX Listing Rule 5.19, Galaxy confirms that all the material assumptions underpinning the production target in the announcement referred to above continues to apply and have not materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Person's findings are presented have not been materially modified from that announcement.

⁶⁷ For further information on James Bay production guidance see ASX release by Galaxy entitled "James Bay Development Plan" dated 9 March 2021, available at www.gxy.com and www.asx.com. For the purposes of ASX Listing Rule 5.19, Galaxy confirms that all the material assumptions underpinning the production target in the announcement referred to above continues to apply and have not materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Persons' findings are presented have not been materially modified from that announcement.

⁶⁸ Refers to anticipated Naraha LiOH plant production capacity.

7 OVERVIEW OF THE MERGED GROUP

7.4 Pro forma Mineral Resource and Ore Reserve Estimates

The Merged Group's pro forma Mineral Resources and Ore Reserves are shown in the table below. Mineral Resources presented below are inclusive of Ore Reserves.

Table 7.4.1 – Pro forma Mineral Resources and Ore Reserves

Pro forma Mineral Resources ¹	M+I Resources (100% basis)	M+I Resources (100% basis) (Mt LCE)	Equity Interest %	M+I Resources (Attr. basis) (Mt LCE)
Olaroz	1.2Mt Li	6.4	66.5%	4.3
Cauchari	0.9 Mt Li	4.8	100.0%	4.8
Sal de Vida	0.9 Mt Li	4.5	100.0%	4.5
Mt Cattlin	96kt Li2O	0.2	100.0%	0.2
James Bay	564kt Li2O	1.4	100.0%	1.4
Total		17.4		15.3

Refer to Galaxy's published Mineral Resource and Ore Reserve estimates in section 5.5 and Orocobre's published Mineral Resource estimates in section 6.5. Numbers may not add due to rounding.

Pro forma Mineral Resources ¹	M+I+I Resources (100% basis)	M+I+I Resources (100% basis) (Mt LCE)	Equity Interest %	M+I+I Resources (Attr. basis) (Mt LCE)
Olaroz	1.2Mt Li	6.4	66.5%	4.3
Cauchari	1.2Mt Li	6.3	100.0%	6.3
Sal de Vida	1.2Mt Li	6.2	100.0%	6.2
Mt Cattlin	132kt Li2O	0.3	100.0%	0.3
James Bay	564kt Li2O	1.4	100.0%	1.4
Total		20.7		18.5

Refer to Galaxy's published Mineral Resource and Ore Reserve estimates in section 5.5 and Orocobre's published Mineral Resource estimates in section 6.5. Numbers may not add due to rounding.

Pro forma Ore Reserves ¹	Proven (100% basis)	Proven (100% basis) (kt LCE)	Equity Interest %	Proven (Attr. basis) (kt LCE)
Sal de Vida	37kt Li	195	100.0%	195
Mt Cattlin	4kt Li2O	10	100.0%	10
Total		205		205

Refer to Galaxy's published Mineral Resource and Ore Reserve estimates in section 5.5 which include Competent Persons Statements

7 OVERVIEW OF THE MERGED GROUP

Pro forma Ore Reserves ¹	Probable (100% basis)	Probable (100% basis) (kt LCE)	Equity Interest %	Probable (Attr. basis) (kt LCE)
Sal de Vida	206kt Li	1,096	100.0%	1,096
Mt Cattlin ²	80kt Li ₂ O	198	100.0%	198
Total		1,294		1,294

Notes:

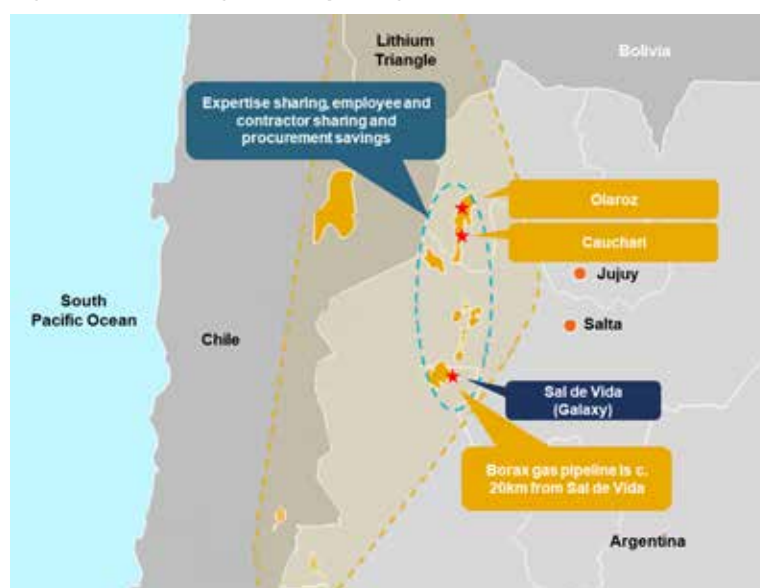
1. Refer to Galaxy's published Mineral Resource and Ore Reserve estimates in section 5.5 which include Competent Persons Statements.
2. Includes stockpiles.
3. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

7.5 Overview of potential synergies and efficiencies

If it is Implemented, the Scheme is expected to deliver significant synergies which will be shared by both Galaxy Shareholders and Orocobre Shareholders as shareholders of the Merged Group.⁶⁹ These include:

(a) Sharing of technical expertise

Figure 7.5.1 – Merged Group's Argentinian assets



The ability of the Merged Group to share proprietary data and management expertise will help de-risk the development of Sal de Vida and will assist in the optimisation of Olaroz. The Merged Group is expected to be able to apply its proven track record at Olaroz in brine development, in-country experience and local government relationships to de-risk Sal de Vida and optimise the engineering and flowsheet.

⁶⁹ Galaxy and Orocobre are not in a position to finalise modelling that would definitively quantify the expected financial benefits of the expected synergies. This will only be able to be achieved following Implementation of the Scheme and completion of the Merged Group's detailed review of its operations (as outlined in section 7.8). Due to a number of factors outside of the control of Galaxy and Orocobre, including the risk factors in section 9, final synergy values that may be realisable by the Merged Group will only be clearer following Implementation of the Scheme (and even then may not ultimately be realised).

7 OVERVIEW OF THE MERGED GROUP

(b) Material operating synergies

The Merged Group is expected to achieve operational synergies from:

- (i) optimised procurement and logistics, through economies of scale, leveraging improved purchasing power and the ability to share key staff and resources across Olaroz and Sal de Vida;
- (ii) material marketing synergies resulting from expanded customer relationships, enhanced global reach and a broader production base across lithium product, type and grade;
- (iii) reduced energy costs at Sal de Vida by potentially sourcing gas from Orocobre's Borax Tincalayu gas pipeline; and
- (iv) the sharing of Orocobre's lithium hydroxide expertise at Naraha which will streamline the potential to explore a vertically integrated solution at Galaxy's James Bay project.

(c) Strengthened financial position to deliver growth projects

The Merged Group is expected to benefit from a significantly strengthened balance sheet with combined gross cash of \$487 million, \$40 million in undrawn corporate facilities and meaningful operating cashflows from existing operations.⁷⁰ This will provide the financial flexibility to deliver a world class development project pipeline and accelerate multiple projects in parallel, either on a standalone basis or with strategic investment partners. In particular, the Merged Group will be in an improved position to investigate the potential to accelerate the later expansion stages of Sal de Vida, and other strategic options for Sal de Vida either on a standalone basis or with strategic investment partners. Moreover, the combination has the potential to create the largest lithium producer in Argentina (by lithium carbonate production) which will help to de-risk and strengthen relationships with provincial governments and stakeholders in Argentina.

(d) Corporate overheads

The Merged Group is expected to benefit from reduced corporate costs through the consolidation of corporate functions and centralisation of support functions. Given the significant growth pipeline which the Merged Group will focus on developing, Orocobre expects to be able to provide continued employment to Galaxy's existing workforce, subject to the arrangements for composition of the Merged Group Board and management team set out in section 7.7.

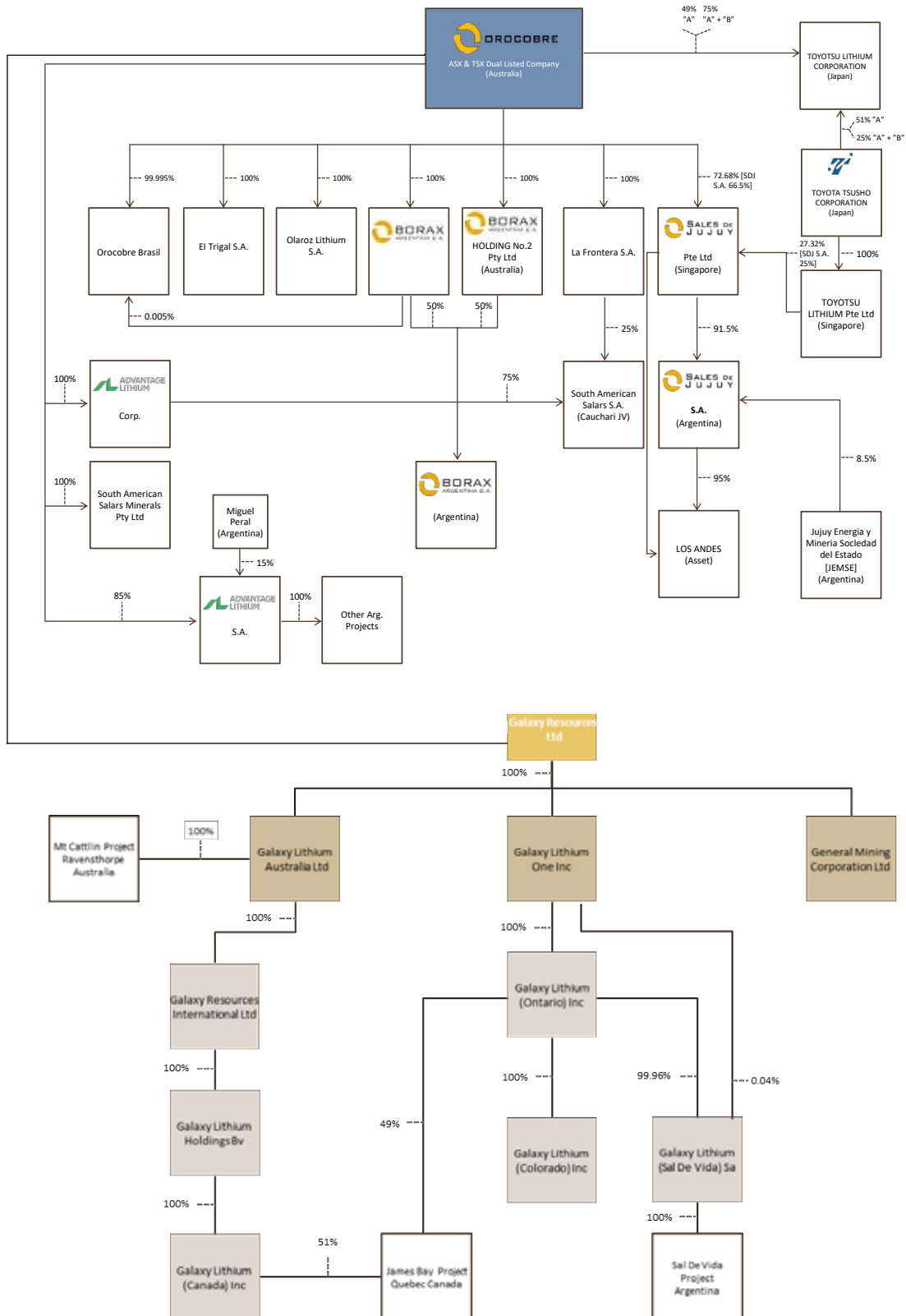
As set out in section 9.2(b), there are risks that:

- (i) the Merged Group may be unable to realise the anticipated synergies referred to above (in whole or part);
- (ii) the anticipated synergies will not materialise or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group); or
- (iii) the realisation of synergies and/or integration is delayed, which could have an adverse impact on the Merged Group's operations, financial performance and financial position, including the potential for any share price re-rating.

⁷⁰ For more information on the Merged Group pro forma financial position see section 8.

7 OVERVIEW OF THE MERGED GROUP

7.6 Corporate structure of the Merged Group



7 OVERVIEW OF THE MERGED GROUP

7.7 Board and management of the Merged Group

If the Scheme is Implemented, the Merged Group Board will be enlarged to nine members with four independent directors from Orocobre (including Deputy Chairman Mr Robert Hubbard), four independent directors from Galaxy (including Non-Executive Chairman Mr Martin Rowley) and Managing Director and CEO Mr Martín Pérez de Solay.

Both Mr Rowley and Mr Hubbard will retire from their roles within 12 months of Implementation of the Scheme and they will lead a process to ensure the long-term composition of the Merged Group Board is ideally placed to lead the Merged Group forward.

The Merged Group Board will comprise:

Table 7.7.1 – Merged Group Board

Director	Role	Experience
Mr Martin Rowley <i>Currently Chairman of Galaxy</i>	Non-Executive Chairman	Mr Rowley was a co-founder of TSX-listed First Quantum Minerals Ltd, one of the world's largest copper companies, and until June 2017 was that company's Executive Director, Business Development. He was previously Non-Executive Chairman and director of Lithium One Inc., which was acquired by Galaxy in July 2012. He is also Non-Executive Chairman and a director of Forsys Metals Corp, a TSX-listed company in the uranium sector.
Mr Robert Hubbard <i>Currently Chairman of Orocobre</i>	Deputy Chairman	Mr Hubbard was a partner at PricewaterhouseCoopers (PWC) for over 20 years until 2013. During his time as a PwC partner, he served as auditor and adviser for some of Australia's largest resource companies with activities throughout Australia, Papua New Guinea, West Africa and South America. Mr Hubbard is also a Non-Executive Director of Bendigo and Adelaide Bank Limited and Non-Executive Chairman of Healius Limited.
Mr Martín Pérez de Solay <i>Currently CEO and Managing Director of Orocobre</i>	CEO and Managing Director	<p>Mr Pérez de Solay was appointed to the Orocobre Board as Managing Director and CEO in January 2019. Mr Pérez de Solay has a career spanning engineering, operational improvement, banking, finance and executive management. Prior to joining Orocobre, he was the President and CEO of Petroleos Sudamericanos, an oil and gas producer operating in Argentina and Colombia. Prior to this, Mr Pérez De Solay was CFO and Head of Corporate Development of GeoPark and spent a decade in the institutional, corporate and restructuring activities of Citigroup.</p> <p>Mr Pérez de Solay is a qualified industrial engineer from the Instituto Tecnológico de Buenos Aires and has completed management programmes at the Kennedy School of Government, Harvard and Austral University, Argentina.</p>

7 OVERVIEW OF THE MERGED GROUP

Director	Role	Experience
Mr Richard Seville	Non-Executive Director	<p>Mr Seville is a mining geologist and geotechnical engineer with over 25 years as either Managing Director or Executive Director of various ASX, TSX or AIM listed companies.</p> <p>After 12 years as Managing Director of Orocobre, Mr Seville stepped down as CEO and took a position as a Non-Executive Director of the Company.</p> <p>He is a graduate of Imperial College London and James Cook University in North Queensland and holds a Bachelor of Science degree with Honours in Mining Geology and a Master of Engineering Science in Rock Engineering.</p> <p>Mr Seville is also Non-Executive Chairman of Agrimin Ltd and a director of OZ Minerals Ltd.</p>
Mr Fernando Oris de Roa	Non-Executive Director	<p>Mr Oris de Roa was appointed an Orocobre Director in June 2010. Mr Oris de Roa is a highly successful business leader with a history of developing and operating large enterprises within Argentina and has a reputation for upholding integrity and social responsibility in his business practices.</p> <p>As Chief Executive of S.A. San Miguel, Mr Oris de Roa was widely credited with turning the company into the largest and most profitable lemon products company in the world. Mr Oris de Roa was Chief Executive and significant shareholder of Avex S.A. from 2004 to 2012. He holds a Master of Public Administration from The Kennedy School of Government at Harvard University.</p> <p>Mr Oris de Roa was appointed as Ambassador of Argentina to the United States serving during 2018 and 2019.</p>
Ms Leanne Heywood	Non-Executive Director	<p>Ms Heywood was appointed as an Orocobre Director in September 2016. Ms Heywood is an executive and leader with over 25 years corporate experience in the mining sector, including 10 years with Rio Tinto.</p> <p>Ms Heywood's experience includes strategic marketing, business finance and compliance and she has led organisational restructures, disposals and acquisitions. Ms Heywood holds a Bachelor of Business (Accounting) from Charles Sturt University and an MBA from the Melbourne Business School, University of Melbourne.</p> <p>Ms Heywood is a member of the Australian Institute of Company Director's and CPA Australia, a Non-Executive Director of Midway Ltd, a Non-Executive Director of Quickstep Holdings Ltd and a Non-Executive Director of Australian Meat Processor Corporation.</p>

7 OVERVIEW OF THE MERGED GROUP

Director	Role	Experience
Ms Florencia Heredia	Non-Executive Director	<p>Ms Heredia has over 28 years of experience in the mining industry. She heads the Natural Resources and Energy practice of the Argentinian legal firm Allende & Brea. She is an expert in mining law with extensive experience advising financial institutions and companies in complex mining transactions in Argentina.</p> <p>Ms Heredia holds a law degree with honours from Universidad Católica Argentina and has completed a Masters degree in Business Law with honours from Universidad Austral. She also has an honours degree in corporate sustainability and has been a researcher in the Doctorate program of Universidad Austral in the areas of natural resources and environmental law.</p>
Mr John Turner	Non-Executive Director	<p>Mr Turner is the leader of Fasken's Global Mining Group. Fasken is a full-service law firm with offices in Canada, the UK, South Africa and China.</p> <p>Mr Turner has been involved in many of the leading corporate finance and merger and acquisition deals in the resources sector primarily through companies active in Africa, Latin America, Eastern Europe, Canada and Australia. He is also non-executive Chairman of GoGold Resources, a TSX-listed gold and silver mining company.</p>
Mr Alan Fitzpatrick	Non-Executive Director	<p>Mr Fitzpatrick has more than 45 years of technical mining industry experience in project and construction management, engineering, maintenance and plant operations, including acting as a project director for various major mining companies both locally and internationally.</p> <p>Prior to joining Galaxy, Mr Fitzpatrick held numerous senior positions with leading engineering and mining companies such as Bechtel, BHP, Gold Fields and Newmont Mining Corporation. His experience includes the role of Director Global Projects Engineering and Construction for Newmont, Project Director on Newmont's US\$1.8 billion Batu Hijau project in Indonesia, Project Manager for Phase III of BHP's Escondida copper project expansion and Principal Consultant for the US\$7 billion Las Bambas project in Peru.</p>

7.8 Orocobre's intentions in respect of the Merged Group if the Scheme is Implemented

This section sets out the intentions of Orocobre in relation to the Merged Group if the Scheme is Implemented. These intentions are based on facts and information known to Orocobre at the time of preparing the Scheme Booklet that concern Orocobre and Galaxy as well as the general economic and business environment and are statements of current intention only and, accordingly, may vary as new information becomes available or circumstances change.

7 OVERVIEW OF THE MERGED GROUP

(a) Continuation of Orocobre and Galaxy's business

If the Scheme is Implemented, it is the current intention of Orocobre that the Merged Group will continue to manage the operating assets of the Merged Group in substantially the same manner as the businesses of Galaxy and Orocobre are currently operated separately, subject to the detailed review discussed below and while focussing on the realisation of the expected synergies outlined in section 1.2(b) of this Scheme Booklet.

(b) Corporate strategy and operational review

If the Scheme is Implemented, the Merged Group will undertake a detailed review of its operations, covering strategic, operational and financial matters to determine the optimal strategy for the Merged Group. Detailed consideration will be given by the Merged Group to the following matters:

- (i) Developing and timing the Merged Group's extensive global portfolio of growth opportunities, including any potential decision to accelerate the development of Stages 2 and 3 at Sal de Vida⁷¹, and other strategic options for Sal de Vida either on a standalone basis or with strategic investment partners. Indicative project milestones include:

Figure 7.8.1⁷² – Development timeline

Project	Milestones	Date (Calendar Year)
Olaroz	Completion Stage 2 construction	H1 2022
	Complete Stage 3 preliminary studies	H1 2022
	Optimisation of Olaroz Stage 1	2022/2023
Naraha	Complete Stage 1 commissioning	Q1 2022
	Options study for Stage 2 expansion	H1 2022
Accelerate Sal de Vida Project	Continuing current plan of developing Sal de Vida stage 1 of 10,700 tpa	H2 2022
	Progress a study for the acceleration of Stages 2 and 3 at Sal de Vida	H1 2022
James Bay	Complete DFS for upstream project	H1 2021
	Complete DFS for vertically integrated downstream project	H1 2022

- (ii) Undertaking studies related to the Merged Group's growth pipeline, including the potential to access Orocobre's Borax Tincalayu infrastructure gas pipeline to reduce energy costs at Sal de Vida;
- (iii) Determining an optimal capital allocation strategy of growth opportunities;
- (iv) Pursuing potential cost optimisations through unlocking procurement, logistics, marketing and corporate synergies; and
- (v) Leveraging both management teams' expertise to identify additional opportunities across the portfolio.

⁷¹ For more information on the study into a possible acceleration of Sal de Vida Stages 2 and 3, see section 5.6(b).

⁷² Further information about the development risks relating to the Merged Group is set out at section 9.2(i).

7 OVERVIEW OF THE MERGED GROUP

(c) Directors, senior management and employees

Refer to section 7.7 for information regarding the Merged Group's intentions for the composition of the Merged Group Board.

If the Scheme is Implemented, Martín Pérez de Solay will be CEO and Managing Director, Simon Hay⁷³ will become President of International Business reporting to the CEO, Neil Kaplan will be CFO and Rick Anthon and John Sanders⁷⁴ will be Joint Company Secretaries of the Merged Group.

Given the significant growth pipeline which the Merged Group will focus on developing, Orocobre expects to be able to provide continued employment to Galaxy's existing workforce, subject to arrangements regarding the composition of the Merged Group Board and senior management, as set out section 7.7.

(d) Corporate matters in relation to Galaxy

In accordance with the Merger Implementation Deed, if the Scheme is Implemented Galaxy will apply for termination of the official quotation of Galaxy Shares on the ASX and to be removed from the official list of the ASX. Galaxy will become a wholly-owned subsidiary of Orocobre. Galaxy's corporate structure is otherwise expected to remain largely intact.

(e) Corporate office, trading name and listing

The Merged Group intends to rebrand under a new name to be announced in due course (subject to Orocobre Shareholder approval).

The Merged Group will have its head office located in Buenos Aires, Argentina. The corporate headquarters will remain in Brisbane for the time being and the Perth office will be retained.

Orocobre Limited (as parent company of the Merged Group) will maintain its primary listing on the ASX and secondary listing on the TSX.

(f) Debt facilities

The Mizuho project finance debt facilities for Olaroz Stage 1, Olaroz Stage 2 with SDJ and Naraha with TLC will remain in place as standalone facilities of the Merged Group and will continue to exist on their current terms.

BNP has provided consent for its \$40 million revolving credit facility with Galaxy to remain in place as a standalone facility of the Merged Group with a maturity date of 31 December 2021. This will provide the necessary liquidity and working capital required for the Merged Group to operate going forward.

⁷³ Subject to finalisation of employment arrangements.

⁷⁴ Subject to finalisation of employment arrangements.

7 OVERVIEW OF THE MERGED GROUP

7.9 Capital structure of the Merged Group

(a) Share Capital

The below table summarises the shares that will be on issue in the Merged Group upon Implementation of the Scheme.

Table 7.9.1 – Merged Group share capital

Detail	Number of ordinary shares
Orocobre Shares on issue as at the Last Practicable Date	344,355,722
New Orocobre Shares to be issued as Scheme Consideration	292,505,874
Total (pro forma)	636,861,596

(b) Performance Rights

The below table summarises the performance rights that will be on issue in the Merged Group upon Implementation of the Scheme.

Table 7.9.2 – Merged Group Performance Rights

Security	Number on issue
OREAS FY19 LTI Performance Rights vesting on 31 August 2021	599,270
OREAS FY20 LTI Performance Rights vesting on 31 August 2022	1,292,960
OREAS FY21 LTI Performance Rights vesting on 31 August 2023	1,294,166
OREAS 2021 Performance Rights vesting on 31 March 2022	139,500

Upon Implementation of the Scheme, Galaxy Shareholders will own approximately 45.7% of the Merged Group and Orocobre Shareholders will own approximately 54.3% of the Merged Group, on a fully diluted basis.

7 OVERVIEW OF THE MERGED GROUP

7.10 Key shareholders of the Merged Group

Current substantial shareholders who own 5% or more of the issued capital in either Orocobre or Galaxy (based on publicly released substantial shareholder notices as at the Last Practicable Date) will have the following pro forma ownership in the Merged Group:

Table 7.10.1 – Merged Group substantial shareholders

Shareholder	Current beneficial ownership in Galaxy (%)	Current beneficial ownership in Orocobre (%)	Pro forma beneficial ownership in the Merged Group (%) ¹
Toyota Tsusho Corporation	Nil	11.4%	6.2%
Ausbil Investment Management	9.26%	Nil	4.2%
AustralianSuper Pty Ltd	Nil	7.4%	4.0%
Handelsbanken	Nil	6.2%	3.4%

1. Calculated based on information contained in published substantial shareholder notices and Scheme Shareholders holding approximately 45.7% of the Merged Group on a diluted basis.



8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

8

PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

8.1 Merged Group Pro forma Historical Financial Information

This section contains pro forma historical financial information in relation to the Merged Group (the **Merged Group Pro Forma Historical Financial Information**) comprising:

- Merged Group Historical income statement for the year ended 31 December 2020 (**Merged Group Pro Forma Historical Income Statement**);
- Merged Group Historical statement of financial position as at 31 December 2020 (**Merged Group Pro Forma Historical Statement of Financial Position**); and
- Merged Group Historical statement of cash flows for the year ended 31 December 2020 (**Merged Group Pro Forma Historical Cash Flows**).

In this Scheme Booklet (including in this section 8), references to “Merged Group Pro Forma Historical Financial Information” are references to the pro forma historical financial information of the Merged Group during the relevant period or at the relevant time, being the corporate group that will be formed as it will exist immediately following Implementation of the Scheme.

References to Merged Group Pro Forma Historical Financial Information refers to the Merged Group on an aggregated basis.

The Merged Group Pro Forma Historical Financial Information should be read together with the:

- basis of preparation as set out in section 8.2;
- risk factors set out in section 9; and
- other information contained in this Scheme Booklet

The financial information in this section is presented in an abbreviated form and does not contain all disclosures, presentations, statements or comparatives that are usually provided in an annual financial report prepared in accordance with the Corporations Act. The Investigating Accountant has prepared an Independent Limited Assurance Report, in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, in respect of the Merged Group Pro Forma Historical Financial Information, a copy of which is included in Annexure F. Galaxy Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

Amounts in this section have been rounded to the nearest \$1,000. A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

8.2 Basis of preparation and pro forma adjustments

The Merged Group Pro Forma Historical Financial Information has been prepared for illustrative purposes, in order to give Galaxy Shareholders an indication of the financial performance and cash flows of the Merged Group as if the Scheme had been Implemented prior to the beginning of the year ended 31 December 2020 and the financial position of the Merged Group as if the Scheme had been Implemented as at 31 December 2020. By its nature, pro forma historical financial information is illustrative only. Consequently, it does not purport to reflect the actual financial performance, financial position or cash flows of the Merged Group if it had operated on a combined basis for the relevant periods. Past performance is not a guide to future performance.

(a) Basis of preparation

The Merged Group Pro Forma Historical Statement of Financial Position and Merged Group Pro Forma Historical Income Statement and Merged Group Pro Forma Historical Cash Flows for the year ended 31 December 2020 have been derived from:

- (i) Orocobre's 30 June 2020 Annual Financial Report and the Half Year Financial Report for the six months ended 31 December 2020 adjusted to exclude the financial performance and cash flows for the half year from 1 July 2019 to 31 December 2019 based on the Orocobre half year financial report for the six months ended 31 December 2019;
- (ii) Galaxy's 31 December 2020 Annual Financial Report; and
- (iii) pro forma adjustments described in section 8.2(b) below.

The Orocobre 30 June 2020 Annual Financial Report was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion on these financial statements. Orocobre's Half Year Financial Reports for the six month period ended 31 December 2019 and 2020 were reviewed by Ernst & Young. Ernst & Young issued an unmodified review conclusion in relation to Orocobre's Half Year Financial Reports. Orocobre's Annual and Half Year Financial Reports are available from Orocobre's website (www.orocobre.com) and the ASX website (www.asx.com.au).

Galaxy's 31 December 2020 Annual Financial Report was audited by PricewaterhouseCoopers (**PwC**). PwC issued an unmodified audit opinion in relation to Galaxy's Annual Financial Report.

Galaxy's Annual Financial Report is available from Galaxy's website (www.galaxy.com.au) and the ASX website (www.asx.com.au).

The Merged Group Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (including Australian Accounting Interpretations) (**AAS**) adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 31 December 2020 in the Merged Group Pro forma Historical Statement of Financial Position and from 1 January 2020 in the Merged Group Pro forma Historical Income Statement and the Merged Group Pro forma Historical Cash Flows.

The Merged Group Pro Forma Historical Financial Information has been prepared in accordance with and should be read in conjunction with the accounting policies detailed in Orocobre's Annual Report for the year ended 30 June 2020. An assessment has been undertaken by Galaxy to identify significant accounting policy differences where the impact is potentially material to the Merged Group and could be reliably estimated. No material differences have been identified.

(b) Pro forma adjustments overview

The Merged Group Pro Forma Historical Financial Information includes the following pro forma adjustments to reflect the impact of certain transactions as if they occurred as at 31 December 2020 in the Merged Group Pro forma Historical Statement of Financial Position and as at 1 January 2020 in the Merged Group Pro forma Historical Income Statement and Merged Group Pro forma Historical Cash Flow to:

- (i) reclassify certain amounts in Galaxy's Historical Income Statement and Statement of Cash Flows for the 12 months ended 31 December 2020 for consistent presentation of the Merged Group;
- (ii) eliminate an amount in Orocobre's and Galaxy's Historical Statement of Cash Flows and Orocobre's and Galaxy's Historical Income Statement for the 12 months ended 31 December 2020 to reflect a royalty purchase and sale transaction between Orocobre and Galaxy; and
- (iii) reflect accounting for the acquisition of Galaxy and one-off transaction costs associated with the Scheme, including an estimate of stamp duty payable in the Merged Group Pro Forma Historical Statement of Financial Position.

The Merged Group Pro Forma Historical Financial Information has been prepared using preliminary purchase price accounting estimates. AAS provides the acquirer (determined as Orocobre) up to one year from the acquisition date to record any material adjustments to the initial acquisition date estimates based on new information obtained about facts and circumstances that existed at the acquisition date. Orocobre has not finalised the identification and valuation of Galaxy's assets and liabilities (including for tax purposes) and this can only be done on Implementation of the Scheme. Accordingly:

- (i) the historical carrying value of assets and liabilities recognised in the 31 December 2020 Statement of Financial Position of Galaxy are assumed to equal their value in accordance with AASB 3 *Business Combinations* (AASB 3), which is generally fair value, with the exception of Exploration and Evaluation Expenditure and other intangibles (where provisional fair values have been estimated); and
- (ii) for the purpose of preparing the Merged Group Pro Forma Historical Statement of Financial Position, it has been assumed that there has not been any reset in tax bases and pre-existing Australian tax losses are not available with any fair value uplifts being tax effected at 30%.

The Merged Group Pro Forma Historical Financial Information is provided for illustrative purposes only. Due to its nature, the Merged Group Pro Forma Historical Financial Information does not represent Orocobre's or the Merged Group's actual or prospective financial position. A number of factors may impact the actual financial performance, financial position or cash flows of the Merged Group, including, but not limited to:

- (i) successful Implementation of the Scheme and ultimate timing of that Implementation;
- (ii) changes in the Orocobre share price of A\$6.26 (closing Orocobre share price 29 June 2021) and AUD:USD exchange rate of 0.77 will alter the value of the consideration for the transaction for accounting purposes, as the consideration will be calculated on the day the Scheme is Implemented;
- (iii) differences between the estimated amount of transaction costs as set out in section 11.9 and the amount ultimately incurred;
- (iv) changes in spot or expectations of forward market prices, including, but not limited to, the price of lithium, equity or debt securities, interest and exchange rates;
- (v) vesting of Galaxy Performance Rights;

- (vi) finalisation of the acquisition accounting (in accordance with AASB 3), including determining appropriate purchase price allocations, such as the identification and valuation of all assets and liabilities acquired. Adjustments may include the allocation of purchase price notionally attributed to amortising assets (such as mine properties), to non-amortising assets (such as indefinite life intangible assets, including goodwill) or between different amortising assets (for example a change in the allocation of value between different mine properties). Changes in the amount and allocation of the purchase price could positively or negatively impact future reported earnings of the Merged Group;
- (vii) finalisation of the availability of tax losses and the recalculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with AASB 112 Income Taxes; and
- (viii) the timing and realisation of potential synergies arising from the merger of Orocobre and Galaxy pursuant to the Scheme.

(c) Pro forma adjustment acquisition accounting

Pro forma Adjustment Acquisition accounting reflects the provisional estimated accounting for the acquisition of Galaxy based on the provisional amounts shown in the following section. This includes an estimate of \$4.7 million of stamp duty payable and \$14.4 million in other transaction costs recognised as an outflow of cash and cash equivalents.

The accounting for the acquisition of Galaxy reflects the:

- elimination of pre-acquisition contributed equity of Galaxy of \$792.9 million;
- elimination of pre-acquisition retained losses and reserves of wGalaxy of \$424.0 million and \$37.9 million respectively; and
- recognition of estimated equity consideration of \$1,399.1 million on the issuance of the Orocobre Shares.

The estimated amount to be allocated has therefore been calculated as follows:

Table 8.2.1 – Accounting for acquisition of Galaxy

Number of New Orocobre Shares to be issued	#	290,265,885 ⁽¹⁾
Orocobre Share price	A\$	6.26
Shares consideration to be allocated	A\$'000	1,817,064
Shares consideration to be allocated	\$'000	1,399,140

(1) The Number of New Orocobre Shares to be issued includes 2,539,867 New Orocobre Shares issued to the holders of 4,463,737 Galaxy Performance Rights that vest on the Court making the Scheme Order related to pre-combination services in accordance with AASB 3. This represents a pro-rata number of shares based on the vesting period that had been completed at the date of Implementation. This does not include 2,872,261 New Orocobre Shares issued to the holders of 5,047,910 Galaxy Performance Rights that vest on the Court making the Scheme Order related to post-combination services in accordance with AASB 3.

The initial estimates of the acquisition accounting undertaken for the purposes of the compilation of the Merged Group Pro Forma Historical Statement of Financial Position are discussed below. These estimates will be updated based on the actual assets and liabilities acquired on Implementation of the Scheme.

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

The following table details the initial estimate of the allocation of the estimated amount to be allocated to the net identifiable assets.

Table 8.2.2 – Estimated amount to be allocated to net identifiable assets

	\$'000
Total amount to be allocated	1,399,140
Less: Net Assets acquired - Galaxy	(331,053)
Add: Deferred tax liability arising on acquisition	358,709
Residual value allocated to Exploration & Evaluation Expenditure and Other Intangibles	1,426,796

In estimating the above purchase price allocation, the following assumptions have been made:

- the historical carrying value of assets and liabilities recognised on the pre-merger Statement of Financial Position for Galaxy at 31 December 2020 are assumed to equal their fair value with the exception of Exploration & Evaluation Expenditure and Other Intangibles where provisional fair values have been estimated; and
- for the purpose of preparing the Merged Group Pro Forma Historical Statement of Financial Position, it has been assumed that there will not be a reset in the tax cost bases and pre-existing Australian tax losses are not available.

The following table shows the sensitivity of the calculation of the purchase consideration and the residual value allocated to Exploration & Evaluation Expenditure and Other Intangibles to changes in the price of Orocobre Shares. This has been prepared assuming 290,265,885 million New Orocobre Shares are issued in exchange for 510,133,365 million Scheme Shares. This does not include 2,872,261 New Orocobre shares issued to the holders of 5,047,910 Galaxy Performance Rights that vest on the Court making the Scheme Order related to post-combination services in accordance with AASB 3.

Table 8.2.3 – Sensitivity of the purchase consideration and residual value

Orocobre Share price on Implementation Date (A\$)	5.50	6.00	6.26	6.50	7.00
Implied purchase consideration (\$'000)	1,229,276	1,341,028	1,399,140	1,452,781	1,564,533
Increase / (decrease) to "Exploration & Evaluation Expenditure and Other Intangibles" (\$'000)	(226,911)	(77,627)		71,656	220,940

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

8.3 Merged Group Pro Forma Historical Income Statement

Set out in the following tables are the Merged Group Pro Forma Historical Income Statements for the year ended 31 December 2020.

Table 8.3.1 – Year ended 31 December 2020

\$'000	Orocobre	Galaxy	Pro Forma Adjustments Reclassification and Elimination	Merged Group
Operating sales revenue	63,993	55,293	-	119,286
Cost of sales	(52,412)	(64,690)	-	(117,102)
Inventory write down	-	(10,813)	-	(10,813)
Gross Profit	11,581	(20,210)	-	(8,629)
Impairment of assets	(22,378)	(14,183)	-	(36,561)
Other income	2,554	9,237	(5,950) ¹	5,841
Corporate and admin expenses	(22,499)	-	(11,178)	(33,677)
Selling expenses	(3,912)	-	-	(3,912)
Depreciation and amortisation	(16,646)	-	-	(16,646)
Share of net losses of associates	(1,788)	-	-	(1,788)
Foreign currency loss	(4,444)	-	-	(4,444)
Other expenses	-	(11,178)	11,178	-
(Loss) Before Tax and Net Finance Expenses	(57,532)	(36,334)	(5,950)	(99,816)
Finance income	4,786	7,447	-	12,233
Finance expenses	(23,789)	(2,529)	-	(26,318)
(Loss) Before Tax	(76,535)	(31,416)	(5,950)	(113,901)
Income tax benefit/(expense)	(823)	107	-	(716)
(Loss) After Tax	(77,358)	(31,309)	(5,950)	(114,617)
(Loss) Attributable to Members of the Parent	(56,030)	(31,309)	(5,950)	(93,289)
(Loss) Attributable to Non-controlling interests	(21,328)	-	-	(21,328)

¹ Elimination of royalty sale by Orocobre to Galaxy that Galaxy had accrued for in prior years

The Merged Group Pro Forma Historical Income Statement has not been adjusted to reflect:

- (a) the performance and operation of Orocobre and Galaxy since 31 December 2020;
- (b) any potential synergies, including those expected synergies set out in section 1.2, any costs of realising those synergies and business improvements arising following Implementation;
- (c) finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase price accounting allocations and tax cost base resetting as set out in section 8.2(c) above;
- (d) any additional depreciation and amortisation charges or impairment reversals arising following Implementation; and
- (e) any transaction costs and stamp duty arising from Implementation.

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

8.4 Merged Group Pro forma Historical Statement of Financial Position as at 31 December 2020

Set out in the following table is the Merged Group's Pro Forma Historical Statement of Financial Position as at 31 December 2020. For the purposes of presenting the Merged Group's Pro Forma Historical Statement of Financial Position, it has been assumed that the Scheme was effected and completed on 31 December 2020:

Table 8.4.1 – Merged Group Pro Forma Historical Statement of Financial Position

\$'000	Orocobre	Galaxy	Pro Forma Adjustment Acquisition	Merged Group
CURRENT ASSETS				
Cash and cash equivalents ¹	262,309	210,437	(18,086)	454,660
Financial assets	-	1,770	-	1,770
Trade and other receivables	17,775	20,986	-	38,761
Inventories	25,826	8,351	-	34,177
Other current assets	4,294	1,725	-	6,019
Total Current Assets	310,204	243,269	(18,086)	535,387
NON-CURRENT ASSETS				
Other receivables	18,413	-	-	18,413
Inventory	44,580	-	-	44,580
Financial assets	17,171	2,891	-	20,062
Property, plant and equipment	800,135	27,473	-	827,608
Right of use assets	25,838	4,369	-	30,207
Exploration and evaluation assets and other intangibles	45,886	106,404	1,426,796	1,579,086
Investment in associates	5,327	-	-	5,327
Other non-current assets	-	2,630	-	2,630
Total Non-Current Assets	957,350	143,767	1,426,796	2,527,913
Total Assets	1,267,554	387,036	1,408,710	3,063,300
CURRENT LIABILITIES				
Trade and other payables	23,770	21,039	-	44,809
Derivative financial instruments	2,978	-	-	2,978
Loans and borrowings	37,429	-	-	37,429
Provisions	1,003	7,263	-	8,266
Lease liabilities	3,496	8,150	-	11,646
Income tax payable	-	-	-	-
Total Current Liabilities	68,676	36,452	-	105,128

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

\$'000	Orocobre	Galaxy	Pro Forma Adjustment Acquisition	Merged Group
NON-CURRENT LIABILITIES				
Trade and other payables	18,547	-	-	18,547
Derivative financial instruments	4,117	-	-	4,117
Loans and borrowings	206,427	-	-	206,427
Deferred tax liability	122,398	-	358,709	481,107
Provisions	34,531	7,142	-	41,673
Lease liabilities	28,207	12,389	-	40,596
Total Non-Current Liabilities	414,227	19,531	358,709	792,467
Total Liabilities	482,903	55,983	358,709	897,595
Net Assets	784,651	331,053	1,050,001	2,165,705
EQUITY				
Contributed equity	668,512	792,942	606,198	2,067,652
Reserves	(13,779)	(37,931)	37,931	(13,779)
Accumulated Profits / (Losses)	51,586	(423,958)	405,872	33,500
Equity attributable to owners	706,319	331,053	1,050,001	2,087,373
Equity attributable to non-controlling interests	78,332	-	-	78,332
Total Equity	784,651	331,053	1,050,001	2,165,705

1 Orocobre's cash and cash equivalents includes term deposits of \$70.7 million that are subject to certain restrictions, refer to section 6.10 for further details.

The Merged Group Pro Forma Historical Statement of Financial Position has not been adjusted to reflect:

- (a) the performance and operation of Orocobre and Galaxy since 31 December 2020;
- (b) any potential synergies, including those expected synergies set out in section 1.2, any costs of realising those synergies and business improvements arising following Implementation; and
- (c) finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase price accounting allocations and tax cost base resetting as set out in section 8.2(c) above.

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

8.5 Merged Group Pro Forma Historical Cash Flows

Set out in the following table is the Merged Group Pro Forma Historical Cash Flow statements for year ended 31 December 2020.

Table 8.5.1 – Merged Group Pro Forma Historical Cash Flows for year ended 31 December 2020

\$'000	Orocobre	Galaxy	Pro Forma Adjustments Reclassification and Elimination	Merged Group
OPERATING ACTIVITIES				
Receipts from customers	65,760	45,698	-	111,458
Payments to suppliers, contractors and employees	(82,354)	(51,948)	-	(134,302)
Interest received	2,865	-	8,388	11,253
Interest paid	(14,479)	-	-	(14,479)
Cash (used in) operations	(28,208)	(6,250)	8,388	(26,070)
Income and withholding tax paid	-	(7,288)	-	(7,288)
Net Cash (outflow) from operating activities	(28,208)	(13,538)	8,388	(33,358)
INVESTING ACTIVITIES				
Interest received	-	8,388	(8,388)	-
Payments for property, plant and equipment	(95,944)	(6,116)	-	(102,060)
Proceeds from sale of other non-current assets	3,364	-	(2,450)	914
Proceeds from disposal of financial assets	-	32,057	-	32,057
Payments for exploration and evaluation assets	(1,578)	(19,219)	2,450	(18,347)
Net Cash inflow/(outflow) from Investing Activities	(94,158)	15,110	(8,388)	(87,436)
FINANCING ACTIVITIES				
Principal elements of lease payments	(2,321)	(7,833)	-	(10,154)
Net proceeds from issue of shares, net of transaction costs	119,487	118,820	-	238,307
Bank charges	-	(987)	-	(987)
Proceeds from borrowings	93,313	-	-	93,313
Repayments of borrowings	(22,900)	-	-	(22,900)
Transaction costs related to loans and borrowings	-	(575)	-	(575)
Net Cash inflow from Financing Activities	187,579	109,425	-	297,004
Net Increase in Cash and Cash Equivalents	65,213	110,997	-	176,210

8 PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

\$'000	Orocobre	Galaxy	Pro Forma Adjustments Reclassification and Elimination	Merged Group
Cash and cash equivalents at the beginning of the period	195,025	100,907	-	295,932
Effect of foreign exchange rate changes	2,071	(1,467)	-	604
Cash and Cash Equivalents at the End of the Period	262,309	210,437	-	472,746

The Merged Group Pro Forma Historical Cash Flow Statement has not been adjusted to reflect:

- (a) the trading of Orocobre and Galaxy since 31 December 2020;
- (b) any potential synergies, including those expected synergies set out in section 1.2, any costs of realising those synergies and business improvements arising following Implementation;
- (c) finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase price accounting allocations and tax cost base resetting as set out in section 8.2(c) above; and
- (d) any transaction costs and stamp duty arising from Implementation.

8.6 Financial Forecasts

Each of the Orocobre Board and the Galaxy Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. Other than the synergies detailed in section 1.2, each of the Orocobre Board and the Galaxy Board has concluded that such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either Galaxy Shareholders or Orocobre Shareholders.



9 RISK FACTORS

9

RISK FACTORS

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.

This section outlines some of the:

- specific risk factors relating to the Scheme (see section 9.1);
- specific and general risks relating to the Merged Group (see sections 9.2 and 9.3); and
- risks and implications for Galaxy if the Scheme is not Implemented (see section 9.4).

A significant number of the risks relating to the Merged Group are, or will be, risks to which Galaxy 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 Merged Group's business will change (from that of the standalone business of Galaxy) and accordingly, Galaxy Shareholders will potentially be exposed to additional risks in respect of the Merged Group.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of individual Galaxy Shareholders. If you do not understand any part of this Scheme Booklet (including these risk factors) or 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 before deciding how to vote.

You should carefully consider the risk factors discussed in this section 9, as well as the other information contained in this Scheme Booklet, before voting on the Scheme.

9.1 Specific risks relating to the Scheme

The following risks will apply to the Merged Group if the Scheme proceeds. As they are related to the Scheme, they do not currently apply to either Galaxy or Orocobre as standalone entities or businesses.

(a) Integration risks and realisation of anticipated synergies

The success of the Merged Group will depend, among other things, on the ability to integrate the businesses of Galaxy and Orocobre, including the operations, technology and personnel of each entity. The successful integration of the businesses will depend on a range of factors, including organisational and cultural compatibility and operational integration. There is a risk that unexpected issues and complications may arise during the process of integration.

If integration is not achieved in an effective manner, the full benefits of the combination of the two businesses, including any anticipated synergies, may be achieved only in part or not at all. This could adversely impact the Merged Group's financial performance and position and the future prospects of the Merged Group. Reasons for this may include unexpected/unplanned delays, challenges, liabilities and costs in relation, but not limited to, integrating operating and management systems such as IT, information or accounting systems and the loss of key personnel of the Merged Group.

(b) The exact value of the Scheme Consideration is not certain

If the Scheme is Implemented, Galaxy Shareholders (other than Ineligible Shareholders) will receive 0.569 New Orocobre Shares for each Galaxy Share held on the Scheme Record Date as the Scheme Consideration.

The implied value of the Scheme Consideration will vary over time depending on the prevailing Orocobre Share price and as a result, the implied value of the Scheme Consideration is likely to change, including between the date of this Scheme Booklet, the date of the Scheme Meeting and the date on which the Scheme Consideration is issued to Scheme Shareholders on Implementation.

Following Implementation of the Scheme, the price of New Orocobre Shares will continue to rise or fall based on market conditions and the Merged Group's financial and operating performance.

In relation to Ineligible Shareholders, the Nominee will be issued the New Orocobre Shares to which Ineligible Shareholders would otherwise have been entitled and will be seeking to sell those securities on ASX as soon as reasonably practicable on or after the Implementation Date and in any event, within 10 Business Days (on which the New Orocobre Shares are capable of being traded on ASX) of the Implementation Date. There is no guarantee regarding the price that will be realised by the Nominee (or the proceeds of sale that are ultimately delivered to Ineligible Shareholders after deducting any reasonable brokerage or other selling costs, taxes and charges), and it is possible that such sales may exert downwards pressure on the price of New Orocobre Shares in the period following the Implementation Date. In providing services to Orocobre in connection with the sale of the New Orocobre Shares to which the Ineligible Shareholders would otherwise have been entitled, the Nominee is not acting as agent or sub agent of any Ineligible Shareholder.

More generally, the future share price of the New Orocobre Shares is uncertain. Future share prices may be either above or below current or historical share prices. Information about the current trading prices of Orocobre Shares may be obtained from www.asx.com.au. For more information on the closing price and daily trading volume of Orocobre Shares over the last 12 months up to the Last Practicable Date, see section 6.16.

(c) Implementation of the Scheme is subject to outstanding Conditions Precedent 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 Precedent. There can be no certainty, nor can Galaxy provide any assurance, that these Conditions Precedent will be satisfied or waived (where permitted), or if satisfied or waived (where permitted), when that will occur. A number of outstanding Conditions Precedent are outside the control of Galaxy and Orocobre, including, but not limited to, approval of the Scheme by Galaxy Shareholders and approval by the Court of the Scheme.

If, for any reason, a Condition Precedent is not satisfied or waived (where permitted) and the Scheme is not Implemented, there may be adverse consequences for Galaxy and Galaxy Shareholders, including that the market price of Galaxy Shares may be adversely affected. See section 9.4 for further information.

(d) Argentinian Merger Control Regulations

Pursuant to merger control regulations in Argentina (**Argentinian Merger Control Regulations**), the Scheme must be notified to the Argentinian Antitrust Authority (by no later than one week after the Scheme is Implemented) and approved by the Argentinian Antitrust Authority.

The notification to the Argentinian Antitrust Authority is only required to be made after the Scheme is Implemented, and Implementation of the Scheme is not conditional upon or otherwise subject to Galaxy and Orocobre obtaining the approval of the Argentinian Antitrust Authority. Both Galaxy and Orocobre consider it very unlikely that the Scheme 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 Scheme (in which case, the parties will be directed to unwind the Scheme 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 the Merged Group divest certain assets or the imposition of pricing restrictions, costs, limitations and other restrictions on the conduct of the business of the Merged Group). These powers may be exercised if, among other things, the Argentinian Antitrust Authority considers that the Scheme is anticompetitive and harmful to the general economic interest of Argentina.

If the Scheme is not ultimately approved by the Argentinian Antitrust Authority, or is approved subject to conditions, the integration of Galaxy and Orocobre and the benefits of the Scheme, 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 the Merged Group, including potentially impacting further investment decisions by the Merged Group (in respect of assets based in Argentina) or the likelihood of other corporate actions being initiated by the Merged Group or third parties. Any of these consequences could adversely impact the Merged Group's financial performance and position and the future prospects of the Merged Group. Please see section 9.2(k) for more information about possible sovereign risks associated with the Merged Group operating in Argentina.

As noted in section 9.3(d), a change to current laws in the jurisdictions within which the Merged Group operates, or may in the future operate, could have a material adverse impact on the Merged Group's operations, financial performance and financial position. A bill (Bill No. 2795/20) seeking to amend the Argentinian Merger Control Regulations to require the Argentinian Antitrust Authority to approve certain transactions (such as the Scheme) before such transactions can be consummated in Argentina was approved by the Argentinian Senate on 4 February 2021 and is expected to be analysed by the Argentinian House of Representatives in the near future. Both Galaxy and Orocobre consider it very unlikely that the bill will be passed into Argentinian law before Implementation, but there remains a risk that the bill could be passed into law if there is a significant delay in the Scheme timetable. If the bill is passed into Argentinian law before Implementation, Galaxy and Orocobre may be required to comply with the revised notification and approval regime under the Argentinian Merger Control Regulations before the Scheme can be Implemented which could delay the integration of Galaxy and Orocobre and may result in the benefits of the Scheme, including any anticipated synergies, not being realised in part or at all.

(e) The Merger Implementation Deed may be terminated by Galaxy or Orocobre in certain circumstances, in which case the Scheme will not be Implemented

Each of Galaxy and Orocobre has the right to terminate the Merger Implementation Deed in certain circumstances. See part 10 of Annexure A for a summary of the circumstances which may give rise to a right for Galaxy or Orocobre to terminate the Merger Implementation Deed. Accordingly, there is no certainty that the Merger Implementation Deed will not be terminated by either Galaxy or Orocobre before the Implementation of the Scheme.

If the Merger Implementation Deed is terminated, the Scheme will not be Implemented, and Galaxy will not be able to achieve, as a standalone entity, the benefits that the merger with Orocobre may have provided.

In addition, some circumstances which cause the Scheme not to proceed may result in the payment of a break fee by Galaxy or Orocobre to the other party.

(f) The issue of New Orocobre Shares could adversely affect the market price of Orocobre Shares

If the Scheme is Implemented, a number of additional Orocobre Shares (being the New Orocobre Shares issued as Scheme Consideration) will be available for trading in the public market (see section 7.9 for details of the capital structure of the Merged Group if the Scheme is Implemented). The increase in the number of Orocobre Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Orocobre Shares.

In addition, the process to be undertaken by the Nominee of selling the New Orocobre Shares that would otherwise be issued to Ineligible Shareholders within the 10 Business Days (on which the New Orocobre Shares are capable of being traded on ASX) after the Implementation Date may place short-term downward pressure on the market price for Orocobre Shares by creating additional selling volumes.

In relation to Ineligible Shareholders, the Nominee will be issued the New Orocobre Shares to which Ineligible Shareholders would otherwise have been entitled and will be seeking to sell those securities on ASX as soon as reasonably practicable on or after the Implementation Date and in any event, within 10 Business Days (on which the New Orocobre Shares are capable of being traded on ASX) after the Implementation Date. There is no guarantee regarding the price that will be realised by the Nominee (or the proceeds of sale that are ultimately delivered to Ineligible Shareholders after deducting any reasonable brokerage or other selling costs, taxes and charges), and it is possible that such sales may exert downwards pressure on the price of New Orocobre Shares in the period following the Implementation Date. In providing services to Orocobre in connection with the sale of the New Orocobre Shares to which the Ineligible Shareholders would otherwise have been entitled, the Nominee is not acting as agent or sub agent of any Ineligible Shareholder.

(g) Accounting risk

Both Orocobre and Galaxy, as standalone entities, have particular accounting policies and methods which are fundamental to how they record and report their financial position and results of operations. The Orocobre and Galaxy Directors may have exercised judgment in selecting accounting policies or methods in respect of Orocobre and Galaxy (respectively), which might have been reasonable in the circumstances yet might have resulted in reporting materially different outcomes than would have been reported under the other company's policies and methods. The integration of Orocobre's and Galaxy's accounting functions may lead to revisions of these accounting policies, which may adversely impact on the Merged Group's reported results of operations and/or financial position and performance.

(h) Court approval and delays

There is a risk that the Court may not approve the Scheme, or that the approval of the Court may be delayed (including because of COVID-19). In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, then the Court will have regard to that change in deciding whether to approve the Scheme. If such changes are so important that they materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date. If the Court refuses to make any orders or confirmations for the purposes of approving the Scheme, Galaxy must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or legal advice is received from a sufficiently qualified barrister that, in their view, an appeal would have no prospect of success before the End Date).

(i) Tax consequences for Scheme Shareholders

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. 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 10 of this Scheme Booklet.

(j) Change of control

Some contracts to which Galaxy, Orocobre and their respective subsidiaries are party (including contracts with customers, lenders and joint venture partners), contain change of control or deemed assignment provisions that could be triggered by the Scheme (including by entry into the Merger Implementation Deed, Implementation of the Scheme, changes to the composition of the Galaxy Board or the Orocobre Board (as applicable) or other events in connection with or otherwise contemplated by the Scheme). If any such provision is triggered, this may allow the counterparty to review, adversely modify, exercise rights under or terminate the contract. If a counterparty to any such contract were to do so, this may have an adverse effect on the Merged Group, which may be material (depending on the materiality of the relevant contract).

As at the date of this Scheme Booklet, Galaxy and Orocobre have undertaken a process to identify those of Galaxy's and Orocobre's material contracts in respect of which consents or waivers may be required under such provisions (in connection with or as a consequence of the Scheme), and intend to seek those waivers and consents as soon as practicable.

(k) Change in risk and investment profile

After Implementation of the Scheme, Scheme Shareholders will be exposed to risk factors relating to Orocobre, and certain additional risks relating to the Merged Group and the integration of the two businesses.

In particular, the asset portfolio, capital structure and size of the Merged Group will be different from that of Galaxy on a standalone basis. These changes in risk and investment profile may be considered a disadvantage by some Galaxy Shareholders.

(l) Transaction costs

If the Scheme is Implemented, external costs of approximately A\$10,500,000 (excluding GST) are expected to be paid by Galaxy. 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, additional external costs of approximately A\$8,300,000 (excluding GST) are expected to be paid by Orocobre. This includes financial advisory, legal, accounting and administration fees and other expenses. Therefore, total transaction costs of approximately A\$18,800,000 excluding stamp duty are expected to be incurred by the Merged Group if the Scheme is Implemented.

Transaction related costs of approximately A\$2,500,000 are expected to be incurred by Galaxy irrespective of whether or not the Scheme is Implemented.

Further details of the estimated costs are set out in section 11.9 of this Scheme Booklet.

9.2 Specific risks relating to the Merged Group

(a) Change in risk and investment profile

If the Scheme is Implemented, Galaxy Shareholders will be exposed to risk factors relating to Orocobre and to certain other risks relating to the Merged Group and the integration of Orocobre and Galaxy.

While the operations of Orocobre and Galaxy are similar in a number of ways, there may be further risks relating to the operation of a broader suite of assets both in nature, geographic scope, environmental risks, human resources and native title risks.

(b) Failure to realise benefits of the Scheme, including expected synergies

After Implementation of the Scheme, the Merged Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet, including the estimated synergies detailed in section 7.5. There is a risk that the Merged Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of the strategies, operational objectives and benefits are delayed. Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Merged Group's operations, financial performance and financial position.

After Implementation of the Scheme, the Merged Group will also seek to implement the various cost-saving and optimisation strategies relating to synergies that are listed in section 7.5. There is a risk the Merged Group may not be able to realise these synergies (in whole or in part) or alternatively that there will be delays in realising these synergies.

(c) Integration risks

There are risks associated with conducting the business activities and operations previously operated by a different entity.

While Orocobre expects that it will be able to integrate the Galaxy Group's operations with its own, there is a risk that integration may take longer than expected (so that integration is achieved over a longer time period than expected), or that integration may cost more than anticipated, including as a result of the COVID-19 pandemic and applicable physical separation requirements. Potential factors that may influence a successful integration include:

- (i) disruption to the ongoing operations of both businesses;
- (ii) higher than anticipated integration costs;
- (iii) unforeseen costs relating to integration of operational systems, IT systems and financial and accounting systems of both businesses; and
- (iv) unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the Scheme.

This may impact on the Merged Group's operations, financial performance and financial position.

(d) Commodity price volatility

The Merged Group's revenues and cash flows will be dependent upon the price of lithium carbonate, lithium hydroxide, lithium spodumene concentrate and boron minerals. Sustained low prices could reduce or eliminate the profit and cashflow that is currently expected to be generated from the portfolio; halt or delay the development of new projects; reduce funds available for exploration; result in impairments to the value of assets and reduce existing Ore Reserves and Mineral Resources by reducing what can be economically processed at prevailing prices.

Such declines in price and/or reductions in operations could cause significant volatility in the Merged Group's financial performance.

The Merged Group's revenues will be derived primarily from the sale of lithium carbonate, lithium hydroxide, lithium spodumene concentrate and boron minerals. The price that the Merged Group obtains for those products will be influenced by market prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Merged Group. Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange and supply and demand factors.

The price of lithium and global demand for lithium is underpinned by supply and demand fluctuations, the level of consumer product demand, distribution problems, 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 lithium-ion batteries and electric vehicles.

(e) Key personnel and labour market risk

The Merged Group will be dependent on the experience, skills and knowledge of its key personnel in Argentina, Australia, Japan and Canada to successfully manage its business.

The loss of any of the Merged Group's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a disruption to the Merged Group and adversely impact the Merged Group's operations, financial performance and financial position.

Any disputes with employees (through personal injuries, industrial matters or otherwise), changes in labour regulations or other developments in the area may cause labour disputes, work stoppages or other disruptions in operations that could adversely affect the Merged Group.

(f) Replacement of Mineral Resources and exploration activity

The Merged Group will need to eventually replace Mineral Resources depleted by production to maintain production levels over the long term. Mineral Resources can be replaced through further drilling to identify extensions, locating new deposits or making acquisitions. There is a risk that depletion of Mineral Resources will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower Mineral Resource base. The Mineral Resource base of the Merged Group may decline if Mineral Resources are mined without adequate replacement.

Exploration activities are highly speculative by nature, involve many risks and may be unsuccessful. There is no assurance that current or future exploration programs will be successful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional projects being developed. Also, if a discovery is made, it may take up to a decade or longer from the initial phases of exploration drilling until production is permitted and is possible.

Whether a Mineral Resource is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade, quality and proximity to infrastructure, commodity prices, government regulation, obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities, land tenure, land use, and environmental protection. There is no certainty that the expenditures made by the Merged Group towards the search for and evaluation of mineral deposits will ultimately result in discoveries of commercial quantities of brine or ore.

Accordingly, if the exploration activities undertaken by the Merged Group do not result in additional Mineral Resources, there may be an adverse effect on the Merged Group's financial performance.

(g) Exchange rate fluctuations and inflation

The Merged Group will be an Australian business that reports in US dollars. Revenue from sales of the Merged Group's products will be derived in US dollars, while a proportion of the Merged Group's costs are accounted for in other currencies, including Australian dollars, Argentinian pesos, Japanese yen and Canadian dollars. Also, future capital raised by the Merged Group from offerings of securities or other financing arrangements may be in Australian dollars.

The Merged Group will therefore be exposed to exchange rate volatility and the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond its control. These factors include economic conditions in the relevant country and elsewhere, and the outlook for interest rates, inflation and other economic factors. The prices of local materials and wages can be affected by currency exchange rates, which could negatively impact the Merged Group's production. Therefore, exchange rate movements in the Australian dollar, US dollar, Argentinian peso, Japanese yen and Canadian dollar may materially affect the Merged Group's financial position and operating results.

Additionally, high inflation rates have been a persistent issue for over 20 years in Argentina. To the extent inflation rates are not offset by devaluation of the Argentine peso, the operating costs of the Merged Group are likely to increase.

(h) Operating risks

The Merged Group's business operations are subject to risks and hazards inherent in the lithium industry. The exploration for and the development of Mineral Resources and the production of lithium chemicals involves significant risks, including environmental and safety hazards, industrial accidents, equipment failure, import/customs delays, shortage or delays in installing and commissioning plant and equipment, metallurgical and other processing problems, seismic activity, unusual or unexpected rock 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 water, fuel or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions.

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. In particular, mining operations involve the use of heavy machinery, which involves inherent risks that cannot be completely eliminated through preventative efforts.

9 RISK FACTORS

Costs of production may be affected by a variety of factors, including changing waste-to-ore ratios, lower grades in brine ponds, adverse weather that could reduce grades in brine ponds, geotechnical issues, unforeseen difficulties associated with power supply, water supply and infrastructure, ore and brine grade, metallurgy, labour costs, changes to applicable laws and regulations, general inflationary pressures and currency exchange rates.

If faced by the Merged Group, these circumstances could result in the Merged Group not realising its operational or development plans, or in such plans costing more than expected, or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Merged Group's financial and operational performance.

The Merged Group will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Merged Group's performance and the value of its assets.

The Olaroz Lithium Facility is located at the Salar de Olaroz, a brine salt deposit located at an altitude of 3,900 m and in a relatively remote location. Exar Minerals SA is also progressing the development of a facility at Olaroz which will result in Exar extracting brine from the Salar de Olaroz. The failure to maintain effective basin management practices may have a long term deleterious effect on production.

Production at the Olaroz Lithium Facility has previously been affected by issues related to the management of brine inventories in the Olaroz pond system. Orocobre considers that it has rectified the issues known to it, but the management of the ponds remains a complex and ongoing process and any future failure to manage the pond systems as efficiently as possible, may impact on production at the Olaroz Lithium Facility. Estimations of brine inventories which are used in modelling production forecasts are inherently complex and key inputs to these models can be difficult to measure to high degrees of accuracy.

(i) Development risk

The ability of the Merged Group to achieve production targets, or meet operating and capital expenditure estimates on a timely and accurate basis cannot be assured. The Merged Group may fail to deliver Olaroz Stage 2, Naraha Stage 1, Sal de Vida or James Bay within time and budget and to set performance targets.

The Merged Group expects to incur significant capital expenditures during the continued development of the Olaroz Lithium Facility and the Naraha Lithium Hydroxide Plant, and during the development of the James Bay and Sal de Vida Projects. The Merged Group may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labour costs and the existence of any labour disputes, and adverse local or general economic or infrastructure conditions. Delayed equipment deliveries from overseas due to COVID-19 have already impacted timing of the delivery of the Naraha Lithium Hydroxide Plant and there may be further unforeseen events impacting project delivery.

Accordingly, the Merged Group may not be able to complete the full development of the Olaroz Lithium Facility, the Naraha Lithium Hydroxide Plant, the James Bay Project or the Sal de Vida Project and any delays beyond the expected development periods or increased costs above those expected to be incurred, could have a material adverse effect on the Merged Group's business, financial condition, results of operations, cash flows and ability to pay dividends.

(j) Estimate risk in Mineral Resources and Ore Reserves

Orocobre and Galaxy's respective Mineral Resources and Ore Reserves for their existing projects are expressions of judgement based on industry practice, experience and knowledge, and are estimates only. Estimates of Mineral Resources and Ore Reserves are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Mineral Resources and Ore Reserves are accurate or that the indicated level of lithium or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Estimates that are valid when made may change significantly when new information becomes available. Actual mineralisation or geological conditions may be different from those predicted.

No assurance can be given that any or all of the Merged Group's Mineral Resources constitute or will be converted into Ore Reserves. Actual Mineral Resources and Ore Reserves may differ from those estimated, which could have an adverse effect on the Merged Group's operations, financial performance and financial position.

Various factors, such as commodity price fluctuations as well as increased production costs, may render a part of the Merged Group's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render such Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated Ore Reserves may have to be recalculated based on actual production experience. Any of these factors may require the Merged Group to reduce its Mineral Resources and Ore Reserves, which could have a negative impact on the Merged Group's operations, financial performance and financial position.

(k) Sovereign risk

A substantial portion of the Merged Group's operations will be located in Argentina. Any circumstance or event which negatively impacts Argentina could materially affect the financial performance of the Merged Group more significantly than if it had a more geographically diversified asset base.

Possible sovereign risks associated with operating in Argentina include, without limitation, changes in the terms of lithium brine related legislation, changes in the foreign ownership requirements in Argentina, changes to royalty arrangements, changes to taxation rates and concessions (please also refer to section 5.13), currency controls, high inflation, expropriation by the federal or provincial governments and changes in the ability to enforce legal rights.

Orocobre has funded its equity contribution to the Olaroz joint venture via shareholder loans. The repayment of shareholder loans is subject to approval from the Central Bank of Argentina. There is no guarantee that such approval will be forthcoming.

Any of these factors may, in the future, adversely affect the financial performance of Orocobre and the market price of its shares. No assurance can be given regarding future stability in Argentina, Japan, Australia, Canada or any other country in which the Merged Group may, in the future, have an interest. Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Merged Group and may affect the Merged Group's profitability.

Changes in community attitudes on matters such as taxation, competition policy, environment and land rights issues may bring about reviews and possibly changes in government policies. Such changes may affect the Merged Group's plans or its rights and obligations in respect of its projects or licenses. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Merged Group.

(I) Financing risk

In the ordinary course of operations and development, the Merged Group is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Merged Group's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

The existing financing agreements for the Olaroz Lithium Facility and Naraha Lithium Hydroxide Project contain a range of covenants, some of which are linked to the construction timetables for each project. There is a risk that ongoing and protracted delays in the construction of these projects may result in a breach of covenants contained in the financing agreements.

In addition, the Merged Group's operations and expansion plans may also result in increases in expected capital expenditure commitments. The Merged Group 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 the Olaroz Lithium Facility or build additional processing capacity, and no assurance can be given that such external capital will be available at all or available on terms acceptable to the Merged Group.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to shareholders (if the Merged Group determines that a pro rata entitlement offer is not the most appropriate method of equity fundraising or shareholders elect not to participate in such entitlement offers). While Orocobre will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (other than where exceptions under the Listing Rules apply), Orocobre Shareholders at the time may be diluted as a result of such issues of Orocobre Shares and capital raisings.

In the event that the Merged Group is unable or not permitted to obtain adequate external financing on acceptable terms, or at all, to satisfy its operating, development and expansion plans, the Merged Group's business and results of operations may be materially and adversely affected.

Orocobre and Galaxy each have existing debt facilities. In the future, the Merged Group may need to renegotiate or refinance the terms of these debt facilities or may seek further facilities or replacement facilities with alternative financiers to satisfy its capital requirements. The terms on which debt financiers are willing to offer finance may vary from time to time depending on macro-economic conditions, the performance of the Merged Group and an assessment of the risks and intended use of funds. Debt finance, if available on terms acceptable to the Merged Group, may involve restrictions on financing and operating activities. Refer to sections 5.11 and 6.10 for details of the present financing arrangements of Galaxy and Orocobre, respectively.

(m) Dependence on licences, permits and approvals

The Merged Group's projects require governmental licences, permits, authorisations, concessions and other approvals in connection with their activities in relevant jurisdictions, including Argentina, Western Australia, Canada and Japan, including in relation to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, surface rights, environmental protection, safety and other matters (**Operating Authorisations**). Obtaining and complying with the necessary Operating Authorisations or governmental regulations can be complex, costly and time consuming and is not assured.

The duration, cost and success of applications for Operating Authorisations are contingent on many factors, including those outside the control of the Merged Group. Delay in obtaining or renewing, or failure to obtain or renew, a material and necessary permit could mean that the Merged Group may be delayed or, in a worst case scenario, unable to proceed with the development or continued operation of a mine or project. The Operating Authorisations that the Merged Group need may not be issued, maintained or renewed either in a timely fashion or at all, which may constrain the ability of the Merged Group to conduct its mining operations, which in turn may impact the Merged Group's operations, financial performance and financial position.

No assurance can be given that new laws or regulations will not be enacted or that existing laws and regulations will not be applied in a manner which could limit or curtail the Merged Group's activities and ultimate development or operation of the Merged Group's assets. Any inability to conduct the Merged Group's mining operations pursuant to applicable Operating Authorisations would materially reduce the Merged Group's production and cash flow.

(n) Occupational Health and Safety

The Merged Group will be subject to extensive laws, rules and regulations regarding occupational health and safety. As a result, the Merged Group may experience increased costs of production in the future arising from compliance with such laws, rules and regulations. There can be no assurance that more stringent laws, regulations or policies regarding occupational safety and health will not be implemented or that existing laws, regulations and policies will not be more stringently enforced. Should the Merged Group fail to comply with any occupational safety and health laws or regulations imposed, the Merged Group could be required to rectify the occupational safety and health problems within a period prescribed by law and/or as prescribed by the relevant regulatory authorities. Failure to rectify any such problem could lead to disruptions to business and the breach could attract penalties involving mandatory fines.

In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should the Merged Group fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, the Merged Group's business, reputation and financial condition may be adversely affected, and may be subject to penalties and civil liabilities or criminal liabilities.

Workplace incidents may occur for various reasons, including as a result of non-compliance with occupational health and safety laws. The Merged Group may be liable for workplace incidents that occur to the Merged Group's employees or other persons under applicable occupational health and safety laws. If the Merged Group is liable under such laws, in whole or part, the Merged Group may be liable for significant penalties, which may adversely impact the Merged Group's operations, financial performance and financial position.

(o) Environmental risk

The operations and activities of the Merged Group are subject to the environmental laws and regulations of Argentina, Australia, Japan and Canada. As with all mining operations and exploration projects, the Merged Group's operations and activities are expected to have an impact on the environment. The Merged Group intends to conduct its operations and activities to high standards of environmental performance, including compliance with all environmental laws and regulations. Nevertheless, such operations may give rise to potentially substantial costs for environmental rehabilitation, damage control and losses that exceed estimates, and possible regulatory intervention, potentially adversely impacting the Merged Group's operations, financial performance and financial position.

Additionally, environmental laws and regulations are increasingly evolving to require stricter standards and enforcement behaviours, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility (and liability) for companies and their officers, directors and employees.

Changes in environmental laws and regulations deal with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of mining properties, greenhouse gas emissions, the storage, treatment and disposal of wastes, the effects of mining on the water table and groundwater quality. Changes in environmental legislation could increase the cost of the Merged Group's exploration, development and mining activities or delay or preclude those activities altogether.

The Merged Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Merged Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not require the Merged Group to incur significant expenses and undertake significant investments which could have material adverse effect on the Merged Group's business, financial condition and performance.

Non-physical risks arise from a variety of policy, regulatory, legal, technology, financial and market responses to the challenges posed by climate change and the transition to a lower-carbon economy. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact the Merged Group's costs and operational efficiency.

The brine evaporation method used to produce lithium in Argentina is driven by solar radiation and other environmental factors and therefore is susceptible to seasonal variations and is particularly susceptible to abnormal weather and climatic events. There is a risk that adverse weather and climate events can cause significant variability in the projects production profile and may negatively impact the Merged Group's operations and financial performance, as was experienced by Orocobre in a 2017 weather event. Climate change could heighten the risk of such events in the future.

These impacts could adversely impact the Merged Group's operations, financial performance and financial position.

(p) Community risk

The ongoing support of the local communities and the appropriate management of local community expectations is very important to the efficient and profitable operations of the Merged Group at each of its assets. The failure of the Merged Group to maintain and further develop its community engagement programmes and provide education employment and other economic and social benefits to the local communities would risk disaffection on the part of the communities which may have adverse implications for the Merged Group operations in the locations in which its key assets are located.

(q) Joint venture risk

The Olaroz Lithium Facility is developed under a joint venture with TTC and the provincial government of Jujuy. As with any joint venture, there is an inherent risk of default or breach of the joint venture agreement by a party to the agreement, which may adversely affect the Olaroz Lithium Facility project and/or the Merged Group's business.

(r) Investigations

The Merged Group may be subject to legal and regulatory investigations, reviews and other compliance queries from regulators and enforcement bodies from time to time. If adverse findings are made by a regulatory or enforcement body as a result of an investigation or review, there may be reputational consequences for the Merged Group, a risk of civil and criminal penalties, statutory or regulatory sanctions, a requirement to pay compensation and/or infringement notices or fines. Further, the Merged Group may be subject to recommendations and directions to enhance its control framework, governance and systems. Any material investigation or adverse finding resulting from those investigations involving the Merged Group could have a material adverse impact on the operations, financial performance and financial position of the Merged Group.

(s) Anti-corruption risk

The Merged Group's operations will be governed by, and involve interaction with, many levels of government including in Australia, Argentina, Japan and Canada. The Merged Group will be subject to various anti-corruption laws and regulations, each of which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage

The Merged Group will maintain anti-bribery policies, training and procedures designed to prevent the occurrence of fraud, bribery and corruption

Instances of fraud, bribery and corruption, and violations of laws and regulations could expose the Merged Group and its directors and senior management to civil or criminal penalties or other sanctions, and could have a material adverse effect on the Merged Group's reputation, business and financial performance.

Any investigation of any alleged violations of the applicable anti-corruption legislation by Australian or foreign authorities could also have an adverse impact on the Merged Group's reputation, business and financial performance

(t) Insurance risk

The Merged Group will maintain insurance coverage to protect against certain risks with such scope of coverage and in such amounts as determined appropriate by the Merged Group Board and management in the circumstances or to the extent commercially available.

However, the insurance policies may not be sufficient to cover all of the potential risks associated with the Merged Group's operations. No assurance can be given that the Merged Group will be able to obtain or maintain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all risks or claims on acceptable terms, or that any insurance cover or policy will ultimately respond to 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 the Merged Group.

(u) Climate change-related risk

The physical and non-physical impacts of climate change may affect the Merged Group's assets, its productivity, the markets for its products, and the communities in which the Merged Group operates. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.

(v) Native title and heritage

Native title and heritage legislation in the jurisdictions in which the Merged Group operates may affect the Merged Group's ability to gain access to prospective exploration areas or obtain required permits and licences. The Merged Group may from time to time need to negotiate with indigenous landowners for access and other rights required to mine on its tenements. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties.

(w) Production inputs

Timely and cost-effective execution of the Merged Group's mining operations and exploration activities are dependent on the adequate and timely supply of water, fuel, chemicals and other critical supplies (including lime and soda ash).

Any increase in the price of production inputs, including labour, fuel, particularly heavy fuel oil, consumables or other inputs could materially and adversely affect the Merged Group's business and results of operations. Input costs can be affected by changes in factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside the Merged Group's control.

If the Merged Group is unable to procure the requisite quantities of water, fuel or other inputs in time and at commercially acceptable prices or if there are significant disruptions in the supply of fuel, water or other inputs (including as a result of COVID-19), the performance of the Merged Group's business and results of operations could be materially and adversely affected.

(x) No certainty that the Merged Group will pay dividends

Any future determination as to the payment of dividends by the Merged Group will be at the discretion of the Merged Group Board and will depend on the financial condition of the Merged Group, future capital requirements and general business and other factors considered relevant to the Merged Group Board. No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by the Merged Group.

9.3 General risks relating to the Merged Group**(a) Economic conditions**

The operating and financial performance of the Merged Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, lithium prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies.

Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, pandemics or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Merged Group's operating and financial performance and financial position.

The Merged Group's future revenues and share price can be affected by these factors, which are beyond the Merged Group's control.

(b) Share market conditions

The price at which Orocobre Shares are quoted on ASX may increase or decrease due to a number of factors.

These factors may cause Orocobre Shares to trade at prices below the Orocobre Share price at the date of announcement of the Scheme. There is no assurance that the price of Orocobre Shares will increase following Implementation of the Scheme, even if the Merged Group's earnings increase.

Some of the factors which may adversely impact the price of Orocobre Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, country trade and importation policies, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Merged Group operates and general operational and business risks.

There is also no assurance that there will always be an active market for the Merged Group's shares.

(c) COVID-19 risk

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had, and is likely to continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates.

Orocobre and Galaxy have implemented COVID-19 management plans across their respective businesses at all locations in order to minimise the risk of infection for individuals.

In March 2020, Orocobre's operations at the Olaroz Lithium Facility were placed on care and maintenance as a result of the Argentinian government enacting a law requiring a national mandatory quarantine including prohibition of circulation of citizens and movement of personnel and supplies within the country. The shutdown resulted in 21 days of lost production. Galaxy Shareholders should be aware that the COVID-19 pandemic and related actions taken in response by the Argentinian and other governments, including national lockdowns, border controls/travel restrictions and the effects of the pandemic on the economy have had a material adverse effect on Orocobre, its financial performance and outlook, liquidity and/or share price. There is no certainty as to the length of Argentinian and other government restrictions and whether they will increase or be eased in the future.

Future outbreaks of COVID-19 could result in the Merged Group's operations being temporarily suspended or otherwise temporarily disrupted, which may have an adverse impact on the Merged Group's operations as well as adverse implications on the Merged Group's future cash flows, profitability, and financial condition.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Merged Group's operations, financial position and prospects.

The long-term impacts from COVID-19 on general economic or industry conditions and consumer spending are uncertain and may adversely impact the financial and operational performance of the Merged Group. The continually changing situation is bringing unprecedented challenges to global financial markets and the global economy, with significant volatility and movements seen in equities prices and valuations.

(d) Change in laws

The Merged Group (including the operations of the Merged Group) will be subject to various federal, state and local laws (including the Commonwealth of Australia, the State of Western Australia, Argentina, the provinces of Jujuy, Catamarca and Salta in Argentina, Canada, the province of Quebec and Japan). Changes to current laws in the jurisdictions within which the Merged Group operates or may in the future operate, could have a material adverse impact on the Merged Group's operations, financial performance and financial position.

(e) Changes in taxation rules or their interpretation

Changes in tax law (including value added taxes, capital gains taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Merged Group's tax liabilities or the tax treatment of a Orocobre Shareholder's investment in Orocobre. In particular, both the level and basis of taxation may change. In addition, an investment in Orocobre Shares involves tax considerations which may differ for each Orocobre Shareholder. Each Scheme Shareholder is encouraged to seek professional tax advice in connection with the Scheme and how they may be impacted.

As discussed in section 5.13, the Argentinian Senate recently passed a bill to increase the top corporate tax rate band in Argentina from 30% to 35% in respect of tax years beginning 1 January 2021 and onwards. There is no guarantee that taxation rates in Argentina or in other jurisdictions in which the Merged Group operates will not increase, or continue to increase, in the future. Any increase in taxation rates in the jurisdictions in which the Merged Group operates may affect the financial performance of the Merged Group.

(f) Force majeure events

Events may occur within or outside the jurisdictions in which the Merged Group operates that could impact upon the global economy, the economy of the jurisdictions in which the Merged Group operates, the Merged Group's operations and the price of the Merged Group's shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Merged Group's products and its ability to operate its assets or may otherwise adversely impact the Merged Group's operations, financial performance and financial position. The Merged Group only has a limited ability to insure against some of these risks.

(g) Litigation risk

In the normal course of business, the Merged Group may be involved in complaints, disputes or litigation both in Australia and internationally by shareholders, customers, suppliers, clients, government agencies or third parties, including disputes or litigation arising from contract claims. Such matters may have an adverse effect on the Merged Group's reputation, divert its financial and management resources from more beneficial uses, and have a material adverse effect on the Merged Group's future financial performance or position. In particular, claims or disputes may not always be resolved through negotiation with the parties directly and may lead to litigation.

9.4 Risks and implications for Galaxy if the Scheme is not Implemented**(a) Galaxy Shareholders will not receive the Scheme Consideration**

If the Scheme is not Implemented, Scheme Shareholders will retain their Galaxy Shares and will not receive the Scheme Consideration. Galaxy will remain listed on ASX as a standalone entity and the current Galaxy Board and Galaxy's senior management team will continue to operate Galaxy's business. In these circumstances, Scheme Shareholders will continue to be subject to all risks currently associated with an investment in Galaxy (and to which Galaxy Shareholders are necessarily already exposed to).

(b) The benefits associated with the Merged Group will not be realised

If the Scheme is not Implemented, Galaxy will remain listed on ASX as a standalone entity, and the benefits anticipated from the Merged Group will not be realised. More information about these anticipated benefits is set out in section 1.2.

(c) If the Scheme does not proceed, the price of Galaxy Shares may fall below its recent trading price, in the absence of a Superior Proposal

Fluctuations in the trading price of Galaxy Shares are affected by many variables, including national and global economic financial conditions, the market's response to the Scheme, changes in lithium and other commodity prices, market perceptions of Galaxy, regulatory changes affecting Galaxy's operations, variations in Galaxy's operating results, the liquidity of financial markets and uncertainties relating to the COVID-19 pandemic. There can be no assurance that such fluctuations will not affect the price of Galaxy Shares in the future if the Scheme does not proceed.

If the Scheme is not Implemented and no Superior Proposal emerges, it is possible that the trading price of Galaxy Shares will fall to below the level at which it has been trading since the Scheme was announced, to the extent that the market price reflects an assumption that the Scheme will be Implemented (although this is difficult to predict with any degree of certainty).

(d) Risks for Galaxy as a standalone entity

If the Scheme does not proceed, and no Superior Proposal emerges, the Galaxy Board intends to continue with its existing strategy.

There are a number of risks, including or of the nature of the risks outlined in sections 9.2 and 9.3 above with respect to the Merged Group, that may affect Galaxy's performance and operations more broadly.

(e) Transaction costs already incurred

As referred to in section 1.4(a) and as further detailed in section 11.9, Galaxy estimates that it will incur costs of approximately A\$2,500,000 in connection to the Scheme, which will be payable by Galaxy regardless of whether or not the Scheme is Implemented.

(f) Other risks

In the event the Scheme is not Implemented, Galaxy Shareholders will continue to be exposed to various further risk factors, including those that currently apply to an investment in Galaxy. Many of the risk factors described in sections 9.2 and 9.3 as applicable to the Merged Group may also apply to a continuing investment in Galaxy as a standalone entity.



10 TAXATION IMPLICATIONS

10 TAXATION IMPLICATIONS

10.1 Scope and Tax Comments

This section 10 contains a general overview of the Australian income tax (including Capital Gains Tax (**CGT**)), Good and Services tax (**GST**) and stamp duty implications for certain Australian and foreign resident Galaxy Shareholders on Implementation of the Scheme.

The categories of Galaxy Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Galaxy Shares on capital account.

The tax comments in this section do not include consideration of the tax implications of the vesting of Galaxy Performance Rights which occurs prior to the Scheme Record Date.

The tax comments outlined in this summary are not applicable to all Galaxy Shareholders and do not cover Galaxy Shareholders who:

- (a) hold their Galaxy Shares as a revenue asset (ie trading entities or entities who acquired their Galaxy Shares for the purposes of resale at a profit) or as trading stock;
- (b) are partnerships or individuals who are partners of such partnerships;
- (c) hold their shares as an asset in a business that is carried on through a permanent establishment in Australia;
- (d) acquired their Galaxy Shares pursuant to an employee share plan;
- (e) are under a legal disability;
- (f) are exempt from Australian income tax;
- (g) are Ineligible Shareholders;
- (h) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Galaxy Shares;
- (i) are subject to the Investment Manager Regime under Subdivision 842-I of the *Income Tax Assessment Act 1997* (Cth) in respect of their Galaxy Shares;
- (j) are a significant shareholder as defined in Section 124-783 of the *Income Tax Assessment Act 1997* (Cth).

This summary is prepared solely for Galaxy Shareholders as described and limited above. This summary has been prepared for the purpose of enabling certain Galaxy Shareholders to broadly understand certain Australian taxation implications of the proposed Scheme as outlined in this Scheme Booklet.

This summary is based on the Australia tax law, and the practice of the tax authorities, at the time of issue of this Scheme Booklet. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of their Galaxy Shares will depend upon each Galaxy Shareholder's specific circumstances.

These comments should not be a substitute for advice from an appropriate professional advisor having regard to each Galaxy Shareholder's individual circumstances. All Galaxy Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

10 TAXATION IMPLICATIONS

10.2 Australian Resident Shareholders

This section applies to Galaxy Shareholders who are residents of Australia for income tax purposes. Under the Scheme, Galaxy Shareholders will dispose of their Galaxy Shares to Orocobre in exchange for the Scheme Consideration, comprising 0.569 New Orocobre Shares for each Galaxy Share held.

(a) CGT Event on the disposal of Galaxy Shares to Orocobre

The disposal of the Galaxy Shares to Orocobre under the Scheme will give rise to CGT event A1 for Galaxy Shareholders. The timing of the CGT event for the Galaxy Shareholders should be the date the Galaxy Shares are disposed of, which will occur on the Implementation Date (ie currently expected to be 25 August 2021).

(b) Calculation of capital gain or capital loss

In the absence of CGT roll-over relief (discussed below), Galaxy Shareholders will make a capital gain on the disposal of Galaxy Shares to the extent that the capital proceeds from the disposal are more than the cost base of those Galaxy Shares. Conversely, Galaxy Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Galaxy Shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. Galaxy Shareholders should seek their own tax advice in relation to the operation of these rules.

(c) Capital proceeds received by Galaxy Shareholders

The capital proceeds on the disposal of the Galaxy Shares should be equal to the Scheme Consideration received by the Galaxy Shareholders.

Therefore, the capital proceeds should be equal to the market value of the New Orocobre Shares (or cash in the case of an Ineligible Shareholder) received by the Galaxy Shareholders. Orocobre will determine the relevant market value of the Orocobre shares for the Galaxy Shareholders following the Implementation of the Scheme and publish this on the Orocobre and Galaxy investor websites.

(d) Cost base and reduced cost base of a Galaxy Share

The cost base of a Galaxy Share will generally be equal to the cost of acquiring that Galaxy Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of a Galaxy Share is determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the Galaxy Shareholder's individual circumstances. The cost base and reduced cost base of each Galaxy Share will depend on the individual circumstances of each Galaxy Shareholder.

(e) Indexation of a Galaxy Share

Certain Galaxy Shareholders who acquired their Galaxy Shares at or before 11.45am on 21 September 1999 can choose to increase the cost base of their Galaxy Shares for indexation based on the “consumer price index” movement from the date of acquisition to 30 September 1999. Only individuals, complying superannuation funds, trusts and listed investment companies can choose to apply indexation. Other types of taxpayers do not qualify.

Galaxy Shareholders who choose to apply indexation forego the opportunity to apply the CGT discount (discussed below at 10.2(f)) (**CGT Discount**). In addition, indexation is not included in determining the reduced cost base. This means that indexation cannot increase the amount of a capital loss.

(f) CGT Discount

The CGT Discount may apply to Galaxy Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their Galaxy Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Galaxy Shares to Orocobre.

The CGT Discount is:

- (i) one-half if the Galaxy Shareholder is an individual or trustee: meaning only 50% of the capital gain (without any allowance for indexation) will be included in assessable income; and
- (ii) one-third if the Galaxy Shareholder is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain (without any allowance for indexation) will be included in assessable income.

The CGT Discount is not available to Galaxy Shareholders that are companies, or Galaxy Shareholders who choose for indexation to apply (described above).

If the Galaxy Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the Galaxy Shareholder’s net capital gain for the income year and included in assessable income.

The CGT Discount rules relating to trusts are complex. Subject to certain requirements being satisfied, the capital may flow through to the beneficiaries in that trust, who will assess eligibility for the CGT Discount in their own right. Accordingly, we recommend trustees seek their own independent advice on how the CGT Discount applies to them and the trust’s beneficiaries.

(g) CGT Scrip-for-scrip roll-over relief

As Orocobre will become the owner of 80% or more of the shares in Galaxy under the Scheme, Galaxy Shareholders who make a capital gain from the disposal of their Galaxy Shares should generally be eligible to choose CGT scrip-for-scrip roll-over relief.

Broadly, CGT scrip-for-scrip roll-over relief enables Galaxy Shareholders to disregard the capital gain they make from the disposal of their Galaxy Shares under the Scheme.

Galaxy Shareholders do not need to inform the ATO, or document their choice to claim CGT scrip-for-scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

Galaxy Shareholders should note that Galaxy has not and does not intend to apply for a class ruling from the ATO on the applicability of the CGT scrip-for-scrip roll-over relief. Galaxy Shareholders should seek independent professional advice to confirm the eligibility for CGT roll-over relief in light of their own specific circumstances.

(h) Consequences for choosing CGT scrip-for-scrip roll-over relief

If a Galaxy Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their Galaxy Shares under the Scheme should be disregarded.

The first element of the cost base for their New Orocobre Shares is then determined by attributing, on a reasonable basis, the existing cost base of the Galaxy Shares exchanged under the Scheme. The first element of the reduced cost base is determined similarly.

For the purposes of determining a Galaxy Shareholder's future eligibility for the CGT Discount, the acquisition date of the New Orocobre Shares is taken to be the date when the relevant Galaxy Shareholder originally acquired their Galaxy Shares.

(i) Consequences if CGT scrip for scrip roll-over relief is not available or is not chosen

If a Galaxy Shareholder does not qualify for CGT scrip-for-scrip roll-over relief, or the Galaxy Shareholder chooses not to obtain CGT scrip-for-scrip roll-over relief, the general CGT treatment outlined at paragraph 10.2(a) will apply.

If a Galaxy Shareholder makes a capital loss from the disposal of their Galaxy Shares, this loss may be used to offset capital gains in the same or subsequent years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset net capital gains arising in earlier income years.

The first element of the cost base (and reduced cost base) of the New Orocobre Shares received by a Galaxy Shareholder should be equal to the market value of the Galaxy Shares it exchanges for the New Orocobre Shares. In the absence of any contrary indication of the value of the Galaxy Shares, their market value could be taken to be equal to the market value of the New Orocobre Shares on the date the New Orocobre Shares are issued (being the Implementation Date).

The acquisition date of the New Orocobre Shares for Galaxy Shareholders for CGT Discount purposes should be the Implementation Date. This means a Galaxy Shareholder will need to hold their New Orocobre Shares for at least 12 months after that date before the CGT Discount (as described above) may apply on a subsequent disposal of the New Orocobre Shares.

(j) Ongoing ownership of Orocobre Shares

Generally, a Scheme Shareholder will be required to include in its assessable income the gross amount of any dividends it received from Orocobre when those dividends are paid or credited to them. To the extent Orocobre pays franked dividends, a franking tax offset may also be available.

On a future disposal of Orocobre shares, Scheme Shareholders may make a capital gain if the capital proceeds of that disposal are more than the cost base or a capital loss if the capital proceeds of that disposal are less than the reduced cost base. The cost base and acquisition date of the Orocobre Shares, and eligibility for the CGT discount, are as described earlier.

10 TAXATION IMPLICATIONS

10.3 Foreign tax resident shareholders

For any Galaxy Shareholder who:

- (a) is not a resident of Australia for Australian income tax purposes; and
 - (b) does not hold their Galaxy Shares in carrying on a business through a permanent establishment in Australia;
- the disposal of Galaxy Shares should generally only result in Australian CGT implications if:
- (c) that shareholder together with its associates held an interest of 10% or more in Galaxy at the time of disposal or for a 12 month period within 2 years preceding the disposal (referred to as a “non portfolio interest”); and
 - (d) more than 50% of the market value of Galaxy’s assets is attributable to direct or indirect interests in “taxable Australian real property” (as defined in the income tax legislation).

Based on Galaxy’s representation that currently and up to Implementation Date, less than 50% of the market value of Galaxy’s assets is attributable to direct or indirect interests in “taxable Australian real property”, non-resident shareholders who do not hold their Galaxy Shares in carrying on a business through a permanent establishment in Australia should not be subject to CGT as a result of the Scheme.

A foreign resident CGT withholding tax of 12.5% applies to transactions involving the acquisition of the legal ownership of an asset that is indirect Australian real property interest. Galaxy considers that less than 50% of the market value of Galaxy’s assets are attributable to direct or indirect “taxable Australian real property”. On this basis, the foreign resident CGT withholding tax should not apply.

Any foreign resident individual Galaxy Shareholder who was previously a resident of Australia and chose to disregard a capital gain or capital loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on disposal of their Galaxy Shares as set out in section 10.2, although the CGT discount should only be available to the extent of the period that the foreign resident individual Galaxy Shareholder was an Australian resident.

Non-resident Galaxy Shareholders should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.

10.4 GST

Galaxy Shareholders should not be liable to Australian GST in respect of a disposal of their Galaxy Shares, regardless of whether the Galaxy Shareholder is registered for GST or not.

Galaxy Shareholders may incur GST included in costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Galaxy Shareholders that are registered for GST may be entitled for input tax credits or reduced input tax credits for such costs. This will depend on each Galaxy Shareholder’s individual circumstances.

10.5 Stamp duty

No stamp duty should be payable by Galaxy Shareholders in any Australian State or Territory on the acquisition by Orocobre of their Galaxy Shares under the Scheme or on receipt by Galaxy Shareholders of the Orocobre Shares as Scheme Consideration.



11

ADDITIONAL INFORMATION

11.1 Interests of Galaxy Directors in Galaxy Shares and Galaxy Performance Rights

As at the Last Practicable Date, your Galaxy Directors have the following Relevant Interests in Galaxy Shares and Galaxy Performance Rights.

Table 11.1.1 – Galaxy Directors’ interests in Galaxy securities

Director	Number of Galaxy Shares	Percentage interest in Galaxy Shares (%) ⁷⁵	Number of Performance Rights
Martin Rowley	4,900,766	0.969	38,596 ¹
Anthony Tse	6,750,279	1.335	59,495 ²
Peter Bacchus	53,767	0.011	12,865 ¹
John Turner	182,143	0.036	12,865 ¹
Alan Fitzpatrick	nil	Nil	12,865 ¹
Florencia Heredia	nil	Nil	12,865 ¹
Total	11,886,955	2.35	149,551

Notes:

- Following receipt of shareholder approval at Galaxy’s 2021 annual general meeting, 90,056 Galaxy Performance Rights were issued to Galaxy’s non-executive directors in lieu of directors’ fees forgone during the period from 1 July 2020 to 30 June 2021. These Galaxy Performance Rights did not include any performance conditions, and they vested on 1 July 2021.
- Following shareholder approval at Galaxy’s 2021 annual general meeting, 59,495 Galaxy Performance Rights were issued to Galaxy’s executive director (Mr Anthony Tse) under the Incentive Award Plan as part of Galaxy’s short-term incentive program. These Galaxy Performance Rights will automatically vest on the Court making the Scheme Order, as set out in section 11.2.

Each Galaxy Director intends to vote any Galaxy Shares held or controlled by them in favour of the Scheme Resolution, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Galaxy Shareholders.

Your Galaxy Directors received the Galaxy Performance Rights described in the table above on 31 May 2021 following approval at Galaxy’s Annual General Meeting.

Other than:

(a) Mr Martin Rowley who, as at the Last Practicable Date, holds 4,900,766 Galaxy Shares; and

(b) the receipt by Galaxy Directors of the Galaxy Performance Rights described above,

no Galaxy Director acquired or disposed of a Relevant Interest in any Galaxy Share or other security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

11.2 Treatment of Galaxy Performance Rights

On the Court making the Scheme Order, all unvested Galaxy Performance Rights will automatically vest in accordance with the terms of the governing Incentive Award Plan. The Incentive Award Plan was approved by Galaxy Shareholders at Galaxy’s 2019 annual general meeting held on 28 May 2019, and a summary of the Incentive Award Plan is attached to Galaxy’s 2019 notice of annual general meeting available on its website (www.gxy.com).

Prior to the Scheme Record Date, Galaxy will use all reasonable endeavours to procure that each vested Galaxy Performance Right is exercised and Galaxy Shares are issued to the holder.

⁷⁵ Percentage of Galaxy shares on issue on the Last Practicable Date.

11 ADDITIONAL INFORMATION

11.3 Interests of Galaxy Directors in securities in Orocobre

Other than Mr Martin Rowley who, as at the Last Practicable Date, holds 15,000 Orocobre Shares, no Galaxy Director:

- (a) has a Relevant Interest in any securities of Orocobre or any of its Related Bodies Corporate as at the Last Practicable Date; and
- (b) has acquired or disposed of a Relevant Interest in any securities in Orocobre or any of its Related Bodies Corporate in the four-month period ending on the date immediately before the date of this Scheme Booklet.

11.4 Benefits and agreements

(a) Deeds of indemnity, insurance and access

Galaxy has entered into deeds of indemnity, insurance and access with your Galaxy Directors and various Galaxy key management personnel, on customary terms.

In addition, Galaxy pays premiums in respect of a directors' and officers' insurance policy for the benefit of the directors and officers of the Galaxy Group. Galaxy may enter into an arrangement to provide insurance coverage for all current directors and officers of the Galaxy 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 Galaxy Director, secretary or executive officer of Galaxy (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 Galaxy (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the Implementation of, the Scheme.

(c) Other agreements or arrangements connected with or conditional on the Scheme

There are no agreements or arrangements made between any Galaxy Director and any other person, including Orocobre, in connection with, or conditional on the outcome of, the Scheme, other than those arrangements in relation to the appointment of certain Galaxy Directors to the Merged Group Board, as described in section 1.2(h) and set out in section 7.7.

(d) Interests of Galaxy Directors in contracts with Orocobre

None of your Galaxy Directors has any interest in any contract entered into by Orocobre.

(e) Benefits from Orocobre

None of your Galaxy Directors has agreed to receive, or is entitled to receive, any benefit from Orocobre, which is conditional on, or is related to, the Scheme other than in their capacity as a Galaxy Shareholder.

It is intended that if the Scheme is Implemented the Galaxy Directors shown in section 7.7 will be appointed as Non-Executive Directors of Orocobre, and will be entitled to remuneration determined in accordance with Orocobre's remuneration policies. For further information see section 1.2(h).

11 ADDITIONAL INFORMATION

11.5 Standstill arrangements

Galaxy and Orocobre have entered into a confidentiality and standstill deed dated 5 February 2021 (**Standstill Deed**). Under the Standstill Deed, Galaxy and Orocobre (each referred to in this clause, together with their respective Related Bodies Corporate, as a **Standstill Party**) are subject to a standstill regime under which each Standstill Party must not, without the prior written approval of the other Standstill Party:

- (a) acquire (within the meaning of the Corporations Act), agree to acquire or make any invitation or proposal to acquire a Relevant Interest directly or indirectly in:
 - (i) any securities (or direct or indirect rights, warrants or options to acquire any securities) of the other Standstill Party;
 - (ii) any derivative instrument or other financial product (including, without limitation, any cash-settled equity swap) affording an economic exposure to the other Standstill Party or to movements in the price of the other Standstill Party's securities;
- (b) initiate any rumour or media comment or announce an intention to do any of the things mentioned in paragraph 11.5(a); or
- (c) solicit proxies from shareholders, or otherwise seek to influence or control the management or policies, of the other Standstill Party; or
- (d) aid, abet, counsel, procure, cooperate, assist or induce any other person in doing any of the things mentioned in paragraphs 11.5(a), 11.5(b), or 11.5(c).

Under the Merger Implementation Deed, Galaxy has agreed to waive the above restrictions to the extent required in connection with the Scheme and its Implementation, or any alternate transaction agreed between the parties in accordance with the Merger Implementation Deed that would achieve the same, or substantially the same, effect as the Scheme.

Under the Standstill Deed, the period to which the standstill regime applies runs from the date of execution of the Standstill Deed (being 5 February 2021) to the earlier of:

- (e) one Standstill Party advises the other that it does not wish to continue to negotiate in respect of a potential merger of the Standstill Parties;
- (f) nine months from the date of execution of the Standstill Deed;
- (g) the public announcement of a successful completion of a merger of the Standstill Parties;
- (h) the public announcement by a third party of a takeover offer for a Standstill Party by way of a procedure in accordance with Chapter 6 of the Corporations Act; or
- (i) the public announcement by a Standstill Party that it has entered into an agreement with a third party for the purpose of implementing a scheme, merger or amalgamation involving that third party or the assets of that third party.

11 ADDITIONAL INFORMATION

11.6 ASIC relief and ASX waivers

(a) ASIC relief

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit made or given to any Galaxy director, secretary or executive officer of Galaxy or a Related Body Corporate as compensation for loss of, or consideration for or in connection with his or her retirement from, office in Galaxy or a Related Body Corporate.

ASIC has granted Galaxy relief from this requirement so that this Scheme Booklet need only set out particulars of any payment or benefit made or given to any Galaxy director, secretary or executive officer of Galaxy in relation to their resignation or retirement from office where those proposed payments or benefits are made in connection with or are materially affected by the implementation of the Scheme. Under the relief granted, Galaxy may also describe such payments or benefits on an aggregate (rather than individual) basis and, unless that person is a Galaxy Director, refrain from disclosing the name of any director, secretary or executive officer who will lose office or retire from office in connection with the Scheme.

(b) ASX waivers

No ASX waivers were sought for the purposes of the Scheme or the issue of this Scheme Booklet.

11.7 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 it has made (if any) in the form and context in which the statement appears in this Scheme Booklet.

Table 11.7.1 – Advisers and other parties named in the Scheme Booklet

Name	Role
Ashurst	Australian legal advisers to Galaxy
Standard Chartered Bank	Financial adviser to Galaxy
PricewaterhouseCoopers	Auditors to Galaxy
Deloitte Corporate Finance	Independent Expert
Behre Dolbear Australia Pty Ltd	Independent technical expert
Ernst & Young	Investigating Accountant in respect of the Merged Group Pro forma Historical Information
	Tax adviser to Galaxy
	Auditors to Orocobre
Computershare Investor Services	Share Registry

11 ADDITIONAL INFORMATION

Orocobre has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of the Orocobre Information in the form and context in which it appears in this Scheme Booklet, and all references to and statements based on the Orocobre Information, in each case in the form and context in which they appear, and to the distribution of the Scheme Booklet to Galaxy Shareholders.

Deloitte Corporate Finance 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 E and references to and statements based on the Independent Expert's Report, in each case in the form and context in which they appear.

Ernst & Young has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of section 10 in this Scheme Booklet, and the Investigating Accountant's Report contained in Annexure F, in the form and context in which they appear in section 10 and Annexure F, respectively, and references to and statements based on section 10 and the Investigating Accountant's Report, in each case in the form and context in which they appear.

Behre Dolbear Australia Pty Ltd has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion in this Scheme Booklet of the Technical Expert's Report set out in the Independent Expert's Report, in the form and context in which it appears, and references to and statements based on the Technical Expert's Report, in each case in the form and context in which they appear.

Each person named in the table above:

- (a) has not authorised or caused the issue of the Scheme Booklet;
- (b) does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than Orocobre in respect of the Orocobre Information, Deloitte Corporate Finance in respect of the Independent Expert's Report, Ernst & Young in respect of section 10 in this Scheme Booklet and the Investigating Accountant's Report and Behre Dolbear Australia Pty Ltd in respect of the Technical Expert's 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 Orocobre in respect of the Orocobre Information, Deloitte Corporate Finance in respect of the Independent Expert's Report, Ernst & Young in respect of section 10 in this Scheme Booklet and the Investigating Accountant's Report and Behre Dolbear Australia Pty Ltd in respect of the Technical Expert's Report.

11.8 Foreign jurisdictions and selling restrictions

The distribution of this Scheme Booklet outside of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. A failure to comply with such restrictions may contravene applicable securities laws. This Scheme Booklet may be distributed outside Australia and New Zealand solely to Galaxy Shareholders and solely for purposes of voting on the Scheme; this Scheme Booklet shall not constitute an offer of New Orocobre Shares in any jurisdiction outside Australia and New Zealand. Galaxy and its representatives and advisers disclaim all liability to such persons. Shareholders who are nominees, trustee and custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

11 ADDITIONAL INFORMATION

11.9 Fees and expenses

All of the persons named in section 11.7 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.

Galaxy estimates that it will incur approximately A\$10,500,000 (excluding GST and stamp duty) in external transaction costs relating to the Scheme, which includes the following amounts (all excluding GST):

- (a) fees and expenses paid or payable to Galaxy's professional advisers, constituting:
 - (i) financial advisory fees of approximately A\$8,000,000;
 - (ii) legal fees of approximately A\$1,300,000;
 - (iii) fees of approximately A\$450,000 payable to the Independent Expert;
 - (iv) tax and accounting advisory fees of approximately A\$120,000;
 - (v) fees payable to the Technical Expert of approximately A\$240,000; 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 A\$350,000 in aggregate.

Of this, Galaxy estimates that approximately A\$2,500,000 will be paid irrespective of whether the Scheme becomes Effective (and is Implemented).

Orocobre estimates that it will incur approximately A\$8,300,000 (excluding GST) in external transaction costs related to the Scheme, which includes the following amounts (all excluding GST):

- (a) fees and expenses paid or payable to Orocobre's professional advisers, constituting:
 - (i) financial advisory fees of approximately A\$7,500,000;
 - (ii) legal fees of approximately A\$450,000;
 - (iii) tax and accounting advisory fees of approximately A\$120,000; and
- (b) other fees and expenses associated with the Scheme of approximately A\$250,000.

11.10 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as your Galaxy Directors are aware, there is no information material to the making of a decision by a Galaxy Shareholder in relation to the Scheme, being information that is within the knowledge of any Galaxy Director or director of any Related Body Corporate of Galaxy, as at the date of this Scheme Booklet, which has not been previously disclosed to Galaxy Shareholders.

11.11 Competent Persons Statements, Technical Information and Forward Looking Statements

(a) Galaxy Competent Persons Statements

The information in this Scheme Booklet that relates to:

- (i) Mt Cattlin Mineral Resources and Ore Reserves is extracted from the report entitled “Mt Cattlin Update” dated 3 June 2021, which is available to view on www.gxy.com and www.asx.com.au. Galaxy 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 estimates in the original market announcement continue to apply and have not been materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.
- (ii) James Bay Mineral Resources is extracted from the report entitled “James Bay Resource Update” dated 4 December 2017, which is available to view on www.gxy.com and www.asx.com.au. Galaxy 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 the original market announcement continue to apply and have not been materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.
- (iii) Sal de Vida Mineral Resources and Ore Reserves is extracted from the report entitled “Sal de Vida Resource and Reserve Update” dated 14 April 2021, which is available to view on www.gxy.com and www.asx.com.au. Galaxy 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 estimates in the original market announcement continue to apply and have not been materially changed. Galaxy confirms that the form and context in which the relevant Galaxy Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.

For the purpose of ASX Listing Rule 5.19, Galaxy confirms that:

- (i) Any information in this Scheme Booklet relating to Sal de Vida production targets or forecast financial information derived from a production target is extracted from the ASX Announcement entitled “Sal de Vida Development Plan” dated 14 April 2021 which is available to view on www.gxy.com and www.asx.com.au. Galaxy 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; and
- (ii) Any information in this Scheme Booklet relating to a James Bay production target or forecast financial information derived from a production target is extracted from the ASX Announcement entitled “James Bay Development Plan” dated 9 March 2021 which is available to view on www.gxy.com and www.asx.com.au. Galaxy 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.

The scientific and technical information contained in this Scheme Booklet relating to:

- (iii) Mt Cattlin is derived from, and in some instances is an extract from, the technical report dated as of 31 May 2021 entitled "NI-43-101 Technical Report – Mt Cattlin Spodumene Project" (Technical Report) prepared by Mining Plus Pty Ltd which has been prepared in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects and announced by Galaxy on 3 June 2021. The Technical Report is available for review under Galaxy's profile on SEDAR at www.sedar.com.
- (iv) Sal de Vida is derived from, and in some instances is an extract from, the technical report dated as of 28 May 2021 entitled "Sal de Vida Project – NI 43-101 Technical Report" (Technical Report) prepared by Montgomery and Associates, DRA Pacific Pty Ltd, Ausenco Vector S.A. and Galaxy which has been prepared in accordance with National Instrument 43-101 - Standards for Disclosure for Mineral Projects and announced by Galaxy on 14 April 2021. The Technical Report is available for review under Galaxy's profile on SEDAR at www.sedar.com.
- (v) James Bay is derived from, and in some instances is an extract from, the technical report dated as of 8 March 2021 entitled "Preliminary Economic Assessment, NI 43-101 Technical Report - James Bay Lithium Project" (Technical Report) prepared by G-Mining Services Inc. which has been prepared in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects and announced by Galaxy on 9 March 2021. The Technical Report is available for review under Galaxy's profile on SEDAR at www.sedar.com.

(b) Orocobre Competent Persons' Statements

The information in this Scheme Booklet that relates to:

- (i) Olaroz Mineral Resources is extracted from the report entitled "Increased and Upgraded Resource at Olaroz Lithium – Potash Project" dated 1 April 2011, which is available to view on www.orocobre.com and www.asx.com.au. Orocobre 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 the original market announcement continue to apply and have not been materially changed. Orocobre confirms that the form and context in which the relevant Orocobre Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement;
- (ii) Cauchari Mineral Resources is extracted from the report entitled "Cauchari JORC Resource increases to 4.8 million tonnes Measured + Indicated and 1.5 million tonnes Inferred LCE" dated 7 March 2019, which is available to view on www.orocobre.com and www.asx.com.au. Orocobre 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 the original market announcement continue to apply and have not been materially changed. Orocobre confirms that the form and context in which the relevant Orocobre Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement;

- (iii) Borax (Porvenir) Mineral Resources is extracted from the report entitled “Porvenir Historical Estimate Upgraded to JORC Compliant Resource” dated 29 April 2014, which is available to view on www.orocobre.com and www.asx.com.au. Orocobre 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 the original market announcement continue to apply and have not been materially changed. Orocobre confirms that the form and context in which the relevant Orocobre Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement; and
- (iv) Borax (Tincalayu) Mineral Resources is extracted from the report entitled “Tincalayu Historical Estimate Upgraded to JORC Compliant Resource” dated 18 November 2014, which is available to view on www.orocobre.com and www.asx.com.au. Orocobre 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 the original market announcement continue to apply and have not been materially changed. Orocobre confirms that the form and context in which the relevant Orocobre Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.

(c) Orocobre Forward Looking Statements

- (i) Forward looking statements may include, but are not limited to, the successful ramp-up of the Olaroz project, and the timing thereof; the design production rate for lithium carbonate at the Olaroz project; the expected brine concentration at the Olaroz project; the Olaroz project’s future financial and operating performance, including production, rates of return, operating costs, capital costs and cash flows; the comparison of such expected costs to expected global operating costs; the ongoing working relationship between Orocobre and the Provinces of Jujuy and Salta in Argentina; the on-going working relationship between Orocobre and the Olaroz project’s financiers, being Mizuho and JOGMEC and the satisfaction of lending covenants; the future financial and operating performance of Orocobre, its affiliates and related bodies corporate, including Borax Argentina S.A.; the estimation and realisation of mineral resources at Orocobre’s projects; the viability, recoverability and processing of such resources; timing of future exploration of Orocobre’s projects; timing and receipt of approvals, consents and permits under applicable legislation; trends in Argentina relating to the role of government in the economy (and particularly its role and participation in mining projects); adequacy of financial resources, forecasts relating to the lithium, boron and potash markets; potential operating synergies between the Cauchari Project and the Olaroz project; the potential processing of brines from the Cauchari project and the incremental capital cost of such processing, expansion, growth and optimisation of Borax Argentina S.A.’s operations; the integration of Borax Argentina’s operations with those of Orocobre and any synergies relating thereto and other matters related to the development of Orocobre’s projects and the timing of the foregoing matters.

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 pandemic, further changes in government regulations, policies or legislation; that further funding may be required, but unavailable, for the ongoing development of Orocobre'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 Olaroz project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz project or Orocobre's other projects; exceptional or prolonged adverse weather conditions; risks associated with investment in publicly listed companies, such as Orocobre; risks associated with general economic conditions; the risk that the historical estimates for Borax Argentina's properties that were prepared by Rio Tinto, Borax Argentina and/or their respective consultants (including the size and grade of the resources) are incorrect in any material respect; the inability to efficiently integrate the operations of Borax Argentina with those of Orocobre; as well as those factors disclosed in Orocobre's annual report for the financial year ended 30 June 2020 and 2020 sustainability report available on the ASX website and at www.sedar.com.

Orocobre believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the timely receipt of required approvals and completion of agreements on reasonable terms and conditions; the ability of Orocobre to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium, potash and borates; market demand for products and the ability of Orocobre to operate in a safe, efficient and effective manner. The foregoing list is not exhaustive of all factors and assumptions which may have been used. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, undue reliance should not be placed on forward-looking information. Orocobre does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

See also information regarding general forward looking statements in the "Important Notices" section at the front of this Scheme Booklet.

11.12 Responsibility for Information

Galaxy has prepared, and is responsible for, the Galaxy Information (and is not responsible for the Orocobre Information). None of Orocobre, its Related Bodies Corporate or their respective directors, officers, employees and advisers has verified any Galaxy Information and none of them assumes any responsibility for the accuracy or completeness of any Galaxy Information.

Orocobre has prepared, and is responsible for, the Orocobre Information (and not the Galaxy Information). None of Galaxy, its Related Bodies Corporate, or their respective directors, officers, employees and advisers has verified any of the Orocobre Information, and none of them assumes any responsibility for the accuracy or completeness of any the Orocobre Information.

11 ADDITIONAL INFORMATION

Deloitte Corporate Finance has prepared the Independent Expert's Report contained in Annexure A of this Scheme Booklet and takes responsibility for that report. None of Galaxy, Orocobre or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Independent Expert's Report.

Ernst & Young, Galaxy's taxation advisor, has prepared section 10 of this Scheme Booklet, and the Investigating Accountant's Report contained in Annexure F, and takes responsibility for section 10 and the Investigating Accountant's Report. None of Galaxy, Orocobre or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for section 10 and the Investigating Accountant's Report in Annexure F.

Behre Dolbear Australia Pty Ltd has prepared the Technical Expert's Report, and takes responsibility for the Technical Expert's Report. None of Galaxy or Orocobre or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Technical Expert's Report.

11.13 Supplementary information

Galaxy will issue a supplementary document to this Scheme Booklet if 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, Galaxy may circulate and publish any supplementary document by:

- (a) making an announcement to ASX;
- (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (c) posting the supplementary document to Galaxy Shareholders at their registered address as shown in the Register, or by email for Galaxy Shareholders who have elected to receive communications electronically; or
- (d) posting a statement on Galaxy's website at www.gxy.com,

as Galaxy, in its absolute discretion, considers appropriate.

11 ADDITIONAL INFORMATION

11.14 Galaxy Directors' statement

The issue of this Scheme Booklet has been authorised by the Galaxy Board, and this Scheme Booklet has been signed by or on behalf of your Galaxy Directors.

The Galaxy Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.



Martin Rowley
Non-Executive Chairman
Galaxy Resources Limited



12 GLOSSARY



12

GLOSSARY

12.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below.

TERM	MEANING
AEST	means Australian Eastern Standard Time.
Announcement Date	19 April 2021, being the date of announcement of the Scheme to the ASX.
Appeal	means the appeal of a decision of the Court not to make any orders or confirmations for the purpose of approving the Scheme.
Applicable Law	means the Corporations Act, the Corporations Regulations, the ASX Listing Rules and any applicable ASIC regulatory guide and Takeovers Panel guidance note.
Approach Notice	has the meaning given to it in part 13 of Annexure A.
ASIC	Australian Securities and Investments Commission.
Associates	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and Galaxy was the designated body.
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.
ATO	the Australian Taxation Office.
Authorisation	means: <ul style="list-style-type: none"> (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.
Australian Accounting Standards	the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts.
AWST	means Australian Western Standard Time.
BNP	BNP Paribas ACN 000 000 117.
BNP Facility Agreement	the amendment deed facility agreement dated 31 December 2020 between Galaxy, GLAL, Galaxy Lithium One Inc., Galaxy Lithium (Ontario) Inc. and BNP.
Business Day	means: <ul style="list-style-type: none"> (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 a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.
CGT	Australian capital gains tax.

TERM	MEANING
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Competing Bidder	in relation to: (a) a Competing Proposal, the person(s) who made that Competing Proposal; and (b) an Orocobre Proposal, the person(s) who made that Orocobre Proposal.
Competing Proposal	has the meaning given to it in part 13 of Annexure A.
Conditions Precedent	the conditions to Implementation of the Scheme as contained in part 1 of Annexure A.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Counter Proposal	a proposal from Orocobre to Galaxy or the Galaxy Shareholders to provide an equivalent or superior outcome for Galaxy Shareholders than that offered under a Competing Proposal.
Court	the Supreme Court of Western Australia, or such other court of competent jurisdiction as Galaxy and Orocobre agree in writing.
Deed Poll	the Deed Poll executed by Orocobre on 19 April 2021 under which Orocobre undertakes in favour of each Scheme Shareholder to undertake all actions attributed to it under the Scheme (including providing or procuring the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme). A copy of the executed Deed Poll is included in Annexure C of this Scheme Booklet.
Deloitte Corporate Finance	means Deloitte Corporate Finance Pty Limited ACN 003 833 127.
EBITDA	earnings before interest, tax, depreciation and amortisation.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	19 October 2021, subject to any extension to that date in accordance with the process set out in the Merger Implementation Deed.
Exclusivity Period	the period beginning on 19 April 2021 and ending on the earlier of the: (a) termination of the Merger Implementation Deed in accordance with its terms; (b) Implementation Date; and (c) End Date.
First Court Hearing	the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting, held on 2 July 2021.

TERM	MEANING
GFY19	Galaxy's financial year ended 31 December 2019.
GFY20	Galaxy's financial year ended 31 December 2020.
GFY21	Galaxy's financial year ended 31 December 2021
Galaxy	Galaxy Resources Limited ABN 11 071 976 442.
Galaxy Board	the board of directors of Galaxy.
Galaxy Break Fee	A\$18,600,000. The circumstances in which the Orocobre Break Fee is payable to Galaxy are set out in part 9 of Annexure A.
Galaxy Cash Proceeds	has the meaning given in section 3.13(c).
Galaxy Competent Persons	the "Competent Persons" (as defined in the JORC Code) used by Galaxy.
Galaxy Directors	any director of Galaxy comprising part of the Galaxy Board.
Galaxy Disclosure Material	means: (a) the Galaxy Due Diligence Information; and (b) the information that would have been disclosed to Orocobre had Orocobre conducted searches of the Public Registers on 16 April 2021.
Galaxy Due Diligence Information	has the meaning given in part 13 of Annexure A.
Galaxy Excluded Transaction	has the meaning given to it in part 13 of Annexure A.
Galaxy Group	Galaxy and its Related Bodies Corporate.
Galaxy Information	has the meaning given in the Merger Implementation Deed, and includes all the information contained in this Scheme Booklet, other than the Orocobre Information, the information in section 10 and the information in Annexure E and Annexure F of this Scheme Booklet.
Galaxy Material Adverse Effect	has the meaning given to it in part 13 of Annexure A.
Galaxy Performance Right	means a performance right as set out in the table in section 5.8(a).
Galaxy Prescribed Event	has the meaning set out in part 13 of Annexure A.
Galaxy Register	the register of Galaxy Shareholders maintained in accordance with the Corporations Act.
Galaxy Regulated Event	has the meaning given to it in the Merger Implementation Deed.
Galaxy Share	an issued fully paid ordinary share in the capital of Galaxy.
Galaxy Shareholder	each person who is registered in the Galaxy Register as a holder of a Galaxy Share.
Galaxy Shareholder Information Line	the information line set up for the purpose of responding to enquiries from Galaxy Shareholders in relation to the Scheme, being 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia) on Business Days between 8.30 am and 5.30 pm (AEST).
GLAL	Galaxy Lithium Australia Limited ACN 130 182 099.

TERM	MEANING
Governmental Agency	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
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Implementation	the issuing of the Scheme Consideration to Scheme Shareholders and the transfer of all Galaxy Shares to Orocobre pursuant to the Scheme. A reference to Implement, Implemented, Implementing, or Implementation of the Scheme has a corresponding meaning.
Implementation Date	the date on which Implementation occurs, being not later than the fifth Business Day after the Scheme Record Date.
Incentive Award Plan	has the meaning given to it in section 5.9.
Incoming Director	each of the current directors of Galaxy listed in section 7.7 (that is, those who will join the Orocobre Board on and from the Implementation Date).
Independent Expert	Deloitte Corporate Finance Pty Limited ABN 19 003 833 127.
Independent Expert's Report	the report by the Independent Expert set out in Annexure A of this Scheme Booklet.
Ineligible Overseas Shareholder	a Galaxy Shareholder whose address shown in the Galaxy Register on the Scheme Record Date is a place outside of Australia, New Zealand and their respective external territories, or any other jurisdictions agreed by Galaxy and Orocobre in writing (each acting reasonably), other than any Galaxy Shareholder in respect of whom Orocobre determines (in its sole and absolute discretion) that it is lawful and not unduly onerous or impracticable to issue to that Galaxy Shareholder with New Orocobre Shares on Implementation in accordance with the terms of the Merger Implementation Deed.
Ineligible Shareholder	either an Ineligible Overseas Shareholder or a Relevant Unmarketable Parcel Shareholder.
Ineligible Shareholder Cash Proceeds	has the meaning given in section 3.13(c).

TERM	MEANING
Insolvency Event	<p>in respect of a person:</p> <ul style="list-style-type: none"> (a) an administrator being appointed to the person; (b) (i) a controller or analogous person being appointed to the person or any of the person's property; <li style="padding-left: 20px;">(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 <li style="padding-left: 20px;">(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; (e) an order being made, or the person passing a resolution, for its winding up; (f) the person: <ul style="list-style-type: none"> (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 become 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 Galaxy or Orocobre.
Investor Presentation	the investor presentation announced to ASX by each of Galaxy and Orocobre on the Announcement Date.
Investigating Accountant	Ernst & Young.
Investigating Accountant Report	the Independent Limited Assurance Report by the Investigating Accountant set out in Annexure F of this Scheme Booklet.
JEMSE	Jujuy Energia y Minería Sociedad del Estado.
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012, as updated from time to time.
Last Practicable Date	5.00 pm (AWST) on 1 July 2021.
LCE	lithium carbonate equivalent.
LiOH	lithium hydroxide.

TERM	MEANING
Matching Period	the period of five Business Days beginning from the time that Galaxy gives Orocobre a Matching Right Notice.
Matching Right Notice	<p>a notice setting out:</p> <p>(a) that the Galaxy Board has determined that a Competing Proposal is a Superior Proposal; and</p> <p>(b) all material details of such Competing Proposal, including details of:</p> <ul style="list-style-type: none"> (i) price; (ii) conditions precedent; (iii) timetable; (iv) break fee; and (v) name of the Competing Bidder.
Material Galaxy Authorisation	any Authorisation held by a member of the Galaxy Group at the date of this document, which, if that Authorisation was revoked or terminated, would materially adversely impact the ability of any member of the Galaxy Group to conduct its business in substantially the same manner and at the same locations as conducted in the six months preceding the date of this document.
Material Galaxy Contract	any contract to which a member of the Galaxy Group is a party at the date of this document, which, if revoked or terminated, would materially adversely impact the ability of any member of the Galaxy Group to conduct its business in substantially the same manner and at the same locations as conducted in the six months preceding the date of this document.
Material Orocobre Authorisation	any Authorisation held by a member of the Orocobre Group at the date of this document, which, if that Authorisation was revoked or terminated, would materially adversely impact the ability of any member of the Orocobre Group to conduct business in substantially the same manner and at the same locations as conducted in the six months preceding the date of this document.
Material Orocobre Contract	any contract to which a member of the Orocobre Group is a party at the date of this document, which, if revoked or terminated, would materially adversely impact the ability of any member of the Orocobre Group to conduct its business in substantially the same manner and at the same locations as conducted in the six months preceding the date of this document.
Merged Group	Orocobre and the entities owned and/or controlled by Orocobre following Implementation of the Scheme.
Merged Group Board	the board of directors of the Merged Group that will be constituted if the Scheme is Implemented.
Merged Group Information	any information in the Scheme Booklet or any supplementary disclosure to Galaxy Shareholders in respect of the Scheme, regarding the Merged Group, including but not limited to the information contained in sections 7 and 8.

TERM	MEANING
Merger Implementation Deed	the merger implementation deed between Galaxy and Orocobre dated 19 April 2021 (as amended from time to time). A summary is set out in Annexure A of this Scheme Booklet and a copy is attached in full to Galaxy's ASX announcement on the Announcement Date, which is available on ASX's website at www.asx.com.au and on Galaxy's website at www.gxy.com .
Mineral Resources	has the meaning given to it in the JORC Code.
New Orocobre Share	a fully paid ordinary share in the capital of Orocobre to be issued to Scheme Shareholders under the Scheme.
Nominee	the nominee appointed by Orocobre to sell the New Orocobre Shares which Ineligible Shareholders would otherwise have been entitled to receive under the Scheme, as described in section 3.13(c).
Notice of Scheme Meeting	the notice in relation to the Scheme Meeting set out in Annexure D of this Scheme Booklet.
OFY19	Orocobre's financial year ending 30 June 2019.
OFY20	Orocobre's financial year ending 30 June 2020.
Opt-in Notice	a notice by an Unmarketable Parcel Shareholder electing to receive the Scheme Consideration as New Orocobre Shares.
Ore Reserves	has the meaning given to it in the JORC Code.
Orocobre	Orocobre Limited ACN 112 589 910.
Orocobre Break Fee	A\$18,600,000. The circumstances in which the Orocobre Break Fee may be payable to Galaxy are set out in part 9 of Annexure A.
Orocobre Board	the board of directors of Orocobre.
Orocobre Competent Persons	the "Competent Persons" (as defined in the JORC Code) used by Orocobre.
Orocobre Declared Dividend	any dividend that is declared by Orocobre between 19 April 2021 and the Implementation Date.
Orocobre Director	any director of Orocobre comprising part of the Orocobre Board.
Orocobre Disclosure Material	means: (a) the Orocobre Due Diligence Information; and (b) the information that would have been disclosed to Galaxy had Galaxy conducted searches of the Public Registers on 16 April 2021.
Orocobre Due Diligence Information	has the meaning given to it in part 13 of Annexure A.
Orocobre Excluded Transaction	has the meaning given to it in part 13 of Annexure A.
Orocobre Group	Orocobre and its Related Bodies Corporate.

TERM	MEANING
Orocobre Information	has the meaning given in the Merger Implementation Deed, and includes: <ul style="list-style-type: none"> (a) the letter from Orocobre's Chairman; (b) the "Information about Orocobre" and "Information about the Merged Group" components of section 2; (c) section 6; (d) section 7, other than information regarding Galaxy's Mineral Resource and Ore Reserves in section 7.4; and (e) the Merged Group Information (excluding any Galaxy Information contained in, or used in the preparation of, the Merged Group Information).
Orocobre Material Adverse Effect	has the meaning given to it in part 13 of Annexure A.
Orocobre Prescribed Event	has the meaning set out in part 13 of Annexure A.
Orocobre Proposal	has the meaning given to it in part 13 of Annexure A.
Orocobre Register	the share register of Orocobre.
Orocobre Regulated Event	has the meaning given to it in the Merger Implementation Deed.
Orocobre Share	an issued fully paid ordinary share in the capital of Orocobre.
Orocobre Shareholder	each person who is registered in the Orocobre Register as a holder of a Orocobre Share.
Outgoing Director	each current director of Orocobre, other than those listed in section 7.7 (that is, those who will step down from the Orocobre Board on and from the Implementation Date).
Public Registers	means: <ul style="list-style-type: none"> (a) the records made available for public inspection by ASIC and which are revealed on an electronic search under a party's name, ACN or ABN; and (b) the announcements made by a party to ASX.
Registered Address	in relation to a Galaxy Shareholder, the address of the shareholder shown in the Register as at the Scheme Record Date.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relevant Unmarketable Parcel Shareholder	an Unmarketable Parcel Shareholder who has not provided the Share Registry with an Opt-In Notice before 5.00 pm (AWST) on the Business Day prior to the Scheme Record Date.

TERM	MEANING
Requisite Majorities	approval of the Scheme Resolution by: <ul style="list-style-type: none"> (a) unless the Court orders otherwise, a majority in number (ie more than 50%) of Galaxy Shareholders present and voting on the Scheme Resolution at the Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate Galaxy Shareholders, body corporate representative; and (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Galaxy Shareholders, either in person or by proxy, attorney or, in the case of corporate Galaxy Shareholders, body corporate representative.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which all Scheme Shares will be transferred to Orocobre, in the form set out in Annexure B of this Scheme Booklet (subject to any amendment or modification made pursuant to section 411 (6) of the Corporations Act and agreed to by Galaxy and Orocobre).
Scheme Booklet	this document, including the Annexures to it.
Scheme Consideration	the consideration to be provided by Orocobre to each Scheme Shareholder (or to the Nominee on behalf of Ineligible Shareholders) for the transfer to Orocobre of each Scheme Share, being for each Galaxy Share held by a Scheme Shareholder as at the Scheme Record Date, 0.569 New Orocobre Shares.
Scheme Meeting	the meeting of Galaxy Shareholders ordered by the Court to be convened under section 411 (1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Order	the order of the Court under section 411 (4)(b) of the Corporations Act approving the Scheme, with or without modifications or conditions as are thought fit by the Court.
Scheme Record Date	the record date for determining entitlements to the Scheme Consideration, which is expected to be 7.00 pm (AEST) on the second Business Day after the Effective Date.
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
Scheme Share	a Galaxy Share held by a Scheme Shareholder.
Scheme Shareholder	each person who is registered in the Register as a Galaxy Shareholder as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411 (4)(b) of the Corporations Act approving the Scheme is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	The hearing of the application made to the Court for the order under section 411 (4)(b) of the Corporations Act approving the Scheme.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.

TERM	MEANING
Share Splitting	the splitting, by a holder of Galaxy Shares, of their single holding of Galaxy Shares into two or more parcels of Galaxy Shares, whether or not it results in any change in beneficial ownership of the Galaxy Shares.
Subsidiary	has the meaning given in the Corporations Act.
Superior Proposal	<p>a bona-fide Competing Proposal which the Galaxy Board, acting in good faith and after taking advice from Galaxy's financial and legal advisors, determines:</p> <p>(a) is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and</p> <p>(b) would, if so implemented, likely result in a more favourable outcome for Galaxy Shareholders than would result from Implementation.</p>
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Tax	any tax, levy, charge, impost, fee, deduction, GST, compulsory loan or withholding, stamp, transaction or registration duty or similar charge that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.
Technical Expert	Behre Dolbear Australia Pty Ltd.
Technical Expert's Report	the report of the Technical Expert as set out in the Independent Expert's Report.
Trading Day	has the meaning given in the ASX Listing Rules.
TSX	Toronto Stock Exchange.
TTC	Toyota Tsusho Corporation.
Unmarketable Parcel Shareholder	a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on Implementation, be entitled to receive less than a "marketable parcel" (being, at the date of this Scheme Booklet, A\$500 worth of shares) of New Orocobre Shares (assessed by reference to the price of Orocobre Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date).
VWAP	volume weighted average price.

12.2 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 Annexure is a reference to a section or Annexure 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 Australian Western Standard Time (**AWST**); and
- (j) unless expressly stated otherwise, a reference to dollars, or \$, is a reference to U.S dollars (USD).

ANNEXURE A

SUMMARY OF THE MERGER IMPLEMENTATION DEED

This is a summary of the key terms of the Merger Implementation Deed as executed on 18 April 2021. A copy of the Merger Implementation Deed (excluding certain schedules) is attached in full to Galaxy's ASX announcement on 19 April 2021, which is available on ASX's website at www.asx.com.au and on Galaxy's website at www.gxy.com/announcements/.

A number of the capitalised terms used in this Annexure A are defined in the body of this Annexure. The meaning of "Galaxy Prescribed Event", "Orocobre Prescribed Event", and certain other terms, is explained at the end of this Annexure A (in the section titled "Additional Defined Terms").

All capitalised terms used in this Annexure A that are not defined in the section titled "Additional Defined Terms" have the meaning given to them in the Glossary in section 12.

Any reference to a "paragraph" or "paragraphs" is a reference to a paragraph or paragraphs in this Annexure A, unless otherwise stated.

1. Conditions Precedent

For the obligations of the parties with respect to Implementation to become binding, the following Conditions Precedent must be satisfied or waived (where permitted).

- (a) **(Regulatory Approvals)** Before 7.00 am (Perth time) on the Second Court Date all consents, approvals, waivers and modifications necessary to implement the Scheme are obtained on terms acceptable to the parties, acting reasonably (and not withdrawn, cancelled or revoked).
- (b) **(Orders convening Meeting)** The Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act.
- (c) **(Galaxy Shareholder Approval)** The Scheme Resolution is passed by the Requisite Majorities before 7.00 am on the Second Court Date.
- (d) **(Court Approval of the Scheme)** The Court makes the Scheme Order.
- (e) **(Order Lodged with ASIC)** An office copy of the Scheme Order is lodged with ASIC.
- (f) **(No Regulatory actions)** At 7.00 am (Perth time) on the Second Court Date, there is not in effect any:
 - (i) temporary, preliminary or final decision, order, injunction or decree issued by a court of competent jurisdiction or other Government Agency; or
 - (ii) action or investigation by any Government Agency,in consequence of or in connection with the Scheme which restrains, prohibits or impedes the Implementation of the Scheme (including the acquisition of any or all of the Galaxy Shares by Orocobre,
- (g) **(ASX quotation)** Before 7.00 am on the Second Court Date, ASX has not indicated to Orocobre that it will not grant permission for the official quotation of the New Orocobre Shares on ASX from the Business Day following the Implementation Date.
- (h) **(No Material Adverse Effect)** No Galaxy Material Adverse Effect or Orocobre Material Adverse Effect occurs between 18 April 2021 and 7.00 am on the Second Court Date.

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (i) **(No Prescribed Event)** No Galaxy Prescribed Event or Orocobre Prescribed Event occurs between 19 April 2021 and 7.00 am on the Second Court Date.
- (j) **(Representations and warranties)** Each of the representations and warranties given or made by the parties in clauses 15.1 and 15.2 of the Merger Implementation Deed is true and correct in all material respects as at the time it is given or made, or if this is not the case the breach has been remedied in accordance with the Merger Implementation Deed or is not of such materiality that it would give rise to a right under the Merger Implementation Deed for either party to terminate the Merger Implementation Deed.
- (k) **(BNP Facility Agreement)** Before 7.00 am on the Second Court Date, BNP has given its consent to the change in control of Galaxy and the delisting of Galaxy from ASX that will occur on Implementation as not being “review events” for the purposes of the BNP Facility Agreement, on terms reasonably acceptable to Orocobre.
- (l) **(Independent Expert’s Report)** The Independent Expert issues the Independent Expert’s Report, which concludes (and continues to include) that the Scheme is in the best interest of Galaxy Shareholders, prior to 7.00 am (Perth time) on the Second Court Date.

As at the date of this Scheme Booklet, the Conditions Precedent set out at paragraph 1(b) and 1(k) above have been satisfied.

2. If a Condition Precedent is not fulfilled or met

If:

- (a) any Condition Precedent is not satisfied or waived (where permitted) by the time or date specified in the Merger Implementation Deed for its satisfaction;
- (b) for any reason, a Condition Precedent is not capable of being satisfied, or a circumstance occurs which is reasonably likely to result in a Condition Precedent not being capable of being satisfied, and the Condition Precedent has not for the time being been waived or cannot be waived; or
- (c) the Scheme has not become Effective by 11.59 pm on the End Date,

then the parties must promptly consult in good faith to determine whether to:

- (d) proceed by way of alternative means so as to achieve an outcome that is commercially substantially the same as the Scheme, and no less favourable for Galaxy Shareholders than would result from the Implementation of the Scheme;
- (e) change the date of the application to be made to the Court for the Scheme Order or adjourning that application (as applicable) to another date agreed by the parties;
- (f) extend the relevant time or date for satisfaction of a particular Condition Precedent (or Conditions Precedent), or extend the End Date; or
- (g) do all, or any combination of, the matters listed in paragraphs 2(d) to (g) (inclusive) (each a **Condition Precedent Action**).

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

3. Scheme Consideration

The Scheme Consideration is 0.569 New Orocobre Shares for each Galaxy Share held on the Scheme Record Date. Orocobre covenants in favour of Galaxy (in its own right and separately as trustee or nominee for each Scheme Shareholder) that:

- (a) subject to the Scheme becoming Effective (and to the treatment of fractional entitlements and Ineligible Shareholders in accordance with the Merger Implementation Deed, Orocobre will issue to the Scheme Shareholders (and to the Nominee, on behalf of Ineligible Shareholders) the New Orocobre Shares that comprise the Scheme Consideration in accordance with the Scheme on terms such that each New Orocobre Share will rank equally in all respects with each existing Orocobre Share on issue at the Implementation Date;
- (b) Orocobre will apply to ASX for the official quotation of the New Orocobre Shares on ASX and use all reasonable endeavours to ensure that the New Orocobre Shares are approved for official quotation on ASX and that trading in the New Orocobre Shares commences with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis, and with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) basis;
- (c) the New Orocobre Shares will entitle the holder to participate in and receive any dividends or distribution of capital and any other entitlements accruing in respect of Orocobre Shares on and from the Implementation Date; and
- (d) on issue, each such New Orocobre Share will be validly issued, fully paid and free from any security interest subject to the *Personal Property Securities Act 2009* (Cth), mortgage, charge, pledge or lien, 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, or any easement, restrictive covenant, caveat or similar restriction over property.

4. Obligations of Galaxy and Orocobre

4.1 Galaxy's obligations

The key, substantive obligations on Galaxy under the Merger Implementation Deed are:

- (a) **(Announcement)** immediately following execution of Merger Implementation Deed, make an announcement to ASX which includes a statement that:
 - (i) your Galaxy Directors unanimously recommend that Galaxy Shareholders vote in favour of the Scheme at the Scheme Meeting; and
 - (ii) each Galaxy Director who holds Galaxy Shares intends to vote his or her Galaxy Shares in favour of the Scheme at the Scheme Meeting,

in each case, subject only to no Superior Proposal emerging and the Independent Expert conclusion (and continuing to conclude) that the Scheme is in the best interests of the Company's shareholders;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (b) **(Directors' support)** procure that your Galaxy Directors maintain the recommendation and intention referred to above until the Implementation Date, unless:
- (i) the Galaxy Board determines that maintaining the recommendation may constitute a breach of the fiduciary duties or statutory obligations of any Galaxy Director (acting in good faith after taking advice from the Company's external legal advisers);
 - (ii) a Superior Proposal is received by Galaxy or announced; or
 - (iii) the Independent Expert concludes (either in its initial Independent Expert's Report or any written update to it) that the Scheme is not in the best interests of Galaxy Shareholders, or the Independent Expert withdraws its Independent Expert's Report prior to 7.00 am (Perth time) on the Second Court Date,
- and provided that, in each case, Galaxy has complied with its obligations under the exclusivity provisions in the Merger Implementation Deed (discussed in paragraph 8).
- In addition, if Galaxy receives notice (or otherwise becomes aware) that a Galaxy Director proposes to withdraw, change or modify his or her recommendation, Galaxy must (among other things):
- (iv) consult with Orocobre in good faith for a period of one Business Day to determine whether the withdrawal, change or modification can be avoided; and
 - (v) procure that the Galaxy Director maintains the recommendation until the end of the consultation period (subject to a fiduciary carve-out).
- (c) **(Independent Expert's Report)** commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert;
- (d) **(prepare Scheme Booklet)** prepare the Scheme Booklet and ensure the Scheme Booklet includes all information required by applicable law and policy and contains the recommendation and intention referred to in paragraph 8); and
- (e) **(due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Galaxy Information contained in the Scheme Booklet, and, after those processes have been completed, provide on or before the First Court Date an affidavit to the Court confirming the due diligence and verification processes undertaken and their completion.

4.2 Orocobre's obligations

Orocobre's obligations in relation to Implementation of the Scheme are more limited than Galaxy's. Orocobre's key process obligation is preparing the Orocobre Information for inclusion in the Scheme Booklet (which includes the information about the Merged Group in the Scheme Booklet, other than in respect of any information about Galaxy that is provided or consented to by Galaxy), and Orocobre's key Implementation deliverable is procuring the provision of the Scheme Consideration (that is, the issue of the Consideration Shares to Scheme Shareholders (and the Nominee, in respect of Ineligible Shareholders)) on the Implementation Date.

5. Conduct of business

Subject to the exceptions set out in paragraph 5(e) and 5(i) below, each of Orocobre and Galaxy must, during the period commencing on 18 April 2021 and ending on the Implementation Date:

- (a) conduct (and must procure that each of their respective subsidiaries conducts) its business in the ordinary course consistent with business plans, budgets and other information Fairly Disclosed to the other party, and in compliance with all applicable laws, regulations and regulatory approvals, and in substantially the same manner and at the same locations as conducted during the 12 months prior to 18 April 2021;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (b) use reasonable efforts to:
 - (i) preserve intact its business organisation;
 - (ii) retain the services of its key officers and employees;
 - (iii) preserve its relationship with financiers, customers, suppliers, licensors, licensees, Government Agencies and others having business dealings with it; and
 - (iv) maintain its business and assets, including maintaining at least its current level of insurance, as in place on 18 April 2021;
- (c) keep the other party informed of any material developments concerning the financial affairs or conduct of its business and the businesses of its subsidiaries; and
- (d) promptly provide copies of any material correspondence between a Government Agency and it or any of its subsidiaries.

The above restrictions do not apply to any action:

- (e) which the party is required or permitted to do (or not to do), in accordance with the Merger Implementation Deed or the Scheme;
- (f) which has been Fairly Disclosed in the Galaxy Disclosure Material or in the Orocobre Disclosure Material (as applicable) as being an action the party will carry out between 18 April 2021 and the Implementation Date;
- (g) required by law, securities exchange listing rules or by order of a court or any applicable Government Agency;
- (h) required to be done to reasonably and prudently respond to an emergency or disaster, including:
 - (i) a situation giving rise to a risk of personal injury or material damage to property; and
 - (ii) an action taken in connection with:
 - (A) events surrounding any public health emergency, epidemic or pandemic (including COVID-19) or disease outbreak; or
 - (B) shutting down or reinitiating operation of all or a portion of the business of the Orocobre Group or Galaxy Group (as relevant) to the extent affected by the events referred to in paragraph 12.2(j)(iv)(A); or
 - (C) protecting the health and safety of customers, employees and other business relationships and to ensure compliance with any law providing for business closures, sheltering-in-place or other restrictions that relate to, or arise out of, health conditions (including any public health emergency, epidemic, pandemic (including COVID-19) or disease outbreak, or
- (i) in respect of which the other party has provided its consent (such consent not to be unreasonably withheld or delayed).

For the avoidance of doubt, subject to the exclusivity and matching right provisions of the Merger Implementation Deed, none of the conduct of business restrictions listed in 5(a) to 5(d) above restricts the ability of Galaxy to respond to a Competing Proposal.

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

6. No Regulated Events or Prescribed Events

During the period commencing 18 April 2021 and ending on the Implementation Date, Galaxy and Orocobre must ensure that no member of the Galaxy Group or the Orocobre Group (as applicable) takes or fails to take any action that constitutes, or that could reasonably be expected to result in:

- (a) in the case of the Orocobre Group, an Orocobre Regulated Event or an Orocobre Prescribed Event; or
 - (b) in the case of the Galaxy Group, a Galaxy Regulated Event or a Galaxy Prescribed Event,
- or authorises, commits or agrees to do any such thing.

7. Transition team and access

Galaxy and Orocobre will establish a transition team which will comprise representatives nominated by Galaxy and Orocobre from time to time. The purpose of the transition team is to:

- (a) act as a forum for discussion and planning by Galaxy and Orocobre to oversee and Implement the Scheme;
- (b) consider any change of control or similar consents that may be required in connection with Implementation;
- (c) consider matters relevant to the integration of the respective businesses of Galaxy and Orocobre; and
- (d) consider any other matters as Galaxy and Orocobre may agree from time to time.

Furthermore, each of Galaxy and Orocobre, during the period from 18 April 2021 until the Implementation Date (and subject to applicable laws) is required to give the other party reasonable access to its records (subject to any existing confidentiality obligations owed to third parties), premises and such senior executives, as reasonably requested by the other party at mutually convenient times for the purposes of:

- (a) understanding the financial position and operations of it and its subsidiaries, including the cashflow and working capital position of each of them;
- (b) planning for integrating the business of Galaxy with the business of Orocobre;
- (c) understanding the operations of the business of it and its subsidiaries;
- (d) planning for Implementation; and
- (e) any other purpose agreed in writing between the parties.

8. Exclusivity

8.1 Existing discussions

Each of Galaxy and Orocobre represent and warrant to the other that:

- (a) it is not a party to any agreement or arrangement with any third party entered into for the purpose of facilitating a Competing Proposal (in the case of Galaxy) or an Orocobre Proposal (in the case of Orocobre);
- (b) it is not, directly or indirectly, participating in any discussions or negotiations with a third party that concern, or could be reasonably be expected to lead to a Competing Proposal (in the case of Galaxy) or an Orocobre Proposal (in the case of Orocobre); and
- (c) any due diligence access granted to a third party for the purposes of such third party making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of, a Competing Proposal (in the case of Galaxy) or an Orocobre Proposal (in the case of Orocobre) has been terminated.

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

8.2 No-shop, no-talk and no due-diligence restrictions

During the Exclusivity Period, each of Galaxy and Orocobre must not (and must ensure that none of its related bodies corporate or Representatives, nor any other person on their respective behalf) directly or indirectly:

- (a) **(No shop)** solicit, encourage, initiate or invite any offer, enquiry, expression of interest, discussion or proposal in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal (in the case of Galaxy) or an Orocobre Proposal (in the case of Orocobre), or announce or communicate to any person any intention to do any of these things;
- (b) **(No talk)** subject to the fiduciary exception set out at paragraph 8.4 below, negotiate or enter into, participate in any discussion in relation to, a Competing Proposal or Orocobre Proposal (as applicable), or announce or communicate to any person any intention to do any of these things, even if:
 - (i) the Competing Proposal or Orocobre Proposal (as applicable) was not directly or indirectly invited, encouraged or initiated by Galaxy or Orocobre (as applicable) or any of its Representatives; or
 - (ii) the person has publicly announced the Competing Proposal or Orocobre Proposal (as applicable);
- (c) **(No due diligence)** subject to the exception set out at paragraph 8.4 below:
 - (i) solicit, invite, initiate, encourage, facilitate or permit any third party to undertake due diligence investigations in respect of it, any of its related bodies corporate or any of their businesses and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
 - (ii) make available to any third party, or cause or permit any third party to receive, any non-public information relating to it, any of its related bodies corporate or any of their businesses and operations, that may reasonably be expected to assist such third party in formulating, developing or finalising a Competing Proposal (in the case of Galaxy) or an Orocobre Proposal (in the case of Orocobre).

8.3 Non-public information

If either Galaxy or Orocobre proposes that any non-public information be provided to a third party in reliance on the fiduciary exception set out at paragraph 8.4 below:

- (a) in the case of Galaxy:
 - (i) before Galaxy provides such information, the third party must enter into a confidentiality agreement with Galaxy which contains obligations on the recipient of that information which the Galaxy Board, acting in good faith and after taking advice from external legal advisers, determines are appropriate for a transaction of the nature of a Competing Proposal, and which contains standstill provisions that apply to the third party subject to exceptions that Galaxy (acting reasonably) considers appropriate in the circumstances having regard to (among other things) the fact that Galaxy is already subject to a public change of control proposal; and
 - (ii) any non-public information provided to that third party must also be provided to Orocobre (unless the information has already been provided to Orocobre and/or its Representatives),

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (b) in the case of Orocobre:
 - (i) before Orocobre provides such information, the third party must enter into a confidentiality agreement with Orocobre which contains obligations on the recipient of that information which the Orocobre Board, acting in good faith and after taking advice from external legal advisers, determines are appropriate for a transaction of the nature of an Orocobre Proposal, and which contains standstill provisions that Orocobre (acting reasonably) considers appropriate in the circumstances having regard to (among other things) the fact that Orocobre is already party to a public change of control proposal; and
 - (ii) any non-public information provided to that third party must also be provided to Galaxy (unless the information has already been provided to Galaxy and/or its Representatives).

8.4 Fiduciary Exception

- (a) The no talk and no due diligence restrictions set out above do not apply to Galaxy in respect of a Competing Proposal where:
 - (i) there has not been any breach of the no shop provision in respect of that Competing Proposal;
 - (ii) the Competing Proposal is bona fide and is made by or on behalf of a person that the Galaxy Board considers is of sufficient commercial standing;
 - (iii) the Galaxy Board, acting in good faith and after taking advice from external legal and financial advisers, determines that:
 - (A) such Competing Proposal is, or may reasonably be expected to be, a Superior Proposal; and
 - (B) failing to respond or take or refrain from taking an action in response to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations.
- (b) The no talk and no due diligence restrictions set out above do not apply to Orocobre in respect of an Orocobre Proposal where:
 - (i) there has not been any breach of the no shop, no talk and no due diligence provisions in respect of that Orocobre Proposal;
 - (ii) the Orocobre Proposal is bona fide and is made by or on behalf of a person that the Orocobre Board considers is of sufficient commercial standing;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (iii) the Orocobre Board, acting in good faith and after taking written advice from external legal advisers, determines that failing to respond or take or refrain from taking an action in response to such Orocobre Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations.
- (c) The no talk and no due diligence restrictions set out above do not prevent either party from disclosing non-public information to its auditors or advisers, or a Government Agency or regulatory body in the ordinary course of its business or as required under the applicable party's existing contractual obligations, provided it is not done in a manner which is intended to circumvent the intent of the exclusivity provisions of the Merger Implementation Deed.

8.5 Notification

During the Exclusivity Period:

- (a) If Galaxy or any of its related bodies corporate or Representatives receives a Competing Proposal, or if Orocobre or any of its related bodies corporate or Representatives receives an Orocobre Proposal, and Galaxy or Orocobre (as applicable) determines to take any action in reliance on the fiduciary exception set out in paragraph 8.4 above, it must, within two Business Days of receiving the relevant proposal, give the other party an Approach Notice in relation to that proposal.
- (b) Each of Galaxy and Orocobre must notify the other party in writing as soon as possible after becoming aware of any material developments in relation to any Competing Proposal or Orocobre Proposal (as applicable) including in respect of any of the information previously notified to the other party.

8.6 Matching right

- (a) If the Galaxy Board determines that a Competing Proposal is a Superior Proposal, Galaxy must, within two Business Days of making that determination, give Orocobre a Matching Right Notice.
- (b) During the five Business Day period starting from the time that Galaxy gives Orocobre a Matching Right Notice (**Matching Period**):
 - (i) Galaxy must not enter into, or agree to enter into, any binding documentation to give effect to the Competing Proposal;
 - (ii) Galaxy must use reasonable endeavours to ensure that no director of Galaxy makes any public statement recommending the Competing Proposal to its shareholders; and
 - (iii) Orocobre may make an offer to Galaxy to amend the terms of the Scheme, the Merger Implementation Deed or make an alternative proposal to Galaxy or the Galaxy Shareholders with a view to providing an equivalent or a superior outcome for the Galaxy Shareholders than that offered under the relevant Competing Proposal (**Counter Proposal**).

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (c) If, during the Matching Period, Orocobre makes a Counter Proposal:
 - (i) Galaxy must procure that the Galaxy Board considers the Counter Proposal in good faith before agreeing to enter into any binding documentation to give effect to the Competing Proposal; and
 - (ii) if the Galaxy Board determines that the terms and conditions of the Counter Proposal taken as a whole would provide an equivalent or superior outcome to Galaxy Shareholders than those in the relevant Competing Proposal, then:
 - (A) Orocobre and Galaxy must use their reasonable endeavours to agree and enter into the necessary documentation to give effect to and implement the Counter Proposal as soon as reasonably practicable; and
 - (B) Galaxy must use its reasonable endeavours to procure that each director of Galaxy makes a public statement recommending the Counter Proposal to the Galaxy Shareholders, subject only to no Superior Proposal (in relation to that Counter Proposal) emerging and to the Independent Expert concluding (and continuing to conclude) that the Counter Proposal is in the best interests of Galaxy Shareholders.
 - (iii) Any material change to a Competing Proposal will be taken to constitute a new Competing Proposal in respect of which Galaxy must separately comply with its obligations under paragraphs 8.6(a) to 8.6(a) (inclusive).

9. Break Fee

A break fee may be payable by either Galaxy or Orocobre in the circumstances summarised below. In either instance the amount payable is approximately A\$18,600,000, and becomes payable ten days after receipt by either Galaxy or Orocobre of a demand for the respective break fee to be paid.

- (a) **(Galaxy Break Fee)** Galaxy must pay Orocobre the Galaxy Break Fee (without withhold or set-off) if:
 - (i) **(Galaxy material breach)** Orocobre terminates the Merger Implementation Deed due to a material breach by Galaxy;
 - (ii) **(withdrawal of support)** during the Exclusivity Period, any Galaxy director does not recommend the Scheme (or withdraws or adversely modifies an earlier recommendation), or approves a Competing Proposal in relation to Galaxy, or announces an intention to do any of these acts, except where the Independent Expert concludes (in its initial Independent Expert's Report or any written update, revision, amendment, addendum or supplementary report to it) that the Scheme is not in the best interest of Galaxy Shareholders, or withdraws its Independent Expert's Report prior to 7.00 am on the Second Court Date, in either case, other than where the conclusion or withdrawal is due to a Superior Proposal; or
 - (iii) **(completion of Competing Proposal)** during the Exclusivity Period, a Competing Proposal is announced, received by Galaxy, or becomes open for acceptance, and within nine months after the date of announcement, receipt by Galaxy or opening for acceptance (whichever is earliest), the relevant Competing Bidder acquires voting power of (or an economic interest in) more than 50% of all Galaxy Shares and that Competing Proposal is (or becomes) free from any conditions (or if the Competing Proposal is a scheme of arrangement, the scheme becomes effective).

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (b) **(Orocobre Break Fee)** Orocobre must pay Galaxy the Orocobre Break Fee (without withhold or set-off) if:
 - (i) **(termination)** the Merger Implementation Deed is terminated by Galaxy in to the circumstances referred to in paragraphs 10.1(c) or 10.3(a), or the Merger Implementation Deed is terminated by either party in the circumstances referred to in paragraph 10.1(d); or
 - (ii) **(completion of Orocobre Proposal)** during the Exclusivity Period, an Orocobre Proposal is announced, received by Orocobre, or becomes open for acceptance, and within nine months after the date of announcement, receipt or opening (whichever is earliest), the relevant Competing Bidder acquires voting power of (or an economic interest in) more than 50% of all Orocobre Shares and that Orocobre Proposal is (or becomes) free from any conditions (or if the Orocobre Proposal is a scheme of arrangement, the scheme becomes effective).

10. Termination

10.1 Termination by either party

Orocobre or Galaxy (the **Terminating Party**) may terminate the Merger Implementation Deed by notice in writing to the other party if:

- (a) **(Condition not fulfilled or waived)** Orocobre and Galaxy are unable to reach agreement to undertake any Condition Precedent Action after consulting in good faith for a period of ten Business Days after both parties become aware of any circumstances referred to in paragraphs 2(a), 2(b) or 2(c), provided that (in the case of a circumstance referred to in paragraph 2(a) or 2(b)):
 - (i) the Terminating Party has the benefit of the relevant Condition Precedent;
 - (ii) a breach of the Merger Implementation Deed by the Terminating Party, or one or more deliberate acts or omissions of the Terminating Party, has not caused or materially contributed to the circumstances referred to in paragraph 2(a) or 2(b); and
 - (iii) if the relevant Condition Precedent is that set out in paragraph 1(j), the Terminating Party has given written notice to the other party setting out the relevant circumstances giving rise to the breach, and stating an intention to terminate the Merger Implementation Deed; and those circumstances are not remedied by the earlier of ten business days after giving the notice, or 7.00 am (Perth time) on the Second Court Date;
- (b) **(Shareholder approval not obtained)** The Scheme Resolution is not approved by the Requisite Majorities of Galaxy Shareholders at the Scheme Meeting and the Terminating Party:
 - (i) has not given or received a notice to the other party requiring that Galaxy make an application to the Court that the Court exercise its discretion to disregard the headcount test within three Business Days after the Scheme Meeting; or
 - (ii) has given or received a notice to the other party requiring that Galaxy make an application to the Court that the Court exercise its discretion to disregard the headcount test within three Business Days after the Scheme Meeting, and any such application to the Court is unsuccessful;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (c) **(material breach)** at any time before 8.00 am on the Second Court Date, the other party (the **Defaulting Party**) commits a material breach of the Merger Implementation Deed (including a representation and warranty) and:
 - (i) the Terminating Party has given the Defaulting Party written notice setting out its intention to terminate the Merger Implementation Deed, and the relevant circumstances giving rise to the breach; and
 - (ii) those circumstances are not remedied by the earlier of ten Business Days after the date of the notice, or 7.00 am on the Second Court Date;
- (d) **(Orocobre Proposal)** a member of the Orocobre Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement an Orocobre Proposal; or
- (e) **(mutual termination)** agreed to in writing by Orocobre and Galaxy.

10.2 Termination by Orocobre

Orocobre may terminate the Merger Implementation Deed by giving notice in writing to Galaxy at any time before 8.00 am on the Second Court Date if:

- (a) **(withdrawal of support)** any Galaxy director does not recommend, adversely modifies or withdraws an earlier recommendation, approves or supports a Competing Proposal or announces an intention to do any of these acts, or otherwise publicly acts in a manner which is materially inconsistent with supporting the Scheme; or
- (b) **(Competing Proposal)** a member of the Galaxy Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal.

10.3 Termination by Galaxy

Galaxy may terminate the Merger Implementation Deed by giving notice to Orocobre at any time before 8.00 am on the Second Court Date if:

- (a) **(withdrawal of support)** the Orocobre Board approves, endorses, recommends, or makes any announcement in support of an Orocobre Proposal which is materially inconsistent with supporting the Scheme, or the Orocobre Board announces an intention to do so, or publicly acts in a manner which is materially inconsistent with supporting the Scheme; or
- (b) **(Counter Proposal)** Orocobre does not make a Counter Proposal during the Matching Period, or its Counter Proposal is deemed by the Galaxy Board to not provide an equivalent or superior outcome to Galaxy Shareholders than those in the relevant Competing Proposal.

11. Effect of Termination

On termination of the Merger Implementation Deed, the parties will have no further obligations under the Merger Implementation Deed (except for those specified to continue beyond termination) but each party will retain any accrued rights and remedies.

12. Other Clauses

The Merger Implementation Deed contains other clauses, most of which are customary for an agreement of that nature. A copy of the Merger Implementation Deed (excluding certain schedules) is attached in full to Galaxy's ASX announcement on 19 April 2021 which is available on ASX's website at www.asx.com.au and on Galaxy's website at www.gxy.com/announcements/.

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

13. Additional Defined Terms

Announcement means a press release, announcement or other public statement (other than a draft explanatory statement, an explanatory statement or supplementary explanatory statement as required under Part 5.1 of the Corporations Act).

Approach Notice means a notice setting out:

- (a) in the case of a Competing Proposal;
 - (i) that a Competing Proposal has been received by Galaxy; and
 - (ii) all material terms of the Competing Proposal received by Galaxy, including details of the:
 - (A) price;
 - (B) conditions precedent;
 - (C) timetable;
 - (D) break fee; and
 - (E) name of the Competing Bidder; and
- (b) in the case of an Orocobre Proposal:
 - (i) that an Orocobre Proposal has been received by Orocobre; and
 - (ii) all material terms of the Orocobre Proposal received by Orocobre, including details of the:
 - (A) price;
 - (B) conditions precedent;
 - (C) timetable;
 - (D) break fee; and
 - (E) name of the Competing Bidder.

Competing Proposal means any proposal, offer, transaction, agreement or arrangement in relation to Galaxy which is publicly announced or is in writing and which, if entered into by Galaxy or completed in accordance with its terms:

- (a) would result in a person (either alone or together with one or more associates) other than a member of the Orocobre Group, directly or indirectly:
 - (i) acquiring control (within the meaning given in section 50AA of the Corporations Act) of Galaxy or any member or members of the Galaxy Group holding all, a substantial part or a material part of the business or assets of the Galaxy Group;
 - (ii) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or a similar transaction or arrangement) or a relevant interest in more than 20% of the Galaxy Shares; or
 - (iii) acquiring, becoming the holder of, or having a right to acquire an economic interest in all, a substantial part or a material part of the business or assets of the Galaxy Group, whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (b) would result in the Scheme not being able to be Implemented substantially on the basis set out in the Merger Implementation Deed.

Fairly Disclosed means any information disclosed in writing by or on behalf of a party, or during the course of management presentations or due diligence telephone discussions between the parties, in sufficient detail and with sufficient specificity so as to enable a reasonable and sophisticated recipient of the relevant information, who is experienced in transactions similar to the transactions contemplated by the Merger Implementation Deed and experienced in an industry similar to the industry in which the businesses conducted by Orocobre and Galaxy operate, to identify the nature and scope of the relevant matter, event or circumstance and the fact it may have financial, operational or other consequences and be capable of properly assessing those consequences.

Galaxy Due Diligence Information means all documents and other written information provided or made available in the online data room established by or on behalf of Galaxy in connection with the Scheme, prior to 15 April 2021 as part of the due diligence investigations carried out in connection with the Scheme, as recorded in the external hard drive provided by Galaxy to Orocobre, an index of the contents of which will be initialled for the purposes of identification by Galaxy's authorised representative (on behalf of Galaxy) and by Orocobre's authorised representative (on behalf of Orocobre) by no later than five Business Days after 18 April 2021 (on the basis that, in the period prior to initialling, the Galaxy Data Room is secured in such manner so that access by any person other than the authorised representative Orocobre and Galaxy will be restricted and, if granted, recorded by way of metadata).

Galaxy Excluded Transaction means:

- (a) a transaction Fairly Disclosed in the Galaxy Disclosure Material or which ought to have been expected to arise from such a matter, event or circumstance that was so disclosed, included refinancing and capital expenditure in respect of the:
 - (i) James Bay project; and
 - (ii) Sal de Vida project,
- (b) a member of the Galaxy Group entering into or announcing, or performing its obligations under, any offtake agreements or otherwise engaging in any marketing activities or negotiations in relation to any of these matters;
- (c) a transaction consistent with a policy relating to employment which was Fairly Disclosed in the Galaxy Disclosure Material;
- (d) anything required or expressly permitted to be done or procured by Galaxy under the Merger Implementation Deed or the Scheme or the transactions contemplated by either;
- (e) anything referred to in or otherwise contemplated by any work program or budget for activity planned to be conducted during the Exclusivity Period shared with Orocobre as part of the Galaxy Due Diligence Information;
- (f) anything done in connection with the treatment of Galaxy Performance Rights;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (g) the grant of Galaxy 2021 Performance Rights;
- (h) subject to the treatment of Galaxy Performance Rights, the issue of any Galaxy Shares on the exercise of any Galaxy Performance Rights; and
- (i) any transaction in relation to which Orocobre has expressly consented in writing.

Galaxy Material Adverse Effect means event, matter or circumstance that occurs, is announced or becomes known to Orocobre after the date of the Merger Implementation Deed which, either individually or when aggregated with all such events and circumstances which have occurred, has had the effect of, or is reasonably likely to have the effect of diminishing the net asset value of the Galaxy Group by an amount of at least A\$150,000,000, other than any event, matter or circumstance:

- (a) required or expressly permitted by the Merger Implementation Deed, the Scheme or the transactions contemplated by either;
- (b) that is Fairly Disclosed in the Galaxy Disclosure Material (or which ought reasonably to have been expected to arise from a matter, event or circumstance which was so disclosed);
- (c) consented to in writing by Orocobre (in its absolute discretion);
- (d) resulting from:
 - (i) a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect) including in relation to Tax; or
 - (ii) general changes in economic, political, or business conditions (including interest rates, lithium spodumene and tantalum prices and exchange rates), or in securities, credit or financial markets, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), any pandemic (including COVID-19) or escalation of the same, affecting Australian, North American or South American lithium mining businesses generally; or
- (e) which has a similar or substantially similar impact on Orocobre.

Galaxy Prescribed Event means the occurrence of any of the following:

- (a) **(share conversions)** Galaxy converting all or any of its shares into a larger or smaller number of shares;
- (b) **(capital reduction)** Galaxy resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buy-back)** Galaxy:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** Galaxy declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (e) **(issue of securities)** a member of the Galaxy Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than to Galaxy or a wholly-owned subsidiary of Galaxy;
- (f) **(convertible notes)** a member of the Galaxy Group issues, or agrees to issue, convertible notes, other than to Galaxy or a wholly-owned subsidiary of Galaxy;
- (g) **(change to constitution)** a member of the Galaxy Group making any change to its constitution;
- (h) **(deregistration)** a member of the Galaxy Group being deregistered as a company or otherwise dissolved except in the case of a Galaxy Group member with less than A\$1 million in net assets as at 18 April 2021; or
- (i) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Galaxy Group, excluding any Galaxy Excluded Transaction.

Galaxy Regulated Event means the occurrence of any of the following:

- (a) a member of the Galaxy Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of any asset or business, other than in the usual and ordinary course of business and consistent with past practice, including in respect of the maintenance and surrender of immaterial tenements and the expansion or reduction of existing project tenement areas undertaken in the usual and ordinary course of business and consistent with past practice;
- (b) a member of the Galaxy Group varying in any materially adverse respect or terminating any Material Galaxy Contract;
- (c) a member of the Galaxy Group varying in any materially adverse respect or terminating or allowing to lapse or expire (without renewal or replacement on terms and conditions that are no less favourable to the Galaxy Group) any Material Galaxy Authorisation;
- (d) a member of the Galaxy Group entering into, agreeing or announcing a joint venture, asset or profit sharing arrangement or partnership;
- (e) a member of the Galaxy Group creating, granting or agreeing to any Encumbrance over any of the assets of any member of the Galaxy Group, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (f) a member of the Galaxy Group entering into a contract or commitment restraining a member of the Galaxy Group from competing with any person or conducting activities in any market;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (g) a member of the Galaxy Group:
 - (i) other than in the usual and ordinary course of business and consistent with past practice:
 - (A) incurring any additional financial indebtedness by way of borrowings, hedging and other financial facilities, including operating and finance leases (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs); or
 - (B) guaranteeing or indemnifying the obligations of any person other than a member of the Galaxy Group;
 - (ii) entering into any new financing arrangement, agreement or otherwise providing financial accommodation in excess of A\$2.5 million other than to a member of the Orocobre Group or a member of the Galaxy Group, or amending the terms of any existing financial arrangement, agreement or instrument which provides for financial accommodation to be provided by a member of the Galaxy Group in excess of A\$2.5 million;
 - (iii) incurring capital expenditure in excess of A\$5 million;
 - (iv) waiving any material third party default where the financial impact on the Galaxy Group will be in excess of A\$2.5 million individually or in aggregate;
 - (v) accepting as a compromise of a matter less than the full compensation due to a member of the Galaxy Group where the financial impact of the compromise on the Galaxy Group is more than A\$2.5 million individually or in aggregate; or
 - (vi) agreeing to do any of the matters listed in paragraphs (g)(i) to (g)(v);
- (h) a member of the Galaxy Group entering into, or resolving to enter into, a transaction with any related party of Galaxy (other than a related party which is a member of the Galaxy Group), as defined in section 228 of the Corporations Act;
- (i) a member of the Galaxy Group entering into any employment, consulting, severance or similar agreement or arrangement other than in the ordinary course of business and on terms consistent with past and market practice;
- (j) a member of the Galaxy Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
 - (i) contractual arrangements in effect on the date of the Merger Implementation Deed; or
 - (ii) Galaxy's policies and guidelines in effect on the date of the Merger Implementation Deed, provided that such increases in compensation or benefits are no greater than:
 - (iii) 5% in respect of any one officer, director, other executive or employee; and
 - (iv) A\$1 million in aggregate;
- (k) a member of the Galaxy Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on 18 April 2021;
- (l) a member of the Galaxy Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (m) a member of the Galaxy Group doing anything that would result in a change in the Galaxy Consolidated Tax Group; or
 - (n) the variation or replacement of the BNP Facility Agreement,
- excluding any Galaxy Excluded Transaction.

Orocobre Due Diligence Information means all documents and other written information provided or made available in the online data room established by Orocobre in connection with the Scheme prior to 15 April 2021 as part of the due diligence investigations carried out in connection with the Scheme, as recorded in the external hard drive provided by Orocobre to Galaxy, an index of the contents of which will be initialled for the purposes of identification by Galaxy's Company Secretary (on behalf of Galaxy) and by Orocobre's Company Secretary (on behalf of Orocobre) by no later than five Business Days after 18 April 2021 (on the basis that, in the period prior to initialling, the Galaxy Data Room is secured in such manner so that access by any person other than the Company Secretaries of Orocobre and Galaxy will be restricted and, if granted, recorded by way of metadata).

Orocobre Excluded Transaction means:

- (a) a transaction Fairly Disclosed in the Orocobre Disclosure Material or which ought to have been expected to arise from such a matter, event or circumstance that was so disclosed, included refinancing and capital expenditure in respect of:
 - (i) Stage 1 and Stage 2 expansion of the Olaroz Lithium Facility;
 - (ii) the Naraha Lithium Hydroxide Plant; and
 - (iii) Borax Argentina S.A,
- (b) a member of the Orocobre Group entering into or announcing, or performing its obligations under, any offtake agreements or otherwise engaging in any marketing activities or negotiations in relation to any of these matters;
- (c) a transaction consistent with a policy relating to employment which was Fairly Disclosed in the Orocobre Disclosure Material;
- (d) anything required or expressly permitted to be done or procured by Orocobre under the Merger Implementation Deed or the Scheme or the transactions contemplated by either;
- (e) anything referred to in or otherwise contemplated by any work program or budget for activity planned to be conducted during the Exclusivity Period shared with Galaxy as part of the Orocobre Due Diligence Information;
- (f) the grant of Orocobre 2021 Performance Rights;
- (g) the issue of any Orocobre Shares on the exercise of any Orocobre Performance Rights;
- (h) any refinancing of the Orocobre Group's existing Argentinian and Japanese working capital facilities as at 18 April 2021;
- (i) any refinancing of the Orocobre Group's existing 6,100,000,000 Japanese Yen project facility for the Naraha Lithium Hydroxide Plant as at 18 April 2021; and
- (j) any transaction in relation to which Galaxy has expressly consented in writing.

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

Orocobre Material Adverse Effect means an event, matter or circumstance that occurs, is announced or becomes known to Galaxy after the date of the Merger Implementation Deed which, either individually or when aggregated with all such events or circumstances which have occurred, has had the effect of, or is reasonably likely to have the effect of diminishing the net asset value of the Orocobre Group by an amount of at least A\$150,000,000, other than any event, matter or circumstance:

- (a) required or expressly permitted by the Merger Implementation Deed, the Scheme or the transactions contemplated by either;
- (b) that is fairly disclosed in the Orocobre Disclosure Material (or which ought reasonably to have been expected to arise from a matter, event or circumstance which was so disclosed);
- (c) consented to in writing by Galaxy (in its absolute discretion);
- (d) resulting from:
 - (i) a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect) including in relation to Tax; or
 - (ii) general changes in economic, political, or business conditions (including interest rates, lithium spodumene and tantalum prices and exchange rates), or in securities, credit or financial markets, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), any pandemic (including COVID-19) or escalation of the same, affecting South American or Japanese lithium mining businesses generally; or
- (e) which has a similar or substantially similar impact on Galaxy.

Orocobre Prescribed Event means the occurrence of any of the following:

- (a) **(share conversions)** Orocobre converting all or any of its shares into a larger or smaller number of shares;
- (b) **(capital reduction)** Orocobre resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buy-back)** Orocobre:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** other than in respect of an Orocobre Declared Dividend in accordance with clause 8.1 of the Merger Implementation Deed, Orocobre declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) **(issue of securities)** a member of the Orocobre Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than to Orocobre or a wholly-owned subsidiary of Orocobre;
- (f) **(convertible notes)** a member of the Orocobre Group issues, or agrees to issue, convertible notes, other than to Orocobre or a wholly-owned subsidiary of Orocobre;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (g) **(change to constitution)** a member of the Orocobre Group making any change to its constitution;
- (h) **(deregistration)** a member of the Orocobre Group being deregistered as a company or otherwise dissolved except in the case of an Orocobre Group member with less than \$1 million in net assets as at 18 April 2021;
- (i) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Orocobre Group, excluding any Orocobre Excluded Transaction.

Orocobre Proposal means any proposal, offer, transaction, agreement or arrangement in relation to Orocobre which is publicly announced or is in writing and which, if entered into by Orocobre or completed in accordance with its terms:

- (a) would result in a person (either alone or together with one or more associates) other than a member of the Galaxy Group, directly or indirectly:
 - (i) acquiring control (within the meaning given in section 50AA of the Corporations Act) of Orocobre or any member or members of the Orocobre Group holding all, a substantial part or a material part of the business or assets of the Orocobre Group;
 - (ii) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or a similar transaction or arrangement) or a relevant interest in more than 20% of the Orocobre Shares; or
 - (iii) acquiring, becoming the holder of, or having a right to acquire an economic interest in all, a substantial part or a material part of the business or assets of the Orocobre Group, whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or
- (b) would result in the Scheme not being able to be Implemented substantially on the basis set out in the Merger Implementation Deed.

Orocobre Regulated Event means the occurrence of any of the following:

- (a) a member of the Orocobre Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of any asset or business, other than in the usual and ordinary course of business and consistent with past practice, including in respect of the maintenance and surrender of immaterial tenements and the expansion or reduction of existing project tenement areas undertaken in the usual and ordinary course of business and consistent with past practice;
- (b) a member of the Orocobre Group varying in any materially adverse respect or terminating any Material Orocobre Contract;
- (c) a member of the Orocobre Group varying in any materially adverse respect or terminating or allowing to lapse or expire (without renewal or replacement on terms and conditions that are no less favourable to the Orocobre Group) any Material Orocobre Authorisation;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (d) a member of the Orocobre Group entering into, agreeing or announcing a joint venture, asset or profit sharing arrangement or partnership;
- (e) a member of the Orocobre Group creating, granting or agreeing to any Encumbrance over any of the assets of any member of the Orocobre Group, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (f) a member of the Orocobre Group entering into a contract or commitment restraining a member of the Orocobre Group from competing with any person or conducting activities in any market;
- (g) a member of the Orocobre Group:
 - (i) other than in the usual and ordinary course of business and consistent with past practice:
 - (A) incurring any additional financial indebtedness by way of borrowings, hedging and other financial facilities, including operating and finance leases (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs); or
 - (B) guaranteeing or indemnifying the obligations of any person other than a member of the Orocobre Group;
 - (ii) entering into any new financing arrangement, agreement or otherwise providing financial accommodation in excess of A\$2.5 million other than to a member of the Galaxy Group or a member of the Orocobre Group, or amending the terms of any existing financial arrangement, agreement or instrument which provides for financial accommodation to be provided by a member of the Orocobre Group in excess of A\$2.5 million;
 - (iii) incurring capital expenditure in excess of A\$5 million;
 - (iv) waiving any material third party default where the financial impact on the Orocobre Group will be in excess of A\$2.5 million individually or in aggregate;
 - (v) accepting as a compromise of a matter less than the full compensation due to a member of the Orocobre Group where the financial impact of the compromise on the Orocobre Group is more than A\$2.5 million individually or in aggregate; or
 - (vi) agreeing to do any of the matters listed in paragraphs (g)(i) to (g)(v);
- (h) a member of the Orocobre Group entering into, or resolving to enter into, a transaction with any related party of Orocobre (other than a related party which is a member of the Orocobre Group), as defined in section 228 of the Corporations Act;
- (i) a member of the Orocobre Group entering into any employment, consulting, severance or similar agreement or arrangement other than in the ordinary course of business and on terms consistent with past and market practice;

ANNEXURE A - SUMMARY OF THE MERGER IMPLEMENTATION DEED

- (j) a member of the Orocobre Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
 - (i) contractual arrangements in effect on the date of the Merger Implementation Deed; or
 - (ii) Orocobre's policies and guidelines in effect on the date of the Merger Implementation Deed, provided that such increases in compensation or benefits are no greater than:
 - (iii) 5% in respect of any one officer, director, other executive or employee; and
 - (iv) A\$1 million in aggregate;
- (k) a member of the Orocobre Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on 18 April 2021;
- (l) a member of the Orocobre Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or
- (m) a member of the Orocobre Group doing anything that would result in a change in the Orocobre Consolidated Tax Group,

excluding any Orocobre Excluded Transaction.

Representatives, in relation to an entity, means:

- (a) each of the entity's subsidiaries and each of the directors, officers and employees of the entity and its subsidiaries; and
- (b) each of the legal, financial and other expert advisers of the entity or any of its subsidiaries in connection with the Scheme.

ANNEXURE B SCHEME OF ARRANGEMENT



Scheme of Arrangement

Galaxy Resources Limited
ABN 11 071 976 442

Scheme Shareholders

ANNEXURE B - SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

1. Galaxy Resources Limited ABN 11 071 976 442 whose registered office is at Level 4, 21 Kintail Road, Applecross, Western Australia (**Galaxy**); and
2. Scheme Shareholders.

PRELIMINARY MATTERS

- (A) Galaxy is a public company limited by shares incorporated in Australia. It has its registered office at Level 4, 21 Kintail Road, Applecross, Western Australia. Galaxy is admitted to the official list of ASX and Galaxy Shares are quoted on the securities exchange operated by ASX.
- (B) As at the date of the Merger Implementation Deed, Galaxy had on issue or had granted:
 - (i) 505,284,884 Galaxy Shares;
 - (ii) 9,644,070 Galaxy Performance Rights;
 - (iii) 900,000 Galaxy Share Appreciation Rights; and
 - (iv) 500,000 Galaxy Options.
- (C) Orocobre Limited ABN 31 112 589 910 (Orocobre) is a public company limited by shares incorporated in Australia. It has its registered office at Level 35, Riparian Plaza, 71 Eagle Street, Brisbane, Queensland. Orocobre is admitted to the official list of ASX and Orocobre Shares are quoted on the securities exchange operated by ASX and the Toronto Stock Exchange.
- (D) Galaxy and Orocobre entered into the Merger Implementation Deed on or about 18 April 2021 to facilitate the implementation of this Scheme.
- (E) Orocobre has executed the Deed Poll under which it covenants in favour of the Scheme Shareholders to carry out its obligations under this Scheme, including to provide the Scheme Consideration in accordance with the terms of this Scheme.
- (F) If this Scheme becomes Effective, on the Implementation Date:
 - (1) Orocobre will provide the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll;
 - (2) all of the Scheme Shares, and all of the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Orocobre; and
 - (3) Galaxy will enter Orocobre's name in the Galaxy Share Register as the holder of all of the Scheme Shares.

ANNEXURE B - SCHEME OF ARRANGEMENT

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this Scheme.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the 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 a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

CHESS 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 Share means an Orocobre Share to be issued under this Scheme as Scheme Consideration.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Orocobre and Galaxy.

Court Orders has the meaning given in clause 3.1.

Deed Poll means the deed poll dated on or about the date of the Merger Implementation Deed under which Orocobre covenants in favour of Scheme Shareholders to (among other things) provide the Scheme Consideration in accordance with the terms of 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.

Effective Date means the date on which this Scheme becomes Effective.

Encumbrance means:

- (a) a Security Interest; or
- (b) an easement, restrictive covenant, caveat or similar restriction over property.

End Date means the date that is six months after the date of the Merger Implementation Deed, subject to any extension to that date made under clause 3.7 of the Merger Implementation Deed.

First Court Date means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meeting.

ANNEXURE B - SCHEME OF ARRANGEMENT

Galaxy Option has the meaning given in the Merger Implementation Deed.

Galaxy Performance Right has the meaning given in the Merger Implementation Deed.

Galaxy Share means a fully paid ordinary share in Galaxy.

Galaxy Share Appreciation Right has the meaning given in the Merger Implementation Deed.

Galaxy Share Register means the register of members of Galaxy.

Galaxy Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Galaxy Shareholder means a person entered in the Galaxy Share Register as a holder of a Galaxy Share.

Government Agency 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.

Implementation means the implementation of this Scheme.

Implementation Date means the fifth Business Day following the Scheme Record Date, or such other date as ordered by the Court or agreed in writing between Orocobre and Galaxy.

Ineligible Consideration Shares has the meaning given in clause 4.4(a).

Ineligible Overseas Shareholder means a Galaxy Shareholder whose address shown in the Galaxy Share Register at the Scheme Record Date is a place outside Australia, New Zealand and their respective external territories, or any other jurisdictions agreed by Galaxy and Orocobre in writing (each acting reasonably), other than any Galaxy Shareholder in respect of whom Orocobre determines (in its sole and absolute discretion) that it is lawful and not unduly impracticable or onerous for Orocobre to issue that Galaxy Shareholder with Consideration Shares on Implementation in accordance with the terms of the Merger Implementation Deed.

Ineligible Shareholder means an Ineligible Overseas Shareholder or a Relevant Unmarketable Parcel Shareholder.

Merger Implementation Deed means the merger implementation deed dated on or about 18 April 2021 between Galaxy and Orocobre relating to (among other things) implementation of this Scheme.

Net Proceeds means the total proceeds of sale of all of the Ineligible Consideration Shares 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 Shares.

Opt-in Notice means a notice by an Unmarketable Parcel Shareholder requesting to receive the Scheme Consideration as Consideration Shares.

Orocobre Share means a fully paid ordinary share in Orocobre.

Orocobre Share Register means the register of members of Orocobre.

ANNEXURE B - SCHEME OF ARRANGEMENT

Registered Address means, in relation to a Galaxy Shareholder, the address of the shareholder shown in the Galaxy Share Register.

Relevant Unmarketable Parcel Shareholder means an Unmarketable Parcel Shareholder who has not provided Galaxy with an Opt-in Notice before 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date.

Sale Nominee means the nominee appointed by Galaxy and Orocobre (each acting reasonably and in good faith) in accordance with clause 2.7(b) of the Merger Implementation Deed to sell the Consideration Shares that are attributable to Ineligible Shareholders under the terms of this Scheme (or any nominee of such person).

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Galaxy and the Scheme 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 Orocobre and Galaxy.

Scheme Consideration means the consideration to be provided by Orocobre to each Scheme Shareholder for the transfer of each Scheme Share under this Scheme, as set out in clause 4.

Scheme Meeting means the meeting of Galaxy Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider this Scheme.

Scheme Record Date means 7.00 pm (Sydney time) on the day which is two Business Days after the Effective Date, or such other date as may be agreed in writing between Orocobre and Galaxy or as may be required by ASX.

Scheme Share means a Galaxy Share held by a Scheme Shareholder as at the Scheme Record Date.

Scheme Shareholder means a Galaxy 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 Orocobre, 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.

Unclaimed Money Act means the *Unclaimed Money Act 1990* (WA).

Unmarketable Parcel Shareholder means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Consideration Shares (assessed by reference to the price of Orocobre Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date) as Scheme Consideration.

ANNEXURE B - SCHEME OF ARRANGEMENT

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 party to this Scheme, or to any other document or agreement, includes a permitted substitute or a permitted assign of that party;
 - (v) 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
 - (vi) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which 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 **\$** or **dollar** is to Australian currency.
- (h) A reference to time in this Scheme is a reference to time in Perth, Western Australia, unless otherwise specified.
- (i) 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.

ANNEXURE B - SCHEME OF ARRANGEMENT

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 7.00 am (Perth time) on the Second Court Date, each of the conditions set out in clause 3.2 of the Merger Implementation Deed (other than the conditions in items 4 (Court approval of Scheme) and 5 (Order lodged with ASIC) of clause 3.2 of the Merger Implementation Deed) has been satisfied or waived in accordance with the terms of the Merger Implementation Deed.
- (b) Prior to 7.30 am (Perth time) on the Second Court Date, neither the Merger Implementation Deed 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 the End Date (or any later date agreed to in writing by Orocobre and Galaxy).

2.2 Certificates

- (a) Before 8.00 am (Perth time) on the Second Court Date, each of Galaxy and Orocobre must provide to the Court a certificate signed by a duly authorised representative confirming whether or not 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 Effective Date

Subject to clauses 2.1, this Scheme takes effect on the Effective Date.

2.4 When Scheme will lapse

Unless Galaxy and Orocobre 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 Merger Implementation Deed:

- (a) either or both of the Merger Implementation Deed and the Deed Poll are terminated in accordance with their respective terms; or
- (b) the Effective Date does not occur on or before the End Date.

ANNEXURE B - SCHEME OF ARRANGEMENT

3. THE SCHEME

3.1 Lodgement of copy of Court Order with ASIC

Galaxy must lodge with ASIC an office copy of the order 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) (**Court Orders**) in accordance with section 411 (10) of the Corporations Act by:

- (a) 5.00 pm (Perth time) on the later of:
 - (i) the first Business Day following the day on which the Court approves this Scheme; or
 - (ii) the Business Day on which the Court Orders are entered; or
- (b) such other Business Day and by such other time as agreed to in writing by Orocobre and Galaxy.

3.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 4, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Orocobre without the need for any further act by any Scheme Shareholder (other than acts performed by Galaxy or its directors and officers as attorney and agent for the Scheme Shareholders under this Scheme) by:
 - (i) Galaxy delivering to Orocobre a duly completed registrable Scheme Transfer to transfer the Scheme Shares to Orocobre, which Scheme Transfer has been duly executed by Galaxy (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as a transferor under clauses 6.2 and 6.4; and
 - (ii) Orocobre duly completing and executing the Scheme Transfer as transferee, attending to stamping of the Scheme Transfer (if required) and delivering it to Galaxy for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 3.2(a)(ii), Galaxy must:
 - (i) attend to registration of the Scheme Transfer; and
 - (ii) enter or procure the entry of the name and address of Orocobre in the Galaxy 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 Galaxy and Orocobre:

- (a) Galaxy may, by its counsel, consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Galaxy has consented to.

ANNEXURE B - SCHEME OF ARRANGEMENT

4. SCHEME CONSIDERATION

4.1 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Orocobre of the Scheme Shares by each Scheme Shareholder under the terms of this Scheme, each Scheme Shareholder will be entitled to receive, and Orocobre will issue to each Scheme Shareholder (subject to clauses 4.2 to 4.9), 0.569 Consideration Shares for each Scheme Share in accordance with clauses 4.2 to 4.9 and the Deed Poll.

4.2 Provision of Scheme Consideration

Subject to clauses 4.3 to 4.9, Orocobre must:

- (a) on the Implementation Date:
 - (i) issue to each Scheme Shareholder the applicable Scheme Consideration in accordance with this Scheme and the Deed Poll; and
 - (ii) procure that the name and address of each Scheme Shareholder is entered in the Orocobre Share Register as the holder of the applicable Consideration Shares (being the name and Registered Address entered in the Galaxy Share Register in relation to the relevant Scheme Shares); and
- (b) no later than five Business Days after the Scheme Record Date, send or procure the dispatch to each Scheme Shareholder (other than Ineligible Shareholders), to their Registered Address as at the Scheme Record Date, a holding statement representing the Consideration Shares issued to that Scheme Shareholder.

4.3 Election by Unmarketable Parcel Shareholders

- (a) Galaxy must provide each Unmarketable Parcel Shareholder with, or procure the provision to each Unmarketable Parcel Shareholder of, an Opt-in Notice.
- (b) Unless an Unmarketable Parcel Shareholder provides Galaxy with a duly completed Opt-in Notice prior to 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date, Orocobre will be under no obligation under this Scheme or Deed Poll to issue, and will not issue, any Consideration Shares to any Unmarketable Parcel Shareholder, and instead, unless Orocobre and Galaxy otherwise agree, Orocobre must procure that the Consideration Shares that each Unmarketable Parcel Shareholder would otherwise be entitled to receive as Scheme Consideration are dealt with in accordance with clause 4.4 of this Scheme.

4.4 Ineligible Shareholders

- (a) Orocobre has no obligation to issue, and will not issue, any Consideration Shares under this Scheme to any Ineligible Shareholder (unless that Ineligible Shareholder is an Unmarketable Parcel Shareholder who provides Galaxy with a duly completed Opt-in Notice in accordance with clause 4.3(b)) and instead, subject to clauses 4.6 and 4.9, Orocobre must issue the Consideration Shares which would otherwise be required to be issued to any Ineligible Shareholder under this Scheme (**Ineligible Consideration Shares**) to the Sale Nominee.
- (b) Galaxy will procure that the Sale Nominee:
 - (i) sells the Ineligible Consideration Shares (on ASX or off-market) as soon as reasonably practicable and in any event no more than 10 Business Days (on which the Ineligible Consideration Shares are capable of being traded on ASX) after the Implementation Date, in the manner, and on the terms, the Sale Nominee determines in good faith (and at the risk of the Ineligible 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 Shares under clause 4.4(b)(i), remits to Galaxy the Net Proceeds.

ANNEXURE B - SCHEME OF ARRANGEMENT

- (c) Promptly after receipt of the Net Proceeds, Galaxy must pay each Ineligible Shareholder, or procure the payment to each Ineligible Shareholder of, such proportion of the Net Proceeds to which that Ineligible Shareholder is entitled (rounded down to the nearest cent), to be determined in accordance with the following formula:

$$A = \left(\frac{B}{C} \right) \times D$$

where:

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

B = the number of Ineligible Consideration Shares to which that Ineligible Shareholder would have been entitled if they had not been an Ineligible Shareholder;

C = the total number of Ineligible Consideration Shares which were issued to and sold by the Sale Nominee; and

D = the Net Proceeds.

- (d) Each Ineligible Shareholder acknowledges and agrees that:
- (i) none of Galaxy, Orocobre or the Sale Nominee give any assurance as to the price that will be achieved for the sale of the Ineligible Consideration Shares described in clause 4.4(b); and
 - (ii) Galaxy, Orocobre and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Shareholder which may arise in connection with this clause 4.4.
- (e) Galaxy must pay or procure that each Ineligible Shareholder is paid any amounts owing under clause 4.4(c) by either (in the absolute discretion of Galaxy):
- (i) where an Ineligible Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Galaxy Share Registry to receive dividend payments from Galaxy by electronic funds transfer to a bank account nominated by the Ineligible Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Ineligible 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 4.7(b)).
- (f) Each Ineligible Shareholder appoints Galaxy, and each director and officer of Galaxy, 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 Shareholders under the Corporations Act or any other applicable law.
- (g) Payment of the relevant amounts calculated in accordance with clauses 4.4(c) to an Ineligible Shareholder in accordance with this clause 4.4 satisfies in full Orocobre's obligations to the Ineligible Shareholder under this Scheme in respect of the Scheme Consideration.

ANNEXURE B - SCHEME OF ARRANGEMENT

4.5 Other ineligible Scheme Shareholders

Where the issue of Consideration Shares to which a Scheme Shareholder (other than an Ineligible Shareholder) would otherwise be entitled under this Scheme would result in a breach of law:

- (a) Orocobre will issue the maximum possible number of Consideration Shares to the Scheme Shareholder without giving rise to such a breach; and
- (b) any further Consideration Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme 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:
 - (i) references to “Ineligible Shareholders” also included that Scheme Shareholder; and
 - (ii) references to “Ineligible Consideration Shares” also included any of that Scheme Shareholder’s Consideration Shares that have been issued to the Sale Nominee.

4.6 Fractional Entitlements

Where the calculation of a total number of Consideration Shares to be issued to (or in respect of) a particular Scheme Shareholder as Scheme Consideration would result in an entitlement to a fraction of a Consideration Share, then, any such fractional entitlement:

- (a) of 0.5 or more will be rounded up to the nearest whole number; and
- (b) of less than 0.5 will be rounded down to the nearest whole number.

4.7 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 (including any holding statement under clause 4.2(b)) will be forwarded to the holder whose name appears first in the Galaxy Share Register as at the Scheme Record Date.

4.8 Shareholder splitting or division

- (a) If Orocobre is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6), have, before the Scheme Record Date, been party to shareholder splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Orocobre may give notice to those Scheme Shareholders:
 - (i) setting out their names and Registered Address;
 - (ii) stating that opinion; and
 - (iii) attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice.

ANNEXURE B - SCHEME OF ARRANGEMENT

- (b) The Scheme Shareholder specifically identified in a notice given under clause 4.8(a) as the deemed holder of all the specified Scheme Shares will, for the purposes of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of this Scheme, be taken to hold no Scheme Shares.
- (c) Orocobre, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in a notice given under clause 4.8(a) as the deemed holder of all of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

4.9 Orders of a court or Government Agency

- (a) If Galaxy (or the Galaxy Share Registry) or Orocobre receives written notice of an order or direction made by a court of competent jurisdiction or by a Government Agency 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 Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Galaxy or Orocobre in accordance with this clause 4, then Galaxy or Orocobre (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (ii) prevents Galaxy or Orocobre 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, Galaxy or Orocobre (as applicable) will be entitled to:
 - (A) in the case of any Ineligible Shareholder, retain an amount, in Australian dollars, equal to the relevant Ineligible Shareholder's share of any proceeds of sale received by Galaxy pursuant to clause 4.4; and
 - (B) not issue (or, in the case of Galaxy, direct Orocobre not to issue), or issue (or, in the case of Galaxy, direct Orocobre to issue) to a permitted trustee or nominee, such number of Consideration Shares as that Scheme Shareholder would otherwise be entitled to under clause 4.2,until such time as provision of the Scheme Consideration in accordance with this clause 4 is permitted by that (or another) order or direction or otherwise by law.
- (b) To avoid doubt, any payment or retention by Galaxy or Orocobre (as applicable) under clause 4.9(a) will constitute the full discharge of Orocobre's obligations under clause 4.2 with respect to the amount so paid or retained until, in the case of clause 4.9(a)(ii), the amount is no longer required to be retained.

4.10 Consideration Shares to rank equally

Orocobre covenants in favour of each Scheme Shareholder that:

- (a) the Consideration Shares to be issued as the Scheme Consideration will, on issue:
 - (i) be duly issued and fully paid;
 - (ii) be free from any Encumbrances 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 constitution of Orocobre; and
 - (iii) rank equally in all respects, including for future dividends, with all existing Orocobre Shares then on issue; and

ANNEXURE B - SCHEME OF ARRANGEMENT

- (b) it will apply to ASX for the official quotation of the Consideration Shares and use all reasonable endeavours to ensure that the Consideration Shares are approved for official quotation on ASX by 8.00 am (Perth time) on the Business Day following the Effective Date (or such later day as ASX may require), initially on a deferred settlement basis, and with effect from the first Business Day after the Implementation Date on an ordinary (T+2) basis (which approval may be conditional on the issue of those Consideration Shares and other conditions customarily imposed by ASX).

4.11 Unclaimed monies

- (a) Galaxy may cancel a cheque issued under clause 4.4(e)(ii) if the cheque:
 - (i) is returned to Galaxy; 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 Implementation Date, on request in writing from a Scheme Shareholder to Galaxy (or the Galaxy Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Galaxy must reissue a cheque that was previously cancelled under clause 4.11 (a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes “unclaimed money” (as defined in section 6 of the Unclaimed Money Act).

4.12 Title to and rights in Scheme Shares

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder or to the Sale Nominee (as applicable, and in accordance with this clause 4), Orocobre will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Galaxy of the name and address of Orocobre in the Galaxy 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 Orocobre will, at the time of transfer to Orocobre, vest in Orocobre free from all:
 - (i) Encumbrances 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 4.12(a), to the extent that clause 4.9(a) applies to any Scheme Shareholder, Orocobre will be beneficially entitled to any Scheme Shares held by that Scheme Shareholder immediately upon compliance with clause 4.9 on the Implementation Date as if Orocobre had provided the Scheme Consideration to that Scheme Shareholder.

ANNEXURE B - SCHEME OF ARRANGEMENT

5. DEALINGS IN GALAXY SHARES

5.1 Galaxy Share dealings that are recognised

To establish the identity of the Scheme Shareholders, dealings in Galaxy Shares (or other alterations to the Galaxy 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 Galaxy Share Register as the holder of the relevant Galaxy 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 alternations, are received by the Galaxy Share Registry at or before the Scheme Record Date,

and Galaxy must not accept for registration, nor recognise for any purpose (except a transfer to Orocobre pursuant to this Scheme and any subsequent transfer by Orocobre or its successors in title), any transfer or transmission application or other request in respect of Galaxy Shares received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form.

5.2 Galaxy to register transfer and transmission applications

Galaxy 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 Galaxy to register a transfer that would result in a Galaxy Shareholder holding a parcel of Galaxy 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, 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 Galaxy must disregard any disposal, transfer or transmission application in respect of Scheme Shares received after the Scheme Record Date.

5.4 Galaxy to maintain Galaxy Share Register to determine entitlements

- (a) In order to determine entitlements to the Scheme Consideration, Galaxy must maintain, or procure the maintenance of, the Galaxy Share Register in accordance with this clause 5 until the Scheme Consideration has been paid to Scheme Shareholders and Orocobre has been entered into the Galaxy Share Register as the holder of the Scheme Shares.
- (b) The Galaxy 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 Galaxy Shares (other than holding statements in favour of Orocobre) will cease to have effect as documents of title (or evidence thereof) after the Scheme Record Date.
- (b) Each entry on the Galaxy Share Register at and from the Scheme Record Date (other than those entries in respect of Orocobre) 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.

ANNEXURE B - SCHEME OF ARRANGEMENT

5.6 Galaxy to provide contact information for Scheme Shareholders

Galaxy must ensure that, as soon as practicable after the Scheme Record Date (and in any event by 8.00 am (Perth time) on the day that is two Business Days after the Scheme Record Date), Orocobre is given details of the name, Registered Address and holding of Galaxy Shares of each Scheme Shareholder, as shown in the Galaxy Share Register at the Scheme Record Date, in the form Orocobre reasonably requires.

5.7 Suspension of trading

Galaxy will apply to ASX to suspend trading of Galaxy Shares on the securities exchange operated by ASX with effect from the close of trading on the Effective Date or such other date as agreed between Orocobre and Galaxy, acting reasonably, following consultation with ASX.

5.8 Termination of official quotation

Galaxy will apply to ASX:

- (a) for termination of the official quotation of Galaxy Shares on the securities exchange operated by ASX; and
- (b) to have itself removed from the official list of ASX,

in each case, with effect on and from the close of trading on the trading day immediately following the Implementation Date, or such other date as Orocobre and Galaxy may agree, acting reasonably, following consultation with ASX.

6. GENERAL PROVISIONS

6.1 Galaxy giving effect to the Scheme

Galaxy 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 irrevocably:

- (a) agrees for all purposes to:
 - (i) the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Orocobre, in accordance with this Scheme;
 - (ii) become a member of Orocobre and to have their name registered in the Orocobre Share Register as a holder of Orocobre Shares (in respect of the Consideration Shares which they are issued pursuant to this Scheme); and
 - (iii) be bound by the constitution of Orocobre;

ANNEXURE B - SCHEME OF ARRANGEMENT

- (b) agrees for all purposes and to the extent permitted by law, that all instructions, notifications or elections made by the Scheme Shareholder to Galaxy (binding or deemed to be binding between the Scheme Shareholder and Galaxy) relating to Galaxy 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 Galaxy,will, except to the extent determined otherwise by Orocobre in its sole discretion, be deemed from the Implementation Date to be a binding instruction, notification or election (as applicable) made by the Scheme Shareholder to Orocobre in respect of any Orocobre Shares provided to the Scheme Shareholder, until and unless that deemed instruction, notification or election is revoked or amended by the Scheme Shareholder giving written notice to Orocobre's share registry;
 - (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 Galaxy and 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);
 - (e) consents to Galaxy and Orocobre 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 Galaxy, as agent of each Scheme Shareholder, 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.

6.3 Scheme Shareholders' warranties

- (a) Each Scheme Shareholder is taken to have warranted to Galaxy and Orocobre on the Implementation Date, and to have appointed and authorised Galaxy as its attorney and agent to warrant to Orocobre on the Implementation Date, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of transfer of them to Orocobre, be fully paid and free from all:
 - (A) Encumbrances 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 Scheme Shares to Orocobre, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme; and
 - (iii) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of securities in Galaxy.
- (b) Galaxy undertakes that it will provide such warranty to Orocobre as agent and attorney of each Scheme Shareholder.

ANNEXURE B - SCHEME OF ARRANGEMENT

6.4 Appointment of Galaxy as attorney of Scheme Shareholders

On and from the Effective Date, each Scheme Shareholder, without the need for any further act, irrevocably appoints Galaxy 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 executing and delivering the Scheme Transfer under clause 3.2; and

- (b) enforce the Deed Poll against Orocobre,

and Galaxy accepts such appointment in respect of itself and on behalf of each of its directors and officers.

6.5 Appointment of Orocobre as agent, attorney and sole proxy in respect of Scheme Shares

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder or to the Sale Nominee (as applicable, and in accordance with clause 4), until Orocobre is registered as the holder of all Scheme Shares in the Galaxy Share Register, each Scheme Shareholder:

- (a) irrevocably appoints Orocobre as its attorney and agent (and directs Orocobre as its attorney and agent to appoint any of the directors and officers of Orocobre as its sole proxy and, where applicable, corporate representative, of that Scheme Shareholder) to:

- (i) attend shareholders' meetings of Galaxy;

- (ii) exercise the votes attaching to the Scheme Shares registered in the name of the Scheme Shareholder; and

- (iii) sign any Galaxy 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 Orocobre reasonably directs;

- (c) undertakes not to attend or vote at any shareholders' meetings of Galaxy or sign any Galaxy 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), Orocobre and any director, officer or agent nominated by Orocobre may act in the best interests of Orocobre as the intended registered holder of the Scheme Shares.

6.6 Binding effect of Scheme

This Scheme binds Galaxy and 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, to the extent of any inconsistency, overrides the constitution of Galaxy.

6.7 No liability when acting in good faith

Neither Galaxy nor Orocobre, nor any of their respective directors, officers, secretaries or employees will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

ANNEXURE B - SCHEME OF ARRANGEMENT

6.8 Deed Poll

Galaxy undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Orocobre for and on behalf of each Scheme Shareholder.

6.9 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Galaxy, it will be deemed to be received on the date (if any) on which it is actually received at Galaxy's registered office or at the Galaxy 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 a Galaxy Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

6.10 Stamp duty

Orocobre will pay all stamp duty (if any) and any related fines and penalties payable on, or in connection with, the transfer by the Scheme Shareholders of the Scheme Shares to Orocobre pursuant to this Scheme or the Deed Poll.

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 non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts 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.

ANNEXURE C

DEED POLL

EXECUTION VERSION



Deed Poll

Orocobre Limited

ABN 31 112 589 910

In favour of each person registered as a holder of a
fully paid ordinary share in Galaxy Resources Limited as
at the Scheme Record Date

Deed Poll relating to proposed Scheme of
Arrangement between Galaxy Resources Limited
and its members

DEED POLL

THIS DEED POLL is made on

2021

BY:

Orocobre Limited ABN 31 112 589 910, whose registered office is at Level 35, Riparian Plaza, 71 Eagle Street, Brisbane, Queensland (**Orocobre**).

IN FAVOUR AND FOR THE BENEFIT OF:

Each person registered as a holder of a fully paid ordinary share in Galaxy Resources Limited ABN 11 071 976 442 (**Galaxy**) in the Galaxy Share Register as at the Scheme Record Date (each a **Scheme Shareholder**).

BACKGROUND

- (A) On or about the date of this Deed Poll, Galaxy and Orocobre entered into a merger implementation deed with respect to the Scheme and associated matters (**Merger Implementation Deed**).
- (B) Under the Merger Implementation Deed:
 - (1) Galaxy has agreed to propose the Scheme, pursuant to which (among other things):
 - (i) the Scheme Shareholders will transfer to Orocobre, and Orocobre will acquire, all of the Scheme Shares; and
 - (ii) Orocobre will provide to each Scheme Shareholder the Scheme Consideration in respect of each of their Scheme Shares; and
 - (2) Orocobre has agreed to (among other things) enter into this Deed Poll.
- (C) Orocobre is executing this Deed Poll to covenant in favour of the Scheme Shareholders to perform the obligations attributed to Orocobre under the Merger Implementation Deed and the Scheme.

OROCOBRE 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)
 - (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);

ANNEXURE C - DEED POLL

- (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;
- (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 Galaxy.

Scheme means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Galaxy and Scheme Shareholders in respect of all Scheme Shares, 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 Orocobre and Galaxy.

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

Orocobre acknowledges and agrees that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Galaxy and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this Deed Poll against Orocobre.

3. CONDITIONS PRECEDENT AND TERMINATION

3.1 Conditions precedent

This Deed Poll and Orocobre's obligations under this Deed Poll are subject to the Scheme becoming Effective.

3.2 Termination

- (a) Unless Orocobre and Galaxy otherwise agree in writing (and, if required, as approved by the Court), Orocobre'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:
 - (i) the Merger Implementation Deed is terminated in accordance with its terms; or
 - (ii) the Scheme has not become Effective on or before the End Date.
- (b) If this Deed Poll is terminated pursuant to clause 3.2(a) then:
 - (i) Orocobre is released from its obligations under this Deed Poll; and
 - (ii) each Scheme Shareholder retains any rights, powers or remedies it has against Orocobre in respect of any breach of this Deed Poll which 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 Orocobre in accordance with the Scheme, Orocobre covenants in favour of each Scheme Shareholder that it will:

- (a) provide the Scheme Consideration to each Scheme Shareholder on the 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

Orocobre covenants in favour of each Scheme Shareholder that each Consideration Share will, upon issue:

- (a) be duly issued and fully paid;
- (b) be free from any Encumbrances 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 constitution of Orocobre; and
- (c) rank equally in all respects, including for future dividends, with all existing Orocobre Shares then on issue.

5. REPRESENTATIONS AND WARRANTIES

Orocobre represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing company limited by shares under the Corporations Act;

ANNEXURE C - DEED POLL

- (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 legal, valid and binding obligations on it, enforceable against it in accordance with its terms;
- (e) **(no contravention)** neither its execution of this Deed Poll nor the carrying out by it of the transactions contemplated by this Deed Poll contravenes or will contravene:
 - (i) any law to which it is subject;
 - (ii) any order of any Government Agency that is binding on it;
 - (iii) any undertaking or instrument binding on it; or
 - (iv) its constitution; and
- (f) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event.

6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Orocobre having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll pursuant to clause 3.2.

7. NOTICES

7.1 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).

7.2 When a notice is given

A notice, consent or other communication that complies with this clause 7 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 Day after posting;
 - (b) if sent in electronic form:
 - (i) if it is transmitted by 5.00 pm (Perth time) on a Business Day – when sent; or
 - (ii) if it is transmitted after 5.00 pm (Perth time) 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.

7.3 Address for notices

Orocobre's mail address and email address are those set out below, or as Orocobre otherwise notifies.

Orocobre

Address: Level 35, Riparian Plaza, 71 Eagle Street
Brisbane, Queensland 4000

Email Address: mperezdesolay@orocobre.com

Attention: Martín Pérez de Solay

Copy to: Rick Anthon
(ranthon@orocobre.com)

8. GENERAL

8.1 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 Galaxy (on behalf of each Scheme Shareholder but without the need for Galaxy 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 Galaxy (on behalf of each Scheme Shareholder but without the need for Galaxy to refer the amendment or variation to any Scheme Shareholder) and is approved by the Court,

and Orocobre executes a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

8.2 Assignment

- (a) The rights created by this Deed Poll are personal to Orocobre and each Scheme Shareholder and, except with the prior written consent of Orocobre, cannot and must not be assigned, encumbered, charged or otherwise dealt with at law or in equity by a Scheme Shareholder.
- (b) Any purported dealing in contravention of clause 8.2(a) is invalid.

8.3 **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.

8.4 **Operation of this Deed Poll**

- (a) The rights, powers and remedies of Orocobre and the Scheme Shareholders 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:
 - (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.

8.5 **Duty**

Orocobre 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 Scheme 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 Scheme Shareholder against any liability arising from any failure by Orocobre to comply with clause 8.5(a).

8.6 **Consent**

Orocobre consents to Galaxy producing this Deed Poll to the Court.

8.7 **Further acts**

Orocobre must, at its 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.

8.8 **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) Orocobre irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those

ANNEXURE C - DEED POLL

courts 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.

EXECUTED as a deed poll.

EXECUTED by **OROCOBRE LIMITED** ABN
31 112 589 910 in accordance with
section 127 of the Corporations Act 2001
(Cth):

Signature of director

Name (print)

MARTIN PEREZ de Sola

Signature of director/secretary

Name (print)

Richard Anthon

ANNEXURE D

NOTICE OF SCHEME MEETING

Galaxy Resources Limited ABN 11 071 976 442 (**Galaxy**)

Notice of Scheme Meeting

Notice is given that, by an order of the Court made on Friday, 2 July 2021 pursuant to section 411(1) of the Corporations Act, a meeting of shareholders of Galaxy (**Galaxy Shareholders**) will be held at 10.00 am (AWST) on Friday, 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000 (**Scheme Meeting**). Galaxy Shareholders who are unable to, or do not wish to, attend the Scheme Meeting in person may attend online through an online platform by accessing the following link: <https://web.lumiagm.com/330597569>.

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.

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 Galaxy and Orocobre agree) proposed to be made between Galaxy and Galaxy Shareholders (**Scheme**).

To enable Galaxy Shareholders to make an informed voting decision, important information on the Scheme is set out in the Scheme Booklet accompanying this Notice of Scheme Meeting.

A copy of the Scheme and a copy of 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 forms part.

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 12 of the Scheme Booklet.

Scheme Meeting format

As a result of the potential health risks and the government's restrictions in response to the COVID-19 pandemic from time to time, Galaxy encourages Galaxy Shareholders to attend the Scheme Meeting online or lodge a directed proxy form in advance of the Scheme Meeting, rather than planning on attending the meeting in person. If you wish to appoint a proxy, please follow the steps on the proxy form and lodge it by 10.00 am (AWST) on 4 August 2021.

Galaxy Shareholders who are unable to, or do not wish to, attend the Scheme Meeting in person will have the opportunity to participate in the meeting online. Further details on how to participate are set out in the explanatory notes that accompany this Notice of Scheme Meeting.

ANNEXURE D - NOTICE OF SCHEME MEETING

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:

- (a) the scheme of arrangement proposed between Galaxy 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 as approved by the Court to which Galaxy and Orocobre agree; and*
- (b) Galaxy is authorised, subject to the terms of the Merger Implementation Deed, to:*
 - (i) agree to any such alterations or conditions; and*
 - (ii) subject to approval by the Court, implement the Scheme with any such alterations and conditions.'*

Chairperson

The Court has directed that Martin Rowley is to act as Chairperson of the Scheme Meeting (and that, if Martin Rowley is unable or unwilling to attend, Simon Hay is to act as Chairperson of the Scheme Meeting) and has directed the Chairperson to report the results of the Scheme Meeting to the Court.

Dated 5 July 2021

By Order of the Court and the Galaxy Board

John Sanders

Company Secretary & General Counsel

ANNEXURE D - NOTICE OF SCHEME MEETING

Explanatory notes

1. GENERAL

These explanatory notes have been prepared for the information of Galaxy Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at 10.00 am (AWST) on Friday, 6 August 2021, at the Karingal Room, the Melbourne Hotel, 33 Milligan Street Perth WA 6000 and online through an online platform at <https://web.lumiagm.com/330597569>.

These explanatory notes should be read in conjunction with Galaxy's Scheme Booklet dated 5 July 2021 of which the 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 B of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 12 of the Scheme Booklet, unless the context otherwise requires.

2. ATTENDING AND PARTICIPATING IN THE SCHEME MEETING

As a result of the potential health risks and the government's restrictions in response to the COVID-19 pandemic from time to time, Galaxy encourages Galaxy Shareholders to attend the Scheme Meeting online or lodge a proxy in advance of the Scheme Meeting, rather than attending the meeting in person.

For the health and safety of all attendees, Galaxy will be observing social distancing and any other government requirements that apply at the time of the Scheme Meeting. Galaxy will be monitoring the COVID-19 situation closely and if it becomes necessary or appropriate to change the way the Scheme Meeting will be held or conducted, information will be provided on Galaxy's website at www.gxy.com and lodged with ASX.

2.1 Attending online

Galaxy Shareholders and their proxies, attorneys or corporate representatives who are unable to attend the Scheme Meeting physically will be able to participate online from their computer or mobile device by:

- (a) entering the following URL into their browser: <https://web.lumiagm.com>; and
- (b) entering the following Meeting ID: 330-597-569.

Participating in the Scheme Meeting via the online platform will allow Galaxy Shareholders, their proxies, attorneys or corporate representatives to listen to the Scheme Meeting live, view slides, ask questions during the Scheme Meeting and vote in real time at appropriate times during the Scheme Meeting.

To participate and vote online, Galaxy Shareholders (or their attorney or corporate representative, as applicable) will need the following information:

- (c) Username: your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your holding statement or proxy form); and
- (d) Password: your password is the postcode registered to your holding if you are an Australian shareholder (or your country code if you are an overseas shareholder).

ANNEXURE D - NOTICE OF SCHEME MEETING

Proxyholders will need a unique username and password, which can be obtained by contacting Computershare Investor Services Pty Limited on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the Meeting. Further information about the online platform can be found at www.edocumentview.com.au/GXYlumiguide.

Even if you plan to attend the Scheme Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form. Galaxy Shareholders will receive either electronically or in hard copy, or lodging your proxy form online at www.investorvote.com.au.

Registration will open 1 hour prior to the start of the Scheme Meeting. We recommend logging on to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. If you experience technical difficulties, please call +61 3 9415 4024.

2.2 Attending physically

If you or your proxies, attorneys or corporate representative(s) plan to attend the Scheme Meeting in person, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Galaxy Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

For the health and safety of all attendees, Galaxy will be observing social distancing and any other government requirements that apply at the time of the Scheme Meeting. Galaxy will be monitoring the COVID-19 situation closely and if it becomes necessary or appropriate to change the way the Scheme Meeting will be held or conducted, information will be provided on Galaxy's website at www.gxy.com and lodged with ASX.

2.3 How to ask questions

Galaxy Shareholders who would like to ask questions at the Scheme Meeting are invited to do so in writing before the Scheme Meeting by emailing their question(s) to info@gxy.com prior to 10.00 am (AWST) on Wednesday, 4 August 2021.

Alternatively, Galaxy Shareholders can submit questions when attending the Scheme Meeting online via the online platform.

Due to time constraints, Galaxy cannot guarantee that all questions asked prior to or at the Scheme Meeting will be answered.

3. REQUIRED VOTING MAJORITY

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be approved by:

- unless the Court orders otherwise, a majority in number of Galaxy Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Galaxy Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Galaxy Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Galaxy Shareholders, body corporate representative).

The Court has the discretion under section 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 Galaxy Shareholders present and voting at the Scheme Meeting.

ANNEXURE D - NOTICE OF SCHEME MEETING

4. COURT APPROVAL

In accordance with section 411 (4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) 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, Galaxy 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 5.00 pm (AWST) on 4 August 2021. Only those Galaxy Shareholders entered on the Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Galaxy 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 Galaxy Shareholders entitled to attend and vote at the meeting.

6. HOW TO VOTE

Galaxy Shareholders entitled to vote at the Scheme Meeting, can vote:

- in person, by:
 - attending the Scheme Meeting physically, obtaining a voting card at the point of entry to the meeting and following the instructions on the voting card. Please bring a form of personal identification with you, such as your driver's licence, to obtain a voting card; or
 - attending the Scheme Meeting online and voting via the online platform.
- by proxy, by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by returning your personalised proxy form (or by lodging your proxy form online);
- by attorney, by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- by corporate representative, in the case of a body corporate, by appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate 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.

6.1 Voting in person

To vote in person physically, you must attend the meeting. Eligible Galaxy Shareholders who wish to attend and vote at the Scheme Meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

ANNEXURE D - NOTICE OF SCHEME MEETING

To vote in person online, you must attend the Scheme Meeting via the online platform at <https://web.lumiagm.com/330597569>. Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the Chairperson during the Scheme Meeting.

More information regarding online participation at the Scheme Meeting (including how to vote and ask questions online during the meeting) is available in the Lumi AGM User Guide, which is attached to this Notice of Scheme Meeting, and is also available at www.edocumentview.com.au/GXYlumiguide.

6.2 Voting by proxy

A Galaxy 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 Galaxy 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;
- a Galaxy 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 Galaxy 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 Chairperson 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 Chairperson 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 Chairperson of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution at the Scheme Meeting, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Galaxy Shareholders.

ANNEXURE D - NOTICE OF SCHEME MEETING

How to appoint a proxy

To appoint a proxy, you should complete and return your personalised proxy form received either electronically or in hard copy, in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Share Registry, Computershare Investor Services Pty Limited, by 10.00 am (AWST) on 4 August 2021 (or, if the Scheme 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 ways set out below.

Proxy forms received after this time will be invalid.

(a) Online:

www.investorvote.com.au

You will need your SRN or HIN, the allocated control number and PIN 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 submissions carefully before you lodge your proxy.

(b) by mobile device:

If you have a smart phone, you can now lodge your vote via the Computershare website www.investorvote.com.au or by scanning the QR code on the proxy form. Log-in using the SRN/HIN and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

(c) by post in the provided reply-paid envelope to the Share Registry at the following address:

Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia

(d) by fax to the Share Registry on:

In Australia: 1800 783 447
From Outside of Australia: +61 3 9473 2555

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described above.

ANNEXURE D - NOTICE OF SCHEME MEETING

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy on your proxy form, otherwise each proxy may exercise half of the votes.

If you hold Galaxy Shares jointly with one or more other persons, in order for your proxy appointment to be valid, both Galaxy Shareholders must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the Scheme Meeting.

Proxies of eligible Galaxy Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Replacement proxy forms can be obtained from the Share Registry.

6.3 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 Galaxy 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, Galaxy), 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 Share Registry by 10.00 am (AWST) on 4 August 2021 (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:

(a) by post in the provided reply-paid envelope to the Share Registry at the following address:

Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia

(b) by fax to the Share Registry on:

In Australia: 1800 783 447
From Outside of Australia: +61 3 9473 2555

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by a mobile device.

Attorneys of eligible Galaxy Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, (as previously provided to the Share Registry in accordance with the requirements set out above), their name and address, and the name of their appointors.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Galaxy Shareholder's name and postcode and the SRN/HIN of the holding in order to access the online platform.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

ANNEXURE D - NOTICE OF SCHEME MEETING

6.4 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 Galaxy will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. An appointment form may be obtained from the Share Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30 am to 5.30 pm (AEST) Monday to Friday, excluding public holidays. The certificate of appointment may set out restrictions on the corporate representative's powers. A corporate representative appointment form is available from www.investorcentre.com/au under "Printable Forms".

The appointment form must be received by the Share Registry before 10.00 am (AWST) on 4 August 2021 (or, if the Scheme 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:

by post in the provided reply-paid envelope to the Share Registry at the following address:

(a) Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia

(b) by fax to the Share Registry on:

In Australia: 1800 783 447
From Outside of Australia: +61 3 9473 2555

Please note that an appointment form for appointing body corporate representative cannot be lodged online or by a mobile device.

If an appointment form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed appointment form unless the power of attorney or other authority has previously been noted by the Share Registry.

Corporate representatives of eligible Galaxy Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Galaxy Shareholder's name, postcode and the SRN/HIN of the holding in order to access the online platform.

ANNEXURE D - NOTICE OF SCHEME MEETING

7. JOINTLY HELD SECURITIES

If you hold Galaxy 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 6.2 of this Notice of Scheme Meeting regarding the appointment of a proxy by persons who jointly hold Galaxy Shares.

8. TECHNICAL DIFFICULTIES

Technical difficulties may arise during the course of the Scheme Meeting. The Chairperson has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chairperson will have regard to the number of Galaxy Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. In these circumstances, where the Chairperson considers it appropriate, the Chairperson may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Galaxy Shareholders are encouraged to lodge a proxy by 10.00 am (AWST) on 4 August 2021 even if they plan to attend the Scheme Meeting online.

9. FURTHER INFORMATION FOR GALAXY SHAREHOLDERS

Further information for Galaxy Shareholders is set out in the Scheme Booklet. If you have any questions of a general nature, please contact the Galaxy Shareholder Information Line on 1300 034 153 (within Australia) or +61 3 9415 4875 (outside Australia), between 8.30 am and 5.30 pm (AEST) 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://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

To log in, you must have the following information:

Meeting ID

Meeting ID as provided in the Notice of Meeting.

Australian residents

- > **Username**
(SRN or HIN) and
- > **Password**
(postcode of your registered address).

Overseas Residents

- > **Username**
(SRN or HIN) and
- > **Password** (three-character country code) e.g. New Zealand - NZL; United Kingdom - GBR; United States of America - USA; Canada - CAN.

A full list of country codes is provided at the end of this guide.

Appointed Proxies

To receive your unique username and password, please contact Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

Participating at the meeting

- 1** To participate in the meeting you will be required to enter the unique 9-digit Meeting ID as provided in the Notice of Meeting.



- 2** To proceed into the meeting, you will need to read and accept the Terms & Conditions



Icon descriptions



Voting icon, used to vote. Only visible when the Chair opens the poll.



Home page icon, displays meeting information.



Questions icon, used to ask questions.



The broadcast bar allows you to view and listen to the proceedings.

3 To register as a securityholder, attorney or a corporate representative, select 'Securityholder or Proxy' and enter the SRN or HIN and Postcode or Country Code.



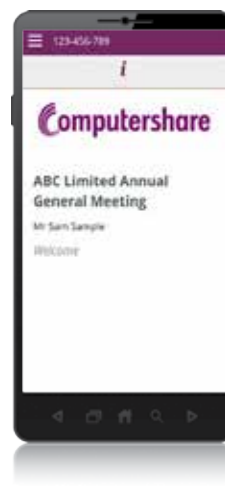
4 To register as a proxyholder, select 'Securityholder or Proxy' and you will need your username and password as provided by Computershare. In the 'SRN or HIN' field enter your username and in the 'Postcode or Country Code' field enter your password.







5 To register as a guest, select 'Guest' and enter your name and email address.



6 Once logged in, you will see the home page, which displays the meeting title and name of the registered securityholder or nominated proxy.




Icon descriptions

-  Voting icon, used to vote. Only visible when the Chair opens the poll.
-  Home page icon, displays meeting information.
-  Questions icon, used to ask questions.
-  The broadcast bar allows you to view and listen to the proceedings.


7 To view the webcast you must tap the broadcast arrow on your screen and press the play button. Toggle between the up and down arrow to switch between screens.



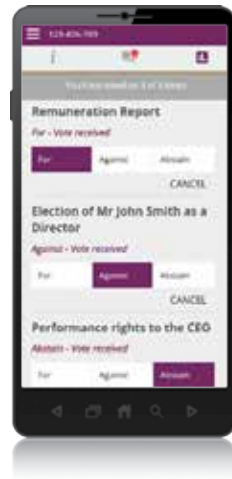
8 To ask a question tap on the question icon , type your question in the chat box at the bottom of the screen and select the send icon. Confirmation that your message has been received will appear.







9 When the Chair declares the poll open:

- > A voting icon  will appear on screen and the meeting resolutions will be displayed
- > To vote, tap one of the voting options. Your response will be highlighted
- > To change your vote, simply press a different option to override

The number of items you have voted on or are yet to vote on, is displayed at the top of the screen. Votes may be changed up to the time the Chair closes the poll.



Icon descriptions

-  Voting icon, used to vote. Only visible when the Chair opens the poll.
-  Home page icon, displays meeting information.
-  Questions icon, used to ask questions.
-  The broadcast bar allows you to view and listen to the proceedings.

For Assistance
If you require assistance before or during the meeting please call +61 3 9415 4024

COUNTRY CODES

Select your country code from the list below and enter it into the 'Postcode or Country Code' field.

ABW ARUBA	DEU GERMANY	KHM CAMBODIA	PRK KOREA DEM PEOPLES	TJK TAJIKISTAN
AFG AFGHANISTAN	DJI DJIBOUTI	KIR KIRIBATI	REPUBLIC OF	TKL TOKELAU
AGO ANGOLA	DMA DOMINICA	KNA ST KITTS AND NEVIS	PRT PORTUGAL	TKM TURKMENISTAN
AIA ANGUILLA	DNK DENMARK	KOR KOREA REPUBLIC OF	PRY PARAGUAY	TLS EAST TIMOR
ALA ALAND ISLANDS	DOM DOMINICAN REPUBLIC	KWT KUWAIT	PSE PALESTINIAN TERRITORY	DEMOCRATIC REP OF
ALB ALBANIA	DZA ALGERIA	LAO LAO PDR	OCCUPIED	TMP EAST TIMOR
AND ANDORRA	ECU ECUADOR	LBN LEBANON	PYF FRENCH POLYNESIA	TON TONGA
ANT NETHERLANDS ANTILLES	EGY EGYPT	LBR LIBERIA	QAT QATARPL NEPAL	TTO TRINIDAD & TOBAGO
ARE UNITED ARAB EMIRATES	ERI ERITREA	LBY LIBYAN ARAB	NRU NAURU	TKM TURKMENISTAN
ARG ARGENTINA	ESH WESTERN SAHARA	JAMAHIRIYA	NZL NEW ZEALAND	TLS EAST TIMOR
ARM ARMENIA	ESP SPAIN	LCA ST LUCIA	OMN OMAN	DEMOCRATIC REP OF
ASM AMERICAN SAMOA	EST ESTONIA	LIE LIECHTENSTEIN	PAK PAKISTAN	TMP EAST TIMOR
ATA ANTARCTICA	ETH ETHIOPIA	LKA SRI LANKA	PAN PANAMA	TON TONGA
ATF FRENCH SOUTHERN TERRITORIES	FIN FINLAND	LSO LESOTHO	PCN PITCAIRN ISLANDS	TTO TRINIDAD & TOBAGO
ATG ANTIGUA AND BARBUDA	FJI FIJI	LTU LITHUANIA	PER PERU	TZA TANZANIA UNITED
AUS AUSTRALIA	FLK FALKLAND ISLANDS (MALVINAS)	LUX LUXEMBOURG	PHL PHILIPPINES	REPUBLIC OF
AUT AUSTRIA	FRA FRANCE	LVA LATVIA	PLW PALAU	UGA UGANDA
AZE AZERBAIJAN	FRO FAROE ISLANDS	MAC MACAO	PNG PAPUA NEW GUINEA	UKR UKRAINE
BDI BURUNDI	FSM MICRONESIA	MAF ST MARTIN	POL POLAND	UMI UNITED STATES MINOR
BEL BELGIUM	GAB GABON	MAR MOROCCO	PRI PUERTO RICO	OUTLYING
BEN BENIN	GBR UNITED KINGDOM	MCO MONACO	PRK KOREA DEM PEOPLES	URY URUGUAY
BFA BURKINA FASO	GEO GEORGIA	MDA MOLDOVA REPUBLIC OF	REPUBLIC OF	USA UNITED STATES OF
BGD BANGLADESH	GGY GUERNSEY	MDG MADAGASCAR	PRT PORTUGAL	AMERICA
BGR BULGARIA	GHA GHANA	MDV MALDIVES	PRY PARAGUAY	UZB UZBEKISTAN
BHR BHRAIN	GIB GIBRALTAR	MEX MEXICO	PSE PALESTINIAN TERRITORY	VAT HOLY SEE (VATICAN CITY
BHS BAHAMAS	GIN GUINEA	MHL MARSHALL ISLANDS	OCCUPIED	STATE)
BIH BOSNIA & HERZEGOVINA	GLP GUADELOUPE	MKD MACEDONIA FORMER YUGOSLAV REP	PYF FRENCH POLYNESIA	VCT ST VINCENT & THE
BLM ST BARTHELEMY	GMB GAMBIA	MLI MALI	QAT QATAR	GRENADINES
BLR BELARUS	GNB GUINEA-BISSAU	MLT MALTA	REU REUNION	VEN VENEZUELA
BLZ BELIZE	GNQ EQUATORIAL GUINEA	MMR MYANMAR	ROU ROMANIA	VGB BRITISH VIRGIN ISLANDS
BMU BERMUDA	GRC GREECE	MNE MONTENEGRO	RUS RUSSIAN FEDERATION	VIR US VIRGIN ISLANDS
BOL BOLIVIA	GRD GRENADA	MNG MONGOLIA	RWA RWANDA	VNM VIETNAM
BRA BRAZIL	GRL GREENLAND	MNP NORTHERN MARIANA ISLANDS	SAU SAUDI ARABIA KINGDOM OF	VUT VANUATU
BRB BARBADOS	GTM GUATEMALA	MOZ MOZAMBIQUE	SCG SERBIA AND MONTENEGRO	WLF WALLIS AND FUTUNA
BRN BRUNEI DARUSSALAM	GUF FRENCH GUIANA	MRT MAURITANIA	SDN SUDAN	WSM SAMOA
BTN BHUTAN	GUM GUAM	MSR MONTERRAT	SEN SENEGAL	YEM YEMEN
BUR BURMA	GUY GUYANA	MTQ MARTINIQUE	SGP SINGAPORE	YMD YEMEN DEMOCRATIC
BVT BOUVET ISLAND	HKG HONG KONG	MUS MAURITIUS	SGS STH GEORGIA & STH SANDWICH ISL	YUG YUGOSLAVIA SOCIALIST
BWA BOTSWANA	HMD HEARD AND MCDONALD ISLANDS	MWI MALAWI	SHN ST HELENA	FED REP
BLR BELARUS	HND HONDURAS	MYS MALAYSIA	SJM SVALBARD & JAN MAYEN	ZAF SOUTH AFRICA
CAF CENTRAL AFRICAN REPUBLIC	HRV CROATIA	MYT MAYOTTE	SLB SOLOMON ISLANDS	ZAR ZAIRE
CAN CANADA	HTI HAITI	NAM NAMIBIA	SLE SIERRA LEONE	ZMB ZAMBIA
CCK COCOS (KEELING) ISLANDS	HUN HUNGARY	NCL NEW CALEDONIA	SLV EL SALVADOR	ZWE ZIMBABWE
CHE SWITZERLAND	IDN INDONESIA	NER NIGER	SMR SAN MARINO	
CHL CHILE	IMN ISLE OF MAN	NFK NORFOLK ISLAND	SOM SOMALIA	
CHN CHINA	IND INDIA	NGA NIGERIA	SPM ST PIERRE AND MIQUELON	
CIV COTE D'IVOIRE	IOT BRITISH INDIAN OCEAN TERRITORY	NIC NICARAGUA	SRB SERBIA	
CMR CAMEROON	IRL IRELAND	NIU NIUE	STP SAO TOME AND PRINCIPE	
COD CONGO DEMOCRATIC REPUBLIC OF	IRN IRAN ISLAMIC REPUBLIC OF	NLD NETHERLANDS	SUR SURINAME	
COG CONGO PEOPLES REPUBLIC OF	IRQ IRAQ	NOR NORWAY	SVK SLOVAKIA	
COK COOK ISLANDS COL	ISL ICELAND	PL NEPAL	SVN SLOVENIA	
COL COLOMBIA	ISM BRITISH ISLES	NRU NAURU	SWE SWEDEN	
COM COMOROS	ISR ISRAEL	NZL NEW ZEALAND	SWZ SWAZILAND	
CPV CAPE VERDE	ITA ITALY	OMN OMAN	SYC SEYCHELLES	
CRI COSTA RICA	JAM JAMAICA	PAK PAKISTAN	SYR SYRIAN ARAB REPUBLIC	
CUB CUBA	JEY JERSEY	PAN PANAMA	TCA TURKS AND CAICOS ISLANDS	
CXR CHRISTMAS ISLAND	JOR JORDAN	PCN PITCAIRN ISLANDS	TCD CHAD	
CYM CAYMAN ISLANDS	JPN JAPAN	PER PERU	TGO TOGO	
CYP CYPRUS	KAZ KAZAKHSTAN	PHL PHILIPPINES	THA THAILAND	
CZE CZECH REPUBLIC	KEN KENYA	PLW PALAU		
	KGZ KYRGYZSTAN	PNG PAPUA NEW GUINEA		
		POL POLAND		
		PRI PUERTO RICO		

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Galaxy Resources Limited

Independent expert's report and
Financial Services Guide

30 June 2021

30 June 2021

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

Financial Services Guide

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) has been engaged by Galaxy Resources Limited (**Galaxy**) to prepare an independent expert's report (our **Report**) in connection with the proposed scheme of arrangement between Galaxy and its shareholders, pursuant to which Orocobre Limited would acquire 100% of the shares in Galaxy (the **Proposed Scheme**). Galaxy will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately AUD 475,000 exclusive of GST in relation to the preparation of our Report. This fee is not contingent on the outcome of the Proposed Scheme.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and

their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

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The following represents a summary of work performed by Deloitte Corporate Finance Pty Limited (and other entities related to Deloitte Touche Tohmatsu) over the past 2 years:

- Preparation of a financial model for Galaxy
- Model review work for Galaxy

The services were unrelated to the Proposed Scheme.

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Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
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www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

30 June 2021

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited

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The Directors
Galaxy Resources Limited
Level 4, 21 Kintail Road
Applecross WA 6153

30 June 2021

Dear Directors

Re: Independent expert's report

Introduction

On 19 April 2021, the directors of Galaxy Resources Limited (**Galaxy** or the **Company**) and Orocobre Limited (**Orocobre**) announced that the companies had entered into a binding Merger Implementation Deed (**MID**). The merger is to be effected by a scheme of arrangement between Galaxy and its shareholders, pursuant to which Orocobre will acquire all of the issued shares in Galaxy (the **Proposed Scheme**).

Under the terms of the Proposed Scheme, Galaxy shareholders will receive 0.569 Orocobre shares in consideration for each Galaxy share held on the record date. Upon completion of the Proposed Scheme, Galaxy will become a wholly owned subsidiary of Orocobre and will be delisted from the Australian Securities Exchange (**ASX**). Orocobre shareholders will own 54.3% of the fully diluted share capital of the merged entity (the **Proposed Merged Entity**) while Galaxy shareholders will own the remaining 45.7%.

The directors of Galaxy have prepared a scheme booklet containing the detailed terms of the Proposed Scheme (the **Scheme Booklet**). An overview of the Proposed Scheme is set out in Section 1 of our detailed report.

Our fieldwork was completed by 8 June 2021. We are not aware of any subsequent events that would change our conclusion, and Galaxy and Orocobre management have confirmed that they are not aware of any subsequent events that would have an impact on our work.

Purpose of the report

Section 411 of the Corporation Act 2001 (**Section 411**) regulates schemes of arrangement between companies and their shareholders. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth) (**Part 3**) prescribes the information to be provided to shareholders in relation to schemes of arrangement.

Whilst an independent expert's report in respect of the Proposed Scheme is not required to meet any statutory obligations, the directors of Galaxy (the **Directors**) have requested that Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) provide an independent expert's report advising whether or not, in our opinion, the Proposed Scheme is in the best interests of the shareholders of Galaxy (the **Shareholders**).

This independent expert's report has been prepared in a manner consistent with Part 3 to assist Shareholders in their consideration of the Proposed Scheme. We have prepared this report having regard to Part 3, Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in the Scheme Booklet to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Scheme. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Galaxy, in respect of this report, including any errors or omissions however caused.

Basis of evaluation

Guidance

In preparing this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of independent expert's reports and ASIC Regulatory Guide 112 in respect of the independence of experts.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid or to effect a merger of entities of equivalent value. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions. ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of Section 611 of the Corporations Act 2001 (Cth), a selective capital reduction or selective buy back under Chapter 2J.

In order to assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the test of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. In a control transaction, this comparison is usually made assuming 100% ownership of the target company, however, paragraph 31 of ASIC Regulatory Guide 111 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'".

We consider the Proposed Scheme is in substance a "merger of equals" rather than a takeover, based on the following factors:

- the proposed merger ratio: the post-merger ownership ratio of 45.7%/54.3% between Galaxy and Orocobre shareholders
- similarity and size of businesses: both Galaxy and Orocobre operate in the lithium production and exploration sectors each with a portfolio of assets which is similar in scale. Both companies were constituents of the ASX 300 at the Proposed Scheme announcement date
- board and management representation: upon implementation of the Proposed Scheme, the directors of the Proposed Merged Entity will comprise four non-executive directors from each of Galaxy and Orocobre and the Chief Executive Officer of Orocobre, Mr Martin Pérez de Solay. Mr Martin Rowley, the Chairman of the Galaxy board, will become Non-Executive Chairman, while Mr Robert Hubbard, the Chairman of the Orocobre board, will become Deputy Chairman. Mr Rowley and Mr Hubbard have agreed to retire from their positions within 12 months of implementation of the Proposed Scheme.

We have therefore assessed whether the Proposed Scheme is fair by assessing whether the offer price, being 0.569 shares in the Proposed Merged Entity, is greater than or equal to the fair market value of a share in Galaxy. For the purpose of our analysis, the value of shares in Galaxy and the Proposed Merged Entity have been assessed on a control basis, which we consider is consistent with ASIC Regulatory Guide 111 guidance on the treatment of a “merger of equals”.

Reasonableness

ASIC Regulatory Guide 111 considers an offer, in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, securityholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Scheme we considered the following significant factors in addition to determining whether the Proposed Scheme is fair:

- whether the Proposed Scheme would be fair if a shareholder viewed it as a takeover offer instead of a “merger of equals”. In this case, the value of a Galaxy share would reflect a control value while the value of the shares in the Proposed Merged Entity would be assessed on a minority interest basis
- we also compared the Galaxy share price pre-announcement of the Proposed Scheme to 0.569 of a share in the Proposed Merged Entity using post announcement share prices of Orocobre
- any synergies or other benefits available to Shareholders under the Proposed Scheme
- the likely market price of Galaxy shares in the absence of the Proposed Scheme.

Definition of value

For the purpose of our opinion, we have referred to the concept of fair market value which is defined as the amount at which the shares in the entities valued would be expected to change hands 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.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuations have not been premised on the existence of a special purchaser.

Summary and conclusion

In our opinion the Proposed Scheme is in the best interests of Galaxy Shareholders. In arriving at this opinion, we have had regard to the following factors.

The Proposed Scheme is fair

We have assessed whether the Proposed Scheme is fair by comparing the fair market value of a share in Galaxy on a control basis with the fair market value of the consideration on a control basis.

Set out in the table below is a comparison of our assessment of the fair market value of a Galaxy share with the consideration offered by Orocobre.

Table 1: Comparison of a Galaxy share to consideration offered by Orocobre

	Low (AUD)	High (AUD)
Estimated fair market value of a Galaxy share (Section 7) – control basis	3.20	3.80
Estimated fair market value of consideration offered (Section 8) – control basis	3.53	4.21

Source: Deloitte Corporate Finance analysis

The consideration (on a control basis) offered by Orocobre overlaps the upper of the range of our estimate of the fair market value of a Galaxy share. This supports our analysis of the Proposed Scheme as a merger of equals. It is our opinion that the Proposed Scheme is fair.

Based on our valuation analysis, the impact of lithium price movements is more pronounced on the value of a share in Galaxy than it is for a share in the Proposed Merged Entity. For example, a +/-10% change in the forecast lithium price results in a change of approximately 21%/-23% to the value of a share in Galaxy compared to a 14%/-17% change to the value of a share in the Proposed Merged Entity. Consequently, in a higher lithium price environment than we have assumed, we expect that the value of a share in Galaxy would likely increase by more than the value of a share in the Proposed Merged Entity. Shareholders accepting the Proposed Scheme may therefore be forgoing upside value. Conversely, if lithium prices were to decline, the decrease in the value of a share in Galaxy would be greater than for a share in the Proposed Merged Entity. In this situation, accepting the Proposed Scheme provides Shareholders some downside value protection from falling lithium prices.

On 2 June 2021, a bill was passed in the Argentinian Senate to increase the top Argentinian corporate tax rate to 35%. This corporate tax rate had previously been expected to reduce from 30% to 25% with effect from 2021. This change had a material impact on our estimated value of a share in both Galaxy and the Proposed Merged Entity. It is not clear to us the extent to which this change is reflected in the current share prices of either Galaxy or Orocobre at the date of this report.

Valuation of Galaxy

We have estimated the fair market value of Galaxy by applying the sum of the parts methodology. Mt Cattlin, Sal de Vida, James Bay and corporate costs have been valued using a discounted cash flow method, which estimates the value of Galaxy by discounting its estimated future cash flows to their present value.

The discounted cash flow method requires the determination of an appropriate discount rate and the projection of future cash flows. We selected the following nominal after tax discount rates to discount the estimated future cash flows of Galaxy's operating and development projects to their present value:

- a discount rate in the range of 9.5% to 10.5% for the Mt Cattlin project
- a discount rate in the range of 12.0% to 13.0% for the James Bay project
- a discount rate in the range of 13.0% to 14.5% for the Sal de Vida project.

A consolidated financial model prepared by the management of Galaxy formed the basis of our valuation of the operating and development projects. We have undertaken sufficient work to assess whether the financial projections and the underlying model are suitable for the purposes of assessing the Proposed Scheme in accordance with ASIC Regulatory Guide 111.

We engaged Behre Dolbear Australia Pty Ltd (**BDA**), an independent mining expert, to provide advice on the assumptions included in the future cash flows of the operating and development projects of Galaxy and Orocobre. BDA also provided an assessment of the value of the early stage development and exploration assets of Galaxy and Orocobre, as well as the value of any residual resources not reflected in the discounted cash flow analyses. BDA's approach has been to estimate the market value of the exploration potential, primarily using transaction multiples and other exploration valuation approaches where relevant.

Our valuation has had regard to the funding requirements for the development projects of Galaxy. As discussed in Section 2.3, Galaxy is able to fund its development projects through cash on hand, undrawn debt facilities, extension of existing debt facilities and operating cash flows. We have therefore dealt with funding requirements through our selection of gearing and specific risk premium inputs applied in our discount rates for each of the development projects. This also applies to our valuation of the Proposed Merged Entity.

The estimated value of a share in Galaxy is set out in the table below.

Table 2: Galaxy valuation summary

	Ref	Unit	Low	High
Mt Cattlin - selected enterprise value	7.2.1	USD million	80.0	85.0
James Bay - selected enterprise value	7.2.1	USD million	260.0	300.0
Sal de Vida - selected enterprise value	7.2.1	USD million	750.0	950.0
Corporate entity	7.2.1	USD million	(70.0)	(80.0)
Surplus assets/liabilities	7.2.3	USD million	9.7	9.7
Exploration and early stage development assets	7.2.2	USD million	7.6	11.9
Total enterprise value of Galaxy		USD million	1,037.3	1,276.6
Add: Net cash	7.2.4	USD million	203.0	203.0
Equity value		USD million	1,240.3	1,479.6
Shares on issue plus unlisted performance rights ¹	2.5	#	514,070,077	514,070,077
Value per share (USD)	7.2.5	USD	2.41	2.88
Spot AUD:USD FX rate on 28 June 2021			0.76	0.76
Value per share (AUD)	7.2.5	AUD	3.19	3.80
Deloitte assessed value of a Galaxy share on a control basis (AUD)	7.2.5	AUD	3.20	3.80

Source: Deloitte Corporate Finance analysis

Note:

- As at 29 June 2021, 505,669,628 shares on issue plus assumed conversion of all 9,511,647 performance rights less 1,111,198 shares held in the Galaxy share trust
- Figures in the table above are subject to rounding

The value of Galaxy's operating and development projects is highly sensitive to the discount rates, lithium prices, and operating and capital cost assumptions assumed in the discounted cash flow valuation. The value of the operating and development projects of Galaxy derived applying higher and lower discount rates, lithium prices and operating cost and capital cost assumptions is summarised in Section 7.2.1.

We have cross checked our valuation in Sections 7.3 and 7.4 with reference to resource multiples implied by our valuation of a Galaxy share.

Valuation of the Proposed Merged Entity

We have estimated the fair market value of the Proposed Merged Entity by applying the sum of the parts methodology. We have valued the operating and development projects as well as corporate costs using the discounted cash flow method.

We selected the following nominal after tax discount rates to discount the estimated future cash flows of the Proposed Merged Entity's operating and development projects to their present value:

- a discount rate in the range of 9.5% to 10.5% for the Mt Cattlin project
- a discount rate in the range of 12.0% to 13.0% for the James Bay project
- a discount rate in the range of 13.0% to 14.5% for the Sal de Vida project
- a discount rate in the range of 12.5% to 14.0% for the Olaroz project
- a discount rate in the range of 8.0% to 8.5% for the Naraha Lithium Hydroxide Plant
- a discount rate in the range of 13.5% to 15.5% for the Borax project.

USD denominated financial models prepared by the management of Galaxy and Orocobre formed the basis of our valuation of the operating and development projects of the Proposed Merged Entity under the discounted cash flow method. We have undertaken sufficient work to assess whether the financial projections and the underlying models are suitable for the purposes of assessing the fairness and reasonableness of the Proposed Scheme in accordance with ASIC Regulatory Guide 111. This included the appointment of the technical expert, BDA, to provide advice on the reasonableness of the assumptions underlying the discounted cash flow models.

Table 3: Proposed Merged Entity valuation summary

	Ref	Unit	Low	High
Olaroz	8.2.1	USD million	876.2	1,009.2
Naraha	8.2.1	USD million	167.5	182.5
Borax	8.2.1	USD million	15.0	20.0
Mt Cattlin	7.2.1	USD million	80.0	85.0
James Bay	7.2.1	USD million	260.0	300.0
Sal de Vida	8.2.1	USD million	800.0	1,000.0
Corporate entity	8.2.1	USD million	(70.0)	(75.0)
Total		USD million	2,128.7	2,521.7
Surplus assets/liabilities	8.2.3	USD million	11.2	11.2
Exploration and early stage development assets	8.2.2	USD million	406.5	610.3
Total enterprise value of the Proposed Merged Entity		USD million	2,546.3	3,143.1
Add: net cash	8.2.5	USD million	445.3	445.3
Total equity value of the Proposed Merged Entity (USD)		USD million	2,991.6	3,588.4
Notional shares on issue including performance rights	4.4	#	640,187,492	640,187,492
Value per share of the Proposed Merged Entity	8.2.6	USD	4.67	5.60
Spot AUD:USD FX rate			0.76	0.76
Value per share of the Proposed Merged Entity	8.2.6	AUD	6.17	7.40
Deloitte assessed value of a Proposed Merged Entity share on a control basis	8.2.6	AUD	6.20	7.40

Source: Deloitte Corporate Finance analysis

Note:

1. Figures in the table above are subject to rounding

The value of the Proposed Merged Entity's operating and development projects is highly sensitive to the discount rates, lithium prices, and operating and capital cost assumptions assumed in the discounted cash flow valuations. The value of the Proposed Merged Entity's operating and development projects derived applying higher and lower discount rates, lithium prices and operating cost and capital cost assumptions is summarised in Section 8.2.1.

We have cross checked our valuation in Section 8.3 with reference to the resource multiples implied by our valuation of a share in the Proposed Merged Entity.

Valuation of consideration

We have valued the consideration offered to Shareholders under the Proposed Scheme to be in the range of AUD 3.53 to AUD 4.21, as set out in the table below.

Table 4: Valuation of consideration summary

	Unit	Low	High
Deloitte assessed value of a share in the Proposed Merged Entity	AUD	6.20	7.40
Number of Orocobre shares for each Galaxy share	shares	0.569	0.569
Deloitte assessed value of 0.569 shares in the Proposed Merged Entity	AUD	3.53	4.21

Source: Deloitte Corporate Finance analysis

The Proposed Scheme is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We also present the following considerations in relation to reasonableness.

Alternative analysis to merger of equals

We have assessed the fairness of the Proposed Scheme by comparing the fair market value of a share in Galaxy with the consideration, being 0.569 shares in the Proposed Merged Entity. In our analysis, both shares have been assessed on the same basis, a control basis, which we consider appropriate when assessing a "merger of equals".

If a shareholder viewed the Proposed Scheme as a takeover offer instead of a merger of equals, an alternative analysis, where the shares in the Proposed Merged Entity are valued on a minority basis, may be more appropriate.

We have therefore compared the fair market value of a share in Galaxy on a control basis, with the estimated value of the consideration on a minority interest basis. Under this approach, we have assessed the value of a share in Galaxy using the sum of the parts methodology, discussed above, and compared it with the share price of the Proposed Merged Entity, based on share trading in Orocobre shares after the announcement of the Proposed Scheme.

Table 5: Alternative analysis to merger of equals

	Low (AUD)	High (AUD)
Estimated fair market value of a Galaxy share (Section 7.2.5) – control basis	3.20	3.80
Estimated consideration offered (Section 8.4) - minority interest basis ^{1,2}	3.47	3.81

Source: Deloitte Corporate Finance analysis

Note:

1. Selected based on a range around the VWAP following the announcement of the Proposed Scheme
2. Based on 0.569 share in the Proposed Merged Entity

This analysis indicates that the Proposed Scheme is likely to be considered fair even if a Shareholder viewed it as a takeover offer rather than a merger of equals.

Share trading analysis

We have also compared the pre-announcement trading of a share in Galaxy (on a minority interest basis), with the estimated value of the consideration on a minority interest basis. Under this approach, we have compared the share prices of Galaxy and the Proposed Merged Entity, by considering trading in Galaxy shares pre-announcement and Orocobre shares post-announcement of the Proposed Scheme.

Table 6: Share trading analysis

	Low (AUD)	High (AUD)
Pre-announcement trading of a Galaxy share – minority interest basis ¹	2.99	3.61
Estimated fair market value of consideration offered – minority interest basis ^{2,3}	3.47	3.81
Implied premium	16%	6%

Source: Deloitte Corporate Finance analysis

Note:

1. Range formed from 30 day VWAP pre-announcement of Proposed Scheme (Low) and the closing price on the last trading day prior to announcement of the Proposed Scheme (High)
2. Selected based on a range around the VWAP following the announcement of Proposed Scheme
3. Based on 0.569 share in the Proposed Merged Entity

This analysis indicates that Shareholders are receiving a premium in the range of 6% to 16% to the Galaxy share price prior to the announcement of the Proposed Scheme.

The Proposed Merged Entity will have increased scale and be more diversified

The Proposed Merged Entity is expected to become the fifth largest global lithium chemical company¹ with a market capitalisation substantially greater than Galaxy on a standalone basis. The increased market capitalisation and enlarged shareholder base may attract greater analyst coverage and has, post announcement, led to the inclusion of Orocobre (the Proposed Merged Entity) in the ASX 200 Index (up from Galaxy's position in the ASX 300). This may lead to an increase in demand for shares, particularly from index-linked funds.

The Proposed Merged Entity may also have improved access to capital, possibly on more attractive terms, compared with funding currently available to Galaxy on a standalone basis. The Proposed Merged Entity has a secondary listing on the TSX which gives greater access to North American investors than Galaxy has currently.

The increased scale of the Proposed Merged Entity may also provide greater bargaining power in relation to purchasing consumables and the potential to negotiate global supply contracts with larger customers.

Upon implementation of the Proposed Scheme, the Proposed Merged Entity will be more diversified than Galaxy. By having multiple projects at different stages of development, development expenditure can be phased more easily and Galaxy shareholders gain exposure to a longer-lived operating project (Olaroz). In the Proposed Merged Entity, development of Sal de Vida is expected occur faster and entry into the downstream supply chain for James Bay becomes more achievable than for Galaxy on a standalone basis.

Potential synergies are expected to arise from the merger. Aside from corporate overhead savings, Galaxy and Orocobre management have not yet modelled the financial impact of all of the potential synergies. However, they have provided sufficient information for us to illustratively model the accelerated development of the Sal de Vida project. Consequently, we have not been able to fully quantify all potential synergies and therefore further upside potential to the value of the Proposed Merged Entity is possible.

In the absence of the Proposed Scheme Galaxy shares may trade below current levels

In the absence of the Proposed Scheme or an alternative transaction, shares in Galaxy may trade below the prices achieved since the announcement of the Proposed Scheme. In those circumstances, we would expect shares in Galaxy to trade at a price consistent with our valuation of a share in Galaxy, after adjusting our control value for an appropriate minority interest discount.

Diluted participation in the future growth of the Galaxy portfolio

Following implementation of the Proposed Scheme, the Shareholders in Galaxy will hold approximately 45.7% of the total issued shares in the Proposed Merged Entity. Shareholders will have their exposure to the potential upside from Galaxy's asset portfolio significantly diluted, as that upside will be shared by all shareholders in the Proposed Merged Entity.

¹ Orocobre and Galaxy merger announcement dated 19 April 2021

This dilution will be mitigated to the extent that Shareholders will participate in any upside attributable to the Orocobre asset portfolio, which contributes a substantial resources base and a number of future development prospects to the Proposed Merged Entity.

Conclusion on reasonableness

As the Proposed Scheme is fair, it is also reasonable.

Opinion

In our opinion, the Proposed Scheme is fair and reasonable to Shareholders and is therefore in the best interests of Shareholders.

An individual shareholder's decision in relation to the Proposed Scheme (including any taxation implications) may be influenced by their particular circumstances. If in doubt the shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



Nicki Ivory

Authorised Representative
AR Number: 461005



Stephen Reid

Authorised Representative
AR Number: 461011

Glossary

Reference	Definition
ARS	Argentinian pesos
ASA	Auditing Standard
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUASB	Auditing and Assurance Standards Board
AUD	Australian dollars
β	Beta
bcm	Bank cubic metres
BDA	Behre Dolbear Australia Pty Ltd
BMI	Benchmark Market Intelligence
bps	Basis points
CAGR	Compound annual growth rate
CAPM	Capital Asset Pricing Model
CND	Canadian dollars
Company	Galaxy Resources Limited
Deloitte	Deloitte Touche Tohmatsu
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors	Directors of Galaxy
dmt	Dry metric tonnes
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental Impact Assessment
EMRP	Equity Market Risk Premium
ESIA	Environmental and Social Impact Assessment
EV	Electric Vehicle
FEED	Front-End Engineering Design
FY	Financial year
Galaxy	Galaxy Resources Limited
GWh	Global gigawatt hours
IAP	Incentive Award Plan
IBIS	IBIS World Pty Limited
ICE	Internal combustion engine
JEMSE	Jujuy Energia y Minería Sociedad del Estado
Kd	Cost of debt
Ke	Cost of equity capital
ktpa	Kilotonnes per annum

Reference	Definition
LCE	Lithium Carbonate Equivalent
LFP	Lithium iron phosphate
Li ₂ CO ₃	Lithium carbonate
Li ₂ O	Lithium oxide
LiOH	Lithium hydroxide
LME	London Metals Exchange
LOM	Life of mine
MID	Merger Implementation Deed
MSCI Index	Morgan Stanley Capital International World Index
Mt	Million tonnes
NCA	Nickel cobalt aluminium oxide
NCM	Nickel manganese cobalt oxide
NPAT	Net profit after tax
NTA	Net tangible assets
Orocobre	Orocobre Limited
PEA	Preliminary Economic Assessment
PFS	Pre-feasibility study
PP&E	Property, Plant and Equipment
ppm	Parts per million
Rf	Risk free rate of return
Rights	Performance rights
Rm	Expected return on the market portfolio
ROM	Run of mine
Roskill	Roskill Information Services Limited
RoU	Right of Use
SDJ PTE	Sales de Jujuy Pte Ltd
Section 411	Section 411 of the Corporation Act 2001
Shareholders	Existing holders of Galaxy shares
TLP	Toyotsu Lithium Pte Ltd
TTC	Toyota Tsusho Corporation
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

Contents

1. Overview of the Proposed Scheme	14
2. Profile of Galaxy	15
3. Profile of Orocobre	26
4. Profile of the Proposed Merged Entity	38
5. Valuation approach	44
6. Future cash flows	46
7. Valuation of Galaxy	57
8. Valuation of the Proposed Merged Entity	68
Appendix 1: Context to the report	82
Appendix 2: Valuation methodologies	85
Appendix 3: Lithium industry	87
Appendix 4: Discount rate	96
Appendix 5: Technical expert's report	106

1. Overview of the Proposed Scheme

1.1 Summary

On 19 April 2021, the directors of Galaxy and Orocobre announced that the companies had entered into a binding MID. The transaction is to be effected by a scheme of arrangement between Galaxy and its shareholders, pursuant to which Orocobre will acquire all of the issued shares in Galaxy.

Under the Proposed Scheme, Galaxy shareholders will receive 0.569 Orocobre shares in consideration for each Galaxy share held on the record date. Upon completion of the Proposed Scheme, Galaxy will become a wholly owned subsidiary of Orocobre and will be delisted from the ASX. Orocobre shareholders will own 54.3% of the fully diluted share capital of the Proposed Merged Entity while Galaxy shareholders will own the remaining 45.7%.

Galaxy Chairman, Mr Martin Rowley will become the Non-Executive Chairman, Orocobre Chairman, Mr Robert Hubbard will become the Deputy Chairman, Orocobre Managing Director and CEO, Mr Martín Pérez de Solay will remain Managing Director and CEO of the Proposed Merged Entity and Galaxy CEO, Mr Simon Hay will become President of International Business, reporting to the Managing Director and CEO.

Upon implementation of the Proposed Scheme, the Directors will comprise four non-executive directors from Orocobre (including Mr Hubbard), four non-executive directors from Galaxy (including Mr Rowley), and, Mr Pérez de Solay as Managing Director. It is agreed that both Mr Rowley and Mr Hubbard will retire from their roles within 12 months of implementation.

The head office of the Proposed Merged Entity will be in Buenos Aires, Argentina, with additional corporate offices in Brisbane, Queensland and in Perth, Western Australia.

Full details of the Proposed Scheme are provided in Section 3 of the Scheme Booklet.

1.2 Key conditions of the Proposed Scheme

The Proposed Scheme is subject to various conditions, the most significant being:

- Galaxy shareholder approval
- Australian court approval
- the Independent Expert concluding that the Proposed Scheme is in the best interests of Galaxy shareholders and not changing, withdrawing or qualifying that conclusion prior to the approval of the Proposed Scheme
- no material adverse effect or prescribed event (as defined in the MID) occurring in relation to either Orocobre or Galaxy (as applicable); and
- other conditions customary for a transaction of this nature.

The MID includes reciprocal exclusivity arrangements (including “no shop”, “no talk” and “no due diligence” restrictions and notification obligations), a matching right regime in favour of Orocobre and break fees in favour of both parties. The exclusivity arrangements are subject to customary exceptions that enable the directors of Galaxy and Orocobre to comply with their respective fiduciary and/or statutory duties.

Full details of the terms and conditions are set out in the MID, a summary of which is set out in Annexure A of the Scheme Booklet.

1.3 Rationale for the Proposed Scheme

A detailed discussion of the rationale for the Proposed Scheme has been prepared by Galaxy and is included in Section 7.1 of the Scheme Booklet.

2. Profile of Galaxy

2.1 Galaxy overview

The Company was incorporated in 1996 and listed on the ASX in February 2007. Headquartered in Perth, Australia, Galaxy is engaged in operating and developing lithium projects in Australia, Canada and Argentina.

The major assets of Galaxy include:

- **Mt Cattlin (Western Australia):** an operating hard rock spodumene mine and concentrator which produces lithium concentrate
- **James Bay (Quebec, Canada):** a feasibility stage hard rock spodumene deposit
- **Sal de Vida (Salar del Hombre Muerto, Argentina):** a development stage lithium brine deposit

Figure 1: Galaxy asset locations by country



Source: Galaxy

2.2 Overview of the major assets of Galaxy

2.2.1 Mt Cattlin

The Mt Cattlin spodumene project is wholly-owned and located two kilometres (**km**) north of Ravensthorpe in Western Australia. This project is an operating hard rock mine and concentrator which produces lithium concentrate.

Lithium concentrate produced at Mt Cattlin is exported to Asian markets through the Port of Esperance. Offtake agreements in place with a number of major customers are expected to account for production for the entire life of mine (**LOM**).

As a result of deteriorating market conditions throughout 2019 and 2020, the operations at Mt Cattlin were scaled back by approximately 50% to reduce inventory and costs in a low lithium price environment. As a consequence of increased market demand from late 2020 through to early 2021, production at Mt Cattlin was ramped up in February and March 2021 and as of April 2021 the project is now operating at full capacity.

Mt Cattlin's 2NE pit will be the main source of ore in 2021. Mining at the 2NE pit is expected to continue for 15 months. The 2NW pit (with a LOM of 3.8 years) provides the remaining ore for the life of the Mt Cattlin project and is expected to commence mining pre-stripping in Q3 2021. As a result, Galaxy aims to mine between 5.4 million to 5.9 million bank cubic metres (**bcm**) from Mt Cattlin during 2021.

Mt Cattlin's processing plant is designed to process the run-of-mine (**ROM**) material and recovers a spodumene concentrate grading of circa 5.7% to 5.9% lithium oxide (**Li₂O**).

Galaxy announced on 3 June 2021 that Mt Cattlin had an Ore Reserve of 8.0 million tonnes (**Mt**) at 1.0% Li₂O and a Mineral Resource of 11.0 Mt at 1.2% Li₂O (certified on 31 March 2021).

2.2.2 James Bay

The James Bay project is a wholly owned hard rock spodumene project located in northern Quebec, Canada, approximately 130 km east of James Bay.

A Preliminary Economic Assessment (**PEA**) was completed in March 2021 and further engineering studies have commenced, with Environmental and Social Impact Assessment (**ESIA**) and regulatory approvals required before the project can achieve a "construction ready status", which is expected by the end of 2021.

James Bay is expected to produce 330 kilotonnes per annum (**ktpa**) of spodumene, with a product grade target of 5.6% Li₂O over a LOM of 18.3 years. The mine is expected to require low waste stripping in initial years, gradually increasing later in the mine life, with an average LOM strip ratio of 3.7:1.

Due to broad similarities in the geology, Galaxy management expects to leverage its expertise from the Mt Cattlin project in the development of James Bay. This project is expected to have a similar process design and flowsheet as employed at Mt Cattlin, which is expected to lower project risk. Relative to its regional peers (including Piedmont Lithium's North Carolina's Project, Nemaska Lithium's Whabouchi mine in Quebec, Sayona Mining's Authier Project in Quebec and Critical Elements' Rose Project²), James Bay is expected to have lower operational costs and a lower capital expenditure requirement of USD 244 million and has a relatively high resource grade of 1.4% Li₂O.

James Bay is serviced by key infrastructure, with Hydro-Quebec Power providing low cost, renewable energy for the project. The Billy Diamond Highway (a major highway) will allow haulage trucking between the project site and the town of Matagami from where products can then be transported by rail to a port in Trois-Rivières. A public airport is also located in Eastmain, 130 kilometres from James Bay.

Quebec is an attractive investment destination for lithium production due to its supportive resource development sector, access to skilled labour and its proximity to the emerging European and North American electric vehicle markets, in addition to a free trade agreement in place with the USA and the European Union. The Quebec government has also indicated a commitment to reducing its carbon emissions and increasing accessibility to battery metals to reach its 2030 plan for a green economy.

Figure 2: Infrastructure supporting James Bay



Source: ASX announcement (released 9 March 2021): Corporate Presentation – James Bay Development Plan

² Galaxy Resources – James Bay Development Plan Corporate Presentation – 9 March 2021

The current estimated Mineral Resource (which was certified by SRK Consulting Canada Inc in December 2017) is 40.3 Mt at 1.40% Li₂O. James Bay has no certified reserves though management expect reserves to be declared later in 2021.

2.2.3 Sal de Vida

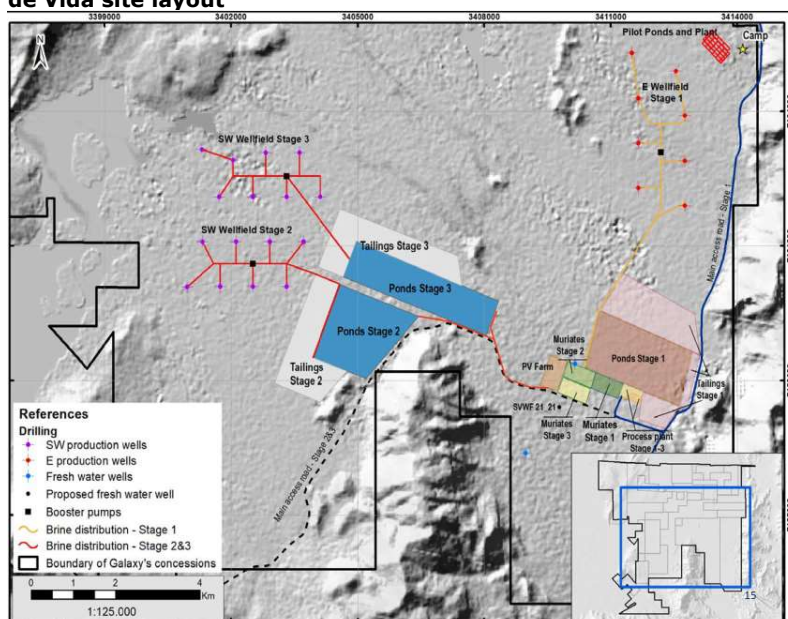
The Sal de Vida Project is a wholly owned lithium brine deposit located in Catamarca Province on the Salar del Hombre Muerto, Argentina, approximately 1,400 km northwest of Buenos Aires. The Sal de Vida project lies within the "lithium triangle", a region rich in lithium reserves around the borders of Argentina, Bolivia, and Chile.

Sal de Vida is being developed using a staged approach to reduce project risk, which also allows cash flow from stage 1 to fund stages 2 and 3. The Front-End Engineering Design (**FEED**) phase for stage 1 has been completed, which has indicated the project could become a highly profitable brine operation with low capital intensity and operating costs. The Sal de Vida Project is targeting commissioning in late 2022.

Major permits are in place for the current phase of work and the Environmental and Social Impact Assessment (**EIA**) was submitted in Q1 2021, updated for the staged approach. Throughout 2021, construction and filling of ponds is expected and battery grade testing and offtake discussions are planned with prospective customers.

Stage 2 and stage 3 pre-feasibility level engineering (**PFS**) have been completed in parallel to the stage 1 FEED study. The processing plant for stage 2 and stage 3 is to be located at the same site as stage 1 and is expected to provide efficiencies from continuity of personnel and processes as well as engineering efficiencies from stage 1.

Figure 3: Sal de Vida site layout



Source: ASX announcement (released 14 April 2021): Corporate Presentation – Sal de Vida Development Plan

The project is serviced by infrastructure including roads, rail, air, and multiple seaports in Argentina and Chile.

Sal de Vida stage 1 is expected to produce one of the highest global-grade lithium brines, at 754 parts per million (**ppm**) of lithium. Galaxy announced on 14 April 2021 that assessment of hydrogeological data from the drilling of two production wells has led to an increase in reserves and resources of 13% and 27%, respectively, compared to previous estimates. Samples from these two wells averaged 933 ppm of lithium.

It is expected that initial production at stage 1 will produce circa 10.7 ktpa of battery grade lithium carbonate, with stage 2 and stage 3 both expected to also produce circa 10.7 ktpa of lithium carbonate, enabling total production from the Sal de Vida Project of approximately 32 ktpa. Sal de Vida is targeting production of 80% battery grade, 10% technical grade and 10% primary grade lithium, with the high grade lithium carbonate giving access to top tier value chains and enabling higher margins.

The current reserve and resource estimates for Sal de Vida (certified on 14 April 2021) include a brine reserve estimate of 1.3 Mt LCE and a brine resource estimate of 6.2 Mt LCE.

2.3 Funding

In the absence of the Proposed Merger, Galaxy had expected to fund its future capital requirements for the development projects through cash on hand, future earnings from the staged development of the projects and external debt finance. We have set out below the broad funding requirements for each of the major assets of Galaxy.

James Bay:

Total development capital expenditure for James Bay is expected to be approximately USD 244 million. It was intended that this expenditure would be funded by cash on hand, future cash flow from Mt Cattlin and debt finance.

Galaxy plans to integrate the James Bay project with a downstream lithium producer. Discussions are currently underway with a number of potential downstream and offtake partners. There is also potential for downstream facilities to be partly funded by the Quebec provincial government.

Sal de Vida:

Total development capital expenditure for Sal de Vida stage 1 is expected to be approximately USD 153 million. Stage 1 is expected to be funded by cash on hand, future earnings from Mt Cattlin and debt finance.

It is expected that expected cash flow from stage 1 will partially fund stage 2 and stage 3, with additional funding coming from future cash flow from Mt Cattlin.

2.4 Reserves and resources

The following tables summarise the current total attributable reserves and resources of Galaxy which conform with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code).

Table 7: Mt Cattlin reserve summary

Category		Tonnage Mt	Grade % Li ₂ O	Grade ppm Ta ₂ O ₅	Contained metal ('000) t Li ₂ O	Contained metal (lbs) Ta ₂ O ₅
Mt Cattlin						
Proven	In-situ	0.3	1.36	198	4.1	131,000
Probable	In-situ	4.7	1.19	146	55.9	1,512,000
	Stockpiles	3.0	0.80	122	24.0	807,000
Total		8.0	1.04	139	84.0	2,449,000

Source: ASX announcement (3 June 2021) - Mt Cattlin Resource and Reserve update

Notes:

- values may not add due to rounding
- reserves summary has also been included for tantalum oxide by-product

Table 8: Mt Cattlin and James Bay resource summary

Category		Tonnage Mt	Grade % Li ₂ O	Grade ppm Ta ₂ O ₅	Contained metal ('000) t Li ₂ O	Contained metal (lbs) Ta ₂ O ₅
Mt Cattlin						
Measured	In-situ	0.3	1.60	236	4.8	156,000
Indicated	In-situ	4.8	1.39	170	66.7	1,798,000
	Stockpiles	3.0	0.80	122	24.0	807,000
Inferred	In-situ	2.9	1.25	143	36.3	913,000
Total		11.0	1.20	151	131.8	3,674,000

James Bay

Indicated	In-situ	40.3	1.4	n/a	564.2	n/a
Total		40.3	1.4		564.2	

Sources: ASX announcement (3 June 2021) - Mt Cattlin Resource and Reserve update, ASX announcement (9 March 2021) - Corporate Presentation - James Bay Development Plan

Notes:

- n/a = not applicable
- values may not add due to rounding
- resources summary has also been included for tantalum oxide by-product

Table 9: Sal de Vida reserve summary

Brine Reserve Category	Wellfield	Time Period (Years)	Li Total Mass (Tonnes)	Li ₂ CO ₃ Equivalent (tonnes)
Sal de Vida				
Proven	East	1 to 6	11,892	63,297
Proven	Southwest (South)	3 to 8	12,344	65,707
Proven	Southwest (North)	5 to 10	12,323	65,591
Total Proven		1 to 10	36,559	194,595
Probable	East	7 to 40	65,554	348,927
Probable	Southwest (South)	9 to 42	69,533	370,108
Probable	Southwest (North)	11 to 44	70,752	376,599
Total Probable		7 to 44	205,839	1,095,635
Total		44 years	242,397	1,290,229

Source: ASX announcement (14 April 2021) – Sal de Vida Resource and Reserve update

1. values may not add due to rounding

Table 10: Sal de Vida resource summary

	Brine Volume (m ³)	Ave. Li (mg/L)	In situ Li (tonnes)	Li ₂ CO ₃ Equivalent (tonnes)
Sal de Vida				
Measured	4.9 x 10 ⁸	759	369,000	1,964,000
Indicated	6.8 x 10 ⁸	717	485,000	2,583,000
Inferred	3.9 x 10 ⁸	811	316,000	1,684,000
Total	1.6 x 10⁹	754	1,170,000	6,230,000

Source: ASX announcement (14 April 2021) – Sal de Vida Resource and Reserve update

1. values may not add due to rounding

2.5 Capital structure and ownership

As at 27 April 2021, Galaxy had 505,284,884 ordinary shares on issue. The top 20 shareholdings are set out in the table below.

Table 11: Top twenty shareholders

Name	Number of ordinary shares held	% of issued shares
Ausbil Investment Mgt (Sydney)	47,473,380	9.40
Paradice Investment Mgt (Sydney)	29,650,305	5.87
GO ETF Solutions (London)	17,741,533	3.51
VanEck Global (New York)	14,576,831	2.88
Vanguard Group (Philadelphia)	13,231,847	2.62
Vanguard Investments Australia (Melbourne)	10,897,215	2.16
Global X Mgt (New York)	8,930,037	1.77
FIL Investment Mgt Australia (Sydney)	7,230,881	1.43
Dimensional Fund Advisors (Sydney)	6,843,062	1.35
Mr James R Ramsey (Ta' Xbiex)	6,770,000	1.34
Creat Resources Holdings (Hobart)	6,500,000	1.29
Victorian Funds Mgt Corporation (Melbourne)	5,552,567	1.10
Private Clients of AustralianSuper (Melbourne)	5,500,964	1.09
Mr Martin R Rowley (Regional (WA))	4,895,728	0.97
Allianz Global Investors (Frankfurt)	4,280,501	0.85
Mr Anthony P Tse (Hong Kong)	4,250,279	0.84
Union Bancaire Privee (Geneva)	3,837,500	0.76
EAM Investors (Regional (California))	3,745,191	0.74
Mr & Mrs Arthur Vellios (Melbourne)	3,700,000	0.73
Norges Bank Investment Mgt (Oslo)	3,689,396	0.73
Total top 20 holders of ordinary shares	209,297,217	41.42
Others	295,987,667	58.58
Total	505,284,884	100.00

Source: Galaxy Board Report

On 4 May 2021, Galaxy announced that an additional 34,679 shares had been issued as a result of a number of Share Appreciation Rights and Unlisted Options being exercised. On 12 May 2021, Galaxy announced the remainder of the Share Appreciation Rights had been exercised resulting in an additional 298,708 shares being issued.

As at 29 June 2021, Galaxy had a total of 505,669,628 ordinary shares on issue, 9,511,647 unlisted performance rights on issue and 1,111,198 shares held in the Galaxy share trust. There are now no Share Appreciation Rights or Unlisted Options on issue.

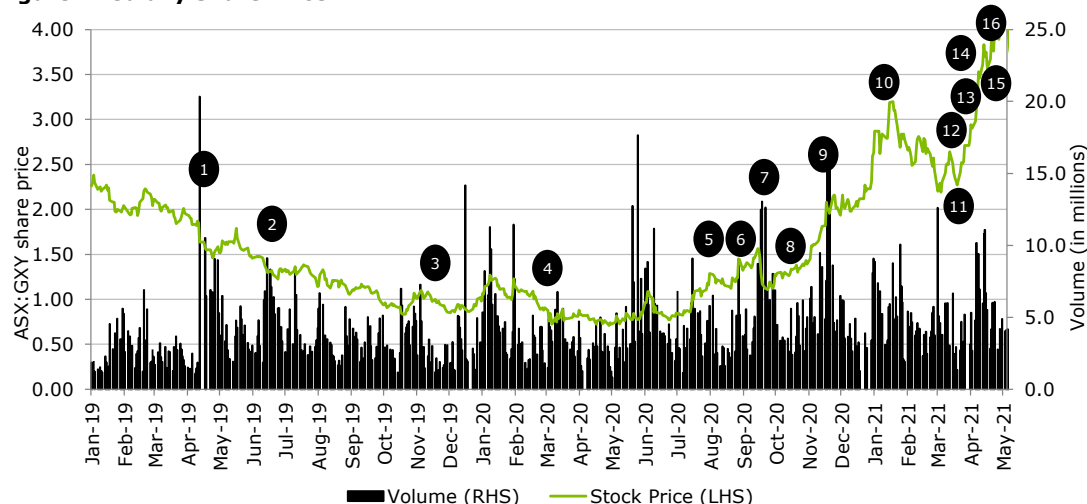
The performance rights (**Rights**) form part of Galaxy's Incentive Award Plan (**IAP**). The Rights were issued in a number of tranches with vesting conditions that include market based hurdles (e.g. relative Total Shareholder Return) and non-market based hurdles (e.g. meeting objectives in a corporate scorecard).

The terms of the IAP provide that the vesting conditions of the Rights are automatically waived upon a change of control transaction and therefore we have assumed that 9,511,647 performance rights will be converted to shares to increase shares on issue to 515,181,275.

2.6 Share price performance

The figure below illustrates Galaxy share trading in Australian dollars (AUD) since 1 January 2019.

Figure 4: Galaxy Share Price



Sources: Capital IQ, ASX:GXY Announcements

Key market activity and announcements from the figure above are detailed in the following table. We note that liquidity on the ASX (represented by the daily volume traded on the ASX compared to the shares on issue for Galaxy) for the twelve months prior to the announcement of the Proposed Merger was approximately 260%.

Table 12: Key Galaxy events

Reference	Date	Commentary
1	18-Apr-2019	Galaxy released the March 2019 Quarterly Activities Report which announced a 62% decrease in concentrate shipped as well as a decrease in concentrate grade to 5.6% (Q4 compared to Q1).
2	16-Jul-2019	Galaxy released the June 2019 Quarterly Activities Report, announcing the appointment of current CEO Simon Hay and reporting that Mt Cattlin had exceeded production expectations, placing it as one of the lowest cost lithium concentrate operations in the world.
3	18-Nov-2019	Galaxy announced that Mt Cattlin's operations were to be scaled back in 2020 in response to a soft lithium market.
4	23-Mar-2020	The Government of Argentina issued a nationwide lockdown, affecting development of Sal de Vida. This came after COVID-19 was declared a global pandemic on 11 March 2020.
5	31-Jul-2020	General market sentiment relating to lithium improves as a consequence of various demand signals for electric vehicles in Europe and the US.
6	27-Aug-2020	Galaxy released June 2020 Half Year Results, which indicated that despite the weakness in spodumene prices, Galaxy's strong cash position will likely enable Sal de Vida to meet the predicted future surge in lithium demand.
7	23-Sep-2020	Galaxy and other ASX lithium producers suffer share price declines following Elon Musk's Battery Day comments relating to perceived oversupply of lithium.
8	28-Sep-2020	Piedmont Lithium announced it has signed a sales agreement with Tesla, representing a substantial demand signal. Investor sentiment towards lithium market strengthens.

Reference	Date	Commentary
9	25-Nov-2020	Galaxy announced an AUD 161 million equity fundraising to fund the development of Sal de Vida stage 1 and James Bay.
10	14-Jan-2021	Galaxy released the Dec 2020 Quarterly Results Conference Call announcing a 349% increase in sales (quarter-on-quarter).
11	09-Mar-2021	Galaxy released the James Bay PEA results confirming the site to be a high-grade, hard rock spodumene deposit, with a high resource grade, low strip ratio and low capital intensity relative to its peers.
12	13-Mar-2021	Galaxy released Mt Cattlin's updated reserves and resources statement.
13	25-Mar-2021	Galaxy released an ASX announcement stating Sal de Vida is forecast to produce battery grade lithium carbonate for stage 1 and following stages.
14	14-Apr-2021	Galaxy released an update of the reserves and resources estimates for the Sal de Vida which indicates a 13% increase to reserves and a 27% increase to resources compared to previous estimates.
15	19-Apr-2021	Orocobre and Galaxy Proposed Scheme announced.
16	03-Jun-2021	Galaxy released an update on Mt Cattlin and updated reserve and resource estimates.

Sources: Australian Financial Review, Factiva, ASX:GXY announcements

2.7 Financial performance

We have summarised in the table below the profit and loss statements of Galaxy for the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

Table 13: Historical financial performance

USD ('000)	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-20
Operating revenue			
Sales from spodumene concentrate	147,482	66,338	52,822
Revenue from shipping activities	6,447	3,176	2,471
Total operating revenue	153,929	69,514	55,293
Cost of sales	(128,506)	(80,897)	(64,690)
Inventory write down	-	(23,637)	(10,813)
Gross Profit / (Loss)	25,423	(35,020)	(20,210)
<i>Gross margin</i>	16.5%	(50.4%)	(36.6%)
Gain on sale of exploration and evaluation assets	223,025	-	-
Impairment of PP&E and RoU Assets	-	(188,905)	(14,183)
Other income	4,594	-	9,237
Other expenses	(17,511)	(16,974)	(11,178)
Profit / (Loss) Before Tax and Net Finance Income	235,531	(240,899)	(36,334)
Finance income	814	11,685	7,447
Finance expenses	(543)	(2,269)	(2,529)
Profit / (Loss) Before Tax	235,802	(231,483)	(31,416)
Income tax benefit / (expense)	(85,579)	(52,259)	107
Profit / (Loss) Before Tax	150,223	(283,742)	(31,309)

Sources: Galaxy 2019 annual report, Galaxy 2020 annual report

Key observations on recent financial performance are summarised as follows:

- sales from spodumene concentrate declined by circa 55% from FY2018 to FY2019 as a result of a deterioration in lithium pricing. The volume of spodumene concentrate sold in 2019 was 17% lower than 2018 (132,687 dry metric tonnes (**dmt**) in FY2019 compared to 159,255 dmt in FY2018). Realised selling price for spodumene in FY2019 was USD 502/dmt which was circa 46% lower than the average selling price in FY2018 of USD 927/dmt
- Galaxy curtailed operations at Mt Cattlin in FY2020 as a result of the continued low prices in the lithium market. Revenue from spodumene concentrate sold was circa 20% lower in FY2020 compared to FY2019 driven by lower realised spodumene prices (USD 352/dmt in FY2020 compared to USD 502/dmt in FY2019), however this was offset by a circa 14% increase in volumes sold (150,631 dmt in FY2020 compared to 132,687 dmt in FY2019)
- gross margin deteriorated in FY2019 driven predominantly by lower revenue, but also by a write down in inventory. Gross margin loss reduced slightly in 2020 as a result of a lower inventory impairment expense (USD 10.8 million in FY2020 compared to USD 23.6 million in FY2019). Galaxy includes depreciation from Property, Plant and Equipment (**PP&E**) within cost of sales. Depreciation expense from PP&E was lower in FY2019 and FY2020 due to the impairment of PP&E and Right of Use (**RoU**) Assets at Mt Cattlin of USD 188.9 million in FY2019 and USD 14.2 million in FY2020

- loss before tax in FY2019 and FY2020 was impacted significantly by the decline in the lithium market which resulted in lower sales and prices in addition to a write down in inventory and an impairment of PP&E and RoU assets
- Galaxy adopted AASB 16 with effect from 1 January 2019. The impact of AASB 16 on Galaxy's FY2019 loss before tax includes a decrease in operating costs of USD 7.5 million, the inclusion of a borrowing cost of USD 1.3 million and RoU depreciation of USD 6.8 million.

2.8 Financial position

We have summarised in the table below the financial position of Galaxy as at 31 December 2018, 31 December 2019 and 31 December 2020.

Table 14: Historical financial position

USD ('000)	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-20
Cash and cash equivalents	24,755	100,907	210,437
Financial assets	-	36,812	1,770
Trade and other receivables	278,703	10,801	20,986
Inventories	16,708	27,752	8,351
Other current assets	1,456	1,660	1,725
Total current assets	321,622	177,932	243,269
Financial assets	15,542	5,514	2,891
Property, plant and equipment	213,374	33,728	27,473
Right of use assets	-	8,402	4,369
Exploration and evaluation assets	81,644	88,517	106,404
Deferred tax asset	33,344	-	-
Other non-current assets	1,611	2,003	2,630
Total non-current assets	345,515	138,164	143,767
Total assets	667,137	316,096	387,036
Trade and other payables	(34,611)	(24,867)	(21,039)
Lease liabilities	-	(6,572)	(8,150)
Provisions	(6,569)	(6,922)	(7,263)
Income tax payable	(67,343)	(14,022)	-
Total current liabilities	(108,523)	(52,383)	(36,452)
Lease liabilities	-	(18,205)	(12,389)
Provisions	(4,962)	(4,673)	(7,142)
Total non-current liabilities	(4,962)	(22,878)	(19,531)
Total liabilities	(113,485)	(75,261)	(55,983)
Net assets	553,652	240,835	331,053

Sources: Galaxy 2019 annual report, Galaxy 2020 annual report

We note the following in relation to the financial position:

- inventory levels increased in FY2019 compared to FY2018 (USD 16.7 million as at 31 December 2018) as a result of stockpile retention due to the deterioration in the lithium market. Inventory levels in FY2020 reduced as stockpiled inventory was sold

- PP&E decreased from USD 213.4 million as at 31 December 2018 to USD 33.7 million as at 31 December 2019 as a result of an impairment of PP&E at Mt Cattlin of USD 188.9 million in FY2019 (of which USD 15.8 million related to impairment of RoU assets). PP&E reduced to USD 27.5 million as at 31 December 2020 principally as a result of an impairment of USD 14.2 million in FY2020 (of which USD 3.5 million related to the impairment of RoU assets)
- Galaxy has an undrawn debt facility of up to USD 40 million expiring on 31 December 2021
- Galaxy adopted AASB 16 with effect from 1 January 2019 and recognised RoU assets in FY2019 and FY2020 of USD 8.4 million and USD 4.4 million, respectively after impairments. Galaxy also recognised lease liabilities in FY2019 and FY2020 of USD 24.8 million and USD 20.5 million, respectively
- in order to maintain current rights of tenure to mining tenements, Galaxy is required to perform exploration work to meet the minimum expenditure requirements. As at 31 December 2020, the estimated exploration expenditure commitment was USD 0.7 million within one year and USD 3.7 million within five years. Expenditure commitment is not recognized as a liability on the balance sheet.

3. Profile of Orocobre

3.1 Company history

Orocobre is an Australian listed operator and developer of lithium projects, which was incorporated in 2005. Orocobre was listed on the ASX in December 2007 and also listed on the Toronto Stock Exchange (TSX) in June 2010. Orocobre's head office is in Buenos Aires, Argentina. The company conducts lithium mining activities in Argentina and will undertake lithium processing activities in Naraha, Japan, once construction of the lithium hydroxide plant is complete.

Orocobre's major assets are:

- **Olaroz (Jujuy Province, Argentina)** a 66.5% interest in a producing lithium carbonate project from the Salar de Olaroz brine resource
- **Naraha Lithium Hydroxide Plant (Naraha, Japan):** a 75% interest in an under construction 10 ktpa plant designed to convert industrial grade lithium carbonate feedstock into battery grade lithium hydroxide
- **Cauchari (Jujuy Province, Argentina):** a 100% pre-development stage project near the Salar de Olaroz brine resource, sharing similar brine characteristics albeit at lower grade
- **Borax (Jujuy Province, Argentina):** a 100% owned company producing a range of borax chemicals, boric acid and boron minerals.

Figure 5: Orocobre asset locations by country



Source: Management information

Figure 6: Orocobre asset locations in Argentina



Source: Orocobre and Galaxy Merger Presentation

3.2 Overview of major assets

3.2.1 Oloroz

Overview

The Oloroz project is located within the Jujuy Province in northern Argentina, approximately 230 km northwest of the capital city of San Salvador de Jujuy. The operations are at an altitude of 3,900 metres above sea level and produce high quality lithium carbonate chemicals from the Salar de Oloroz brine resource for the battery and chemical markets.

The Oloroz project is serviced by a gas pipeline and electricity is generated on site. The Oloroz project has access via road and/or rail to three major seaports, Buenos Aires in Argentina and Antofagasta and Iquique in Chile. These seaports are serviced by international carriers.

The Oloroz project can sustain continuous production for 40+ years based on its total JORC measured and indicated resource of 6.4mt LCE last measured in 2011.

The Oloroz project comprises of three stages:

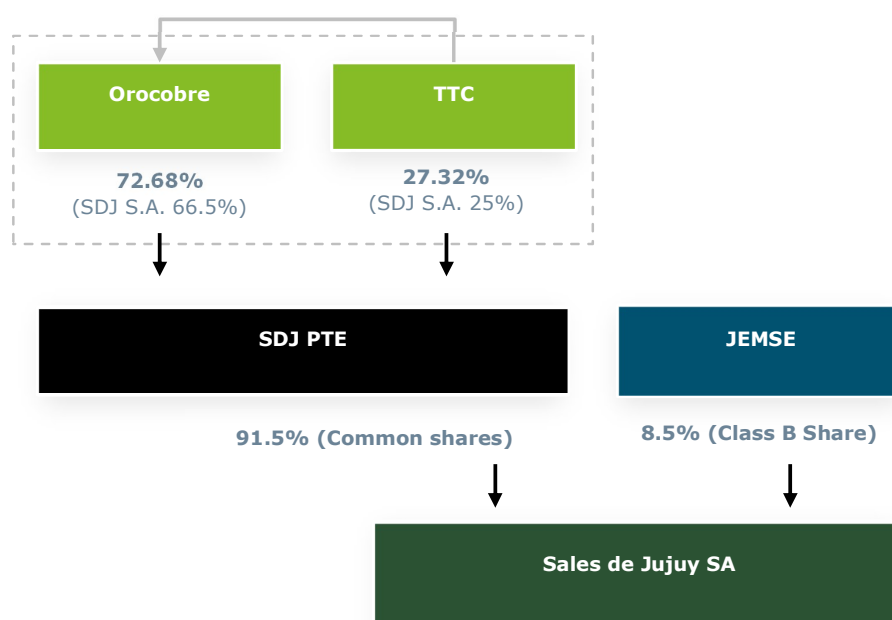
- stage 1 of the Oloroz project has produced over 60 kt since production started in 2015 and has a nameplate capacity of 17.5 ktpa. Production is currently at 13.6 ktpa and expected to reach 17.5 ktpa from FY23 onwards
- stage 2 of the Oloroz project is currently under construction with completion expected in the first half of 2022. Stage 2 production will ramp up from the second half of 2022 until the second half of 2024, when it is expected to reach its nameplate production capacity of 25 ktpa of primary grade lithium carbonate, taking the total nameplate production capacity of the Oloroz project to approximately 42.5 ktpa. At full production approximately 9.5 ktpa of stage 2 production is expected to be used as feedstock for the Naraha Lithium Hydroxide Plant

- FY20 cash cost of goods sold of USD 4,372/t (excluding royalties, export taxes, head office costs, COVID-19 and restructuring costs), based on product volume sold in FY20 of 10.5 ktpa, are forecast to decline to USD 3,200-3,500/t when full production of 42.5 ktpa is attained. As at 31 December 2020 approximately USD 172 million of capital expenditure (excluding VAT and working capital), has been spent with USD 158 million (excluding VAT and working capital) of forecast capital expenditure remaining until completion
- A stage 3 brownfield expansion scoping study commenced in the March 2021 quarter. This study aims to investigate options for additional production of 25-50 ktpa from Olaroz, Cauchari or a combination of both, whilst leveraging existing infrastructure from stage 1 and stage 2.

Ownership

The Olaroz project is owned by Sales de Jujuy S.A. (**SDJ**), which is 91.5% owned by Sales de Jujuy Pte Ltd (**SDJ PTE**) and 8.5% owned by Jujuy Energía y Minería Sociedad del Estado (**JEMSE**). Orocobre owns 72.68% of SDJ PTE, which gives Orocobre an effective interest of 66.5% in the Olaroz project. Toyota Tsusho Corporation (**TTC**) owns 27.32% of SDJ PTE, which gives TTC an effective interest of 25.00% in the Olaroz project.

Figure 7: Olaroz ownership structure



Source: Scheme Booklet, figure 6.4.2

Pursuant to the Master Sales Agency Agreement, TTC has the sole and exclusive rights to market and sell all lithium products from the Olaroz Lithium Facility. The strategy associated with the marketing of product is determined by the Joint Marketing Committee, comprising representatives of both Orocobre and TTC. Execution and delivery of the agreed strategy is then undertaken by TTC utilising its existing sales and logistics networks.

Sales and marketing

Orocobre has contracted all budgeted production in FY22 using a combination of fixed and variable pricing mechanisms to benefit from the anticipated increase in lithium prices. Management intend to contract 80% of production volumes in subsequent years using a combination of fixed and variable pricing mechanisms.

3.2.2 Naraha Lithium Hydroxide Plant

Overview

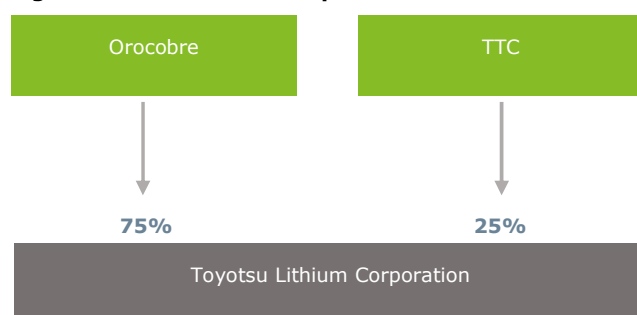
The Naraha plant, situated in Japan, is currently under construction with commissioning expected in the first half of calendar year 2022. Upon commissioning, Toyotsu Lithium Corporation will receive approximately USD 27 million from the Japanese government to subsidise the total tax exclusive estimated capital cost of 10 billion Japanese Yen (USD 92 million) incurred to build the plant. As at 31 March 2021, construction of the plant was 94% complete.

Once the plant is commissioned, it will commence production ramp up until full production capacity of 10ktpa is reached in calendar year 2022. Conversion cash costs are estimated at circa USD 1,500 per tonne of lithium hydroxide (**LiOH**) produced.

Ownership

Orocobre has a 75% economic interest in the Naraha plant, with the remaining 25% economic ownership held by TTC. This is indicated in the figure below.

Figure 8: Naraha ownership structure



Source: Scheme Booklet, figure 6.4.3

Management

The Naraha board of directors comprises five directors, three of which are appointed by TTC with the remaining two appointed by Orocobre. Board resolutions require a simple majority, however, a supermajority is required for material decisions. As Orocobre has significant influence but not control of Naraha, this asset will be recognised using equity accounting.

Sales and marketing

In accordance with the Master Sales Agency Agreement, TTC has the sole and exclusive rights to sell LiOH produced by the Naraha plant for 20 years.

3.2.3 Cauchari

Overview

The Cauchari project is currently in the pre-development stage and is wholly owned by Orocobre. The Cauchari project shares a similar chemistry to the Olaroz project. Given the proximity of the projects, Orocobre's management intends to leverage the existing infrastructure at the Olaroz project to fast track the exploration and future development of Cauchari.

As of March 2019, the Cauchari project contained a total JORC resource of 4.8 Mt of measured and indicated LCE, 1.5 Mt of inferred LCE and 14.9 Mt of measured and indicated Potash. Based on this, Orocobre's management expects the Cauchari project to have a LOM of approximately 30 years.

Orocobre's management consider the Cauchari project to be a low risk brownfield growth option due to the processing know-how from the Olaroz brine. The future development of the Cauchari resource is part of and subject to the Olaroz stage 3 scoping study, which commenced in the March 2021 quarter.

3.2.4 Borax

Overview

Borax Argentina S.A. operates projects in the Salta-Jujuy region, south of the Olaroz and Cauchari projects and has been operating for over 50 years producing borax chemicals, boric acid, and boron minerals. Its mining operations are at Tincalayu and Sijes and the main processing site and office are located at Campo Quijano, Salta.

The Borax project is wholly owned by Orocobre through its 100% ownership of Borax Argentina S.A., which was acquired from Rio Tinto PLC in August 2012.

The Borax project contains three key mines:

- The Tincalayu resource is an open pit mining operation producing borax decahydrate and has a total JORC indicated and inferred resource, last measured in November 2014, of 6.5 Mt at 13.9% B₂O₃, based on the marginal cut-off grade of 5.6% B₂O₃ and the current production capacity of 30ktpa borax decahydrate
- The Sijes resource is an open pit mine producing both hydroboracite and colemanite
- The Porvenir resource is an open pit mine from which ulexite is mined then processed at Campo Quijano to produce boric acid
- The undeveloped Ratones resource is capable of producing ulexite.

In addition, the Borax project also owns the tenures on all or parts of the lithium projects being progressed by other lithium exploration companies, including Lithium Americas Corporation Ltd (TSX:LAC) at Salar de Cauchari, Nextview New Energy Lion Hong Kong Ltd at Diablillos, and POSCO at Sal de Vida.

Product

Borax's products can be divided into minerals, refined products and boric acid. The minerals historically produced are ulexite, colemanite and hydroboracite. Ulexite has traditionally been used as a feedstock to produce boric acid, however hydroboracite is now the primary feedstock allowing for a lower cost of production and a product with a lower chloride content. Hydroboracite and colemanite are supplied into the ceramic market with hydroboracite also supplied into agricultural and oil and gas markets.

The refined products are borax decahydrate, borax pentahydrate and borax anhydrous. These refined products have applications in a wide range of markets from agriculture, ceramics, glass, insulation fiberglass, textile fiberglass, smelting fluxes and several other specialty applications.

3.3 Reserves and resources

The following tables summarise Orocobre's total reserves and resources at the latest measurement date available:

Table 15: Olaroz JORC Resource Estimate – April 2011

Category	Area km ²	Thickness m	Mean specific yield %	Brine volume km ³	Lithium mg/l	Lithium Mt	LCE Mt
Olaroz							
Measured	93	54	8.4%	0.42	632	0.27	1.40
Indicated	93	143	10.0%	1.33	708	0.94	5.00
Total						1.21	6.40

Source: FY2020 Annual Report to shareholders – Page 105

Table 16: Cauchari JORC Resource Estimate – April 2019

Category	Aquifer volume km ³	Mean specific yield %	Brine volume km ³	Li mean grade g/m ³	Lithium mg/l	Lithium kt	LCE Mt
Cauchari							
Measured (M)	9.7	6%	0.60	36	527	345	1.85
Indicated (I)	20.9	6%	1.20	26	452	550	2.95
M + I	30.7	6%	1.90	29	476	900	4.80
Inferred	10.7	6%	0.60	27	473	290	1.50

Source: FY2020 Annual Report to shareholders – Page 107

Table 17: Borax project - Porvenir JORC Resource Estimate – April 2014

Category	Cut-off grade	Tonnes	Grade % B ₂ O ₃	Tonnes B ₂ O ₃
Porvenir				
Measured (M)	9%	4,907,877	14.50	710,672
Indicated (I)	9%	1,942,433	16.00	310,517
M + I	9%	6,850,000	14.90	1,020,000
Porvenir				
Measured (M)	16%	1,474,341	20.00	295,117
Indicated (I)	16%	804,595	21.00	168,776
M + I	16%	2,278,937	20.40	463,992

Source: FY2020 Annual Report to shareholders – Page 111

Table 18: Borax project - Tincalayu JORC Resource Estimate & cut-off grades – 2014

Category	Cut-off grade	Mt	Soluble B ₂ O ₃ (%)	Cut-off grade	Mt	Soluble B ₂ O ₃ (%)
Current production 30 ktpa			Expanded production 100 ktpa			
Global Resource (Not Limited to a Pit Shell) – with Marginal Cut-Off						
Indicated (I)	5.6%	6.9	13.9	2.8%	6.9	13.8
Inferred	5.6%	9.9	10.2	2.8%	13.8	8.5
Maximum DCF In-Pit Resource – with Marginal Cut-Off						
Indicated (I)	5.6%	5.1	14.7	2.8%	6.8	13.8
Inferred	5.6%	1.4	11.0	2.8%	11.0	9.3

Source: ASX announcement (28 August 2020) – Annual Report to shareholders – Page 112

Table 19: Borax project resources not reported under JORC - 2014

Mine/Project	Material	Estimate	Tonnes	Grade % B ₂ O ₃	Tonnes B ₂ O ₃
Current soft rock mines					
Sijes	Hydroboracite	Measured	3,099,998	22.80	706,800
Sijes	Colemanite	Inferred	200,000	20.00	40,000
Total and average			3,299,998	22.60	746,800
Undeveloped deposits in Salt Lake sediments					
Ratones	Ulexite	Indicated	364,663	18.00	65,639

Source: FY2020 Annual Report to shareholders – Page 112

3.4 Capital structure and ownership

The top 20 shareholders, as at 29 April 2021, are set out in the table below.

Table 20: Top 20 shareholders at 29 April 2021

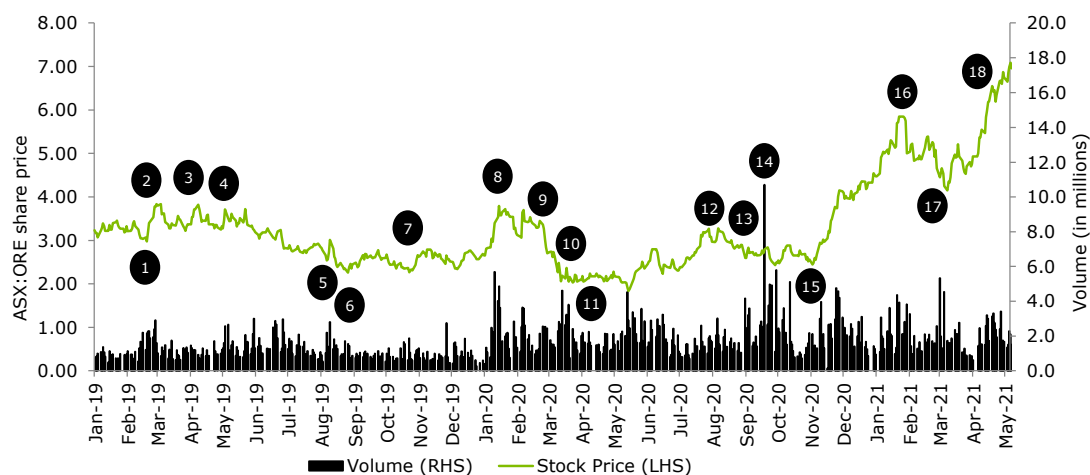
Rank	Name	Shares	% Shares
1	Toyota Tsusho Corporation	39,296,636	11.42%
2	AustralianSuper	22,880,217	6.65%
3	Handelsbanken Asset Management	22,838,942	6.64%
4	Newton Investment Management Ltd.	10,189,115	2.96%
5	Mirae Asset Global Investments (USA) LLC	9,050,078	2.63%
6	Van Eck Associates Corporation	9,008,548	2.62%
7	The Vanguard Group, Inc.	8,653,560	2.51%
8	Quest Asset Partners Pty. Ltd.	6,617,132	1.92%
9	Vanguard Investments Australia Ltd.	6,360,895	1.85%
10	Ausbil Investment Management Limited	5,656,562	1.64%
11	L1 Capital Pty Ltd.	5,601,721	1.63%
12	Richard Seville	5,333,953	1.55%
13	Regal Funds Management Pty. Ltd.	5,220,213	1.52%
14	BlackRock Institutional Trust Company, N.A.	4,851,708	1.41%
15	Dennis & Roslyn Hinton	4,688,361	1.36%
16	HSBC Trinkaus & Burkhardt - Custodian	3,998,891	1.16%
17	Royal Bank of Canada - Custodian	3,469,690	1.01%
18	UBS Securities Australia Ltd.	3,423,000	0.99%
19	Norges Bank Investment Management (NBIM)	3,161,747	0.92%
20	Perennial Value Management Ltd.	2,878,106	0.84%
Total		183,179,075	53.23%

Source: Orocobre Board Report

3.5 Share price performance

Whilst Orocobre is listed on both the ASX and TSX, we note the company's primary listing is the ASX, where it is also actively traded. Accordingly, we have only analysed Orocobre's ASX share trading activity. The figure below illustrates Orocobre share trading on the ASX in AUD since 1 January 2019.

Figure 9: Orocobre Share Price



Sources: Capital IQ, ASX:ORE Announcements

Key market activity and announcements from the figure above are set out in the following table. We note that liquidity for the twelve months prior to the announcement of the merger on the ASX was approximately 155% and 6% on the TSX.

Table 21: Key Orocobre events

Reference	Date	Commentary
1	19-Feb-2019	Orocobre announced that recent production at the Olaroz Lithium Facility was lower due to dilution of the brine feedstock as a result of recent rainfall at the facility.
2	22-Feb-2019	Orocobre released its 2019 Half-Year Financial Results, announcing a 17% increase in revenue and a 195% increase in profit from 2018's Half-Year Financial Results.
3	05-Apr-2019	Orocobre announced that Advantage Lithium, the Cauchari joint venture operator, will undertake a PFS on Cauchari.
4	02-May-2019	Orocobre released an investor presentation reporting its highest March quarter of production to date, that Olaroz's stage 2 expansion was underway, project debt is reducing and Naraha received FID approval.
5	06-Aug-2019	Orocobre announced the commencement of construction of the Naraha Lithium Hydroxide Plant.
6	23-Aug-2019	Orocobre released its 2019 Annual Report announcing profits of USD 24.8 million, a USD 0.9 million drop from FY2018 due to lithium pricing and the introduction of an export duty by the Argentine government.
7	22-Oct-2019	Orocobre announced that Advantage Lithium released a summary PFS on the Cauchari Lithium Project.
8	20-Jan-2020	Orocobre advised that two contracts had been signed for the supply of battery grade lithium carbonate to top tier Chinese cathode manufacturers. Further, higher lithium prices were observed throughout January 2020.
9	19-Feb-2020	Orocobre announced it would acquire 100% of the issued and outstanding shares of Advantage Lithium that it does not already own.

Reference	Date	Commentary
	21-Feb-2020	Orocobre released its 2020 Half-Year Financial Results announcing an underlying loss of USD 9.9 million, down from a profit of USD 24.0 million achieved in the first half of 2019.
10	23-Mar-2020	The Government of Argentina issued a nationwide lockdown, affecting the operations of Olaroz and Borax. This came after COVID-19 was declared a global pandemic on 11 March 2020.
11	09-Apr-2020	Orocobre announced that Olaroz and Borax operations recommenced following the Argentine Ministry of Production declaring their operations to be essential activities.
12	30-Jul-2020	Orocobre released its June 2020 Quarterly Report announcing no COVID-19 cases on site, lowest cash cost of sales achieved in 3 years, but production fell 27% and sales volume 36% quarter on quarter. General market sentiment relating to lithium improved as a consequence of various demand signals for electric vehicles in Europe and the US.
13	28-Aug-2020	Orocobre released its 2020 Annual Report advising Olaroz stage 2 increased volumes and significantly lower cash costs. Further, Orocobre announced that it had entered into a non-binding Memorandum of Understanding with Prime Plant Energy & Solutions, to supply battery grade lithium hydroxide and lithium carbonate.
14	31-Aug-2020 to 23-Sep-2020	Large trading volumes attributable to an AUD 125 million institutional placement, an AUD 43 million share purchase plan and the removal of Orocobre from the S&P/ASX 200 Index. Orocobre and other ASX lithium producers suffer share price declines following Elon Musk's Battery Day event.
15	29-Oct-2020	Orocobre released its September 2020 Quarterly Report announcing that Olaroz continues to operate with limits on the number of personnel on site for both operations and expansion works, production for the quarter was down 6%, sales volume for the quarter was up 112% and cash costs of sales remained near recent lows. Further, the release advised that work at Naraha continues although some delays are expected.
16	27-Jan-2021	Orocobre released its December 2020 Quarterly Report announcing that despite Olaroz operations stopping for two days due to a COVID-19 outbreak, operations returned to being gross cash margin positive with quarterly production up for the quarter by 58%, sales volume up by 28% and cash costs down by 9%.
17	26-Feb-2021	Orocobre released its 2021 Half-Year Financial Results with an underlying loss of USD 27.3 million, down from an underlying loss of USD 9.9 million achieved for the half year 2020, predominantly due to higher interest, depreciation and amortisation.
18	19-Apr-2021	Orocobre and Galaxy Proposed Scheme announced.

Sources: Australian Financial Review, Factiva, ASX:ORE Announcements

3.6 Financial performance

We have summarised in the table below the profit and loss statements of Orocobre for the two years ended 30 June 2019 and 30 June 2020 and the half year ended 31 December 2020.

Table 22: Historical financial performance

USD ('000)	Audited 30-Jun-19	Audited 30-Jun-20	Reviewed 31-Dec-20
Revenue from contracts with customers	81,149	77,079	35,880
Cost of sales	(43,800)	(53,726)	(25,406)
Gross profit	37,349	23,353	10,474
<i>Gross margin</i>	<i>46.0%</i>	<i>30.3%</i>	<i>29.2%</i>
Other income	75	15	2,550
Corporate and administrative expenses	(16,815)	(21,274)	(12,021)
Selling expenses	(7,962)	(5,996)	(1,735)
Depreciation and amortisation expenses	(7,630)	(13,883)	(11,070)
Gain on business combination	30,741	-	-
Impairment of assets	(637)	(33,139)	(627)
Share of net gains of joint ventures	24,752	-	-
Share of net losses of associates	(1,544)	(1,507)	(920)
Foreign currency loss	(6,078)	(11,678)	(457)
Profit / (Loss) Before Tax and Net Finance Income	52,251	(64,109)	(13,806)
Finance income	11,220	6,769	1,626
Finance expenses	(7,173)	(19,670)	(13,906)
Profit / (Loss) Before Tax	56,298	(77,010)	(26,086)
Income tax benefit / (expense)	(1,712)	9,851	(3,056)
Profit / (Loss) After Tax	54,586	(67,159)	(29,142)

Sources: FY2020 Annual Report to shareholders and HY2021 Half year report to shareholders

Profit after tax declined from USD 54.6 million profit after tax in FY2019 to a loss after tax of USD 67.2 million in FY2020 mainly due to:

- until 31 December 2018, Orocobre recognised its 72.68% interest in the SDJ PTE joint venture as an equity accounted investment. On 1 January 2019, Orocobre obtained control of the SDJ PTE entity for accounting purposes due to the signing of a new agreement with TTC. There were no changes to the ownership interest held by Orocobre and TTC in SDJ PTE because of this new agreement.
- Orocobre recognised its share of non-recurring profits in SDJ PTE of USD 24.8m in the six months to 31 December 2018 (HY2019) before it obtained control on 1 January 2019. Orocobre then recognised a one-off non-cash gain of USD 30.7m to record its existing interest in the SDJ PTE subsidiary at fair value upon obtaining control. Therefore, with respect to SDJ PTE, only the 6 months to 30 June 2019 are on a like for like basis with the 12 months to 30 June 2020
- impairment charges of USD 33.1 million in FY2020 mainly relating to the write-down of inventory by USD 18.1 million driven by the decline in lithium prices and a USD 10.3 million impairment on the interest in Advantage Lithium prior to obtaining control, based on the valuation of the Advantage Lithium acquisition in April 2020

- a USD 14.0 million decline in gross profit from USD 37.3 million in FY2019 to USD 23.4 million over FY2020 mainly due to lower sales prices and higher unit cost of sales over the first quarter of FY2020 of c. USD 5,000 per tonne. Orocobre's management reduced the unit cost of sales to c. USD 4,000 per tonne by the fourth quarter of FY2020, through the reduction of contractor expenses, new energy supply contract at a lower price and the elimination of non-essential expenditure
- the remaining difference arises from a USD 4.5 million increase in corporate and administrative expenses, USD 5.6 million increase in foreign exchange losses, and a USD 16.9 million incremental increase in net finance expenses
- the reported loss after tax of USD29.1 million in HY2021 is mainly due to weak lithium prices in the first half along with higher corporate and depreciation expenses, resulting in a pre-tax loss of USD 13.8 million. Net finance and tax expense of USD 12.3 million and USD 3.1 million, respectively, increased the post-tax loss to USD 29.1 million.

For further details, please refer to Section 6.11 of the Scheme Booklet.

3.7 Financial position

We have summarised in the table below the financial position of Orocobre as at 30 June 2019, 30 June 2020 and 31 December 2020.

Table 23: Historical financial position

USD ('000)	Audited 30-Jun-19	Audited 30-Jun-20	Reviewed 31-Dec-20
Cash and cash equivalents	279,798	171,836	262,309
Trade and other receivables	22,510	16,403	17,775
Inventory	45,620	30,336	25,826
Prepayments	14,946	8,321	4,294
Total current assets	362,874	226,896	310,204
Other receivables	13,194	18,424	18,413
Inventory	34,537	42,009	44,580
Other financial assets	17,171	17,171	17,171
Property, plant and equipment	643,730	762,008	800,135
Right of use asset	-	27,494	25,838
Intangible assets	920	897	833
Exploration and early stage development assets	11,833	44,762	45,053
Investment in associates	28,779	6,000	5,327
Total non-current assets	750,164	918,765	957,350
Total assets	1,113,038	1,145,661	1,267,554
Trade and other payables	31,506	36,956	23,770
Derivative financial instruments	1,797	2,899	2,978
Loans and borrowings	76,695	62,397	37,429
Provisions	923	710	1,003
Lease liabilities	-	2,654	3,496
Total current liabilities	110,921	105,616	68,676
Other payables	1,919	5,396	18,547
Derivative financial instruments	5,658	5,461	4,117
Loans and borrowings	103,387	157,613	206,427
Deferred tax liability	129,121	118,995	122,398
Provisions	27,336	33,355	34,531
Lease liabilities	-	28,651	28,207
Total non-current liabilities	267,421	349,471	414,227
Total liabilities	378,342	455,087	482,903
Net assets	734,696	690,574	784,651

Sources: FY2020 Annual Report to shareholders and HY2021 Half year report to shareholders

The key movements in net assets from 30 June 2019 to 31 December 2020 are:

- an increase in PP&E of USD 156.4 million mainly relating to the development of Olaroz stage 2
- increased loans and borrowings by USD 63.8 million primarily to fund the investments in PP&E
- Orocobre adopted AASB 16 with effect from 1 July 2019 and recognised RoU assets in FY2019 and FY2020 of USD 27.5 million and USD 25.8 million, respectively. Orocobre recognised lease liabilities in FY2019 and FY2020 of USD 31.3 million and USD 31.7 million, respectively.

For further details, please refer to Section 6.11 of the Scheme Booklet.

4. Profile of the Proposed Merged Entity

In this section we have set out a profile of the Proposed Merged Entity.

4.1 Overview

If the Proposed Scheme is implemented, Galaxy shareholders will own 45.7% of the Proposed Merged Entity. The Proposed Merged Entity will rebrand under a new name yet to be announced. The head office will be in Buenos Aires, Argentina, with additional corporate offices in Brisbane, Queensland and in Perth, Western Australia.

The board of the Proposed Merged Entity will comprise of nine members:

- Martin Rowley, Non-Executive Chairman (currently Chairman of Galaxy)
- Robert Hubbard, Non-Executive Deputy Chairman (currently Chairman of Orocobre)
- Martin Pérez de Solay, Managing Director and CEO (currently Managing Director and CEO of Orocobre)
- Richard Seville as Non-Executive Director
- Fernando Oris de Roa as Non-Executive Director
- Leanne Haywood as Non-Executive Director
- Florencia Heredia as Non-Executive Director
- John Turner as Non-Executive Director
- Alan Fitzpatrick as Non-Executive Director

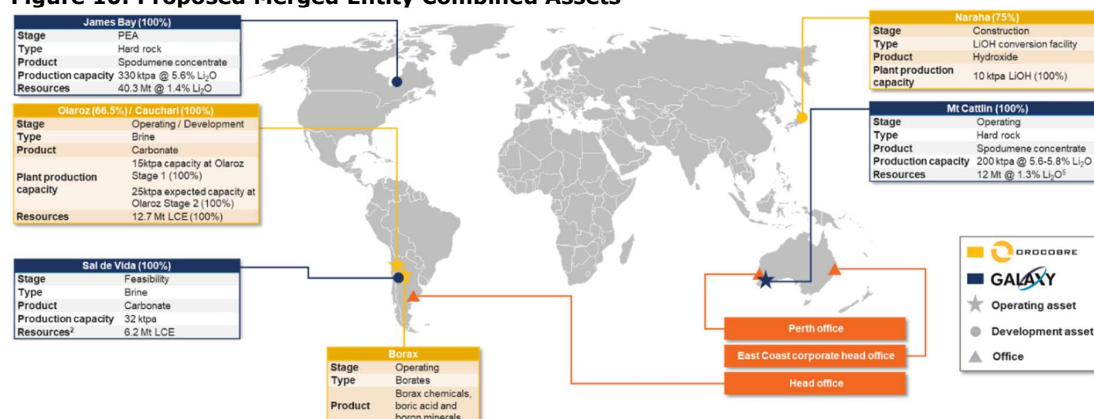
This results in four non-executive directors from the current Orocobre board, including Robert Hubbard, and four from the current Galaxy board, including Martin Rowley.

4.2 Major projects

The major projects of the Proposed Merged Entity are:

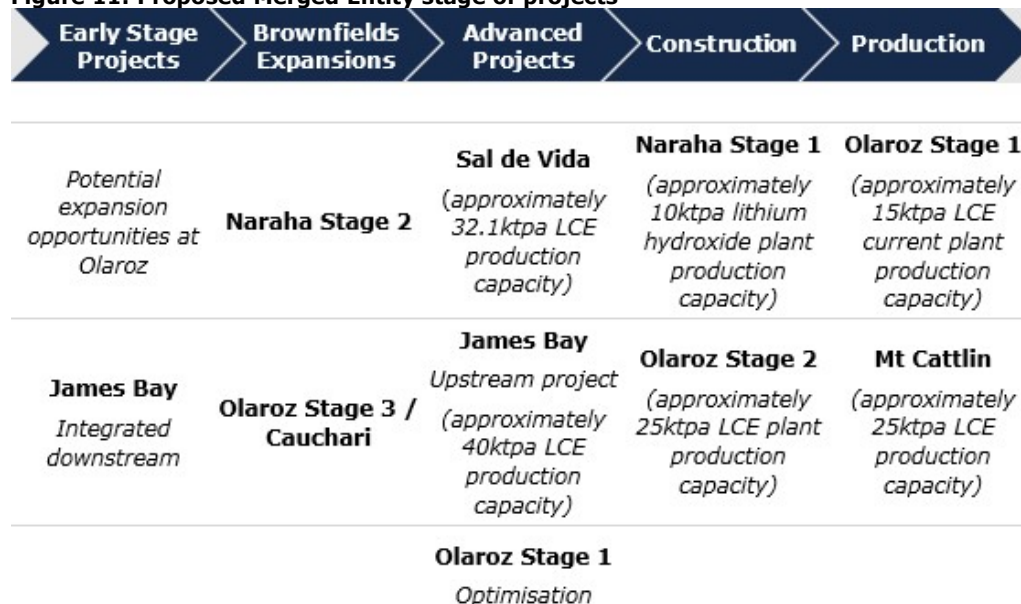
- Argentina
 - a 66.5% interest in Olaroz (see Section 3.2.1)
 - a 100% interest in Cauchari (see Section 3.2.3)
 - a 100% interest in Sal de Vida (see Section 2.2.3)
 - a 100% interest in Borax (see Section 3.2.4)
- Australia
 - a 100% interest in Mt Cattlin (see Section 2.2.1)
- Japan
 - a 75% interest in Naraha (see Section 3.2.2)
- Canada
 - a 100% interest in James Bay (see Section 2.2.2)

Figure 10: Proposed Merged Entity Combined Assets



Source: Scheme Booklet figure 1.2.2

Figure 11: Proposed Merged Entity stage of projects



Source: Scheme Booklet figure 1.2.3

The Proposed Merged Entity's projects are spread across various stages of development enabling the spreading of development risk and timing of capital expenditure over time. The Proposed Merged Entity will have effective economic ownership of 15.3 Mt of measured and indicated LCE resources.

Table 24: Pro forma Mt LCE resource for the Proposed Merged Entity

Pro Forma Mineral Resources	Measured & Indicated Resources (Mt LCE)	Measured, Indicated & Inferred Resources (Mt LCE)
Oloroz (Proposed Merged Entity's 66.5% ownership share)	4.30	4.30
Cauchari	4.80	6.30
Sal de Vida	4.50	6.20
Mt Cattlin	0.20	0.30
James Bay	1.40	1.40
Total	15.30	18.50

Source: Orocobre and Galaxy management information

4.3 Synergies

The synergy benefits that are expected to arise include:

- the Proposed Merged Entity is expected to become a top 5 lithium chemicals company globally³. Having critical mass and geographically spread projects presents the following potential benefits:
 - the perception of reduced risk due to size and geographic diversification
 - the ability to negotiate global sales contracts and therefore the opportunity to sell to larger customers taking advantage of the desire for security of lithium supply on a global basis
 - increased purchasing power to negotiate volume discounts on consumables and lower unit costs
 - the ability to enter the downstream lithium supply chain by building a lithium converter in North America or Europe to take feedstock from the James Bay project rather than the current Galaxy standalone assumption of selling spodumene to China for onward processing. This provides the opportunity to create a more environmentally friendly product offering, as well as reducing freight costs and improving margin. It also provides direct access of lithium hydroxide to North America and European markets, avoiding Chinese conversion facilities
 - product mix consisting of both lithium carbonate and lithium hydroxide which may be attractive to customers.
- improved access to capital arising from:
 - the enlarged portfolio of projects at various stages of development and the phased timing of expected development expenditure may result in the ability to attract better external funding terms
 - Orocobre's access to North American investors via its TSX listing, which is a potential source of capital for Galaxy's North American project, James Bay
 - the Proposed Merged Entity being included in the ASX 200 (currently Galaxy is an ASX 300 constituent⁴ and Orocobre was promoted to the ASX 200 from 21 June 2021⁵), which may increase demand for shares, particularly from index-linked funds. In addition to attracting ASX index-linked funds, there may also be interest from lithium/green energy exchange traded funds
 - the ability to attract investors and customers seeking environmentally sound lithium supply chains.
- reduced risk, accelerated development plans and increased production for Sal de Vida. The Proposed Merged Entity will bring together a global team with technical expertise and a track record of successfully delivering brine projects in Argentina, which is expected to help reduce project development and execution risk for Sal de Vida
- power supply savings for Sal de Vida. Galaxy's current plans for the Sal de Vida project require the transportation of diesel by road to the site. However, the Borax project operated by Orocobre is within 20km of Sal de Vida and has excess natural gas supply, which could be linked to the Sal de Vida project through the construction of a gas pipeline to generate operating cost savings and improve the project's environmental footprint. The associated costs of construction and the reduction in power related expenses are yet to be quantified
- opportunity for knowledge sharing across Argentinian assets including potential flow sheet improvements to Olaroz and increased customer confidence in Sal de Vida's product
- corporate overhead savings. The potential to consolidate corporate and administrative functions for the Proposed Merged Entity could reduce overall corporate overheads. Galaxy's management team has indicatively assessed the potential annual cash savings to be approximately AUD 5.5m.

³ Scheme Booklet page 8

⁴ ASX 300 List as at 28 April 2021

⁵ S&P Dow Jones Indices Index Announcement dated 11 June 2021

Aside from corporate overhead savings, Galaxy and Orocobre management have not yet modelled the financial impact of the potential synergies. However, they have provided sufficient information for us to illustratively model the accelerated development of the Sal de Vida project. Consequently, we have not been able to fully quantify all potential synergies and therefore further upside potential to the value of the Proposed Merged Entity is likely.

4.4 Share capital

Table 25: Pro forma shares in Proposed Merged Entity

Item	Galaxy	Orocobre
Shares on issue	505,669,628	344,355,722
Performance rights	9,511,647	3,325,896
Subtotal	515,181,275	347,681,618
Shares held in Galaxy share trust	(1,111,198)	-
Effective net shares on issue	514,070,077	347,681,618
Merger ratio	0.569	Not applicable
Total pro forma shares in the Proposed Merged Entity	292,505,874	347,681,618
As a % of total Proposed Merged Entity shares	45.7%	54.3%

Source: Orocobre and Galaxy management information

Notes:

1. values may not add due to rounding

The total pro forma shares in the Proposed Merged Entity is 640,187,492, being the sum of 292,505,874 shares to be issued to Galaxy Shareholders and holders of Galaxy performance rights, and 347,681,618 Orocobre shares (344,355,722 Orocobre shares on issue plus 3,325,896 shares assumed to be issued to holders of Orocobre performance rights).

4.5 Shareholders

Based on the exchange ratio of 0.569 Orocobre share for each Galaxy share held, the significant shareholders are expected to have the following pro forma ownership in the Proposed Merged Entity on a fully diluted basis, assuming the Proposed Scheme is completed:

Table 26: Significant shareholders' pro forma ownership

Shareholder	Current Galaxy Ownership %	Current Orocobre Ownership %	Pro forma ownership % in the Proposed Merged Entity
Toyota Tsusho Corp.	0.0%	11.4%	6.2%
Ausbil Investment Management	9.3%	0.0%	4.2%
Australiansuper Pty Ltd	0.0%	6.8%	3.7%
Handelsbanken	0.0%	6.6%	3.6%

Source: Scheme Booklet, table 7.10.1

4.6 Pro forma accounts

The following table shows the pro forma profit and loss statement of the Proposed Merged Entity.

Table 27: Proposed Merged Entity Profit and Loss for 12 months to 31 December 2020

USD ('000)	Orocobre	Galaxy	Pro forma adjustments	Proposed Merged Entity
Operating sales revenue	63,993	55,293	-	119,286
Cost of sales	(52,412)	(64,690)	-	(117,102)
Inventory write down	-	(10,813)	-	(10,813)
Gross profit	11,581	(20,210)	-	(8,629)
<i>Gross margin</i>	<i>18%</i>	<i>-37%</i>	<i>n/a</i>	<i>-7%</i>
Impairment of assets	(22,378)	(14,183)	-	(36,561)
Other income	2,554	9,237	(5,950)	5,841
Corporate and admin expenses	(22,499)	-	(11,178)	(33,677)
Selling expenses	(3,912)	-	-	(3,912)
Depreciation and amortisation	(16,646)	-	-	(16,646)
Share of net losses of associates	(1,788)	-	-	(1,788)
Foreign currency loss	(4,444)	-	-	(4,444)
Other expenses	-	(11,178)	11,178	-
(Loss) Before Tax and Net Finance Expenses	(57,532)	(36,334)	(5,950)	(99,816)
Finance income	4,786	7,447	-	12,233
Finance expenses	(23,789)	(2,529)	-	(26,318)
(Loss) Before Tax	(76,535)	(31,416)	(5,950)	(113,901)
Income tax benefit/(expense)	(823)	107	-	(716)
(Loss) After Tax	(77,358)	(31,309)	(5,950)	(114,617)
(Loss) Attributable to Members of the Parent	(56,030)	(31,309)	(5,950)	(93,289)
(Loss) Attributable to Non-controlling interests	(21,328)	-	-	(21,328)

Source: Scheme Booklet, table 8.3.1

For further details, please refer to Section 8.3 of the Scheme Booklet.

The following table shows the pro forma balance sheet of the Proposed Merged Entity.

Table 28: Proposed Merged Entity Balance Sheet at 31 December 2020

USD ('000)	Orocobre	Galaxy	Pro forma acquisition adjustments	Proposed Merged Entity
Cash and cash equivalents	262,309	210,437	(18,086)	454,660
Financial assets	-	1,770	-	1,770
Trade and other receivables	17,775	20,986	-	38,761
Inventories	25,826	8,351	-	34,177
Other current assets	4,294	1,725	-	6,019
Total Current Assets	310,204	243,269	(18,086)	535,387
Other receivables	18,413	-	-	18,413
Inventory	44,580	-	-	44,580
Financial assets	17,171	2,891	-	20,062
Property, plant and equipment	800,135	27,473	-	827,608
Right of use assets	25,838	4,369	-	30,207
Exploration and evaluation assets and other intangibles	45,886	106,404	1,426,796	1,579,086
Investment in associates	5,327	-	-	5,327
Other non-current assets	-	2,630	-	2,630
Total Non-Current Assets	957,350	143,767	1,426,796	2,527,913
Total Assets	1,267,554	387,036	1,408,710	3,063,300
Trade and other payables	23,770	21,039	-	44,809
Derivative financial instruments	2,978	-	-	2,978
Loans and Borrowings	37,429	-	-	37,429
Provisions	1,003	7,263	-	8,266
Lease Liabilities	3,496	8,150	-	11,646
Income tax payable	-	-	-	-
Total Current Liabilities	68,676	36,452	-	105,128
Trade and other payables	18,547	-	-	18,547
Derivative financial instruments	4,117	-	-	4,117
Loans and Borrowings	206,427	-	-	206,427
Deferred tax liability	122,398	-	358,709	481,107
Provisions	34,531	7,142	-	41,673
Lease Liabilities	28,207	12,389	-	40,596
Total Non-Current Liabilities	414,227	19,531	358,709	792,467
Total Liabilities	482,903	55,983	358,709	897,595
Net Assets	784,651	331,053	1,050,001	2,165,705

Source: Scheme Booklet, table 8.4.1

For further details, please refer to Section 8.4 of the Scheme Booklet.

5. Valuation approach

5.1 Valuation methodologies

To estimate the fair market value of the shares in Galaxy and the Proposed Merged Entity, we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert reports. These are discussed in Appendix 2.

5.2 Selection of valuation methodologies

The sections below outline the valuation methodologies that are, in our opinion, most appropriate for assessing the fair market value of a share in Galaxy and a share in the Proposed Merged Entity.

5.2.1 Galaxy

We have estimated the fair market value of Galaxy on a sum of the parts basis by aggregating the estimated fair market value of its underlying assets and projects, deducting the net present value of corporate overheads and adding net cash as follows:

- operating and development projects – we have selected the discounted cash flow method due to the following factors:
 - management has provided long term cash flow projections for the operating and development projects. These reasonableness of these cash flow projections have been reviewed by BDA
 - these assets have a finite life and thus it is not appropriate to use a capitalisation of maintainable earnings approach
 - significant capital expenditure will be required for the operating and development projects
- early stage development and exploration assets – we have engaged BDA to assess the value of the early stage development and exploration assets. These assets have been valued primarily based on reserves and resource multiples (refer to Section 7.2.2 for further details)
- valuation of any surplus assets
- cash and debt – current net balance of cash and debt.

To provide additional evidence of the fair market value of a share in Galaxy, we have also considered reserves and resource multiples implied by our valuation compared with the reserves and resource multiples observed for lithium transactions and listed lithium companies.

5.2.2 Proposed Merged Entity

We have applied a sum of the parts methodology to value the Proposed Merged Entity, comprising of the following:

- operating and development projects have been valued based on the discounted cash flow methodology
- early stage development and exploration assets were valued by BDA (refer to Section 8.2.2)
- valuation of any surplus assets
- cash and debt position – current net balance of cash and debt
- we also considered the recent share trading activity in Orocobre shares.

To provide additional evidence of the fair market value of a share in the Proposed Merged Entity we have considered the reserves and resource multiples implied by our valuation of the Proposed Merged Entity compared with the multiples observed for lithium transactions and listed lithium companies.

5.3 Funding requirements

We have considered the funding requirements for the development projects of both Galaxy and the Proposed Merged Entity. As discussed in Section 2.3, notwithstanding the Proposed Scheme, Galaxy is able to fund its development projects through cash on hand, undrawn debt facilities, extension of existing debt facilities and operating cash flows. We have therefore dealt with funding requirements through our selection of gearing and specific risk premium inputs applied in our discount rates for each of the development projects. Further detail on discount rates is provided in Appendix 4.

5.4 Appointment and role of the technical expert

BDA, an independent mining expert, was engaged to prepare a report providing a technical assessment of certain key assumptions underpinning the financial models for the operating and development projects of Galaxy and Orocobre.

The management of Galaxy prepared a financial model (the Galaxy Model) to estimate the future cash flows of the operating and development projects of Galaxy as well as associated corporate costs. Similarly, the management of Orocobre prepared a financial model (the Orocobre Model) to estimate the future cash flows of the operating and development projects of Orocobre as well as associated corporate costs and management fees. The Galaxy Model and the Orocobre Model are referred to collectively as the Models.

In relation to each of these Models and in respect of each asset/project, BDA reviewed and/or provided input into the following assumptions:

- levels of reserves and resources
- production profiles (including profiles for potential expansion cases)
- operating expenditure, including rehabilitation and abandonment costs
- capital expenditure
- other relevant assumptions.

BDA was also engaged to provide an assessment of the value of the early stage development and exploration assets of Galaxy and Orocobre. This included any residual value associated with the operating and development projects of each company which was not reflected in the Models.

BDA prepared its technical review having regard to the code for Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN code). The scope of BDA's work was controlled by Deloitte. A copy of BDA's report is provided as Appendix 5.

6. Future cash flows

6.1 The Models

The Models include projections of after-tax cash flows in USD for each asset/project. We consider it appropriate to apply USD denominated cash flows on the basis that lithium pricing is USD denominated and USD is the functional currency for Orocobre and Sal de Vida. The Galaxy Model and the Orocobre Model have been prepared on a real basis. We have converted both Models to nominal terms using our inflation assumptions for consistency.

The Models were prepared based on:

- historical costs and production profiles of the projects
- the latest reserves and resources statements
- the life of mine plans for all the operating and development projects.

The analysis we have undertaken in respect of the Models has included:

- engaging a technical expert, BDA, to review the technical assumptions underlying the Models
- holding discussions with the management teams of Galaxy and Orocobre concerning the projections and their views regarding the assumptions on which the Models are based
- limited analytical procedures regarding the mathematical accuracy of the Models (our work did not constitute an audit or review of the projections in accordance with the Auditing and Assurance Standards Board (**AUASB**) Standards).

In undertaking their scope of work, BDA visited the Mt Cattlin site (Galaxy's only operating site), held discussions with the management of Galaxy and Orocobre and reviewed data, reports and other information made available to them by Galaxy and Orocobre. Members of the BDA team have previously visited all Orocobre operating projects and the Galaxy development and early stage projects.

In relation to the Models, Deloitte has made some adjustments to the cash flow projections which included, but were not limited to, pricing, foreign exchange rates and inflation assumptions. In respect of the Orocobre Model, Deloitte adjusted the model to reflect calendar years for the projections.

We have valued the operating and development projects of Galaxy and Orocobre based on the technical assumptions reviewed/provided by BDA and our assessment of lithium prices, foreign exchange rates, inflation and our estimated discount rate applicable to the future cash flows associated with these projects.

Our work did not constitute an audit or review of the projections in accordance with the AUASB Standards and accordingly we do not express any opinion as to the reliability of the projections or the reasonableness of the underlying assumptions. However, nothing has come to our attention as a result of our limited work that suggests that the assumptions on which the projections are based have not been prepared on a reasonable basis unless specified otherwise.

Since projections relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the projections are based. Accordingly, actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected and those differences may be material.

The key assumptions underpinning our analysis are described in the following sections. Unless otherwise stated, all figures are quoted on a total mine basis. Refer to Table 29 and Table 30 for the equity interests of Galaxy and Orocobre in each asset/project, respectively.

Table 29: Equity interest Galaxy

Asset	Equity interest
Mt Cattlin	100.0%
James Bay	100.0%
Sal de Vida	100.0%

Source: Orocobre and Galaxy Merger Presentation

Table 30: Equity interest Orocobre

Asset	Equity interest
Olaroz	66.5%
Naraha	75.0%
Borax	100.0%

Source: Orocobre and Galaxy Merger Presentation

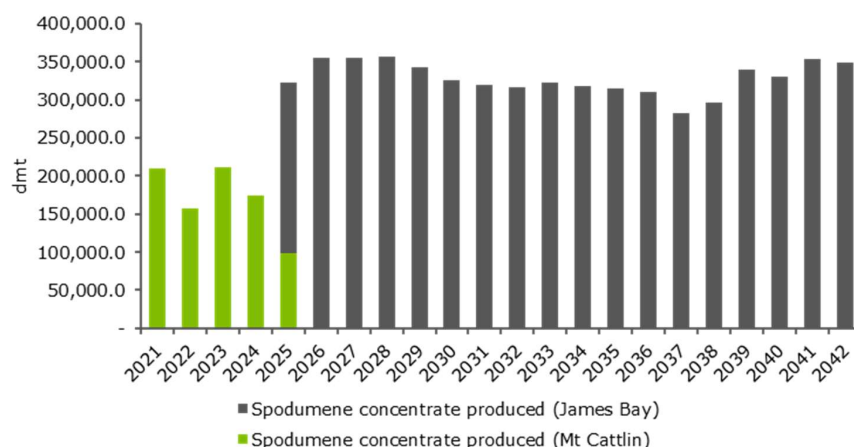
6.2 Revenue assumptions

Revenue is a function of commodity prices and volume of estimated saleable production.

6.2.1 Volume of estimated saleable production

Galaxy

The figure below outlines the projected spodumene concentrate production volume for Galaxy's hard rock projects.

Figure 12: Projected Mt Cattlin and James Bay spodumene production


Sources: Galaxy Model, Deloitte Corporate Finance analysis

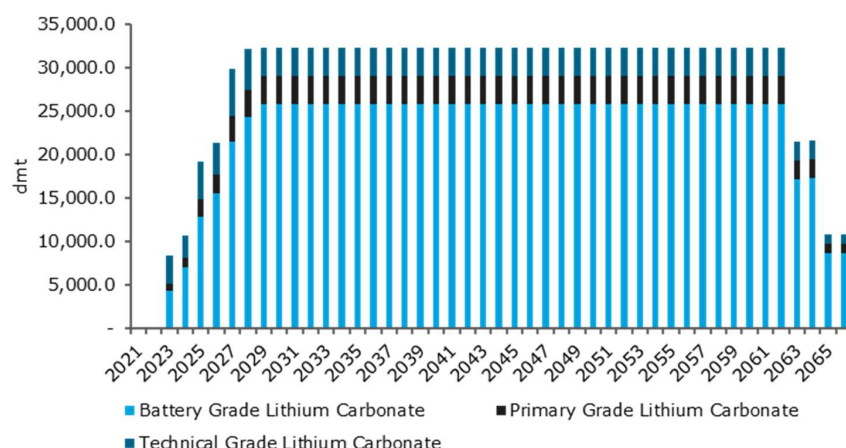
We note the following in relation to the projected spodumene production for Galaxy:

- management's projected spodumene production for Mt Cattlin is based on mining all reserves. Based on advice from BDA, we understand that there is potential for Inferred resources within the current pit designs to be confirmed during mining, adding potentially an additional 0.3Mt of pegmatite ore feed. As a result, we have included 0.3 Mt of inferred resource in 2024 production. BDA has also advised that an additional 0.9 Mt of tailing stockpiles should be included in 2025 to reflect low grade spodumene concentrate that may be produced from the stockpile. The spodumene concentrate produced from the stockpile will likely be of a low grade of circa 4.0%
- management's projected spodumene production for James Bay is based on mining circa 92% of resources. Although there are not currently declared reserves in respect of James Bay, BDA consider the detailed mine plan and pit design and accompanying cost estimates adequate and appropriate for a discounted cashflow assessment
- the James Bay Project is expected to account for all of Galaxy's spodumene production from 2026 onwards when Mt Cattlin reaches the end of its life. Over the period covered by the projections, James Bay's total production is forecast to be exported to Chinese buyers for onward processing, in the absence of a local downstream conversion facility. Galaxy has had some discussions on partnering with owners of conversion facilities and/or co-financing the development of a conversion facility, however, due to the early stage of these discussions, this has not been reflected in the cash flows

- BDA has advised that an additional 5 years of production in respect of James Bay should be included due to the residual resources remaining at the end of the production profile and potential exploration upside. We have adjusted the model to reflect this extension. This increases the value of James Bay by circa USD 30 million to USD 40 million
- BDA has advised that the ramp up period for James Bay should be adjusted from zero months to 18 months and that we should also allow a 12 month delay for the project start date given the permit delays. The impact of these delays has been reflected in our valuation and within Figure 12 above.

The figure below outlines the projected lithium carbonate production for Sal de Vida.

Figure 13: Projected Sal de Vida lithium carbonate production



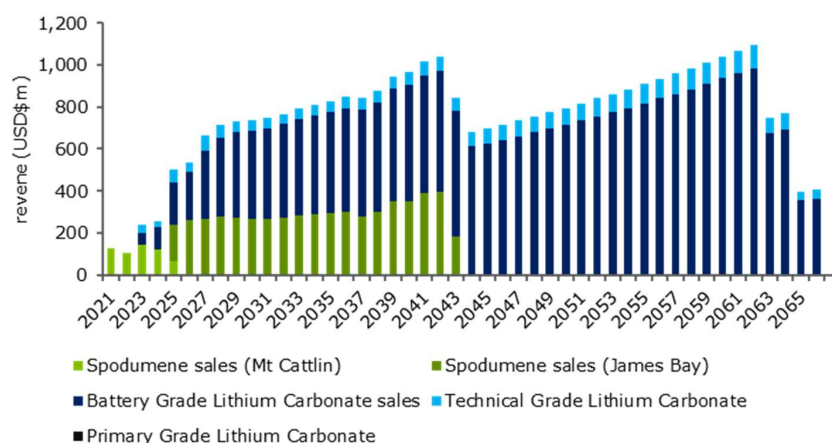
Sources: Galaxy Model, Deloitte Corporate Finance analysis

We note the following in relation to the projected lithium carbonate production:

- management's projected lithium carbonate production is based on mining all of the 1.3 Mt of LCE reserves
- during each of Sal de Vida's three stages, the ratio of battery grade production to technical grade and primary grade lithium production is expected to be 80% battery grade, 10% technical grade and 10% primary grade lithium with the exception of the ramp up phase of each stage which is expected to be 18 months.
- BDA has advised that an additional 10 years of production in respect of Sal de Vida should be possible due to the residual resources remaining at the end of the production profiles. We have adjusted the model to reflect this additional potential, however this has an immaterial impact on the valuation of Sal de Vida
- BDA has advised that the ramp up period for Sal de Vida should be adjusted from 12 months to 18 months, which has been reflected in our valuation

The figure below reflects the projected revenue of Galaxy over the forecast period.

Figure 14: Galaxy revenue in nominal USD m

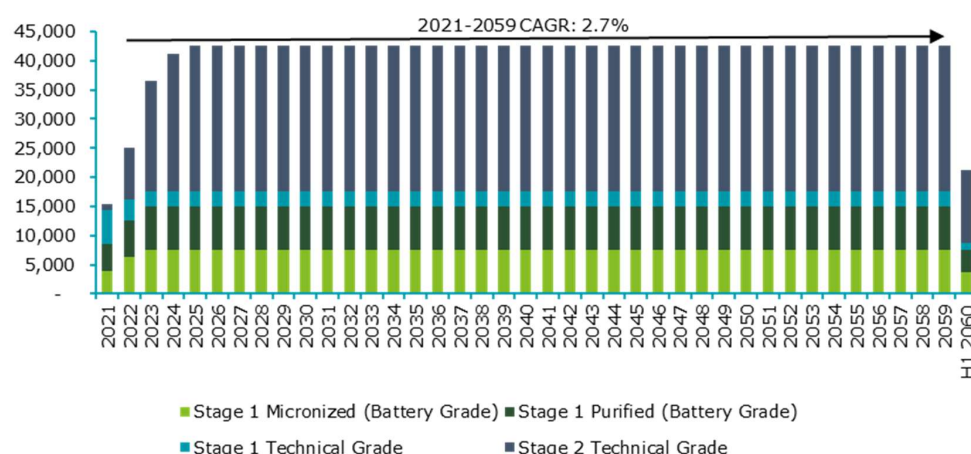


Sources: Galaxy Model, Deloitte Corporate Finance analysis

Orocobre

The figure below shows the projected lithium production from the Olaroz project.

Figure 15: Projected Olaroz lithium production



Sources: Orocobre Model, Deloitte Corporate Finance Analysis

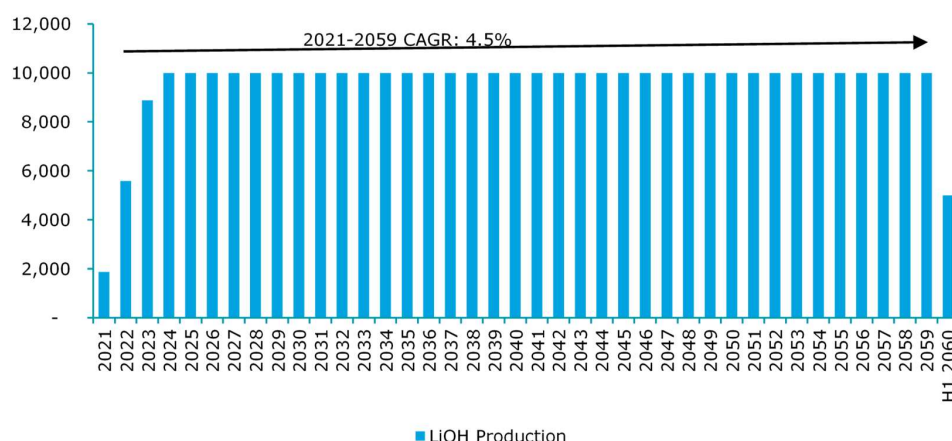
The base case production is projected as follows:

- stage 1 of the Olaroz project is currently in production and expected to ramp up to a production capacity of 17.5 ktpa by 2023. This is expected to comprise of 7.5 ktpa of micronised battery grade lithium carbonate, 7.5 ktpa of purified battery grade lithium carbonate and 2.5 ktpa of technical grade lithium carbonate
- stage 2 of the Olaroz project is expected to complete in H1 calendar year 2022 and to commence production in H2. Production will ramp up over two years to full capacity of 25.0 ktpa technical grade lithium carbonate. Of this, 9.3 ktpa is forecast to be sold as feedstock for the Naraha plant
- the Orocobre Model reflects 2.1 Mt of the 6.4 Mt resource over the period from 2021 to 2071, across stage 1 and stage 2
- although there are not currently declared reserves in respect of the Olaroz stage 2 expansion project, the life of mine development plan is based on recovery factors applied to the resource estimates and, given that stage 1 is currently in production, BDA has advised that they consider the life of mine plan provides an adequate and appropriate basis for a discounted cashflow assessment.

BDA has advised that an additional 10 years of production in respect of Olaroz should be included due to the residual resources remaining at the end of the production profile. We have adjusted the Model to reflect this additional potential.

The figure below shows the projected lithium hydroxide production from the Naraha plant.

Figure 16: Projected Naraha lithium hydroxide production

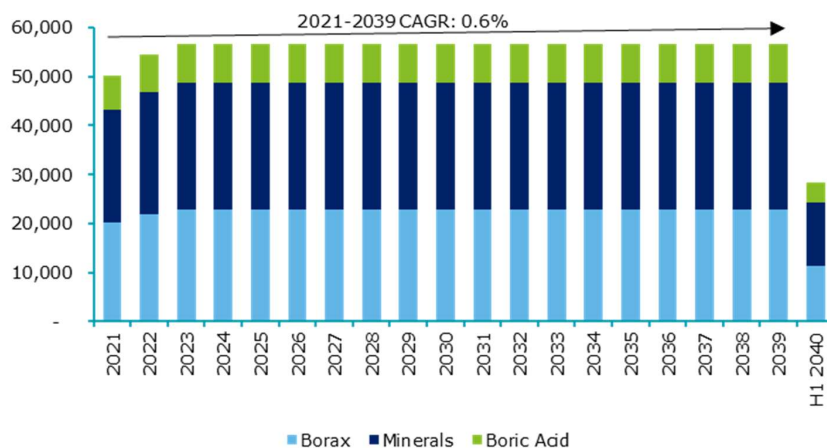


Sources: Orocobre Model, Deloitte Corporate Finance Analysis

The base case production for the Naraha plant assumes the use of 9.3 ktpa of technical grade lithium carbonate feedstock from Olaroz. The Naraha plant is expected to produce 10.0 ktpa of battery grade lithium hydroxide.

The figure below shows the projected production from the Borax project.

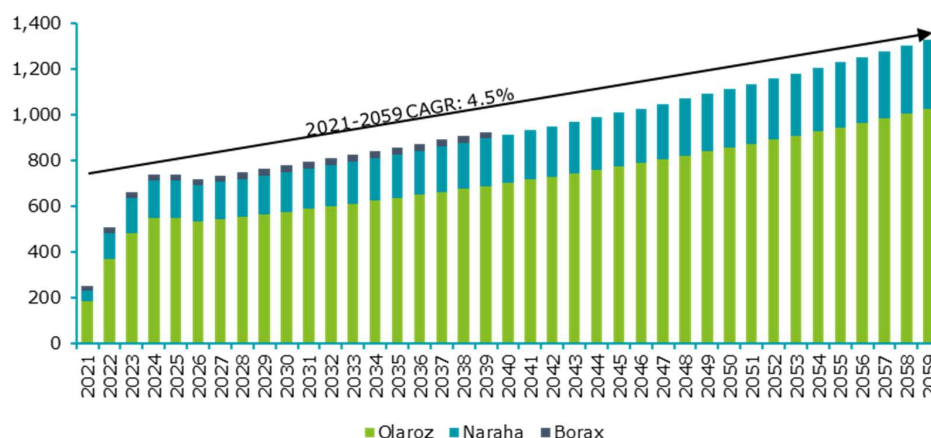
Figure 17: Projected Borax production



Sources: Orocobre Model, Deloitte Corporate Finance Analysis

We note that minor workflow optimisation work is planned over 2021 and 2022, which is expected to increase production capacity from 50.2 ktpa in 2021 to 56.6 ktpa from 2023 onwards.

Figure 18: Orocobre revenue in nominal USD million



Sources: Orocobre Model, Deloitte Corporate Finance Analysis

6.2.2 Lithium pricing

Galaxy has offtake agreements for spodumene produced from Mt Cattlin. The contracts have volume commitments, however prices are based on spot market prices. Galaxy is still in negotiations with potential customers to sell future spodumene produced from James Bay and future LCE produced from Sal de Vida.

Orocobre intends to contract 80% of production volumes for subsequent years using a combination of fixed and variable pricing mechanisms.

In selecting appropriate pricing assumptions for spodumene concentrate, battery grade lithium carbonate, technical grade lithium carbonate, primary grade lithium carbonate, battery grade lithium hydroxide and technical grade lithium hydroxide we have had regard to the following:

- broker forecasts published in the 6 months to May 2021
- price forecasts prepared by Roskill Information Services Limited (**Roskill**) as at April 2021
- price forecasts prepared by Benchmark Market Intelligence (**BMI**) in their Q4 2020 update
- other publicly available industry estimates and commentary.

We have had the most regard to Roskill pricing in selecting our pricing assumptions. The table below summarises our selected pricing assumptions:

Table 31: Selected lithium price summary

USD (real)	2021	2022	2023	2024	2025	Long term
Spodumene concentrate	640	670	700	730	750	690
Lithium carbonate - battery grade	11,500	11,810	12,490	13,170	13,840	12,670
Lithium carbonate - technical grade	10,830	10,540	11,180	11,820	12,460	11,310
Lithium carbonate - primary grade	9,320	9,030	9,670	10,310	10,950	9,800
Lithium hydroxide - battery grade	11,830	13,190	13,870	14,550	15,230	13,840
Lithium hydroxide - technical grade	10,330	12,380	12,710	13,040	13,380	12,220

Source: Deloitte Corporate Finance analysis

6.2.3 Borax pricing

The following table sets out our forecast borax price assumption:

Table 32: Borax broker pricing

USD per tonne (real)	H1 2021	H2 2021	2021
Borax basket price	470	471	471

Source: Deloitte Corporate Finance analysis

We have escalated the nominal borax price assumption for 2021 by our inflation assumptions to project future borax prices.

There is limited information available regarding future borax prices. In selecting our borax price assumption, we had regard to:

- broker forecasts
- other public commentary including, but not limited to, industry research and announcements released by borax companies and market commentators.

6.3 Operating costs

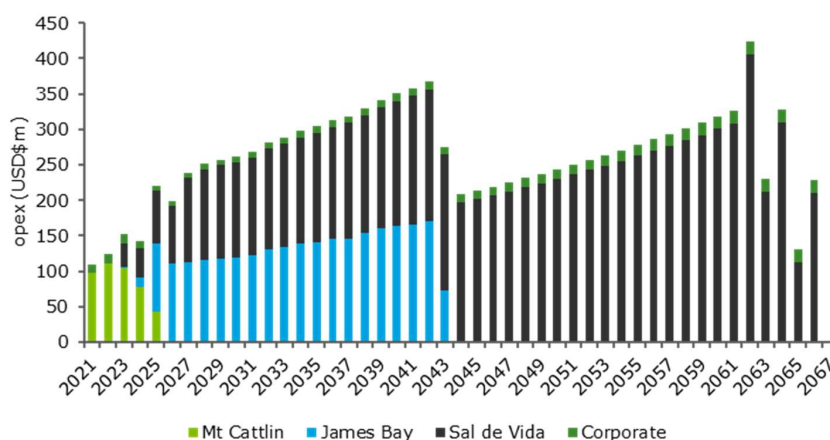
Galaxy

The Galaxy Model includes projections of operating costs in nominal terms, which are summarised as follows:

- Site operating costs:
 - Mt Cattlin: includes mining, crushing, processing and administration costs. These costs are based on a cost per Mt with the exception of mining costs which are determined based on a cost per bcm
 - James Bay: includes mining, processing and administration costs. These costs are based on a cost per Mt except for mining costs which are determined based on a cost per bcm
 - Sal De Vida: includes labour costs, reagent, fuel, consumables and materials and administration costs. These are based on a cost per Mt.
- transport costs including freight and port charges, projected on a fixed cost per Mt
- royalties and incentive costs are projected based on the royalty rates in the jurisdiction of the project. In addition, for:
 - Mt Cattlin: the costs are net of the tantalum by-product credit which is offset against royalty costs (both of which are immaterial in value)
 - Sal de Vida: these costs include export incentives and export taxes.
- operating costs are projected in AUD, Canadian dollars (CND) and USD for Mt Cattlin, James Bay and Sal de Vida respectively.

The figure below outlines the projected operating costs profile of Galaxy over the projection period.

Figure 19: Projected Galaxy operating costs in nominal USD million



Sources: Galaxy Model, Deloitte Corporate Finance analysis

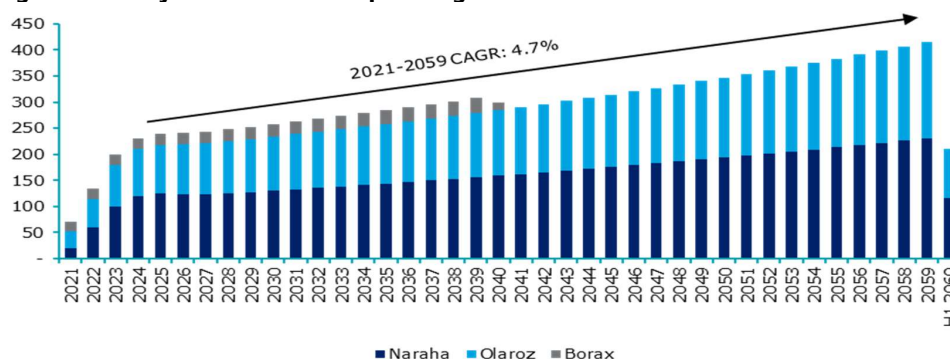
Orocobre

The Orocobre Model includes projections of operating costs in real terms, denominated in USD. The key operating costs are summarised as follows:

- Olaroz
 - Variable costs mainly comprise reagents, utilities and transport
 - Fixed costs mainly comprise labour, maintenance and accommodation
- Naraha
 - Operating costs mainly comprise lithium feedstock costs payable to Olaroz and energy related costs
- Borax
 - Operating costs mainly comprise production, marketing and administration costs

We then converted the operating costs from real to nominal using our selected inflation assumptions.

Figure 20: Projected Orocobre operating costs in nominal USD million



Sources: Orocobre Model, Deloitte Corporate Finance Analysis

6.4 Capital costs

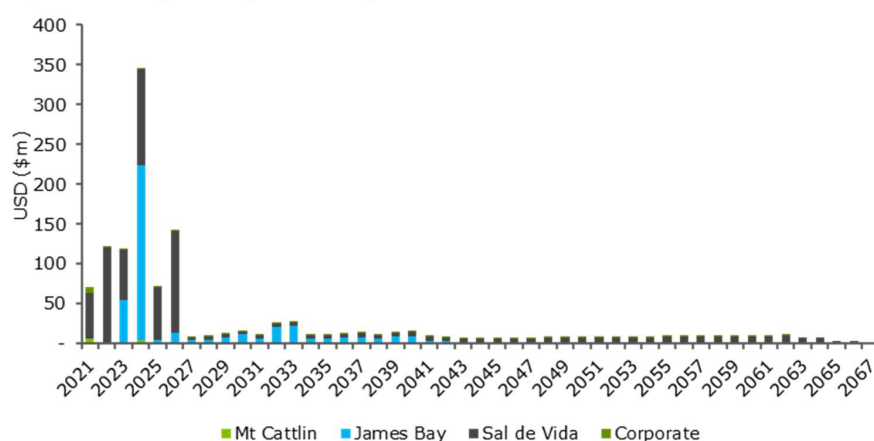
Galaxy

The Galaxy Model incorporates total capital costs of USD 1.036 billion (in real terms) over the projection period. The projected capital costs are mainly associated with the following:

- development capital expenditure for James Bay of circa USD 250 million (in real terms)
- development capital expenditure for all stages of Sal de Vida of circa USD 500 million (in real terms)
- ongoing maintenance capital expenditure associated with each of the operating and development projects
- site rehabilitation costs, which includes USD 30 million (in real terms) for site rehabilitation for Sal de Vida as recommended by BDA.

The figure below outlines the projected capital expenditure profile of Galaxy over the projection period.

Figure 21: Capital expenditure profile in nominal USD million



Sources: Galaxy Model, Deloitte Corporate Finance analysis

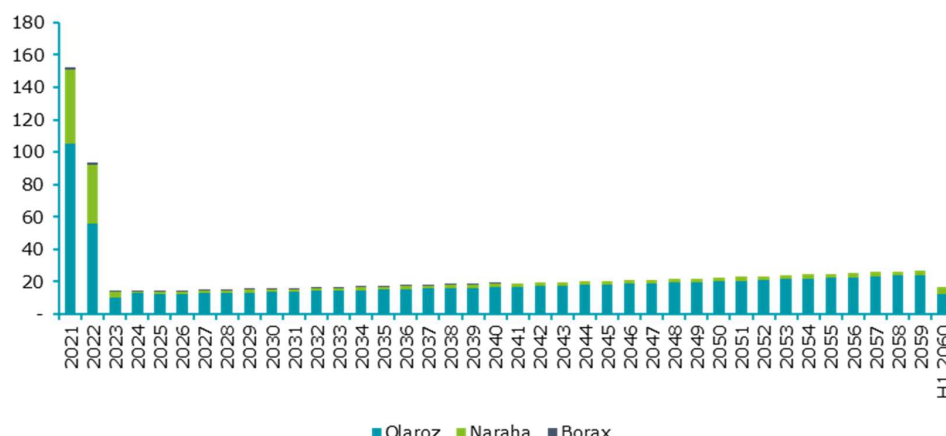
Orocobre

The Orocobre Model incorporates capital costs in real terms as follows:

- Olaroz
 - Sustaining capital expenditure from 2021 until 2060 for stage 1
 - Development capital expenditure from 2021 until H1 2022 then sustaining capital expenditure from H2 2022 until 2060 for stage 2
 - The base case model includes a net present value rehabilitation provision of USD 21.8 million for Olaroz. BDA has advised that this is a reasonable estimate.
- Naraha
 - Construction capital expenditure from 2021 until H1 2023 then sustaining capital expenditure from H2 2023 until 2060.
- Borax
 - Production optimisation capital expenditure from 2021 to H1 2022 then sustaining capital expenditure from H2 2022 until H1 2040
 - The base case model includes a rehabilitation provision for both Olaroz and Naraha. BDA has advised that cash flows should be reduced by USD 10.7 million to consider the net present value of the cost to rehabilitate the Borax project.

We converted the capital costs from real to nominal using our selected inflation assumptions.

Figure 22: Projected Orocobre capital costs in nominal USD million



Sources: Orocobre Model, Deloitte Corporate Finance Analysis

6.5 Corporate assumptions

Galaxy

The Galaxy Model includes projections of corporate costs based on historical and budgeted corporate costs along with a small amount of corporate related capital expenditure. Corporate overheads have been projected on a real basis starting at approximately USD 4.5 million per annum in 2021.

Orocobre

Corporate overheads have been projected on a real basis at approximately USD 7.6 million per annum. Orocobre receives management fees in respect of certain management services provided to certain projects. These have been netted against corporate overheads.

6.6 Economic assumptions

6.6.1 Inflation

The future cash flows in the Models are presented in real terms. We have incorporated inflation rate assumptions for USD denominated cash flows to apply to projected cash flows to convert them into nominal cashflows. In selecting our inflation rate assumptions, we have considered the following:

- The US Federal Reserve's inflation target of 2%
- forecasts prepared by economic analysts and other publicly available information including broker consensus.

Based on our analysis, we have selected the following inflation rate assumptions.

Table 33: US inflation curve

	2021	2022	2023	2024	2025	Long term
US Inflation	2.1%	2.0%	2.2%	1.9%	2.0%	2.0%

Sources: Deloitte Corporate Finance analysis, S&P Capital IQ, EIU

6.6.2 Foreign exchange rate

Certain line items within cash flows in the Galaxy Model are denominated in AUD, CND and Argentinian Pesos (**ARS**).

To convert these cash flows to USD, we have had regard to the following:

- historical and current exchange rates
- forward curves
- forecasts prepared by economic analysts and other publicly available information including broker consensus.

We have adopted the following foreign exchange rate assumptions:

Table 34: Foreign exchange rate summary (real)

	2021	2022	2023	2024	2025	Long term
AUD:USD	0.77	0.77	0.79	0.79	0.78	0.78
CND:USD	0.80	0.79	0.77	0.77	0.76	0.76
USD:ARS ¹	94.00	94.00	94.00	94.00	94.00	94.00

Sources: Deloitte Corporate Finance analysis, EIU, S&P Capital IQ, various broker reports

Note:

1. The USD:ARS rate has been selected based on the current spot rate. Given that contracts are negotiated in USD the valuation is not sensitive to this assumption

Resulting cash flows are then adjusted to nominal terms using our inflation assumptions.

6.7 Other assumptions

In addition to the above assumptions, the Galaxy Model assumes the following:

- an Australian corporate tax rate of 30.0%
- a Canadian corporate tax rate of 26.5%
- an Argentinian tax rate of 35.0% in line with the changes to the corporate tax rates which were passed in the Argentinian Senate on 2 June 2021.

Galaxy management have included tax losses within the Galaxy Model and therefore the discounted cash flows capture the benefit of current tax losses.

The Orocobre Model assumes the following:

- an Argentinian corporate tax rate for Olaroz and Borax of 35% in line with the changes to the corporate tax rates which were passed in the Argentinian Senate on 2 June 2021
- a Japanese corporate tax rate of 31.0%
- an Australian corporate tax rate of 30% for corporate costs
- working capital calculated as receivables less payables
- management fees for Olaroz and Naraha in accordance with internal agreements in place
- estimated commission fees for marketing services relating to lithium sales.

The corporate tax assumptions discussed above are consistent with our understanding of the current corporate tax rates in the respective countries.

Due to the complexity in the Argentinian tax regime, discussions were held with a tax specialist from Deloitte Argentina to confirm our understanding of the tax regime as it applies to mining operations, to ensure that taxes had been modelled appropriately for Galaxy and Orocobre.

7. Valuation of Galaxy

7.1 Valuation of Galaxy

Our valuation methodology is described in Section 5.2.1.

Our sum of the parts valuation analysis is set out in Section 7.2.

In addition, we also had regard to the resource multiples implied by our valuation of Galaxy compared with the resource multiples observed for lithium transactions and listed lithium companies. This analysis is set out in Section 7.3.

As part of our reasonableness considerations we have also analysed market trading activity in Galaxy shares prior to the announcement of the Proposed Scheme. This analysis is set out in Section 7.4.

7.2 The sum of the parts method

7.2.1 Operating and development projects of Galaxy

The value of Galaxy's operating and development projects has been estimated using the discounted cash flow methodology. To value these projects using the discounted cash flow method requires the determination of the following:

- future cash flows
- an appropriate discount rate to be applied to these future cash flows
- an estimate of the residual value at the end of the mine plans.

Our consideration of each of these factors is presented below.

Future cash flows

The future cash flows included in our valuation have been described in Section 6.

Discount rates

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected the following nominal after tax discount rates:

- a discount rate of between 9.5% and 10.5% for the Mt Cattlin project
- a discount rate of between 12.0% and 13.0% for the James Bay project
- a discount rate of between 13.0% and 14.5% for the Sal de Vida project
- a discount rate of between 9.5% and 10.5% for Galaxy corporate costs.

In selecting these discount rates, we considered the following:

- the rates of return for listed Australian and international lithium production and development companies
- the debt to equity ratios of listed Australian and international lithium production and development companies
- specific risks associated with the development of the James Bay and Sal de Vida projects
- the specific business and financing risks of Galaxy
- Galaxy's forecast cost of debt and gearing.

A detailed consideration of these matters is provided in Appendix 4.

Incremental value beyond the mine plan

The Galaxy Model incorporates all of Galaxy's current proven and probable reserves of 1.5 Mt LCE for the operating projects together with 1.2 Mt LCE of measured and indicated resources.

Approximately 5.0 Mt LCE of measured and indicated resources and 1.8 Mt LCE of inferred resources have not been included in the Galaxy Model. The extent to which these resources can be converted into reserves depends on the outcomes of future exploration and drilling, further analysis of the geology of the deposits, the availability of downstream infrastructure and future lithium prices.

BDA has advised that an additional 5 years of production in respect of James Bay, an additional 10 years of production in respect of Sal de Vida and an additional 1 year of production in respect of Mt Cattlin should be assumed from the residual resources remaining at the end of the respective production profiles. In the case of James Bay, the additional production is also supported by potential exploration upside. We have adjusted the Galaxy Model to reflect this additional production.

As discussed in Section 7.2.2, BDA has provided an estimate of the value of the residual resources beyond the adjusted production profile. This effectively incorporates incremental value not captured in the Galaxy Model (after the adjustment to the production profile discussed above) and is included within the sum of the parts valuation.

The discounted cash flow value

The value of the operating and development projects of Galaxy derived from the discounted cash flow methodology is highly sensitive to the discount rate, lithium price, operating costs and capital expenditure assumptions selected. We have performed sensitivity analysis applying:

- a discount rate range as follows:
 - 9.00% to 11.0% for the Mt Cattlin project
 - 11.50% to 13.5% for the James Bay project
 - 12.25% to 15.25% for the Sal de Vida project.
- +/- 5% and 10% to the selected lithium prices from FY 2021
- +/- 10% and 20% to the operating costs for each of the projects
- +/- 15% and 30% to the capital costs for each of the projects.

Mt Cattlin valuation

In the following table we set out the fair market value of Mt Cattlin derived using the discounted cash flow method under a range of lithium prices, operating costs, capital costs and discount rate assumptions.

Table 35: Mt Cattlin - sensitivity analysis

	Discount rates				
Mt Cattlin	11.00%	10.50%	10.00%	9.50%	9.00%
Lithium price sensitivity					
-10%	36.2	36.8	37.3	37.9	38.6
-5%	58.7	59.5	60.3	61.2	62.0
Selected price	81.3	82.3	83.3	84.4	85.4
+5%	103.8	105.1	106.3	107.6	108.9
+10%	126.4	127.8	129.3	130.8	132.3
Operating costs					
+20%	14.5	15.0	15.5	15.9	16.4
+10%	47.9	48.6	49.4	50.1	50.9
Modelled operating costs	81.3	82.3	83.3	84.4	85.4
-10%	114.7	115.9	117.2	118.6	119.9
-20%	148.0	149.6	151.2	152.8	154.4
Capital expenditure					
+30%	78.2	79.2	80.2	81.2	82.3
+15%	79.8	80.8	81.8	82.8	83.9
Modelled capital expenditure	81.3	82.3	83.3	84.4	85.4
-15%	82.8	83.8	84.9	85.9	87.0
-30%	84.3	85.4	86.4	87.5	88.6

Source: Deloitte Corporate Finance analysis

The value of Mt Cattlin is most sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 28% to the value of the project.

Based on the above analysis, and noting that Mt Cattlin has a limited remaining life of mine with limited exposure to medium to long term lithium price movements, we have selected a fair market value of Mt Cattlin in the range of USD 80.0 million to USD 85.0 million.

James Bay valuation

In the following table we set out the fair market value of James Bay derived using the discounted cash flow method under a range of lithium prices, operating costs, capital costs and discount rate assumptions.

Table 36: James Bay - sensitivity analysis

James Bay	Discount rates				
	13.50%	13.00%	12.50%	12.00%	11.50%
Lithium price sensitivity					
-10%	162.1	177.6	194.3	212.4	232.0
-5%	210.0	228.0	247.4	268.3	290.9
Selected price	257.9	278.4	300.4	324.1	349.8
+5%	305.8	328.7	353.3	379.9	408.7
+10%	353.5	378.9	406.2	435.7	467.4
Operating costs					
+20%	138.5	152.9	168.4	185.3	203.5
+10%	198.2	215.6	234.4	254.7	276.7
Modelled operating costs	257.9	278.4	300.4	324.1	349.8
-10%	317.7	341.1	366.4	393.6	423.0
-20%	377.4	403.9	432.3	463.0	496.1
Capital expenditure					
+30%	200.3	219.8	240.8	263.6	288.2
+15%	229.2	249.1	270.6	293.9	319.1
Modelled capital expenditure	257.9	278.4	300.4	324.1	349.8
-15%	286.6	307.5	330.0	354.3	380.5
-30%	315.2	336.6	359.5	384.3	411.0

Source: Deloitte Corporate Finance analysis

The value of James Bay is most sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 18% to the value of the project.

Based on the above analysis, and in particular considering the potential 12 month delay and 18 month ramp up that we have modelled (see Section 6.2.1), and the potential for capital expenditure increases associated with any delay, we have selected a fair market value of James Bay in the range of USD 260.0 million to USD 300.0 million.

Sal de Vida valuation

In the following table we set out the fair market value of Sal de Vida derived using the discounted cash flow method based on the lithium prices, operating costs, capital costs, project commencement and discount rate assumptions.

Table 37: Sal de Vida - sensitivity analysis

	Discount rates				
Sal de Vida	15.25%	14.50%	13.75%	13.00%	12.25%
Lithium price sensitivity					
-10%	570.2	640.4	720.6	812.5	918.6
-5%	640.7	716.8	803.7	903.3	1,018.2
Selected price	711.1	793.1	886.6	993.8	1,117.6
+5%	781.2	869.2	969.4	1,084.3	1,216.8
+10%	851.3	945.1	1,052.1	1,174.6	1,315.9
Operating costs					
+20%	590.0	662.1	744.2	838.5	947.2
+10%	650.5	727.6	815.4	916.1	1,032.4
Modelled operating costs	711.1	793.1	886.6	993.8	1,117.6
-10%	771.6	858.6	957.8	1,071.5	1,202.7
-20%	832.1	924.1	1,029.0	1,149.2	1,287.9
Capital expenditure					
+30%	619.5	700.4	792.7	898.7	1,021.2
+15%	665.5	747.0	839.9	946.5	1,069.6
Modelled capital expenditure	711.1	793.1	886.6	993.8	1,117.6
-15%	756.2	838.8	932.9	1,040.8	1,165.2
-30%	801.1	884.2	979.0	1,087.5	1,212.6
Delay scenario					
No delay	711.1	793.1	886.6	993.8	1,117.6
6 month delay	658.9	737.7	827.8	931.4	1,051.3
12 month delay	613.8	689.4	776.2	876.3	992.3

Source: Deloitte Corporate Finance analysis

The value of Sal de Vida is most sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 10% to the value of the project.

We have also considered the value of Sal de Vida if project commencement is delayed. A delay of 6 to 12 months decreases the value by circa 7% and 12% respectively.

Based on the above analysis, and in particular having regard to the potential for delays to the project, we have selected a fair market value of Sal de Vida in the range of USD 750.0 million to USD 950.0 million.

Corporate costs valuation

Corporate costs are described in Section 6.5. Based on a discount rate range of 9.5% to 10.5%, we have selected a fair market value for corporate costs in the range of negative USD 70.0 million to negative USD 80.0 million.

7.2.2 Exploration assets

Deloitte engaged BDA to provide an assessment of the value of Galaxy's early stage development and exploration assets not associated with any of the existing operating and development projects as well as the value of any residual resources not included in the discounted cash flow models.

BDA considered a range of valuation approaches to assess the value of the Galaxy exploration assets. For both Sal de Vida and James Bay, BDA determined that additional exploration value was best assessed by an extension to the modelled life of mine plans. This has been incorporated in the Deloitte cash flow modelling. In the case of Mt Cattlin, BDA assessed a value for the exploration tenements and for the potential of future underground extraction (as discussed in Section 7 of the BDA report).

BDA has estimated the value of the exploration and early stage development assets of Galaxy as set out in the following table:

Table 38: Exploration and early stage development assets

USD million	Low	High	Mid
Mt Cattlin	7.6	11.9	9.7
Total	7.6	11.9	9.7

Source: BDA

Further detail on the valuation of Galaxy's exploration and early stage development assets is set out in Section 7.2 of BDA's report in Appendix 5.

7.2.3 Surplus assets and liabilities

Galaxy has the following assets and liabilities that do not contribute to its forecast cash flows, and have therefore been treated as surplus assets and valued separately:

- Royalty income: from Alita Resources Limited (Alita) valued using an indicative discounted cash flow methodology over the expected term
- Listed securities: valued Galaxy's investment in listed securities using the 30 day VWAP of the respective securities as at 31 May 2021
- Rehabilitation provision: recognised in respect of the restoration of the tailings site at a former Lithium One Inc. mining site in Canada.

Table 39: Surplus assets

USD million	
Royalty income	7.0
Investments in listed securities	8.6
Rehabilitation provision	(5.9)
Total	9.7

Sources: Deloitte Corporate Finance analysis, Galaxy Management

7.2.4 Net cash

Galaxy's net cash position as at 3 May 2021 is set out in the following table.

Table 40: Net cash summary

USD million	Net cash
Current interest bearing liabilities	-
Non-current interest bearing liabilities	-
Cash	203.0
Net Cash	203.0

Source: Deloitte Corporate Finance analysis

We have been advised that the net cash position as at the date of this report has not changed materially since 3 May 2021.

7.2.5 Valuation: sum of the parts method

The value of a Galaxy share using the sum of the parts methodology is summarised below.

Table 41: Galaxy valuation summary

	Unit	Low	High
Mt Cattlin - selected enterprise value	USD million	80.0	85.0
James Bay - selected enterprise value	USD million	260.0	300.0
Sal de Vida - selected enterprise value	USD million	750.0	950.0
Corporate entity	USD million	(70.0)	(80.0)
Surplus assets/liabilities	USD million	9.7	9.7
Exploration and early stage development assets	USD million	7.6	11.9
Total enterprise value of Galaxy	USD million	1,037.3	1,276.6
Add: Net cash	USD million	203.0	203.0
Equity value	USD million	1,240.3	1,479.6
Shares on issue including unlisted performance rights ⁶	#	514,070,077	514,070,077
Value per share (USD)	USD	2.41	2.88
Spot AUD:USD FX rate		0.76	0.76
Value per share (AUD)	AUD	3.19	3.80
Deloitte assessed value of a Galaxy share on a control basis (AUD)	AUD	3.20	3.80

Source: Deloitte Corporate Finance analysis

Note:

1. Spot AUD:USD FX rate as at 28 June 2021 has been used
2. Figures in the table above are subject to rounding

We have selected a valuation range for a share in Galaxy to be in the range of AUD 3.20 to AUD 3.80 on a control basis.

⁶ 505,669,628 shares on issue plus assumed conversion of all 9,511,647 performance rights less Galaxy share trust shares of 1,111,198 as at 29 June 2021

7.3 Resource multiples

We have cross checked the value of the major projects of Galaxy with reference to relevant resource multiples. Given reserves are yet to be declared for some of Galaxy's projects, we consider a resource multiples cross check to be more relevant for Galaxy than a reserves multiple cross check.

We note that a resource multiple is only intended to provide a high-level cross check for our valuation of Galaxy's projects. The resource multiples implied by the lithium transactions may vary significantly due to various factors including different cost structures, different jurisdictions, different geotechnical / geomechanical issues, different stages of development, different ratios of reserves to total resources and different mine lives.

The resource multiples are calculated on publicly available information, however there are limitations due to the following:

- the multiples may be affected by issues such as quality and raw material type, development risk, projected levels of capital expenditure, long term favourable/unfavourable contracts and synergies and special value attributed to strategic benefits that only the acquirer could achieve
- resource multiples do not make allowance for the relative proportions of measured, indicated and inferred resources as a percentage of total resources attributable to an asset, nor do they allow for different cost structures of the resources
- resource multiples implied by transactions are historical and are generally influenced by the economic environment surrounding the transaction, which may not reflect the current environment.

The following table sets out the resource multiples implied by the enterprise value of Galaxy's major projects.

Table 42: Resource multiple implied by Deloitte valuation of Galaxy's major projects

	Implied Enterprise Value (AUD million)	Resources ^{2,3} (Mt LCE)	Inferred resources as a % of total resource	EV/ Resources (AUD/t LCE)
Mt Cattlin ¹	121.8	0.3	27.5%	365.9
James Bay	369.8	1.4	-	264.1
Sal de Vida	1,122.6	6.2	27.0%	180.2
Total	1,614.2	8.0	22.2%	202.7

Source: Deloitte Corporate Finance analysis

Note:

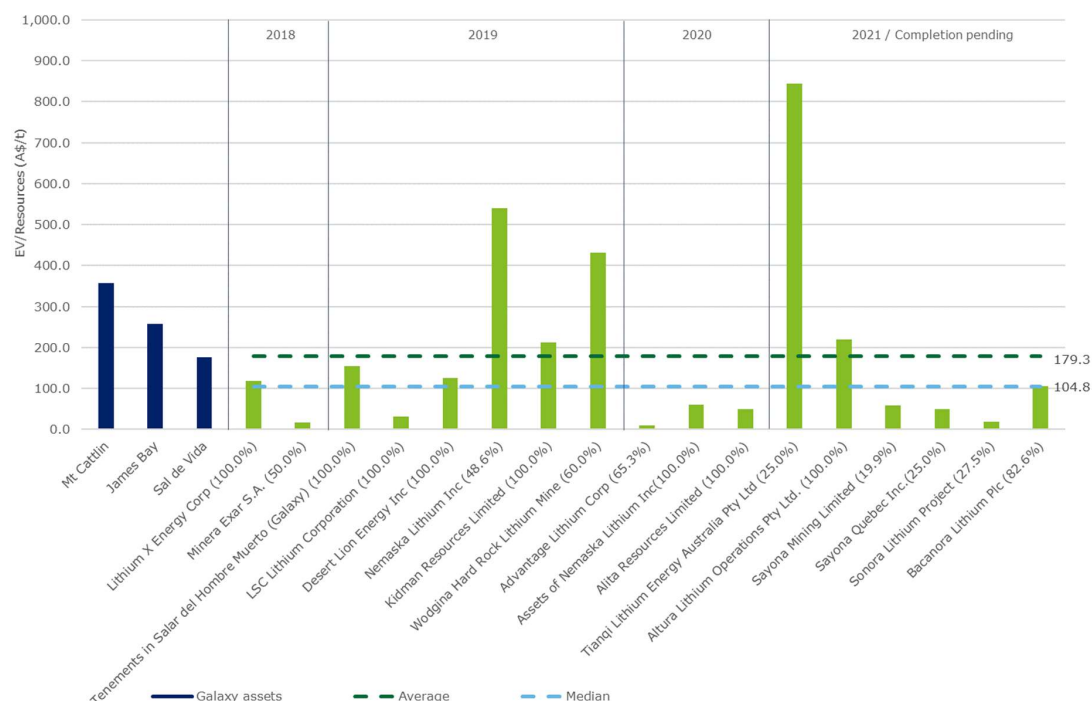
1. Includes Mt Cattlin exploration assets

2. Includes indicated, measured and inferred resources and is inclusive of reserves

3. Resources include tantalum by-product converted into LCE

An analysis of the resource multiples implied by our valuation of Galaxy, together with the resource multiples implied by the lithium transactions which have occurred since 2018, is set out in the figure below.

Figure 23: Resource transaction multiples



Sources: S&P Capital IQ, Annual Reports, Company Announcements, Deloitte Corporate Finance analysis

Notes:

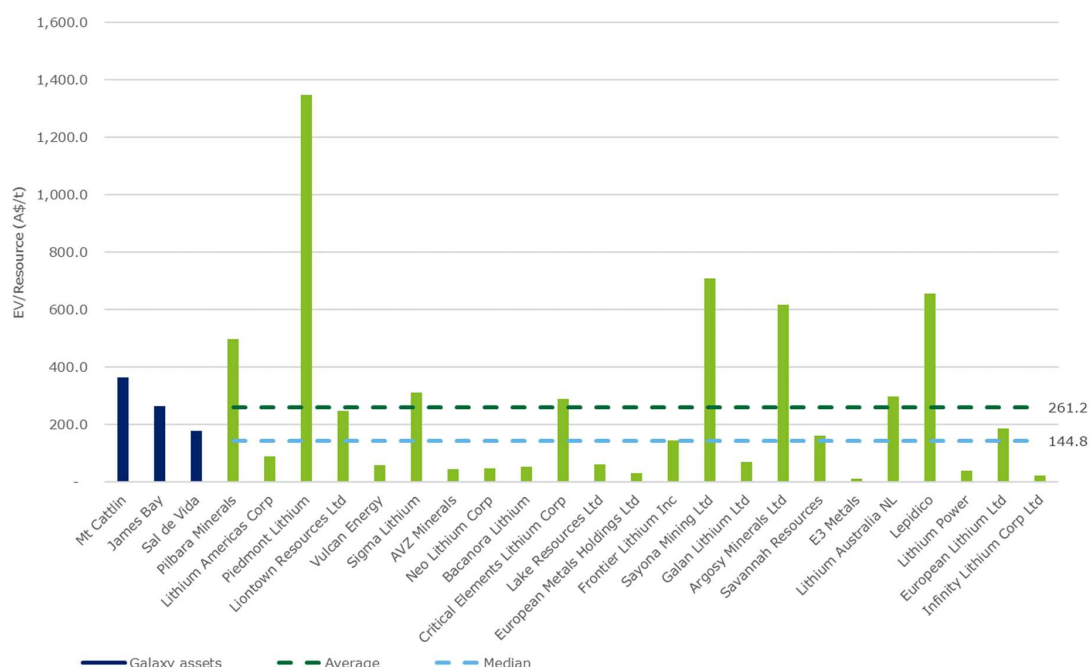
- Resources includes indicated, measured and inferred resources and is inclusive of reserves
- Implied enterprise value calculated based on the acquirer's consideration (including any contingent consideration) at the completion date and the target's net debt/cash position reported at or prior to the completion of the transaction. Where the transaction is pending, the announcement date is used
- Resources are based on the latest resource and reserve statement announced by the target prior to the announcement of the transaction. Where applicable and information is available, we have adjusted the resource of operational projects to exclude any processed resource up to the transaction completion date
- Where reliable pricing data is available, by-products included in mineral resource estimates have been converted to LCE

We note the following with regard to recent transactions in the lithium mining sector:

- there are limited transactions in lithium mining assets that are comparable to Galaxy
- transaction activity and implied multiples are sensitive to movements in lithium prices. As a result, recent fluctuations in lithium pricing causes limitations in the comparability of historical transactions. Further, a number of recent transactions were distressed sales in response to falling lithium prices or were consolidations of existing ownership and are therefore not comparable
- transaction resource multiples for lithium assets range between AUD 10.3 and AUD 843.5 per tonne, with an average and median of AUD 179.3 per tonne and AUD 104.8 per tonne of resource, respectively. We note, however, that lithium assets have differing pricing, export markets, cost structures and quality as well as differing levels of development risk.

An analysis of resource multiples implied by our Galaxy valuation and share trading resource multiples observed for selected lithium companies is set out in the figure below:

Figure 24: Resource trading multiples



Sources: S&P Capital IQ, Annual Reports, Company Announcements, Deloitte Corporate Finance analysis

Note:

1. As at 28 June 2021
2. Share trading resource multiples of comparable companies have been calculated based on enterprise value, implied by the company share price, to resources
3. Resources includes indicated, measured and inferred resources and is inclusive of reserves
4. Where reliable pricing data is available, by-products included in mineral resource estimates have been converted to LCE

We note the following observations with regard to the listed lithium mining companies:

- our analysis identified a limited number of companies of a similar size with directly comparable operations to those of Galaxy
- trading multiples include corporate overhead costs, however these costs are excluded from our implied multiples on a project basis
- Sociedad Química y Minera de Chile S.A (SQM), Albemarle Corporation (Albemarle) and Tianqi Lithium Corporation (Tianqi) own interests in brine assets in Latin America and spodumene assets in Australia. However, due to their size, diversification of products and advanced operations in processing lithium, we have not included their multiples in our analysis. However, we note that their resource multiples are well above the range observed for other lithium companies and implied for Galaxy's projects
- the average and median trading resource multiples of lithium mining companies is AUD 261.2 per tonne and AUD 144.8 per tonne of resource, respectively. The resource multiples implied by our valuation of Galaxy's major assets are within the range observed for these companies.

Based on the above observations, we consider this cross check provides broad support for our valuation of Galaxy.

7.4 Analysis of pre-announcement date trading in Galaxy shares

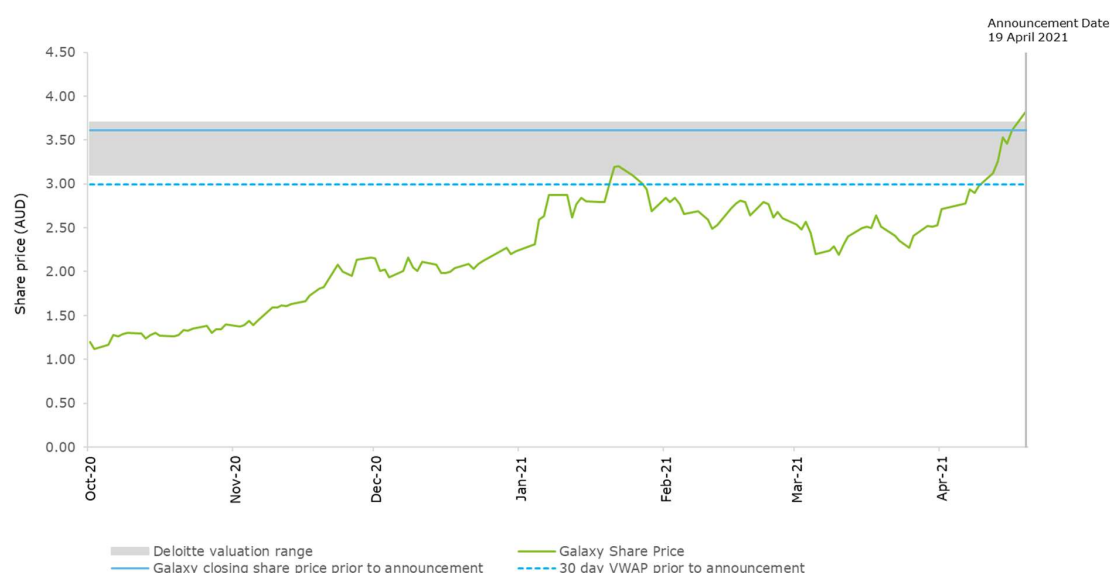
We have also prepared an analysis of share trading activity in Galaxy prior to the announcement of the Proposed Scheme. The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relating to the value of an entity's securities.

Share prices from market trading may not reflect the market value for control of a company as shares traded are small minority holdings.

In the six months and twelve months prior to the announcement of the Proposed Scheme, the liquidity on the ASX (represented by the daily volume traded on the ASX compared to the shares on issue for Galaxy) was approximately 125% and 265% respectively.

The following figure compares the daily share price of Galaxy prior to the announcement of the Proposed Scheme on 19 April 2021, the 30 day VWAP of Galaxy's shares prior to the Proposed Scheme announcement date and our selected valuation range of a Galaxy share.

Figure 25: Share trading analysis



Sources: S&P Capital IQ, ASX Announcements, Deloitte Corporate Finance analysis

Galaxy's closing share price on the last trading day prior to the announcement of the Proposed Scheme (16 April 2021) was AUD 3.61 and its 30 day VWAP up to and including 16 April 2021 was AUD 2.99.

The following table sets out the share market trading in Galaxy shares prior to the announcement of the Proposed Scheme. This analysis is used in our share trading analysis in Table 6 of the reasonableness section of the executive summary.

Table 43: Analysis of share trading in Galaxy shares prior to the announcement

	Low (AUD)	High (AUD)	VWAP (AUD)	% volume traded
7 days	3.12	3.61	3.38	7.7%
14 days	2.78	3.61	3.24	10.8%
21 days	2.51	3.61	3.10	13.9%
30 days	2.27	3.61	2.99	16.2%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

8. Valuation of the Proposed Merged Entity

8.1 Valuation of the Proposed Merged Entity

In this section we have estimated the fair market value of the shares in the Proposed Merged Entity. This valuation has been performed on a control basis as we have assessed the Proposed Scheme as a merger of equals.

Our sum of the parts methodology is described in 5.2.2.

The valuation analysis is set out in Sections 8.2

To provide additional evidence of the fair market value of a share in the Proposed Merged Entity we have considered the resource multiples implied by our valuation of the Proposed Merged Entity compared with the resource multiples observed for lithium transactions and listed lithium companies.

As part of our reasonableness considerations we have also analysed the recent trading in Orocobre shares as an indication of the value per share of the Proposed Merged Entity on a minority basis.

These are set out in Sections 8.3 to 8.4.

8.2 The sum of the parts method

8.2.1 Operating and development projects of the Proposed Merged Entity

The value of the Proposed Merged Entity's operating and development projects has been estimated using the discounted cash flow methodology which requires the determination of the following:

- future cash flows
- an appropriate discount rate
- an estimate of the residual value remaining after the discrete forecast period.

Our consideration of each of these factors is presented below.

Future cash flows

The future cash flows relied on for the purposes of the valuation have been described in Section 6.

Discount rates

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected the following nominal after tax discount rate ranges:

- a discount rate of between 9.5% and 10.5% for the Mt Cattlin project
- a discount rate of between 12.0% and 13.0% for the James Bay project
- a discount rate of between 13.0% and 14.5% for the Sal de Vida project
- a discount rate of between 12.5% and 14.0% for the Olaroz project
- a discount rate of between 8.0% and 8.5% for the Naraha Lithium Hydroxide Plant
- a discount rate of between 13.5% and 15.5% for the Borax operating project
- a discount rate of between 9.5% and 10.5% for Orocobre corporate costs.

In selecting these discount rate ranges we considered the following:

- the required return for ASX and internationally listed lithium production and development companies
- the debt to equity ratios of ASX and international lithium production and development companies
- specific risks associated with the development of the operating and development projects of the Proposed Merged Entity
- the specific business and financing risks of the Proposed Merged Entity
- the forecast cost of debt and gearing of the Proposed Merged Entity.

A detailed consideration of these matters is provided in Appendix 4.

Incremental value beyond the mine plans

The Models incorporate 1.5 Mt of proven and probable LCE reserves and 3.4 Mt of measured and indicated LCE resources. Please refer to Section 6.2.1 for a breakdown of this by project.

Approximately 14.0 Mt of measured and indicated LCE resources and 3.3 Mt of inferred LCE resources associated with the operating and development projects have not been included in the Models. The extent to which these resources can be converted into reserves depends on the outcomes of future exploration and drilling, further analysis of the geology of the deposits, the availability of downstream infrastructure and future lithium prices.

BDA has reviewed the production profiles included in the Models and provided guidance on any additional volumes that should be reflected for valuation purposes. Furthermore, where appropriate, BDA has provided an estimate of the value of the residual resources, as discussed in Section 8.2.2 below. This effectively incorporates the residual value not captured in the mine plans and associated discounted cash flows.

The discounted cash flow value

The value of the operating and development projects of the Proposed Merged Entity derived from the discounted cash flow methodology is highly sensitive to the discount rate, lithium price, operating costs and capital expenditure assumptions selected. We have performed sensitivity analysis applying:

- a discount rate range as follows:
 - 9.00% to 11.0% for the Mt Cattlin project
 - 11.50% to 13.5% for the James Bay project
 - 12.25% to 15.25% for the Sal de Vida project.
 - 11.75% to 14.75% for the Olaroz project
 - 7.75% to 8.75% for the Naraha project
 - 12.50% to 16.50% for the Borax project.
 - +/- 5% and 10% to the selected lithium prices from FY 2021
 - +/- 10% and 20% to the operating costs for each of the projects
 - +/- 15% and 30% to the capital costs for each of the projects.

In the following table we set out the fair market value of the operating and development projects of the Proposed Merged Entity derived using the discounted cash flow method based on the lithium price, operating costs, capital costs and discount rate assumptions.

Mt Cattlin valuation

Our selected value for Mt Cattlin, which we have adopted for our valuation of the Proposed Merged Entity is consistent with that shown in Section 7.2.1.

James Bay valuation

Our selected value for James Bay, which we have adopted for our valuation of the Proposed Merged Entity is consistent with that shown in Section 7.2.1.

Sal de Vida valuation

Our valuation of Sal de Vida as part of the Proposed Merged entity incorporates the impact of certain benefits which are expected to arise as a consequence of the project being part of the Proposed Merged Entity, which will have a bigger presence in Argentina than Galaxy currently has. This includes the expected accelerated development of Sal de Vida whereby stages 2 and 3 are expected to be developed concurrently rather than one after the other.

In the following table we set out the fair market value of Sal de Vida within the Proposed Merged Entity derived using the discounted cash flow method under a range of the lithium prices, operating costs, capital costs, project commencement and discount rate assumptions.

Table 44: Sal de Vida - sensitivity analysis

Sal de Vida	Discount rates				
	15.25%	14.50%	13.75%	13.00%	12.25%
Lithium price sensitivity					
-10%	567.4	639.1	720.8	814.5	922.4
-5%	641.4	719.1	807.7	909.1	1,026.0
Selected price	715.3	799.1	894.5	1,003.7	1,129.6
+5%	789.2	879.0	981.2	1,098.3	1,233.1
+10%	863.0	958.8	1,067.9	1,192.8	1,336.6
Operating costs					
+20%	587.2	660.7	744.5	840.4	950.9
+10%	651.3	729.9	819.5	922.0	1,040.2
Modelled operating costs	715.3	799.1	894.5	1,003.7	1,129.6
-10%	779.4	868.3	969.5	1,085.4	1,218.9
-20%	843.4	937.4	1,044.5	1,167.1	1,308.3
Capital expenditure					
+30%	609.9	692.5	786.6	894.6	1,019.1
+15%	662.7	745.9	840.6	949.2	1,074.4
Modelled capital expenditure	715.3	799.1	894.5	1,003.7	1,129.6
-15%	767.8	852.1	948.2	1,058.1	1,184.6
-30%	820.1	905.0	1,001.7	1,112.2	1,239.4

Source: Deloitte Corporate Finance analysis

The value of Sal de Vida is most sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 10% to the value of the project.

Based on the above analysis, we have selected a fair market value of Sal de Vida under the Proposed Merged Entity in the range of USD 800.0 million to USD 1,000.0 million. This selected value is USD 50 million higher than our estimate of the value of Sal de Vida on a standalone basis (as discussed in Section 7.2.1). This increase represents the value of potential synergies associated with the project, including the ability to develop stage 2 and stage 3 simultaneously, and also the reduced likelihood of project commencement delays.

Olaroz valuation

In the following table we set out the fair market value of Olaroz on a 100% enterprise value basis derived using the discounted cash flow method under a range of lithium prices, operating costs, capital costs and discount rate assumptions (see Section 8.2.6 for the fair market value of the Proposed Merged Entity's effective equity interest).

Table 45: Olaroz - sensitivity analysis

	Discount rates				
Olaroz	14.75%	14.00%	13.25%	12.50%	11.75%
Lithium price sensitivity					
-10%	1,286.8	1,372.8	1,469.6	1,579.1	1,703.7
-5%	1,403.3	1,496.8	1,601.9	1,720.9	1,856.5
Selected price	1,519.6	1,620.5	1,734.1	1,862.6	2,009.0
+5%	1,636.4	1,744.9	1,866.9	2,005.1	2,162.4
+10%	1,753.5	1,869.5	2,000.0	2,147.8	2,316.1
Operating costs					
+20%	1,394.0	1,487.0	1,591.6	1,709.9	1,844.8
+10%	1,456.9	1,553.8	1,662.9	1,786.3	1,926.9
Modelled operating costs	1,519.6	1,620.5	1,734.1	1,862.6	2,009.0
-10%	1,582.3	1,687.2	1,805.2	1,938.8	2,091.1
-20%	1,645.0	1,753.8	1,876.4	2,015.1	2,173.1
Capital expenditure					
+30%	1,470.9	1,570.6	1,682.8	1,809.8	1,954.5
+15%	1,495.2	1,595.6	1,708.4	1,836.2	1,981.8
Modelled capital expenditure	1,519.6	1,620.5	1,734.1	1,862.6	2,009.0
-15%	1,543.9	1,645.4	1,759.7	1,889.0	2,036.2
-30%	1,568.2	1,670.4	1,785.3	1,915.4	2,063.5

Source: Deloitte Corporate Finance analysis

The value of Olaroz is most sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 8% to the value of the project.

Based on the above analysis, and having regard to the fact that stages 2 and 3 are not yet complete, we have selected a fair market value of Olaroz in the range of USD 1,550.0 million to USD 1,750.0 million.

Naraha valuation

In the following table we set out the fair market value of Naraha on a 100% enterprise value basis derived using the discounted cash flow method under a range of lithium prices, operating costs, capital costs and discount rate assumptions (see Section 8.2.6 for the fair market value of the Proposed Merged Entity's effective equity interest).

Table 46: Naraha - sensitivity analysis

Naraha	Discount rates				
	8.75%	8.50%	8.25%	8.00%	7.75%
Lithium price sensitivity					
-10%	163.7	170.3	177.3	184.7	192.5
-5%	183.5	190.8	198.5	206.7	215.4
Selected price	203.4	211.4	219.8	228.7	238.2
+5%	223.3	231.9	241.1	250.8	261.0
+10%	243.1	252.5	262.3	272.7	283.8
Operating costs					
+20%	172.0	178.9	186.2	193.9	202.1
+10%	187.7	195.2	203.0	211.3	220.2
Modelled operating costs	203.4	211.4	219.8	228.7	238.2
-10%	219.1	227.6	236.6	246.1	256.2
-20%	234.8	243.8	253.4	263.5	274.2
Capital expenditure					
+30%	181.5	189.3	197.6	206.5	215.8
+15%	192.4	200.4	208.7	217.6	227.0
Modelled capital expenditure	203.4	211.4	219.8	228.7	238.2
-15%	214.4	222.4	230.9	239.9	249.4
-30%	225.4	233.5	242.0	251.0	260.6

Source: Deloitte Corporate Finance analysis

The value of Naraha is sensitive to the lithium price assumption. A 5% change to this assumption results in a change of approximately 10% to the value of the project.

Based on the above analysis, we have selected a fair market value of Naraha in the range of USD 210.0 million to USD 230.0 million.

Borax valuation

In the following table we set out the fair market value of Borax on a 100% enterprise value basis derived using the discounted cash flow method under a range of lithium prices, operating costs, capital costs and discount rate assumptions (see Section 8.2.6 for the fair market value of the Proposed Merged Entity's effective equity interest).

Table 47: Borax - sensitivity analysis

	Discount rates				
	16.50%	15.50%	14.50%	13.50%	12.50%
Borax					
Borax price sensitivity					
-10%	2.8	3.7	4.7	5.8	7.0
-5%	8.7	10.0	11.3	12.8	14.5
Selected price	14.7	16.3	18.0	19.9	21.9
+5%	20.7	22.5	24.6	26.9	29.4
+10%	26.6	28.8	31.2	33.9	36.9
Operating costs					
+20%	(3.0)	(2.4)	(1.7)	(1.0)	(0.1)
+10%	5.9	6.9	8.1	9.5	10.9
Modelled operating costs	14.7	16.3	18.0	19.9	21.9
-10%	23.5	25.6	27.8	30.3	33.0
-20%	32.4	34.9	37.6	40.7	44.0
Capital expenditure					
+30%	13.0	14.4	16.1	17.9	19.9
+15%	13.8	15.4	17.0	18.9	20.9
Modelled capital expenditure	14.7	16.3	18.0	19.9	21.9
-15%	15.6	17.2	18.9	20.9	23.0
-30%	16.4	18.1	19.9	21.8	24.0

Source: Deloitte Corporate Finance analysis

The value of Borax is most sensitive to the borax price assumption. A 5% change to this assumption results in a change of approximately 37% to the value of the project.

Based on the above analysis, we have selected a fair market value of Borax in the range of USD 15.0 million to USD 20.0 million.

Corporate costs valuation

Corporate costs and management fees are described in Section 6.5. We have also incorporated expected cost savings discussed in Section 8.2.4. Based on a discount rate range of 9.5% to 10.5%, we have selected a fair market value for corporate costs in the range of negative USD 70.0 million to negative USD 75.0 million.

8.2.2 Exploration and unmined resources

Deloitte engaged BDA to provide an assessment of the value of the early stage development and exploration assets of the Proposed Merged Entity. This relates to early stage development and exploration assets not associated with any of the existing operating and development projects as well as the value of any residual resources not included in our discounted cash flow models.

Cauchari is the most significant exploration asset in the Proposed Merged Entity. In forming a view on value for Cauchari, BDA considered the comparability of the Advantage Lithium acquisition and the acquisition by Ganfeng of an interest in the immediately adjacent LAC Cauchari project before concluding that these transactions were not at arm's length. BDA also considered yardstick measures based on USD/tonne of contained LCE and USD/hectare of exploration tenement based on the Sal de Vida/POSCO transaction and made a 35% adjustment for average grade differences between Sal de Vida and Cauchari. This resulted in a valuation of USD 390 million to USD 585 million for Cauchari. For further information, please refer to the BDA Report in Appendix 5.

BDA considered a number of valuation approaches to the assess the value of the early stage development and exploration properties of the Proposed Merged Entity. This is discussed in detail in Section 7 of the BDA report.

BDA has estimated the value of the exploration and early stage development assets of the Proposed Merged Entity as set out in the following table:

Table 48: Exploration and early stage development assets

USD million	Low	High	Mid
Mt Cattlin	7.6	11.9	9.7
Cauchari	390.0	585.0	488.0
Other Argentinian potash/lithium brine prospects	8.9	13.4	11.2
Total	406.5	610.3	508.9

Source: BDA

Note:

1. Exploration potential of other projects have been incorporated in the discounted cash flow values in Section 8.2.1

8.2.3 Surplus assets

The following table summarises the surplus assets of the Proposed Merged Entity which includes the surplus assets of Galaxy set out in Section 7.2.3.

Table 49: Surplus assets

USD million	
Royalty income – Galaxy	7.0
Investments in listed securities	8.6
Rehabilitation provision	(5.9)
Royalty income – Orocobre ¹	1.5
Total	11.2

Sources: Deloitte Corporate Finance analysis, Galaxy Management

Note:

1. Orocobre receives other royalty income that is immaterial in value

8.2.4 Synergies

Corporate overhead savings

Corporate overhead savings include head office costs, executive and management costs, public company listing costs, directors' fees, shared business services and other administrative costs. These costs savings are estimated at AUD 5.5 million per year. This has been reflected in the valuation of corporate costs as discussed in Section 8.2.1.

Other benefits

Please refer to Section 4.3 for details of the other expected synergies. Aside from corporate overhead savings, Galaxy and Orocobre management have not yet modelled the financial impact of the potential synergies. However, they have provided sufficient information for us to illustratively model the accelerated development of the Sal de Vida project. Consequently, we have not been able to fully quantify all potential synergies and therefore there is some potential upside to the value of the Proposed Merged Entity.

8.2.5 Net cash

The net cash of the Proposed Merged Entity is set out in the following table.

Table 50: Net cash of the Proposed Merged Entity

USD million	Reference	Net cash
Galaxy		
Current interest bearing liabilities	7.2.4	-
Non-current interest bearing liabilities	7.2.4	-
Cash	7.2.4	203.0
Net Cash	7.2.4	203.0
Orocobre		
Current interest bearing liabilities	n/a	-
Non-current interest bearing liabilities	n/a	-
Cash	n/a	242.3
Net Cash	n/a¹	242.3
Total Net Cash		445.3

Sources: Galaxy and Orocobre Management Information, Deloitte Corporate Finance analysis

Note:

1. Net cash only includes corporate cash and corporate debt.

We have been provided with Galaxy's net cash position at 3 May 2021 and Orocobre's net cash position at 31 March 2021. The net cash position of Orocobre shown above includes the net cash allocated to the corporate function only and does not include debt at the project level, as this has been included within our valuation of Orocobre's equity interest in each project (see Table 51).

We have been advised that the net cash as at the date of this report has not materially changed.

8.2.6 Valuation: sum of the parts method

We have calculated the value of Olaroz, Naraha and Borax within the Proposed Merged Entity based on Orocobre's shareholding in each of these assets, as set out in the following table.

Table 51: Equity value to Orocobre

Asset	EV low selected	EV high selected	Net debt	Equity value (low) on 100% basis	Equity value (high) on 100% basis	% Ownership	Equity value (low) (ORE holding)	Equity value (high) (ORE holding)
Olaroz	1,550	1,750	(232.5)	1,317.5	1,517.5	66.5%	876.2	1,009.2
Naraha	210	230	13.3	223.3	243.3	75.0%	167.5	182.5
Borax	15	20	-	15.0	20.0	100.0%	15.0	20.0

Sources: Galaxy and Orocobre Management Information, Deloitte Corporate Finance analysis

The value of a share in the Proposed Merged Entity using the sum of the parts methodology is summarised below.

Table 52: Proposed Merged Entity valuation summary

	Unit	Low	High
Olaroz	USD million	876.2	1,009.2
Naraha	USD million	167.5	182.5
Borax	USD million	15.0	20.0
Mt Cattlin	USD million	80.0	85.0
James Bay	USD million	260.0	300.0
Sal de Vida	USD million	800.0	1,000.0
Corporate entity	USD million	(70.0)	(75.0)
Total	USD million	2,128.7	2,521.7
Surplus assets/liabilities	USD million	11.2	11.2
Exploration and early stage development assets	USD million	406.5	610.3
Total enterprise value of the Proposed Merged Entity	USD million	2,546.3	3,143.1
Add: net cash	USD million	445.3	445.3
Total equity value of the merged entity (USD)	USD million	2,991.6	3,588.4
Notional shares on issue	#	640,187,492	640,187,492
Value per share of the Proposed Merged Entity	USD	4.67	5.61
Spot AUD:USD FX rate		0.76	0.76
Value per share of the Proposed Merged Entity	AUD	6.17	7.40
Deloitte assessed value of a Proposed Merged Entity share	AUD	6.20	7.40

Source: Deloitte Corporate Finance analysis

Note:

1. Spot AUD:USD FX rate has been taken as at 28 June 2021
2. Figures in the table above are subject to rounding

We have selected a valuation range for a share in the Proposed Merged Entity of AUD 6.20 to AUD 7.40 on a control basis.

8.3 Resource multiples

We have cross checked the value of the Proposed Merged Entity's major projects with reference to relevant resource multiples. Given reserves are yet to be declared for certain projects, we consider a resource multiples cross check to be more relevant for the Proposed Merged Entity than a reserves multiple cross check.

We note that a resource multiple is only intended to provide a high-level cross check for our valuation of the projects of the Proposed Merged Entity. The resource multiples implied by the lithium transactions may vary significantly due to various factors including different cost structures, different jurisdictions, different geotechnical / geomechanical issues, different stages of development, different ratios of reserves to total resources and different mine lives.

The resource multiples are calculated on publicly available information, however there are limitations due to the following:

- the multiples may be affected by issues such as quality and raw material type, development risk, projected levels of capital expenditure, long term favourable/unfavourable contracts and synergies and special value attributed to strategic benefits that only the acquirer could achieve
- resource multiples do not make allowance for the relative proportions of measured, indicated and inferred resources as a percentage of total resources attributable to an asset, nor do they allow for different cost structures of the resources
- resource multiples implied by transactions are historical and are generally influenced by the economic environment surrounding the transaction, which may not reflect the current environment.

The following table sets out the resource multiples implied by the enterprise value of the Proposed Merged Entity's major projects.

Table 53: Resource multiple implied by valuation of Proposed Merged Entity's major projects

	Implied Enterprise Value (AUD million)	Resources ^{3,4} (Mt LCE)	Inferred resources as a % of total resource	EV/ Resources (AUD/t LCE)
Olaroz ¹	1,449.1	4.3	-	340.5
Cauchari	643.8	6.3	23.8%	102.2
Mt Cattlin ²	121.8	0.3	27.5%	365.9
James Bay	369.8	1.4	-	264.1
Sal de Vida	1,188.6	6.2	27.0%	190.8
Total	3,773.1	18.5	17.7%	203.7

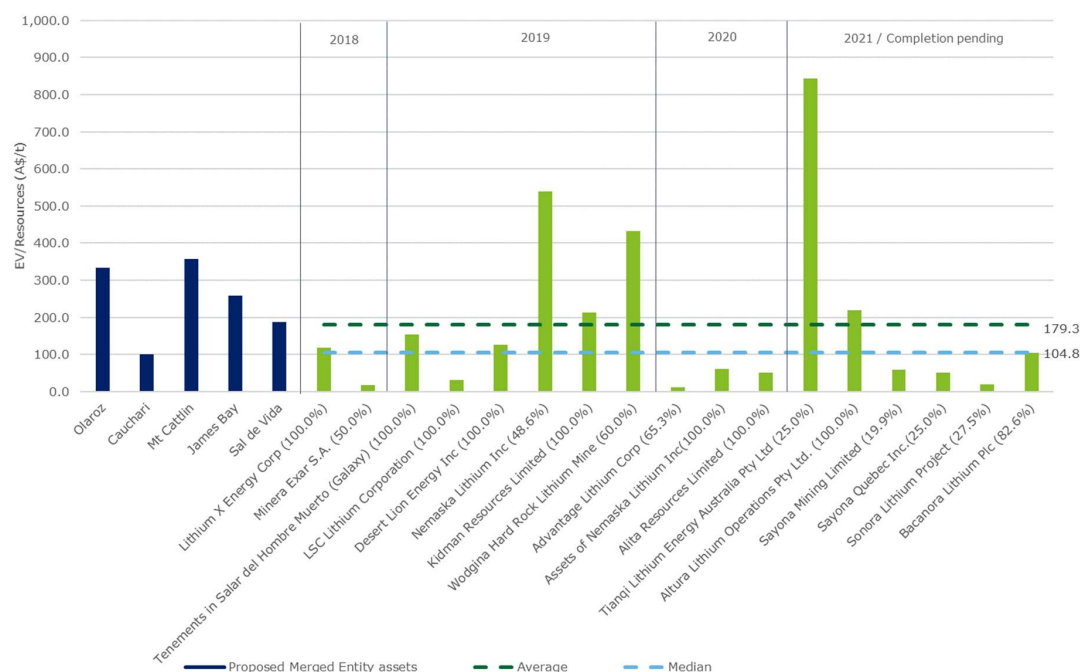
Source: Deloitte Corporate Finance analysis

Note:

- Olaroz implied enterprise value and resources represents the Proposed Merged Entity's ownership of 66.5%
- Includes Mt Cattlin exploration assets
- Includes indicated, measured and inferred resources and is inclusive of reserves
- Resources include tantalum by-product converted into LCE

An analysis of the resource multiples implied by our valuation of the Proposed Merged Entity's major projects together with the resource multiples implied by the lithium transactions which have occurred since 2018 is set out in the figure below.

Figure 26: Resource transaction multiples



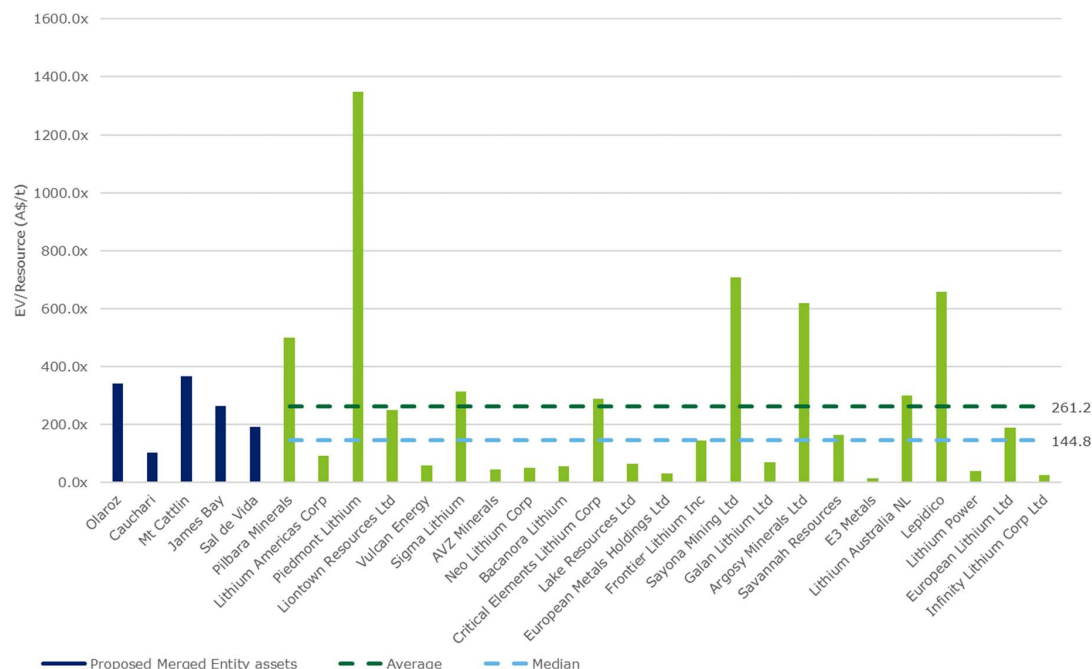
Source: S&P Capital IQ, Annual Reports, Company Announcements, Deloitte Corporate Finance analysis

Notes:

1. Resources includes indicated, measured and inferred resources and is inclusive of reserves
2. Implied enterprise value calculated based on the acquirer's consideration (including any contingent consideration) at the completion date and the target's net debt/cash position reported at or prior to the completion of the transaction. Where the transaction is pending, the announcement date is used
3. Resources are based on the latest resource and reserve statement announced by the target prior to the announcement of the transaction. Where applicable and information is available, we have adjusted the resource of operational projects to exclude any processed resource up to the transaction completion date
4. Where reliable pricing data is available, by-products included in mineral resource estimates have been converted to LCE

An analysis of resource multiples implied by our valuation of the Proposed Merged Entity's major projects and resource multiples observed for the selected lithium companies is set out in the figure below.

Figure 27: Resource trading multiples



Source: S&P Capital IQ, Annual Reports, Company Announcements, Deloitte Corporate Finance analysis

Note:

1. As at 28 June 2021
2. Galaxy and Proposed Merged Entity multiples graphed refer to the midpoint of multiples implied by the valuation ranges
3. Share trading resource multiples of comparable companies have been calculated based on enterprise value, implied by the company share price, to resources
4. Resources includes indicated, measured and inferred resources and is inclusive of reserves
5. Where reliable pricing data is available, by-products included in mineral resource estimates have been converted to LCE

We note that the range of multiples observed is wide and of limited comparability to the Proposed Merged Entity's assets given the differences in projects including, but not limited to, the mix of brine and hard rock, the stage and the location of projects. The resource multiples implied by our valuation of the Proposed Merged Entity's projects are within the range of resource multiples implied by the lithium transactions. The average and median resource multiples observed for listed lithium companies of AUD 261.2 per tonne and AUD 144.8 per tonne respectively also provide broad support for our valuation of the Proposed Merged Entity.

8.4 Analysis of recent trading in Orocobre shares

As discussed in Section 8.1, we consider it appropriate to assess the fair market value of the Proposed Merged Entity on a control basis as the Proposed Scheme is a merger of equals.

As part of our reasonableness considerations, we also considered trading in Orocobre shares since the announcement of the Proposed Scheme on 19 April 2021.

We note that:

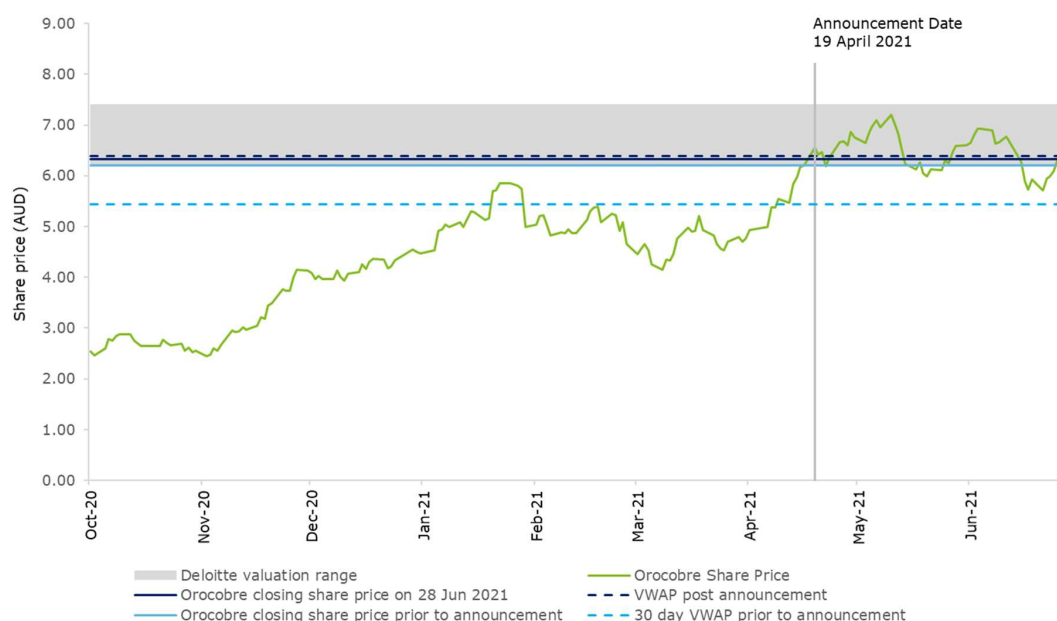
- Orocobre is listed on both the ASX and TSX. The company's primary listing is the ASX, where it is actively traded. That trading volumes on the TSX are much less significant and less liquid. Accordingly, we have only analysed Orocobre's ASX share trading activity
- in the 12 months prior to the announcement of the Proposed Scheme, the average Orocobre volume traded on the ASX was 0.62% of the issued capital per day, or approximately 156% for the entire period. Orocobre's free float prior to the announcement of the Proposed Scheme was approximately 77%
- Orocobre and Galaxy announced the details of the Proposed Scheme to the market on 19 April 2021

- Orocobre releases quarterly activity reports to the market, outlining operating results and performance for the period. The operations report for the quarter ended 31 March 2021 was released on 19 April 2021
- Orocobre is followed by a number of equities analysts including Morgan Stanley, J.P. Morgan, Credit Suisse, UBS, Macquarie and Canaccord Genuity.

Based on these factors, to the extent the market believes the Proposed Scheme will proceed, it is reasonable to assume that the traded market price since the announcement of the Proposed Scheme represents an objective assessment of the price at which shares in the Proposed Merged Entity might trade after completion. It is also an indicator of the minority interest value of shares in the Proposed Merged Entity.

The following figure compares the daily share price of Orocobre prior to and following the announcement of the Proposed Scheme on 19 April 2021, the 30 day VWAP of Orocobre's shares prior to the announcement of the Proposed Scheme, the VWAP of Orocobre's shares from the announcement date to 28 June 2021 and our selected valuation range of a Proposed Merged Entity share.

Figure 28: Recent share trading



Sources: S&P Capital IQ, ASX Announcements, Deloitte Corporate Finance analysis

The market price of shares in Orocobre has fluctuated in response to information such as:

- the release of financial reports
- development progress updates
- changing commodity prices
- the expected effect of the Proposed Scheme to the extent to which the market anticipates the Proposed Scheme to be successful
- changes in the market's sentiment to the lithium mining industry and overall share market movements.

The market price of shares in Orocobre will continue to fluctuate in response to these factors.

The following table sets out the share market trading in Orocobre's shares after the announcement of the Proposed Scheme.

Table 54: Analysis of share trading in Orocobre shares post announcement

	Low	High	VWAP	% volume traded
7 days	5.95	6.33	6.15	2.9%
14 days	5.72	6.33	5.98	11.6%
21 days	5.72	6.77	6.08	13.4%
30 days	5.72	6.92	6.23	16.6%
Since the MID announcement	5.72	7.20	6.38	36.6%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Note:

1. As at 28 June 2021

Orocobre's closing share price on 28 June 2021 was AUD 6.33 and the VWAP from the announcement of the Proposed Scheme on 19 April 2021 to 28 June 2021 is AUD 6.38. The shares have traded in the range of AUD 5.72 to AUD 7.20 since the announcement of the Proposed Scheme, which is a discount of circa 3.0% to our assessed control value range of AUD 6.20 to AUD 7.40 for the Proposed Merged Entity.

Based on the above analysis, we selected a range of post-announcement share trading in Orocobre shares of AUD 6.10 to AUD 6.70 to represent the estimated minority value of a share in the Proposed Merged Entity. We converted this to estimated consideration of AUD 3.47 to AUD 3.81 based on the merger ratio of 0.569 Orocobre shares per Galaxy share. This is used and referred to in our reasonableness considerations in Table 5 and 6 of the executive summary.

Appendix 1: Context to the report

Individual circumstances

We have evaluated the Proposed Scheme for Galaxy shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is in the best interests of shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

This report has been prepared at the request of the Directors of Galaxy and is to be included in the Scheme Booklet to be given to Galaxy shareholders for approval of the Proposed Scheme in accordance with section 411. Accordingly, it has been prepared only for the benefit of the Directors of Galaxy and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the shareholders and Galaxy, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is in the best interests of the shareholders as a whole. Deloitte Corporate Finance consents to this report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Galaxy, Orocobre and their officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Galaxy management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Galaxy and Orocobre, their officers, employees, agents or advisors, Galaxy has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Galaxy may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Galaxy and Orocobre and their officers, employees, agents or advisors or the failure by Galaxy and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

Deloitte Corporate Finance also relied on the independent technical report prepared by BDA. Deloitte has received consent from BDA for reliance on and inclusion of its opinions in the preparation of this report.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of Galaxy and Orocobre personnel, analytical procedures applied to the financial data and the appointment of the technical expert, BDA, to provide advice on the reasonableness of the assumptions underlying the discounted cash flow models. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable. We have undertaken sufficient work to assess whether the financial projections and the underlying models are suitable for the purposes of assessing the fairness and reasonableness of the Proposed Scheme in accordance with ASIC Regulatory Guide 111.

Based on these procedures and enquiries, Deloitte considers that there are reasonable grounds to believe that the prospective financial information for Galaxy and Orocobre included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of Galaxy and Orocobre referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Nicki Ivory, B.Com., CA, CFA and Stephen James Reid, M App. Fin. Inv, B.Ec, CA. Each have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, WA 6000, acknowledges that:

- Galaxy proposes to issue the Scheme Booklet to be provided to Galaxy shareholders in relation to the Proposed Scheme
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report as an Annexure.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report as an Annexure to the Scheme Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert's report as included as an Annexure.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- various transaction documents including the Merger Implementation Deed and the draft Scheme Booklet dated 29 June 2021
- audited financial statements for Galaxy for the years ending 31 December 2018, 31 December 2019 and 31 December 2020
- audited financial statements for Orocobre for the years ending 30 June 2019 and 30 June 2020 and the half year report for Orocobre for the year ending 31 December 2020
- financial model prepared by the management of Galaxy
- financial model for Orocobre prepared by the management of Orocobre
- independent technical review of Galaxy and Orocobre's mining projects prepared by BDA
- Galaxy and Orocobre company websites and ASX announcements
- publicly available information on lithium companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, and Mergermarket
- IBIS World company and industry reports
- other publicly available information, media releases and brokers reports on Galaxy, Orocobre and the lithium industry.

In addition, we have had discussions and correspondence with certain directors and executives in relation to the above information and to current operations and projects, including the following:

- Martin Rowley – Chairman, Galaxy
- Simon Hay – Chief Executive Officer, Galaxy
- Alan Rule – Chief Financial Officer, Galaxy
- Jardee Kininmonth – Corporate Development Manager, Galaxy
- Martín Pérez De Solay – Managing Director and Chief Executive Officer, Orocobre
- Neil Kaplan – Chief Financial Officer and Joint Company Secretary, Orocobre
- Rick Anthon – Corporate Development Manager, General Counsel and Joint Company Secretary, Orocobre
- Juan Martin Mascarenhas, Corporate Development Manager, Orocobre

Appendix 2: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can be categorised under one of the following three approaches:

Market approach

The market approach involves the determination of fair value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Valuation methods commonly adopted under the market approach include:

- earnings multiples
- reserve and resource multiples for mining companies
- analysis of an entity's recent share trading history.

The earnings multiple method estimates fair value as the product of an entity's earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

Reserve and resource multiples estimate fair value as the product of an entity's reserves or resources and an appropriate multiple. An appropriate reserves or resource multiple is derived from market trading and/or transactions involving comparable companies. This method is appropriate for mining companies with certified reserve and resource statements and if the income approach is not feasible.

The most recent share trading history provides evidence of the fair value of the shares in an entity where they are publicly traded in an informed and liquid market.

Income approach

The income approach involves the determination of fair value based on the net present value of future amounts. The discounted cash flow method estimates fair value by discounting an entity's future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence and is commonly used to value early stage companies or projects with a finite life.

Other methods under the income approach include option pricing models (such as Black Scholes-Merton formula or a binomial model) and the multi-period excess earnings method in the case of valuing intangible assets.

Cost approach

The cost approach involves the determination of fair value based on the cost of replacement. Valuation methods under the cost approach estimate the fair value of an entity's shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method, except that it assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair value of the net assets of an entity, after deduction for the costs of operating the net assets of the business, but does not take account of realisation costs.

These methods ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill which may not be recognised on the balance sheet. Asset based methods are appropriate when companies are not profitable, or a significant proportion of an entity's assets are liquid, or for asset holding companies.

Appendix 3: Lithium industry

Overview

Lithium is a soft, silver-white metal and is the lightest metal under standard conditions with several of its alloys and compounds produced and used on an industrial scale. Historically it has been used in heavy greases, additives for metal production and glasses/ceramics. Today, the main use of lithium is in lithium-ion batteries due to the rise of consumer electronics, electric vehicles (**EVs**) and energy storage.

Lithium does not occur naturally as a pure substance but exists as a chemical compound in hard rock (pegmatite) or lithium rich brine. These substances are processed further into LiOH or lithium carbonate (Li_2CO_3) to be used in batteries for EVs. The lithium industry often measures lithium and lithium compounds in terms of LCE.

Hard rock mining and brine based operations

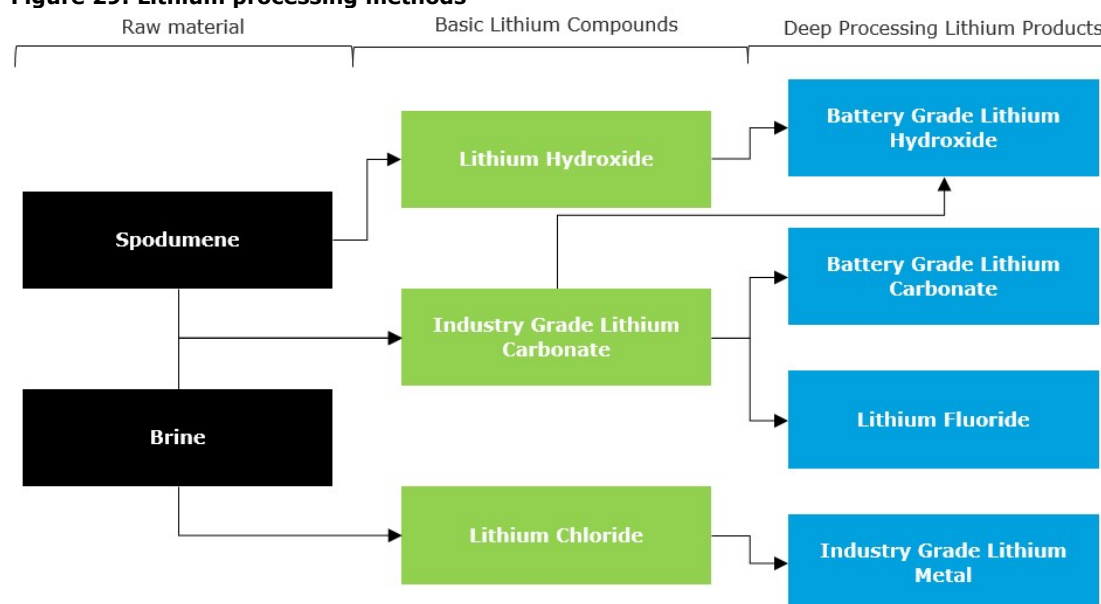
The four largest lithium producing countries are Australia, Argentina, Chile and China. Australia is exclusively a hard rock producer and Argentina and Chile are exclusively brine producers, while China produces from both hard rock and brine deposits.

To produce spodumene concentrate, the rock is crushed and goes through a concentration or beneficiation process to produce a product which can then be used directly for glass and ceramics, but must be refined further into LCE or LiOH to be used in batteries. Hard rock mining is less impacted by weather conditions than lithium brine processing.

Lithium brine bodies are formed in basins where water has leached lithium from surrounding rock. Lithium brine is extracted from these basins and pumped into an evaporation pond. Once evaporated, the residual lithium product is processed into Li_2CO_3 . Although brine can be processed into LiOH, it is typically first be processed into Li_2CO_3 and then refined further into LiOH.

The figure below shows the different processing methods for spodumene and brine.

Figure 29: Lithium processing methods



Source: Various broker reports

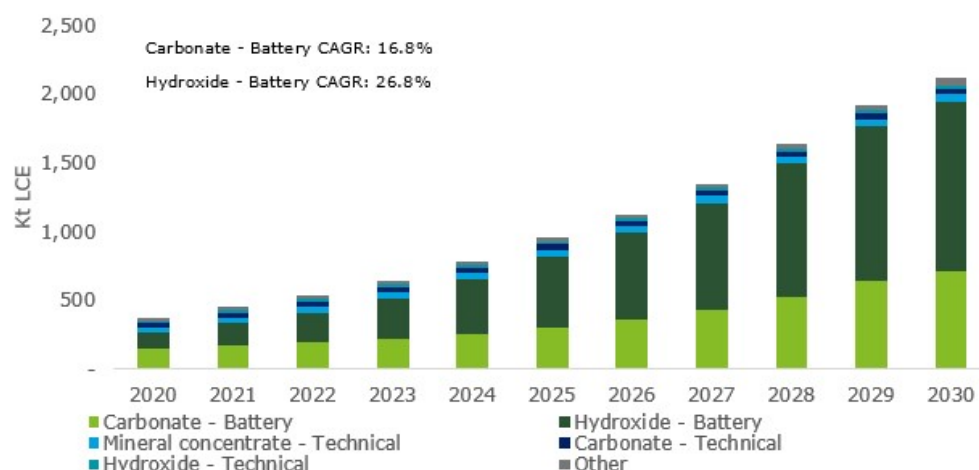
LiOH and Li₂CO₃ usage

LiOH and Li₂CO₃ are key materials in the production of battery cathodes, being the positive end of the battery. The negative end of a battery is the anode that is typically made with a graphite mixture. The cathode plays a critical role in determining the characteristics of the battery. The more lithium that is used, the larger the capacity and the higher the voltage⁷ of the battery.

Factors affecting demand

Future lithium demand will be dominated by the continued growth in lithium-ion battery applications. Expected annual demand growth for battery grade LiOH of 26.8% until 2030 is expected to outpace the demand growth for battery grade Li₂CO₃ of 16.8% compound annual growth rate (CAGR)⁸, due to EV manufacturers preferring to use battery grade LiOH in longer range EVs. Roskill also forecast demand growth CAGR of 1% to 2% for lithium with industrial based applications.

Figure 30: Refined lithium demand by product, 2020-2030 (kt LCE)



Source: Roskill – Lithium 17th Edition dated April 2021

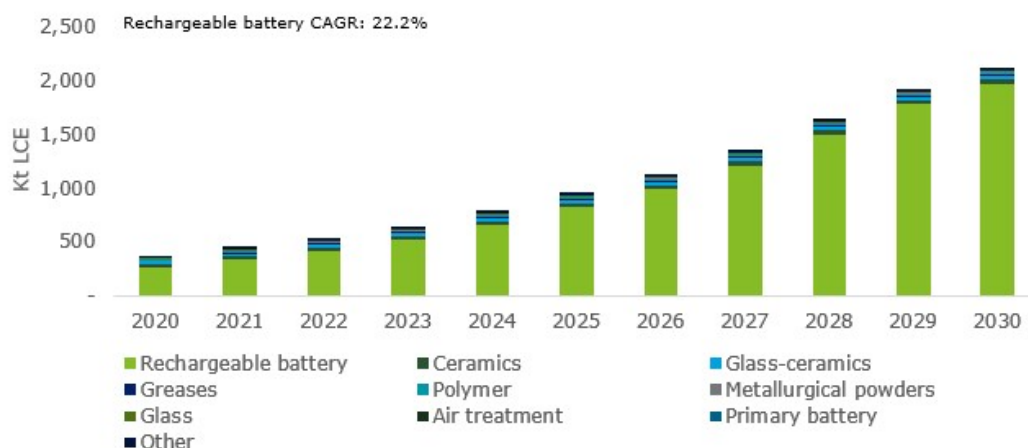
China is the largest consumer of lithium due to its involvement in electronics and EV production, importing 1.66 Mt of lithium mineral concentrates and materials in 2019 (Q1 2020: 0.4 Mt)⁹. In 2019, approximately 60% of lithium was used in batteries for EVs and consumer products. By 2025 this is expected to reach c. 86% as shown below.

⁷ Samsung SDI – the Four Components of a Li-ion Battery

⁸ Roskill – Lithium 17th Edition Update 3 – April 2021

⁹ Roskill – Lithium 17th Edition dated July 2020

Figure 31: Lithium demand by end use

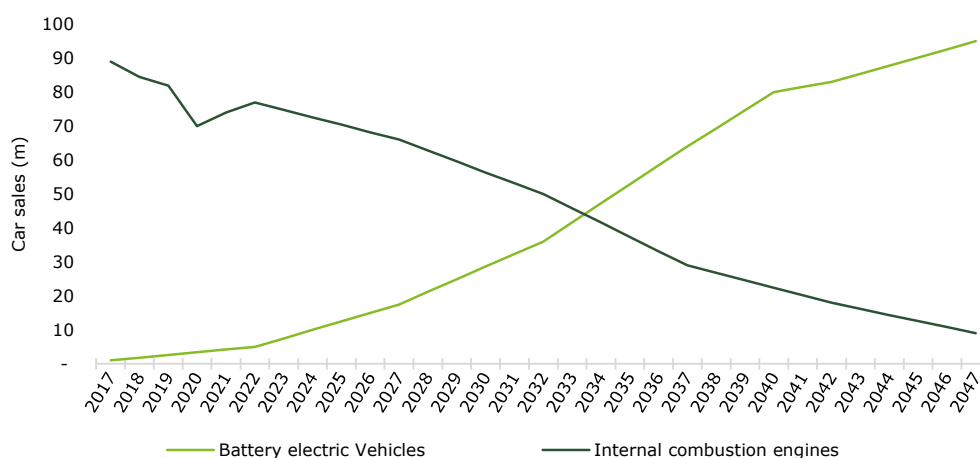


Source: Roskill – Lithium 17th Edition dated April 2021

The surge in demand for EVs is expected as consumers switch away from internal combustion engine vehicles over time. The preference for EVs is expected due to:

- legislative changes such as the tighter emissions standards in Europe
- increased consumer choice with over 400 new EV models anticipated to be released by 2025
- lower cost of EV due to falling battery prices and government incentives.

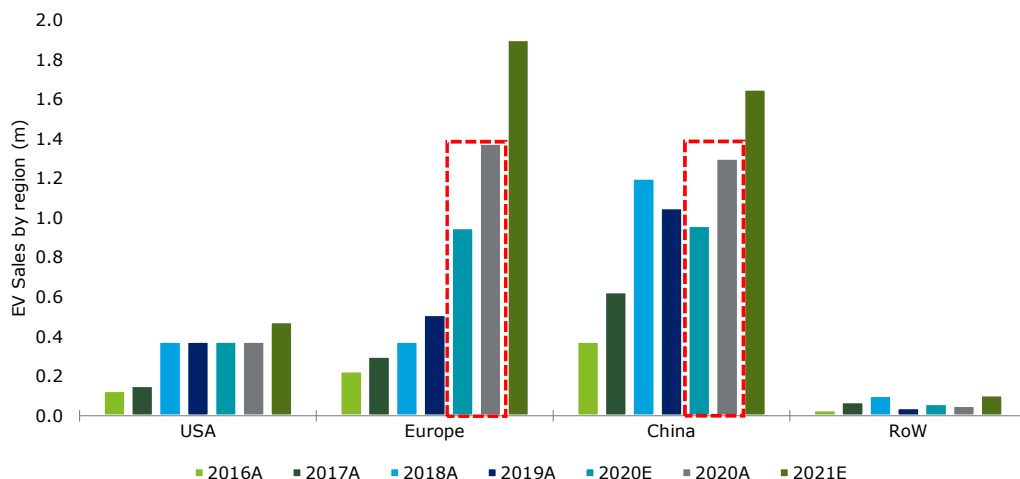
Figure 32: Forecast global vehicle sales in millions



Source: Various broker reports

A typical EV consumes 75kg of copper, 45kg to 50kg of battery grade lithium, 27kg of nickel and 5kg of cobalt. The increase in EV demand to date was largely driven by consumers in Europe, and EV sales in both Europe and China exceeded original estimates in 2020 as outlined below:

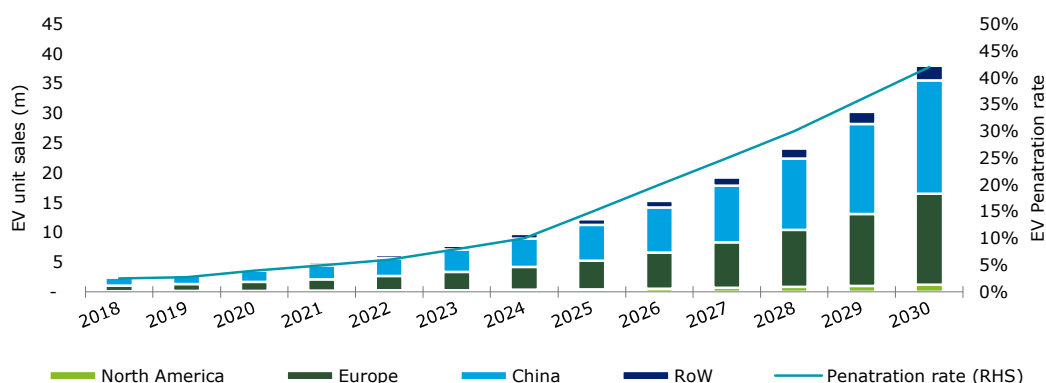
Figure 33: EV Sales by region – 2016 to 2021



Source: Various broker reports

Future EV sales are expected to come mainly from Europe and China, at least until 2030, mainly due to strategic government action in these countries to reduce emissions.

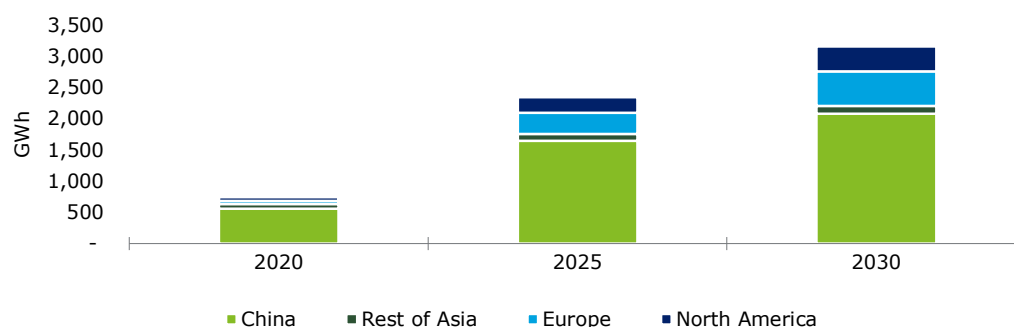
Figure 34: EV Sales by region – 2018 to 2030



Source: Various broker reports

The term gigafactory refers to a factory designed to produce batteries and/or EVs on a large scale. Global gigafactory capacity is expected to increase significantly from 742 GWh in 2020 to approximately 3,153 GWh in 2030 to accommodate the EV demand over this time horizon. China is expected to be the major contributor to future gigafactory capacity growth.

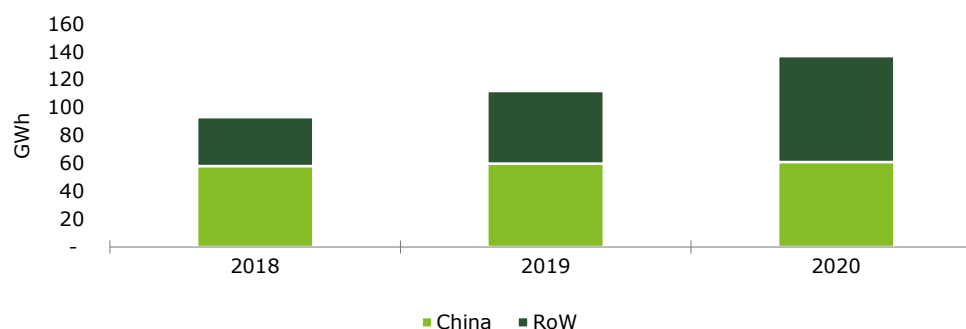
Figure 35: Global gigafactory capacity



Source: Benchmark Mineral Intelligence Lithium Forecast Report Q4 2020

Overall, global battery capacity installations increased significantly from 93 GWh in 2018 to 137 GWh in 2020, with most of this growth derived from countries other than China. The 21% CAGR from 2018 to 2020 demonstrates strong global demand for batteries as shown below.

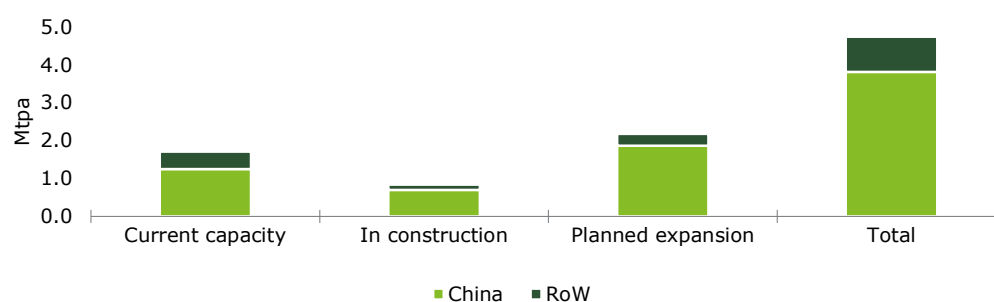
Figure 36: Global gigawatt hours (GWh) battery installations



Source: Various broker reports

Global cathode production capacity is currently 1.7 Mtpa. This is expected to reach 4.7 Mtpa once production facilities under construction and the planned expansions of existing facilities are complete. Notably, the majority of global cathode capacity is located in China. It is estimated that approximately 1.6 Mtpa of LCE will be required as feedstock if the expected 4.7 Mtpa cathode production facilities were to operate at full utilisation¹⁰.

Figure 37: Global cathode capacity



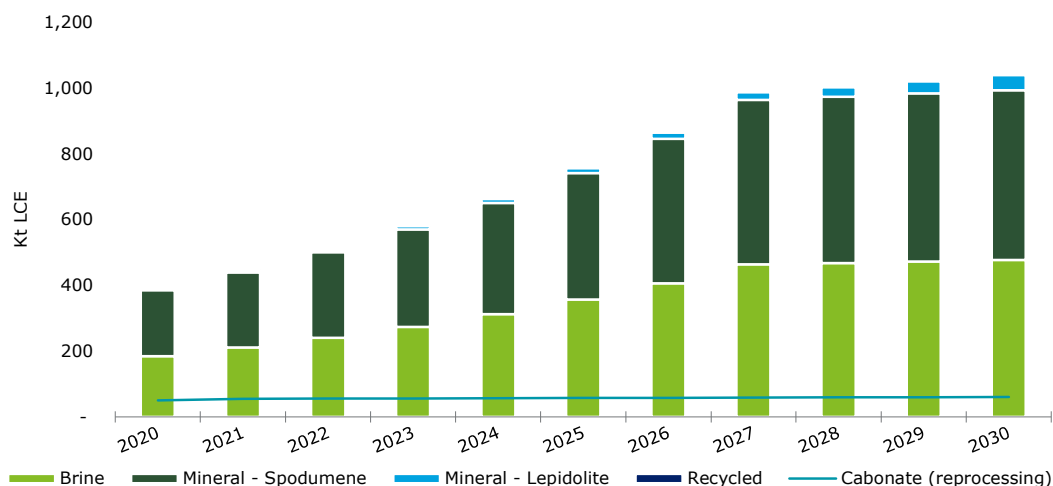
Source: Benchmark Mineral Intelligence Lithium Forecast Report Q4 2020

¹⁰ Benchmark Mineral Intelligence

Factors affecting supply

Lithium supply is oligopolistic in nature with only eight producing countries. Of those, Chile, Australia and China accounted for 88% of global production (equivalent to 351 kt) of LCE in 2020¹¹. The increase in lithium prices in Q4 2020 and the restart of production facilities during 2021 is expected to increase production by 17% to 414.8 kt during 2021.

Figure 38: Lithium supply by type



Source: Roskill – Lithium 17th Edition dated April 2021

Currently, over half of global lithium supply is expected to be produced by Albemarle, SQM and Tianqi/IGO and sourced primarily from the Greenbushes project in Australia (Albemarle and Tianqi/IGO) and the Atacama project in Chile (SQM). This trend is expected to continue until at least 2030.

Over USD 4.4 billion of equity has been raised by lithium companies since the start of 2020 to expand lithium supply. However, this is unlikely to result in significant supply until 2025 due to the long lead times to deliver new capacity. We have summarised the key project development announcements in the six months to 31 March 2021 as follows:

Table 55: Key lithium project developments – six months to 31 March 2021

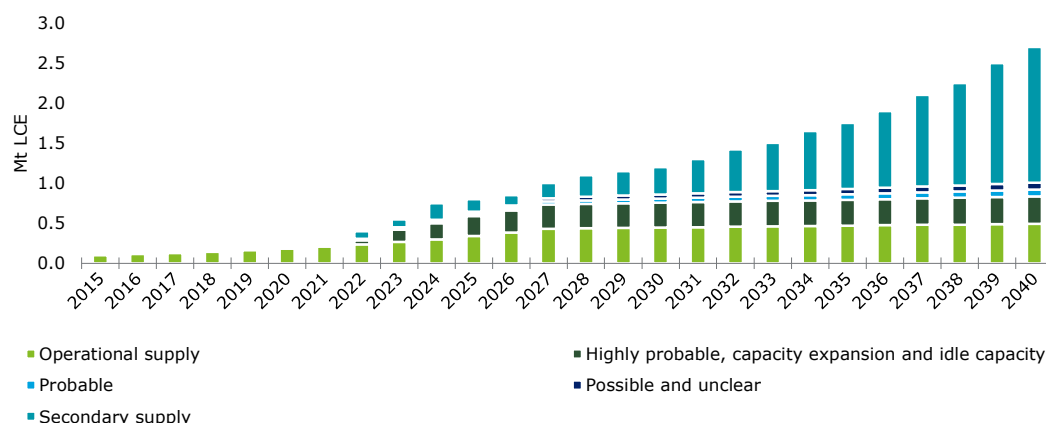
Owner	Asset	Comment
Albemarle	La Negra III/IV	Albemarle has hastened its project ramp up from prior estimates and now expects to reach 50% capacity in 2022.
Albemarle, IGO, Tianqi	Greenbushes	The IGO/Tianqi transaction has provided guidance on forecast production volumes.
Galaxy	Sal de Vida	Galaxy has announced their intention to develop the Sal de Vida project in 3 stages to produce 32Ktpa.
Orocobre	Salar de Olaroz	Orocobre has announced a stage 2 and stage 3 expansion for the Olaroz project.
Pilbara Minerals	Pilgangoora	Pilbara Minerals expects to restart the Pilgangoora project soon.
SQM	Salar del Carmen	SQM has plans to expand the Salar de Carmen project by an additional 60 ktpa to 180kt overall.

Source: Deloitte Corporate Finance analysis

BMI estimates that from 2027 onwards, global lithium supply of c.700 ktpa will be sourced from projects that are currently operational or highly probable lithium projects, which means projects either currently in development or existing projects with idle capacity. While lithium supply is expected to grow to over 2 Mtpa by 2040, the source of more than c. 700 ktpa of lithium supply is currently unclear.

¹¹ Roskill – Lithium 17th Edition Update 2 dated January 2021

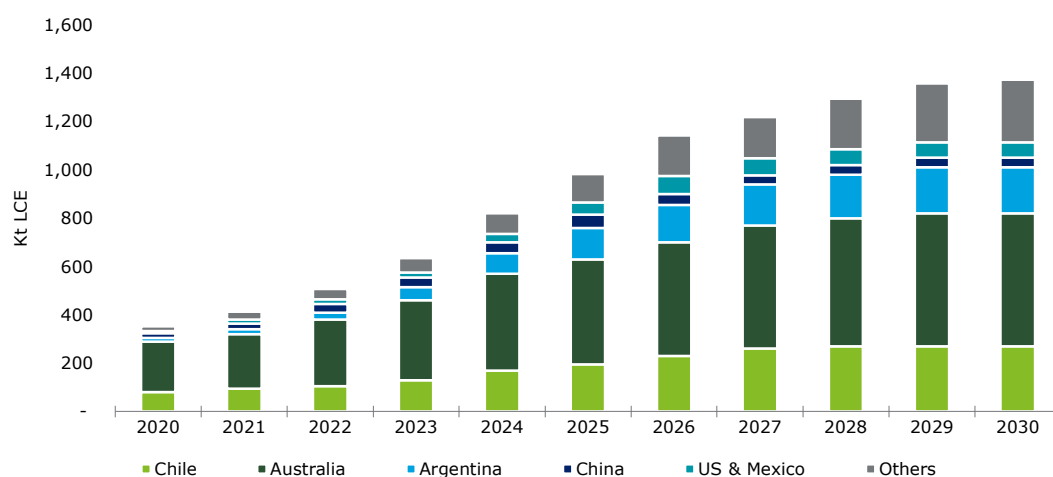
Figure 39: Lithium supply forecast



Source: BMI Lithium Forecast Report – Q1 2021 – Dated April 2021

The majority of future supply is expected to be sourced from Australia, Chile and Argentina.

Figure 40: Lithium supply forecast by region



Source: Various broker reports

Pricing

The price of spodumene concentrate is related to the price of Li_2CO_3 and LiOH which is related to the supply and demand factors of cathode production, EVs and battery storage technologies.

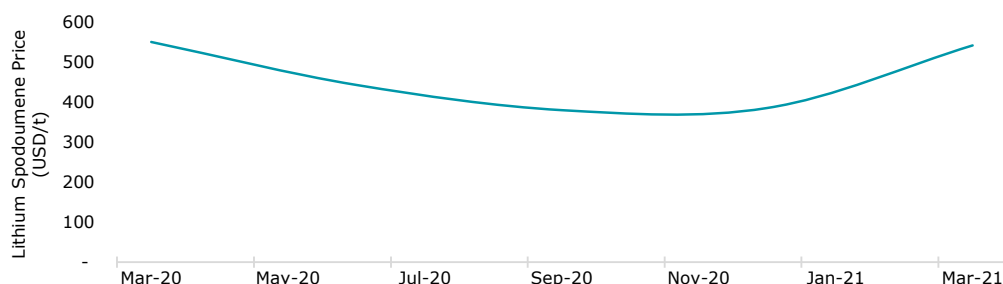
Unlike many other commodities, lithium compounds do not have an exchange traded market. Prices for lithium compounds are typically set through negotiation between producers and consumers through private agreements. The terms of these agreements remain confidential and, even if terms are known, differences in the pricing structures (agreed formulas which model annual volume flexibility, price floors and ceilings) make comparison difficult.

We note that spot prices are becoming more widely quoted, particularly in China where consumption of lithium compounds is the highest. Although lithium compounds are not traded on an exchange, the London Metals Exchange (**LME**) has partnered with price reporting agency Fastmarkets to try to provide greater transparency in lithium prices. LME provides LiOH price quotes on a weekly basis¹².

¹² LME Website - Lithium

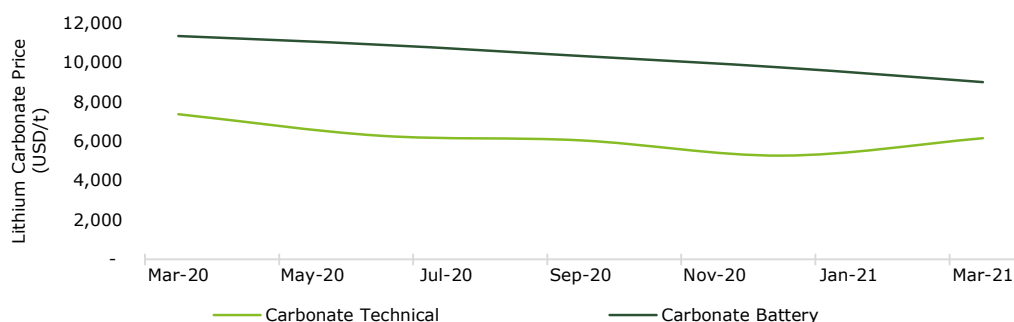
Lithium prices declined over 2019 primarily due to the high inventory level in China coupled with a high volume of low grade lithium material entering the market from Chile and Qinghai brine projects. In response, several Australian lithium producers reduced their production levels, including Galaxy, Pilbara, Talison and Mt Marion. The combination of declining lithium inventory and reduced production levels globally over 2020 led to upwards pricing pressure towards the end of 2020¹³.

Figure 41: Spodumene USD/t (nominal)



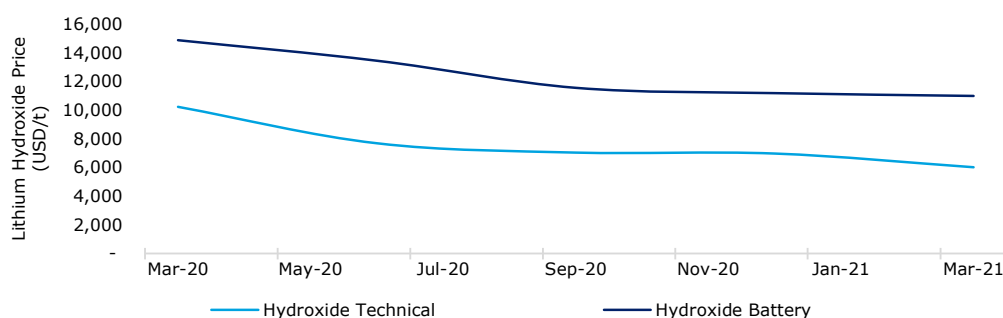
Source: Roskill – Lithium 17th Edition dated April 2021

Figure 42: Li₂CO₃ USD/t (nominal)



Source: Roskill – Lithium 17th Edition dated April 2021

Figure 43: LiOH USD/t (nominal)



Source: Roskill – Lithium 17th Edition dated April 2021

¹³ General Administration of Customs data

Historically, the majority of LiOH was produced from Li_2CO_3 , which was sourced from lithium brine. Therefore, there was a strong relationship between the price of LiOH and Li_2CO_3 , whereby, LiOH prices would be approximately equal to the price of Li_2CO_3 plus the cost to process Li_2CO_3 into LiOH. However, this price relationship has become less obvious over time due to an increasing amount of LiOH being produced from Australian spodumene, which can be converted directly to LiOH, combined with changing Chinese policy (discussed below)¹⁴.

Li_2CO_3 is used in lithium iron phosphate (**LFP**) batteries while LiOH is used in nickel manganese cobalt oxide (**NCM**) and lithium nickel cobalt aluminium oxide (**NCA**) batteries¹⁵. The nickel rich chemistries of NCM and NCA batteries require the use of LiOH in these batteries¹⁶. LFP batteries are typically cheaper to produce than NCM and NCA batteries. In addition, LFP batteries are considered safer due to their relatively improved thermal properties. However, LFP batteries have relatively lower energy density when compared with NCM/NCA batteries, resulting in lower energy storage and thus a lower mileage range for EVs.

Due to the relatively higher cost of LiOH historically, the removal of subsidies by the Chinese government and the increased pressure to reduce manufacturing cost, demand for cheaper LFP batteries has increased over recent times, and hence demand for Li_2CO_3 has also increased.

Accordingly, Li_2CO_3 was priced at a premium to LiOH in China between December 2020¹⁷ and May 2021¹⁸. However, newer Chinese LiOH conversion facilities have the flexibility to switch between Li_2CO_3 and LiOH production to use whichever input source of lithium is trading at a lower price.

The market is also now starting to see increased demand for batteries with higher nickel content such as NCM 811, as this product undergoes commercialisation. This has resulted in an increase in LiOH demand and pushed up domestic prices in China and there has been upward LiOH price momentum, so that as of May 2021, LiOH is trading at a premium to Li_2CO_3 ¹⁹.

14 S&P Global website – Lithium carbonate hydroxide batteries EV policy subsidies china EU

15 S&P Global website – Volkswagens plan on LFP use shifts hydroxide dominance narrative in EV sector

16 S&P Global website – Volkswagens plan on LFP use shifts hydroxide dominance narrative in EV sector

17 Metal bulletin website – GLOBAL LITHIUM WRAP Lithium carbonate price in seaborne Asia market makes strong gains

18 Benchmark Mineral Intelligence – Lithium Price Assessment 3 June 2021

19 Benchmark Mineral Intelligence – Lithium Price Assessment 3 June 2021

Appendix 4: Discount rate

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the asset or business being valued. Discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity selected. This is commonly referred to as the weighted average cost of capital (**WACC**). The WACC can be derived using the following formula:

$$\text{WACC} = \left(\frac{E}{V} \times K_e \right) + \left(\frac{D}{V} \times K_d \times (1 - t_c) \right)$$

The components of the formula are:

K_e	=	cost of equity capital
K_d	=	cost of debt
t_c	=	corporate tax rate
E/V	=	proportion of enterprise funded by equity
D/V	=	proportion of enterprise funded by debt

We have used the CAPM to estimate the K_e . CAPM calculates the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital. The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta (R_m - R_f) + \alpha$$

Consistent with the USD denominated cash flow forecasts, we have prepared USD denominated nominal discount rates. In determining our discount rates, we have considered the funding requirements for the development projects of both Galaxy and the Proposed Merged Entity. The estimated costs of these funding requirements have been incorporated within our selected K_e and K_d . A summary of the build-up of our selected discount rates is set out below.

Our nominal post-tax WACC range for each of the Galaxy projects is set out in the table below.

Table 56: WACC for Mt Cattlin, James Bay and Sal de Vida

	Mt Cattlin			James Bay			Sal de Vida		
	Low	High	Mid	Low	High	Mid	Low	High	Mid
Risk free rate (Rf)	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Equity market risk premium (EMRP)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Beta (ungeared β)	1.30	1.40	1.35	1.30	1.40	1.35	1.35	1.45	1.40
Beta (geared β)	1.53	1.65	1.59	1.54	1.66	1.60	1.57	1.69	1.63
Project specific risk premium	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%	1.0%	1.0%	1.0%
Country risk premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	4.0%	3.5%
Calculated K_e	11.4%	12.1%	11.7%	14.4%	15.1%	14.8%	15.6%	17.3%	16.5%
Net debt / enterprise value	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Tax rate	30.0%	30.0%	30.0%	26.5%	26.5%	26.5%	35.0%	35.0%	35.0%
K_d (pre-tax)	3.3%	4.3%	3.8%	3.3%	4.3%	3.8%	3.3%	4.3%	3.8%
K_d (post-tax)	2.3%	3.0%	2.7%	2.4%	3.2%	2.8%	2.2%	2.8%	2.5%
WACC (post-tax)	9.55%	10.25%	9.90%	12.02%	12.74%	12.38%	12.91%	14.40%	13.66%
Selected WACC	9.50%	10.50%	10.00%	12.00%	13.00%	12.50%	13.00%	14.50%	13.75%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. As at 31 May 2021

Our nominal post-tax WACC range for each of the key Orocobre projects is set out in the table below.

Table 57: WACC for Olaroz, Naraha and Borax

	Olaroz			Naraha			Borax		
	Low	High	Mid	Low	High	Mid	Low	High	Mid
Risk free rate (Rf)	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Equity market risk premium (EMRP)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Beta (ungeared β)	1.35	1.45	1.40	0.90	1.00	0.95	1.30	1.50	1.40
Beta (geared β)	1.57	1.69	1.63	0.97	1.08	1.02	1.51	1.74	1.63
Project specific risk premium	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%
Country risk premium	3.0%	4.0%	3.5%	0.0%	0.0%	0.0%	5.0%	6.0%	5.5%
Calculated K_e	15.1%	16.8%	16.0%	8.5%	9.1%	8.8%	16.3%	18.6%	17.5%
Net debt / enterprise value	20.0%	20.0%	20.0%	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%
Tax rate	35.0%	35.0%	35.0%	31.0%	31.0%	31.0%	35.0%	35.0%	35.0%
K_d (pre-tax)	3.3%	4.3%	3.8%	3.3%	4.3%	3.8%	3.3%	4.3%	3.8%
K_d (post-tax)	2.2%	2.8%	2.5%	2.3%	3.0%	2.6%	2.2%	2.8%	2.5%
WACC (post-tax)	12.51%	14.00%	13.26%	7.88%	8.53%	8.20%	13.43%	15.48%	14.46%
Selected WACC	12.50%	14.00%	13.25%	8.00%	8.50%	8.25%	13.50%	15.50%	14.50%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. As at 31 May 2021

A brief discussion on the key parameters adopted in the calculation of the discount rates is set out below.

Risk free rate (R_f)

The risk free rate compensates the investor for the time value of money and the expected inflation rate over the investment period. In determining the R_f , we have adopted the five-day average zero coupon yield on the US 20 Year Treasury as at 31 May 2021.

Equity market risk premium (EMRP)

The EMRP represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative.

We consider an EMRP of 6.00% to be reasonable.

Beta (β)

Beta measures the systematic risk or non-diversifiable risk of a company in comparison to the market as a whole. In estimating the betas for the major assets of Galaxy and Orocobre, we have considered the betas of listed companies that have similar assets. These betas, which are presented below, have been calculated based on weekly and monthly returns, over a two year and four year period, respectively, compared to a relevant domestic index.

Table 58: Hard rock companies

Name	Enterprise value (USDm)	Net debt to enterprise value (%)	2-year weekly beta			4-year monthly beta		
			Levered	Unlevered	R ² correlation	Levered	Unlevered	R ² correlation
Galaxy	1,2950	-	n/m	n/m	4.9%	1.2	1.2	10.6%
Early stage hard rock								
Savannah Resources Plc	85	-	1.02	1.02	8.8%	1.58	1.58	12.0%
Sayona Mining Limited	142	-	n/m	n/m	1.1%	n/m	n/m	1.6%
Infinity Lithium Corporation Limited	19	-	1.73	1.73	16.3%	1.37	1.37	11.8%
European Metals Holdings Limited	158	-	n/m	n/m	1.6%	1.36	1.36	13.3%
Frontier Lithium Inc.	143	-	1.28	1.28	13.4%	1.35	1.35	9.5%
Liontown Resources Limited	768	-	1.48	1.48	18.6%	n/m	n/m	4.2%
AVZ Minerals Limited	339	-	1.35	1.35	12.6%	n/m	n/m	2.4%
European Lithium Limited	44	0.9%	1.42	1.41	15.2%	1.67	1.66	6.0%
Lepidico Limited	55	-	1.50	1.50	10.7%	n/m	n/m	3.6%
Lithium Australia NL	71	-	1.22	1.22	9.2%	n/m	n/m	3.0%
Piedmont Lithium Inc.	937	-	1.14	1.14	5.2%	n/m	n/m	0.0%
Operating hard rock								
Pilbara Minerals Limited	2,708	-	1.47	1.36	19.4%	1.76	1.67	21.9%
Albemarle Corporation	21,290	7.5%	1.30	1.09	44.6%	1.36	1.20	36.0%
Tianqi Lithium Corporation	18,009	24.7%	1.65	1.16	22.6%	1.60	1.22	19.8%
Overall average	3,198	2.4%	1.38	1.31	14.2%	1.50	1.43	10.4%
Overall median	151	-	1.38	1.31	13.0%	1.48	1.37	7.8%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Market data as at 31 May 2021

2. n/m – not meaningful

3. Figures in this table are subject to rounding

Table 59: Brine companies

Name	Enterprise value (USDm)	Net debt to enterprise value (%)	2-year weekly beta			4-year monthly beta		
			Levered	Unlevered	R ² correlation	Levered	Unlevered	R ² correlation
Galaxy	1,295	-	n/m	n/m	4.9%	1.20	1.20	10.6%
Orocobre	1,856	1.1%	1.28	1.24	22.5%	1.49	1.46	24.5%
Early Stage Brine								
Galan Lithium Limited	121	-	1.36	1.36	8.5%	2.33	2.33	18.2%
Argosy Minerals Limited	88	-	1.63	1.63	22.9%	1.69	1.69	8.5%
Lake Resources NL	189	-	n/m	n/m	2.4%	n/m	n/m	1.8%
Lithium Power International Limited	39	-	1.29	1.29	10.4%	1.62	1.62	29.0%
Neo Lithium Corp.	277	-	1.42	1.42	17.1%	1.55	1.55	17.6%
E3 Metals Corp.	69	-	1.28	1.28	6.9%	n/m	n/m	2.0%
Vulcan Energy Resources Limited	632	-	1.30	1.30	6.2%	1.79	1.79	8.1%
Lithium Americas Corp.	1,479	-	1.78	1.71	20.2%	1.30	1.27	10.8%
Operating Brine								
Albemarle Corporation	21,290	7.5%	1.30	1.09	44.6%	1.36	1.20	36.0%
Overall average	2,687	0.8%	1.42	1.39	15.5%	1.66	1.64	14.7%
Overall median	189	-	1.33	1.33	10.4%	1.62	1.62	10.8%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Market data as at 31 May 2021

2. n/m – not meaningful

3. Figures in this table are subject to rounding

Table 60: Lithium and Other Chemical Processing Companies

Name	Enterprise value (USDm)	Net debt to enterprise value (%)	2-year weekly beta			4-year monthly beta		
			Levered	Unlevered	R ² correlation	Levered	Unlevered	R ² correlation
Orocobre	1,856	1.1%	1.28	1.24	22.5%	1.49	1.46	24.5%
Li Chemical Processing								
Sichuan Yahua Industrial Group Co., Ltd.	4,208	-	1.40	1.35	24.1%	1.28	1.22	16.6%
Daejung Chemicals & Metals Co.,Ltd.	156	-	1.32	1.32	21.9%	1.06	1.06	12.6%
Other Chemical Processing Companies								
SABIC Agri-Nutrients Company	12,634	-	0.88	0.88	40.4%	0.82	0.82	31.4%
Nissan Chemical Corporation	7,367	-	1.28	1.28	59.9%	0.92	0.92	40.0%
Element Solutions Inc	7,025	17.6%	1.12	0.85	48.1%	1.37	0.82	49.9%
Advanced Petrochemical Company	4,698	-	0.79	0.79	35.7%	0.79	0.78	33.3%
Cameco Corporation	7,796	-	0.94	0.94	18.2%	0.88	0.84	12.0%
Nihon Parkerizing Co., Ltd.	804	-	0.82	0.82	28.7%	0.82	0.82	23.6%
Chunbo Co., Ltd.	1,459	-	1.23	1.23	29.5%	1.30	1.30	24.7%
Jiangyin Jianghua Microelectronics Materials Co., Ltd	697	3.7%	1.34	1.34	23.6%	n/m	n/m	3.0%
Linde plc	169,055	6.9%	1.02	0.94	53.7%	0.90	0.82	37.6%
Kronos Worldwide, Inc.	1,993	5.9%	1.01	0.96	30.5%	1.20	1.14	33.2%
Overall average	18,158	2.8%	1.10	1.06	34.5%	1.03	0.96	26.5%
Overall median	4,453	-	1.07	0.95	30.0%	0.92	0.84	28.1%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Market data as at 31 May 2021

2. n/m – not meaningful

3. Figures in this table are subject to rounding

Table 61: Borax Companies

Name	Enterprise value (USDm)	Net debt to enterprise value (%)	2-year weekly beta			4-year monthly beta		
			Levered	Unlevered	R ² correlation	Levered	Unlevered	R ² correlation
Orocobre	1,856	1.1%	1.28	1.24	22.5%	1.49	1.46	24.5%
Li & Boron Mining & Refinement								
Tibet Mineral Development Co., LTD	2,234	-	1.21	1.21	20.2%	1.57	1.57	24.3%
Other Mining Companies								
ioneer Ltd	498	-	1.50	1.50	16.1%	1.91	1.91	20.3%
China Molybdenum Co., Ltd.	23,140	13.1%	1.40	1.24	23.5%	1.80	1.69	39.6%
Sumitomo Metal Mining Co., Ltd.	15,094	11.9%	1.20	1.02	60.9%	1.35	1.14	51.8%
Scandium International Mining Corp.	61	-	n/m	n/m	1.5%	1.11	1.11	8.0%
Indo Borax & Chemicals Limited	39	-	1.33	1.33	22.3%	1.71	1.71	42.5%
Overall average	6,844	4.2%	1.33	1.26	24.1%	1.58	1.52	31.1%
Overall median	1,366	-	1.33	1.24	21.2%	1.64	1.63	32.0%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Market data as at 31 May 2021

2. n/m – not meaningful

3. Figures in this table are subject to rounding

Beta for hard rock assets

- we considered the betas of listed companies that operate in the hard rock lithium mining industry for the hard rock projects, Mt Cattlin and James Bay
- the companies with operating stage assets have more diverse and integrated operations in the lithium sector, most of them operating in the mining and production sector
- we have selected an unlevered beta ranging from 1.30 to 1.40. We have re-levered the selected β based on our selected gearing ratio and tax rates set out below. We have also applied the Blume mean reversion adjustment, resulting in a selected adjusted levered β in the range of 1.53 to 1.65 for Mt Cattlin and 1.54 to 1.66 for James Bay.

Beta for brine assets

- for the brine projects (Sal de Vida and Olaroz) we considered the betas of listed companies that operate in the lithium brine mining industry
- the companies with operating stage assets have more diverse and integrated operations in the lithium sector, most of them operating in the mining and production sector
- we have selected an unlevered beta ranging from 1.35 to 1.45. We have re-levered the selected β based on our selected gearing ratio and tax rate set out below. We have also applied the Blume mean reversion adjustment, resulting in a selected adjusted levered β in the range of 1.60 to 1.72.

Beta for Naraha

- in estimating the beta for Naraha, we have considered the betas of listed companies that operate in the chemical processing industry
- we have not been able to identify any companies which are engaged solely in lithium hydroxide processing and therefore the selected companies have more diverse operations in the chemical processing sector
- we have selected an unlevered beta ranging from 0.90 to 1.00. We have re-levered the selected β based on our selected gearing ratio set out below. We have also applied the Blume mean reversion adjustment, resulting in a selected adjusted levered β in the range of 0.97 to 1.08.

Beta for Borax

- in estimating the beta for Borax, we have considered the betas of listed companies that operate in the lithium, boron and metals exploration and refining industries
- we have not been able to identify any companies which are engaged solely in the mining and production of the same minerals as Borax. The companies selected have more diverse operations in the mining sector, most of them producing other metals and elements
- we have selected an unlevered beta ranging from 1.30 to 1.50. We have re-levered the selected β based on our selected gearing ratio set out below. We have also applied the Blume mean reversion adjustment, resulting in a selected adjusted levered β in the range of 1.54 to 1.78.

Gearing ratio

We have considered the current capital structure of Galaxy and Orocobre as well as the capital structure of the companies considered comparable to Galaxy and Orocobre to determine a gearing ratio of 10% for Naraha given its stage of completion and limited ongoing capital requirements and 20% for all other projects taking account of the more capital intensive nature of mining relative to chemical processing.

Country risk premium

We have selected a country specific risk premium of:

- 3% to 4% for Sal de Vida and Olaroz, to take account of the projects being based in Argentina, balanced against the market for lithium being global with USD denominated pricing
- nil for Naraha as Japan has minimal country risk and the market for lithium hydroxide is global and pricing is USD denominated
- 5% to 6% for Borax, due to its location in Argentina and its sales being primarily in Brazil and Argentina
- nil for Mt Cattlin and James Bay due to their locations in Australia and Canada respectively.

Project specific risk premium (α)

We have selected the following project specific risk premiums to reflect the stage of the project:

- nil for Mt Cattlin and Borax as they are both operating
- 0.5% for Olaroz due to the (currently unproven) substantial forecast reduction in operating costs post expansion
- 3.0% for James Bay as the project has recently completed its PEA
- 1.0% for Sal de Vida as the project is in the development stage.

Tax rate

We have selected the following tax rates:

- 30%, the Australian corporate tax rate, for Mt Cattlin
- 26.5%, the Canadian corporate tax rate, for James Bay
- 35%, the Argentinian corporate tax rate, for Sal de Vida, Olaroz and Borax
- 31%, the Japanese corporate tax rate, for Naraha.

Cost of debt (K_d)

We have estimated a pre-tax cost of debt to be 3.4% to 4.4% based on current credit spreads for BBB rated borrowers. This assumes debt financing is raised centrally in developed markets outside of Argentina and is broadly consistent with lending terms available to Galaxy and Orocobre.

Appendix 5: Technical expert's report

30 June 2021

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Dear Madam and Sir

**INDEPENDENT TECHNICAL SPECIALIST REVIEW FOR DELOITTE CORPORATE FINANCE
MERGER OF OROCOBRE LTD AND GALAXY RESOURCES LTD
BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

1.0 INTRODUCTION

Deloitte Corporate Finance Pty Limited (“Deloitte”) has been appointed by Galaxy Resources Limited (“Galaxy”) to prepare an Independent Expert Report (“IER”) to Galaxy shareholders on the proposed merger of Galaxy and Orocobre Limited (“Orocobre”) announced on the ASX and TSX on 19 April 2021. Deloitte has commissioned Behre Dolbear Australia Pty Limited (“BDA”) to prepare an Independent Technical Specialist Report (“ITSR”) to accompany the IER, to provide additional technical background on the Galaxy and Orocobre projects, to provide technical input to Deloitte in its assessment of the transaction, and to assist Deloitte in the valuation of exploration properties and early-stage projects.

Galaxy Resources Limited is an ASX-listed company with a diversified portfolio of lithium assets (Figure 1), including:

- a) *Mt Cattlin Mine* - an operational hard rock lithium spodumene mine and concentrator in Western Australia, which produces lithium spodumene concentrate
- b) *Sal de Vida Project (“SdV”)* - a development-stage lithium brine project in northwest Argentina, with project construction and early works currently underway
- c) *James Bay Project* - a hard rock lithium spodumene project in northern Québec, Canada, where a Preliminary Economic Assessment (“PEA”) has been completed and further engineering has commenced.

Orocobre Limited is an ASX and TSX-listed company and is a significant lithium carbonate producer. Orocobre’s assets (Figure 1) include its interests in:

- a) *Olaroz Lithium Facility (“Olaroz”)* - a lithium brine producer in northwest Argentina with a current production capacity of 17,500tpa of lithium carbonate; 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
- b) *Olaroz Stage 2 Expansion (“Olaroz Stage 2”)* - an expansion of the Olaroz project currently under construction and designed to enhance Olaroz’s lithium carbonate production capacity to deliver an additional 25,000tpa, of which approximately 9,500t are expected to be utilised as feedstock for the Naraha Lithium Hydroxide Plant in Japan



Galaxy and Orocobre Projects

Figure 1

PROJECTS LOCATION MAP

- c) *Cauchari Project* – a lithium brine project located at Salar de Cauchari in northwest Argentina, immediately south of the Olaroz facility; the Cauchari project has reached a Prefeasibility Study (“PFS”) stage and provides development options beyond the Olaroz Stage 2 expansion
- d) *Naraha Lithium Hydroxide Plant (“Naraha”)* - a 75% economic interest in a lithium hydroxide plant (25% TTC) currently under construction in Japan
- e) *Incahuasi, Antofalla and Guayatoyoc Prospects* - a portfolio of exploration projects acquired as a result of Orocobre’s merger with Advantage Lithium Corp (“Advantage Lithium”)
- f) *Borax Argentina S.A. (“Borax”)* - a minerals (ulexite, colemanite and hydroboracite) refined products and boric acid producer in northwest Argentina, also holding substantial usufruct and/or royalty rights on various salars in northwestern Argentina.

BDA has extensive experience of review and assessment of mining and processing projects and specialises in technical due diligence, Independent Specialist reports, project valuations, advisory and review work for companies, financial institutions and government bodies. BDA’s expertise covers geology, resources, reserves, mining, processing, infrastructure, environmental and community, operating and capital costs and financial studies. BDA has undertaken numerous mining-related studies, valuations, and Independent Engineer assignments in recent years. BDA’s specialist consultants have many years of technical and operating experience and are respected experts in their field.

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 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.

With respect to the ITSR task, BDA has visited the Galaxy Mt Cattlin project in accordance with ASIC guidelines and the VALMIN Code. Due to Covid-19 travel constraints BDA has been unable to undertake site visits to the remaining projects; however, members of BDA’s review team have visited Galaxy’s Canadian and Argentinian projects and Orocobre’s Argentinian operations and assets in recent years, and 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; in BDA’s opinion, all possible efforts have been made to fully comply with VALMIN Code and guidelines subject to the current Covid-19 travel restrictions.

Deloitte has requested that BDA provide:

- input and advice on the appropriateness of the assumptions adopted in the cash flow models for Mt Cattlin, Sal de Vida, James Bay, Olaroz, Olaroz Stage 2, Naraha and Borax (“the Cash Flow models”) with respect to:
 - the Ore Reserves/Brine Reserves and Mineral Resources
 - production profiles and potential expansion cases
 - capital expenditure
 - operating expenditure, including rehabilitation and closure costs.
- provide an opinion as to the fair market value of Galaxy’s and Orocobre’s portfolio of early-stage projects using methodologies appropriate to the stage of development of the projects
- provide an assessment as to the fair market value of any exploration assets or other residual resources not captured in the Cash Flow Models
- prepare a report (ITSR) summarising its findings which will form part of the IER prepared by Deloitte and may be provided (in part or full) to Galaxy and its shareholders.

BDA’s scope of work involves, where appropriate, review of the following project components:

- geology - data collection, resource and reserve estimates, reconciliation data, exploration results
- mining - 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 and social issues, tenement status and project approvals status
- 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 Deloitte, 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.

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	EXECUTIVE SUMMARY	6
2.1	Overview.....	6
2.2	Galaxy Resources Assets	6
2.3	Orocobre Assets	16
2.4	Valuation Summary	24
3.0	VALUATION METHODOLOGY	26
3.1	Effective Date	26
3.2	Standards and Procedures	26
3.3	Valuation Principles.....	26
3.4	Valuation Methods.....	26
4.0	SOURCES OF INFORMATION	30
5.0	GALAXY RESOURCES ASSETS	32
5.1	Overview and General Description.....	32
5.2	Mt Cattlin Spodumene Mine.....	34
5.3	Sal de Vida Project.....	43
5.4	James Bay Project	52
6.0	OROCOBRE ASSETS	62
6.1	Overview and General Description.....	62
6.2	Olaroz Lithium Brine Project.....	63
6.3	Olaroz Stage 2 Project.....	70
6.4	Cauchari Project.....	73
6.5	Naraha Lithium Hydroxide Project	80
6.6	Other Early-Stage Projects and Exploration Properties	82
6.7	Borax Argentina S.A.....	83
7.0	VALUATION OF THE EXPLORATION PROPERTIES	93
7.1	Valuation Principles and Methodologies	93
7.2	Valuation of Galaxy Exploration Properties	95
7.3	Valuation of Orocobre Exploration Properties.....	102
8.0	ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE.....	107
9.0	LIMITATIONS AND CONSENT	109
	APPENDIX I.....	110
	GLOSSARY	110

2.0 EXECUTIVE SUMMARY

2.1 Overview

This Independent Technical Specialist Report provides a description of the assets of both Galaxy and Orocobre and an overview of the production estimates and capital and operating cost projections provided by each of the companies for their producing operations and for those projects in development or near development, based on the most recent feasibility study estimates. A brief description of these projects is provided below, together with a more detailed 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 Deloitte. For earlier stage projects and exploration properties, and any residual resources not captured in the expected cash flows, Deloitte 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 Galaxy Resources Assets

2.2.1 Mt Cattlin Spodumene Mine

The Mt Cattlin Mine is wholly owned by Galaxy Resources Ltd and is located just north of the town of Ravensthorpe, approximately 450 kilometres ("km") southeast of Perth and 200km west of the port of Esperance (Figure 2). Mt Cattlin is an open pit operation, mining and processing approximately 1.6 million tonnes per annum ("Mtpa") of spodumene-rich (lithium aluminosilicate) pegmatite grading approximately 1.2% Li₂O, which is processed by crushing, dense media separation ("DMS") and optical separation to produce a spodumene concentrate grading 5.6-5.8% Li₂O.

The Mt Cattlin operation commenced in 2010, however operations have been sporadic with periods of shutdown and care and maintenance during times of low lithium prices. In 2019 approximately 190 thousand tonnes ("kt") of spodumene concentrate was produced at a grade of 5.9% Li₂O; in 2020 production dropped to 109kt with the operation working reduced hours due to low lithium prices. Full production resumed late in Quarter 1 ("Q1") 2021 with production of around 185-200kt of concentrate targeted for 2021. Recovery to final product averages around 58-62%. 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 3.5% Ta₂O₅ is produced and sold locally to the Global Advanced Metals ("GAM") operation at Greenbushes, WA.

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 2). The current operational pit is NE, which is scheduled for completion in 2022. The final pit to be mined in the current life of mine plan is NW, with overburden stripping to commence in Q3 2021. Pit NW has a relatively high stripping ratio of 10:1, requiring a substantial pre-strip before accessing the pegmatite ore, which ranges from 5-20 metres ("m") in thickness and dips shallowly to the northwest. Ore mining from the NW pit will continue through 2023 to current end of mine life in 2024.

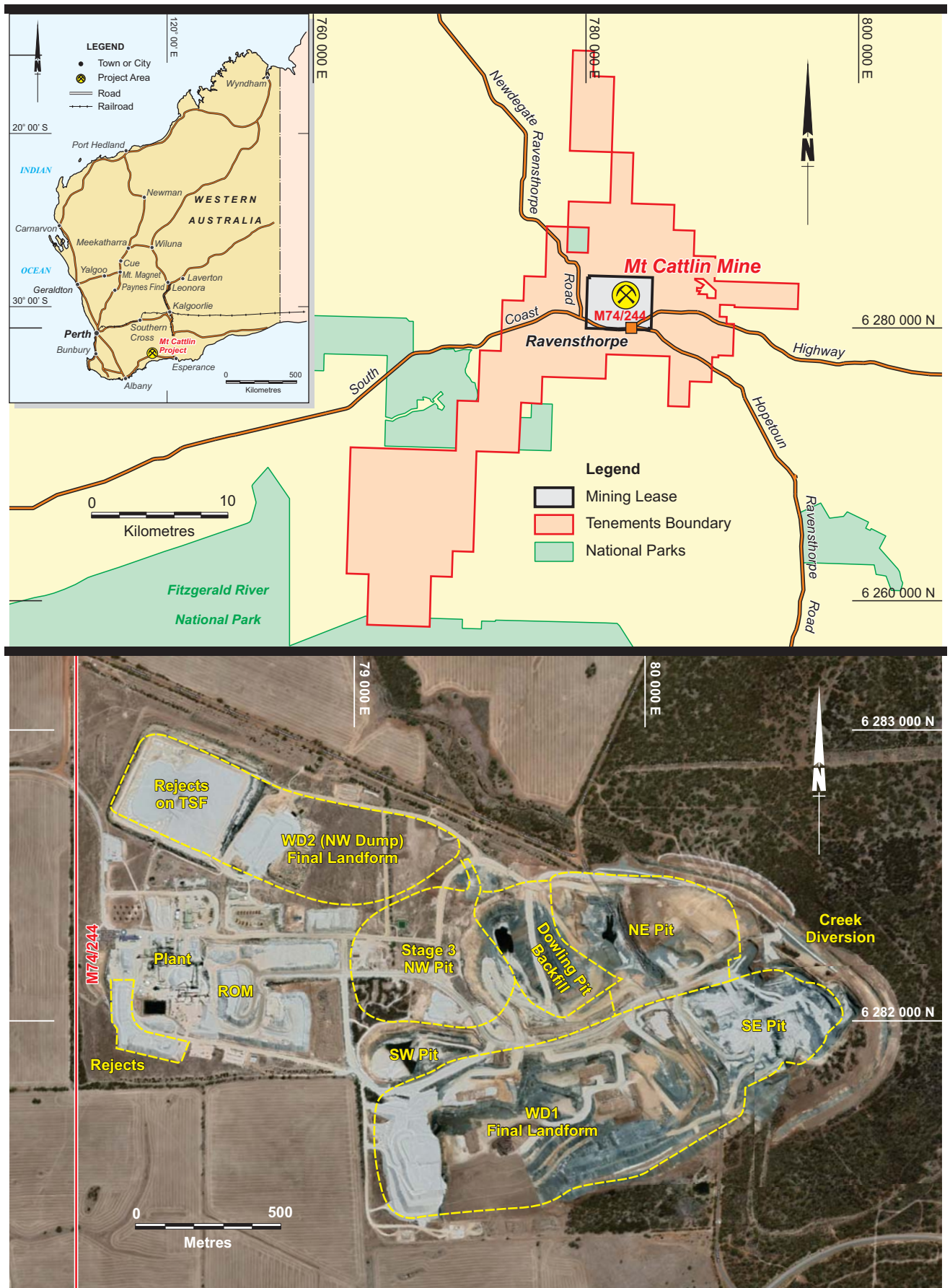
The pegmatite sheets dip generally to the northwest, and deeper drilling has intersected a second pegmatite zone approximately 80m below the current NW ore zone, with grades of around 1.6% Li₂O over 10m (Figure 3). Further evaluation and assessment of future underground potential is planned.

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" 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.

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 generally grading 3.5% Ta₂O₅, before recovering a spodumene concentrate.

Plant performance for 2020 was reasonable considering the reduced hours of operation with 1.07Mt of material processed at a grade of 1.11% Li₂O. Final spodumene concentrate produced was 109kt at a grade of 5.95% Li₂O. Recovery to final product was approximately 54.4%.

Figure 3 shows a schematic flowsheet of the Mt Cattlin process plant.

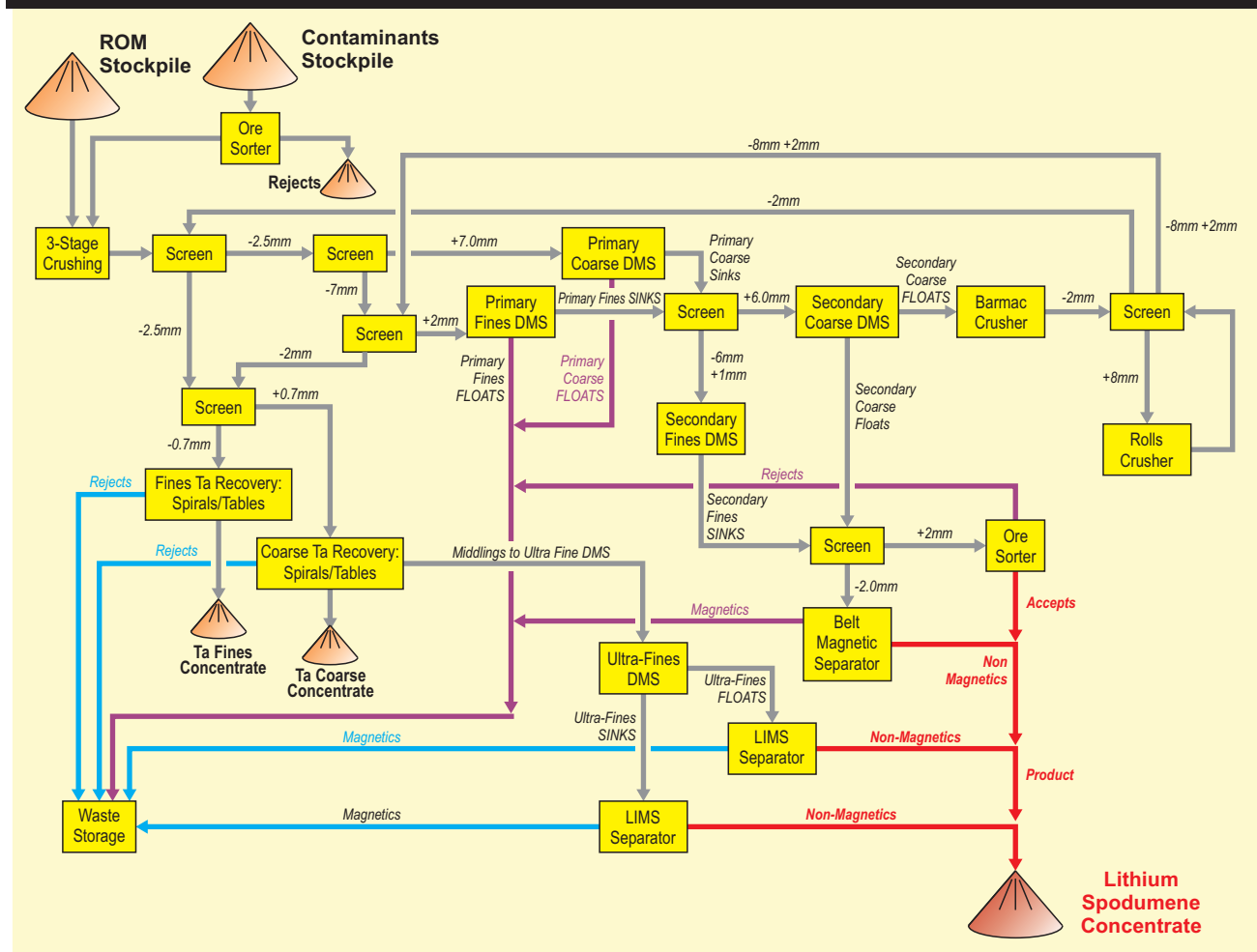
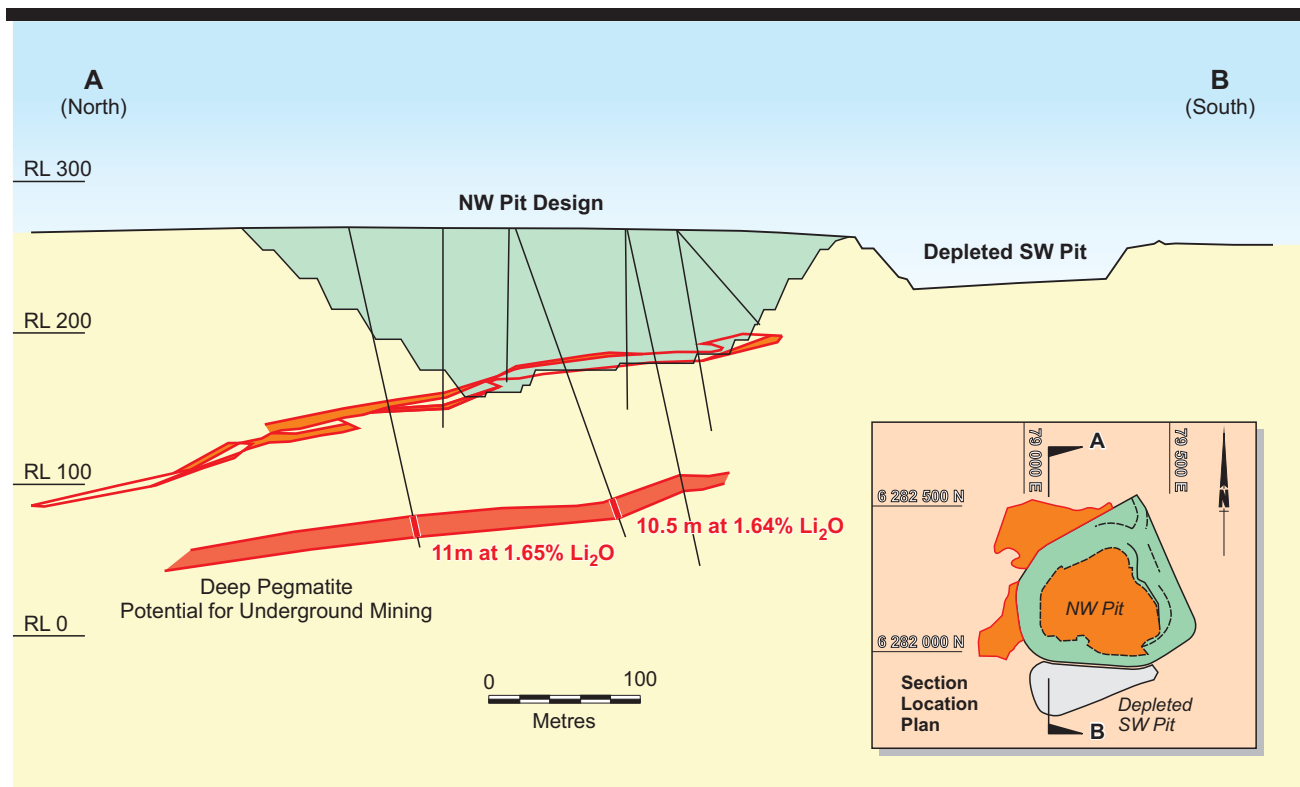


Galaxy Resources Limited

Mt Cattlin Project

Figure 2

TENEMENT LOCATION AND SITE LAYOUT MAP



Galaxy Resources Limited

Mt Cattlin Project

Figure 3

MINING SECTION AND SCHEMATIC PROCESS FLOWSHEET

2.2.2 Sal de Vida Brine Project

The Galaxy Sal de Vida project is a lithium brine development project located on the eastern side of Salar del Hombre Muerto in the Puna region of northwestern Argentina in Catamarca province (Figures 1 and 4), part of the “lithium triangle” encompassing parts of Chile, Argentina and Bolivia containing lithium brine resources in deposits known as *salares* (salars in English). Salars are endorheic (closed) basins located in high altitude desert environments in which ground water containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions enriched in various metal ion species, especially lithium and potassium (Figure 5).

Access to the project is available from the city of Catamarca via national route (“NR”) 40 to Belen and provincial route (“RP”) 40 through Antofagasta de la Sierra and thence to the project site, or from Salta via NR 51 to San Antonio de Los Cobres and Pocitos and then via RP 27 to the site.

The Sal de Vida project is located at an elevation of approximately 3,950m. 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.

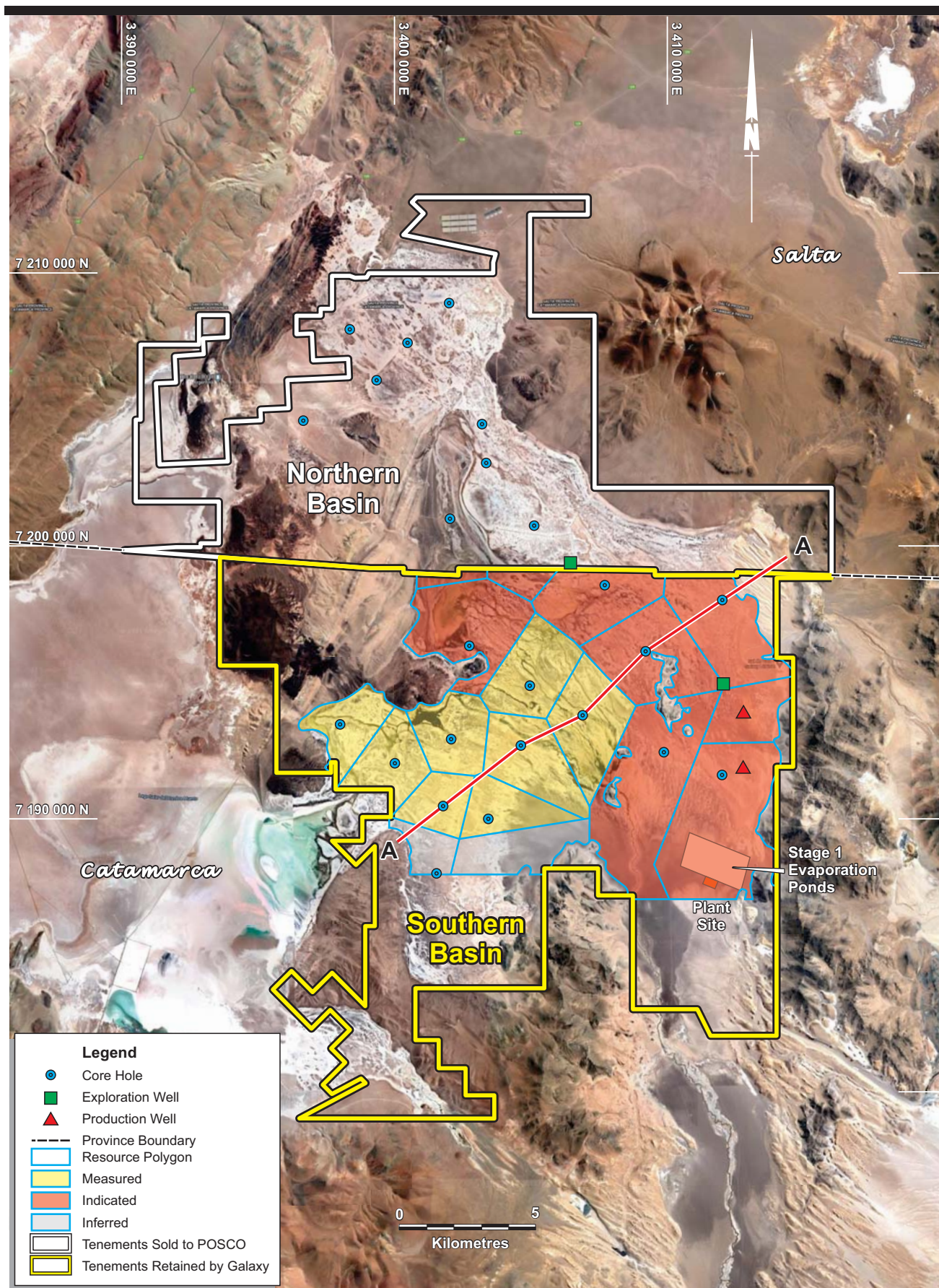
Galaxy acquired Lithium One and the Sal de Vida project in July 2012 and continued exploration on the property incorporating additional drilling, sampling, pump testing and brine evaporation studies. A Definitive Feasibility Study (“DFS”) on developing the project was issued in August 2016. The 2016 DFS was based on a JORC compliant brine reserve estimate of 1.1 million tonnes (“Mt”) of recoverable lithium carbonate equivalent (“LCE”) to support 25 thousand tonnes per annum (“ktpa”) lithium carbonate production and 95ktpa potash production.

In November 2018 Galaxy announced the closing of the sale of the northern tenements in the Sal de Vida property to POSCO, a major South Korean conglomerate (Figure 4). The sale involved all the tenements located in Salta province and those located within the disputed boundary area between Salta Province and Catamarca Province. 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.

Galaxy issued an updated Feasibility Study (“FS”) and resource and reserve estimate for the Sal de Vida project in April 2021 reporting JORC (2012) total Mineral Resources of 6.23Mt LCE and Proved and Probable Ore Reserves of 1.29Mt LCE. Geological modelling data indicates significant scope for increases in resources.

The current project plan is based on an enhanced conventional solar evaporation brine process design and envisages a three-stage development programme to produce approximately 10.7ktpa battery grade lithium carbonate in each stage, with Stage 1 commissioning expected in Q4 2022, with production following (Figure 6). Stages 2 and 3 are planned to start after successful ramp up of each prior stage. Depending on market developments and finance, a final project capacity of 32ktpa of lithium carbonate production could be reached in 2027-2028

Capital costs for Stage 1 of the Sal de Vida project are estimated at US\$170.8 million (“M”) including pre-production costs (US\$153M excluding pre-production costs). Total life-of-mine capital costs for all three stages of the project are estimated at US\$550.1M, including sustaining capital and pre-production costs. Operating costs are estimated at US\$3,500/t lithium carbonate.

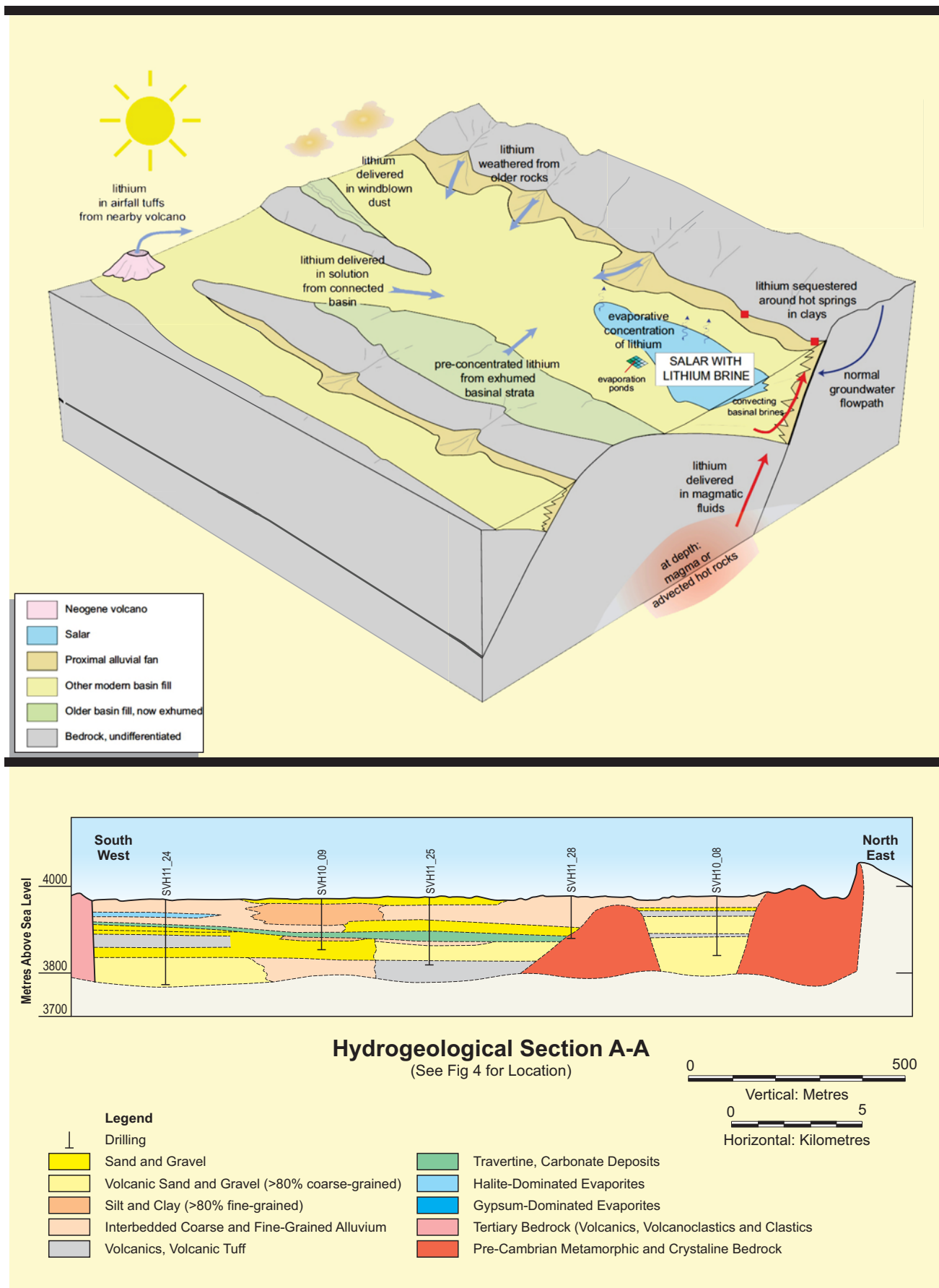


Galaxy Resources Limited

Sal de Vida Project

Figure 4

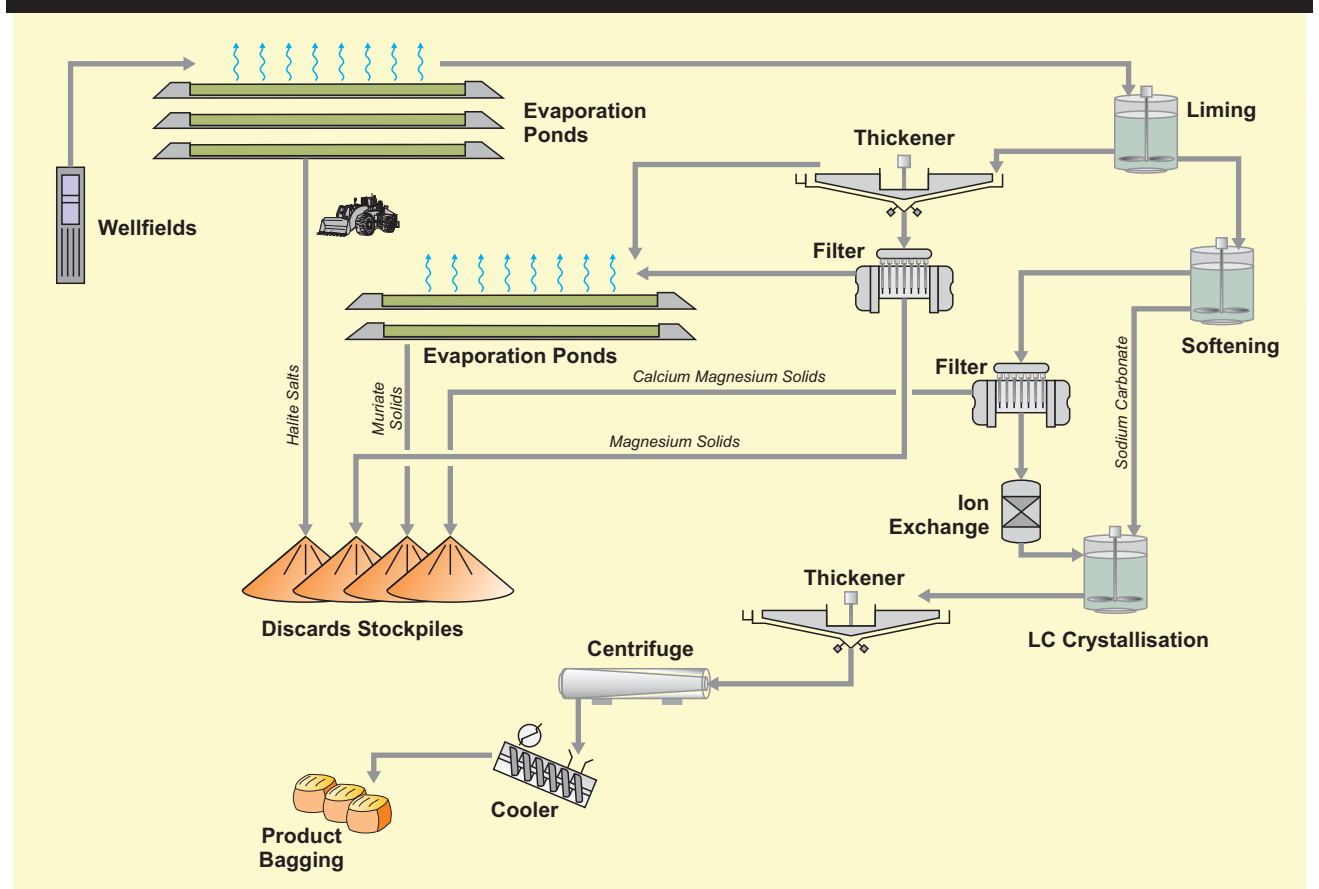
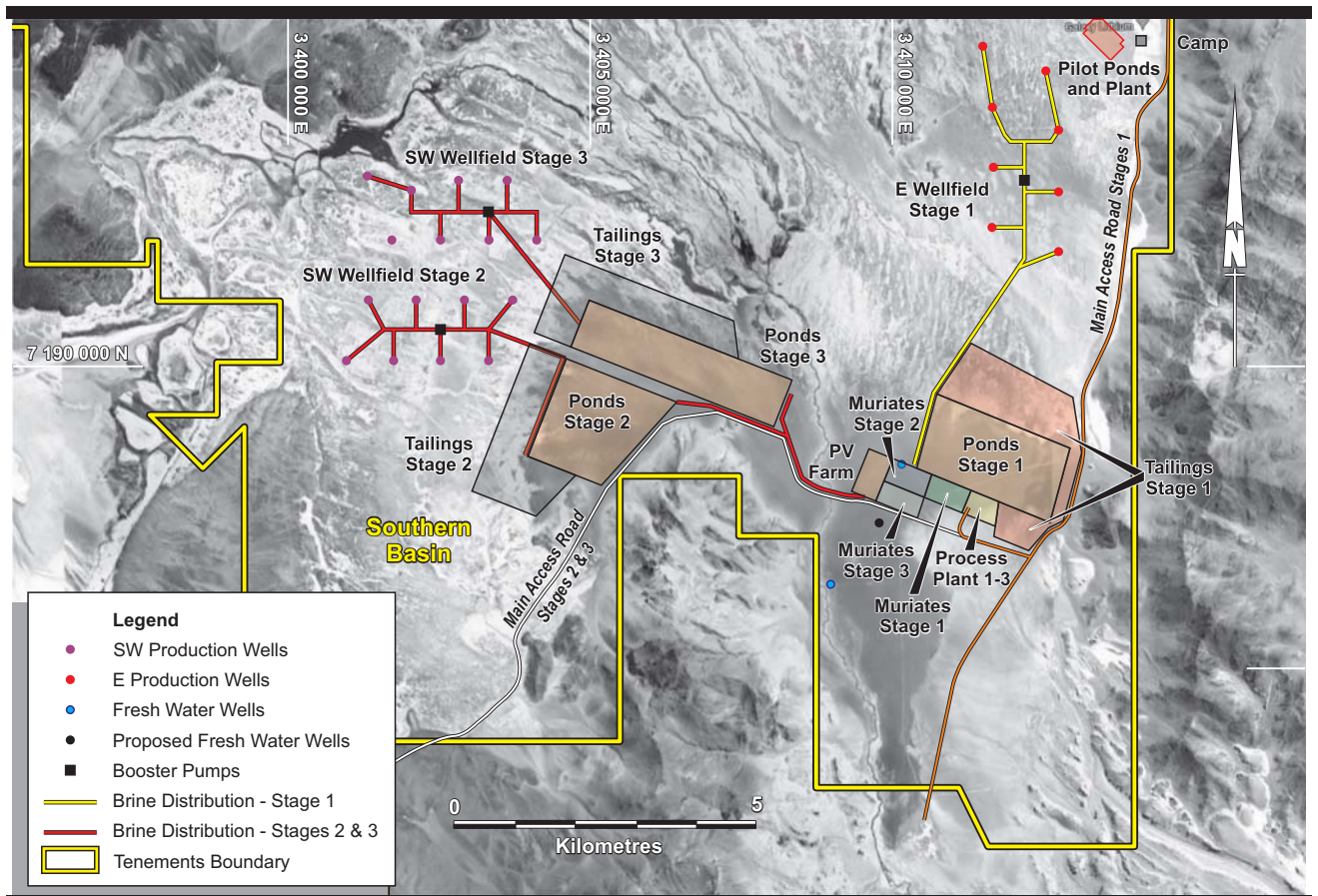
PROJECT AND TENEMENT LOCATION MAP



Galaxy Resources Limited

Sal de Vida Project

Figure 5 SCHEMATIC BRINE DEPOSIT MODEL AND HYDROGEOLOGICAL SECTION



Galaxy Resources Limited

Sal de Vida Project

PROPOSED SITE LAYOUT AND SIMPLIFIED PROCESS FLOWSHEET

Figure 6

2.2.3 James Bay Spodumene Project

The James Bay 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 (Figures 1 and 7). The property comprises 54 contiguous claims covering an area of 2,164ha. The property is located on Category III Cree land which permits mineral resource extraction.

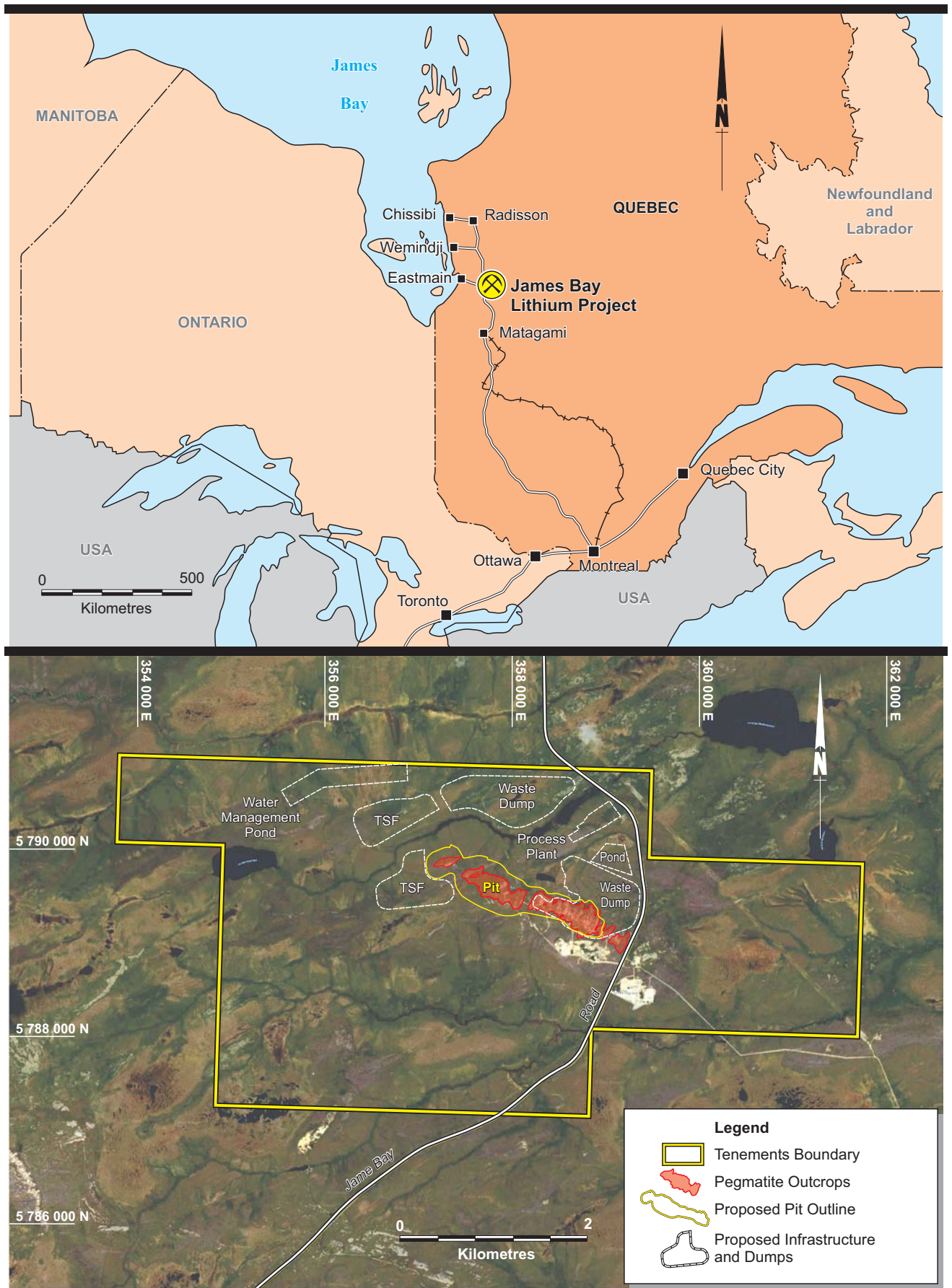
Access to the property is available year-round via the Billy Diamond Highway, an all-weather paved road connecting to Matagami, and thence south to Montreal (Figure 7).

The deposit comprises a series of pegmatite dykes outcropping over a strike length of approximately 4km and a width of approximately 300m (Figures 7 and 8) and forming topographic highs about 15-20m above the surrounding bush, which is primarily comprised of muskeg and peat. Current Indicated Mineral Resources on the property are estimated at 40.3Mt grading 1.40% Li_2O at a 0.62% Li_2O cut-off. There is potential for definition of additional resources, particularly at depth.

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 8). 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 Preliminary Economic Analysis (PEA) report on developing the property for production was issued by Galaxy in March 2021. The PEA was based on production of 330ktpa of spodumene concentrate grading 5.6% Li_2O at an estimated 71% recovery over an approximate 19-year mine life. Initial capital costs are estimated at US\$245M with sustaining capital and mine rehabilitation costs bringing the life of mine ("LOM") capital costs to US\$334M. LOM operating costs are estimated at US\$291/t concentrate, including royalties.

Galaxy advises that it is advancing the project with additional environmental, geology, exploration and engineering studies with the objective of being construction ready by the end of 2021 and for construction to begin in 2022 with initial production targeted for late 2023 or early 2024.

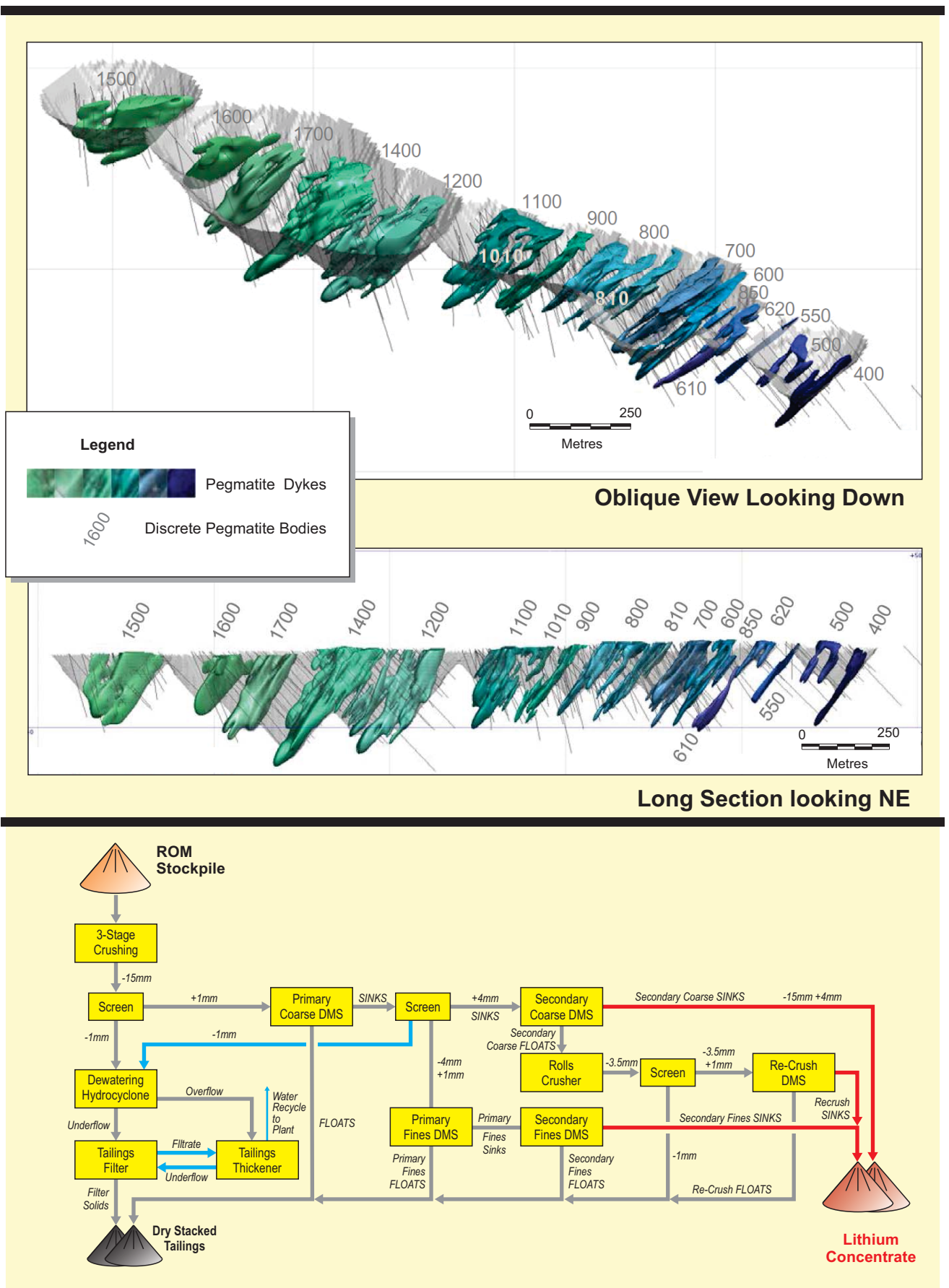


Galaxy Resources Limited

James Bay Project

Figure 7

PROJECT AND TENEMENT LOCATION MAP



Galaxy Resources Limited

James Bay Project

MODELLLED PEGMATITE WITHIN CONCEPTUAL PIT SHELL AND PROPOSED FLOWSHEET

Figure 8

2.3 Orocobre Assets

2.3.1 Olaroz Lithium Brine Project

The Olaroz lithium brine project is located in Jujuy Province in northern Argentina, approximately 230km northwest of the capital city of Jujuy (Figures 1 and 9). 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 potash.

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; Orocobre has a 66.5% interest in the project. The project is managed through the operating company, Sales de Jujuy S.A.

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 sale of lithium carbonate from the project occurred in April 2015.

The processing method at Olaroz is based on existing 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 depth of around 154m on the salar. The brine is then 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 10).

The project has a rated capacity of 17.5ktpa, with a current production rate of approximately 13ktpa. Productivity in terms of 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 project.

Lithium brine operations typically have a lower cost of production than hard-rock lithium deposits. The cash operating cost of approximately US\$3,500 – \$4,000/t of LCE positions the company as one of the lowest cost lithium producers globally.

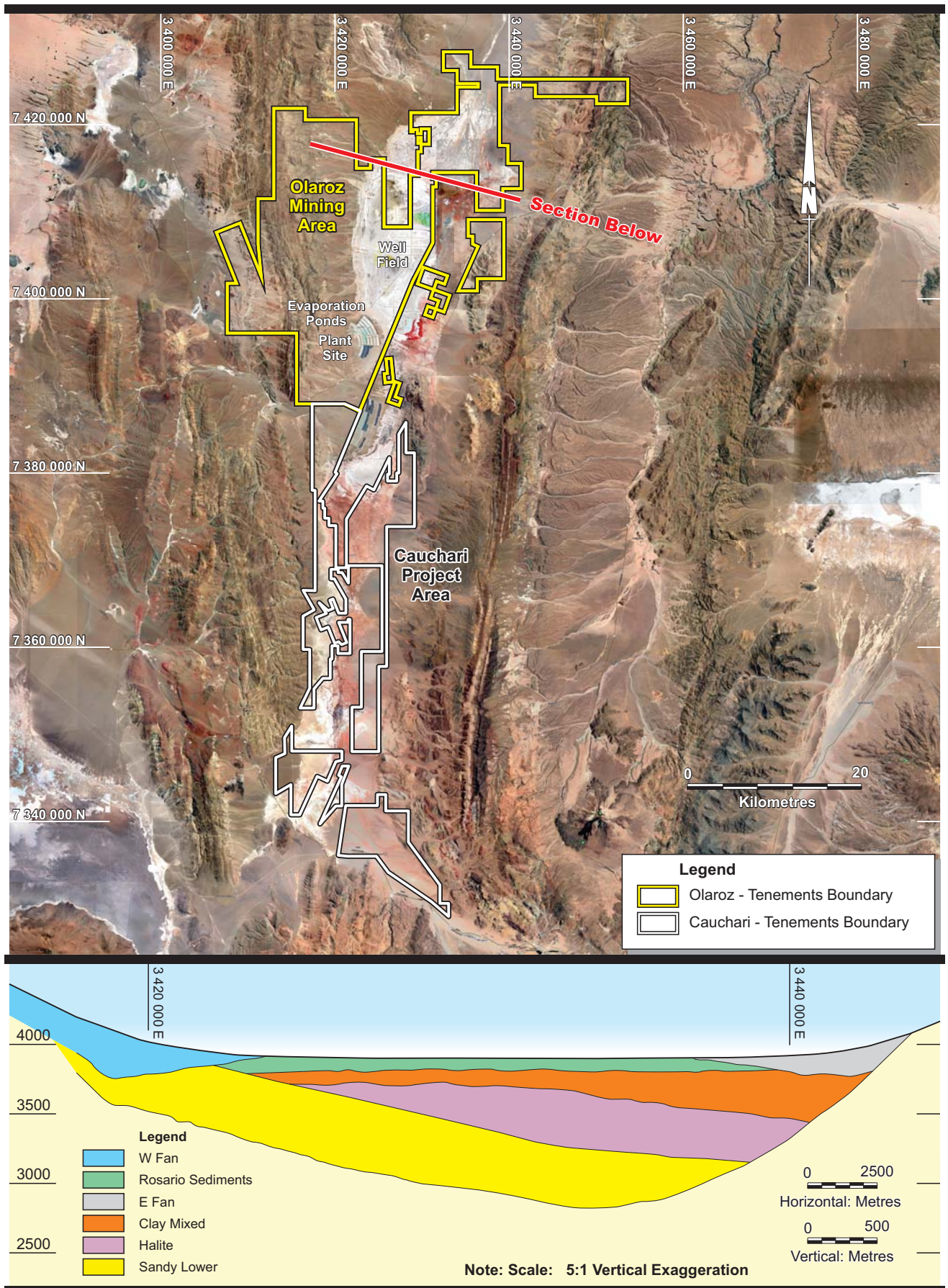
The Salar de Olaroz project has substantial lithium resources available, and the current 40-year project life should extend for at least another 10 years based on the existing permit conditions.

2.3.2 Olaroz Stage 2 Project

The Olaroz Stage 2 project is designed to add 25ktpa production capacity to the Olaroz project, bringing total production capacity to 42.5ktpa LCE. The Stage 2 project will be based on brine extraction from newly installed wells drilled to depths of up to 650m (Figure 10). Stage 2 has a current budgeted capital cost of US\$335M excluding working capital and VAT, of which US\$188.6M has been spent as of end February 2021. Stage 2 construction is expected to be complete in H1 2022 and to commence production in the following half. Production will ramp up over two years to full capacity of 25ktpa of primary grade lithium carbonate by H2 2024.

The Stage 2 plant will operate from the same brine resource as the existing plant but abstract a considerable portion of the required brine from deep wells set below the current wellfield. Evaporation ponds for Stage 2 are being 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 when the Stage 2 plant begins operation.

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.

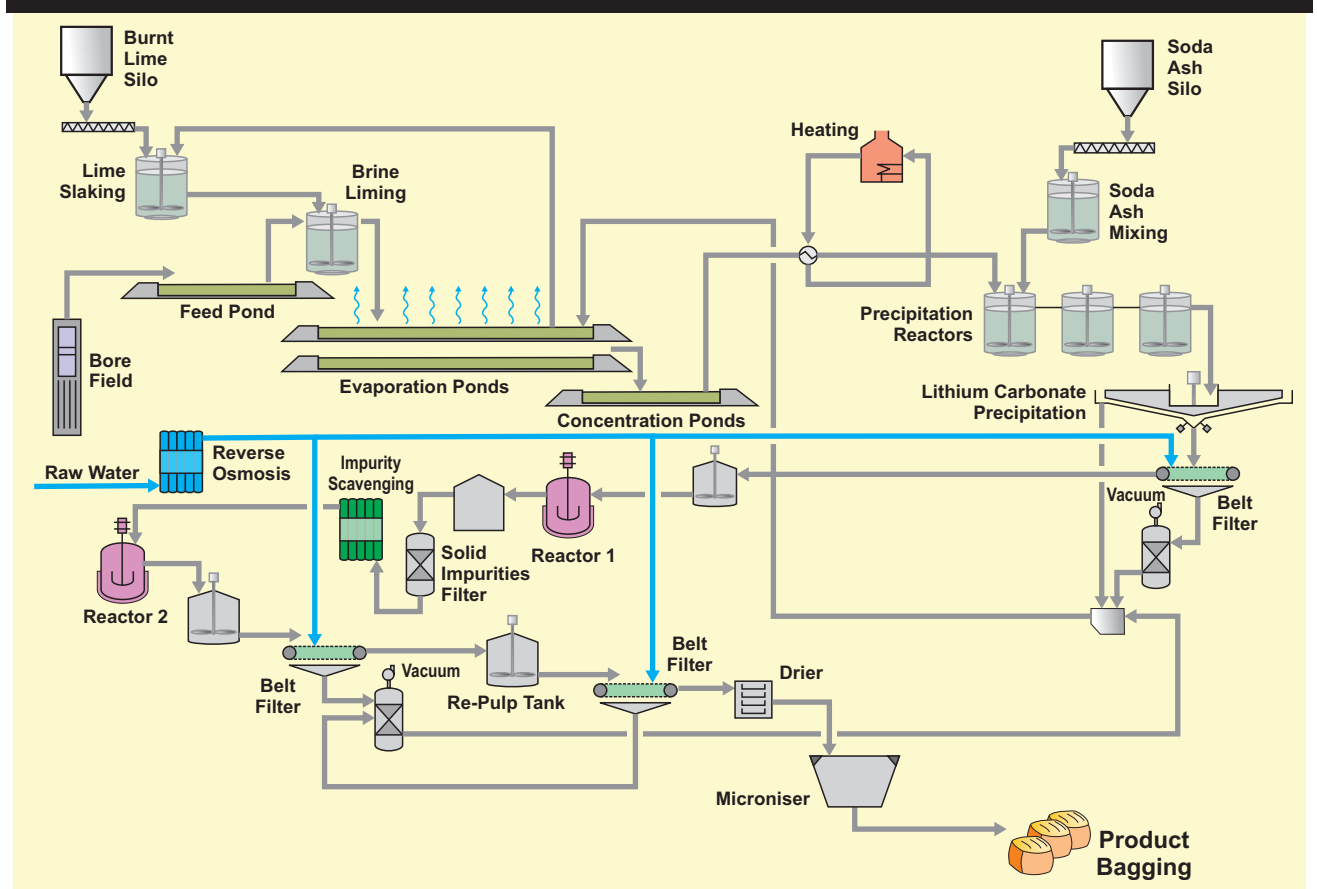
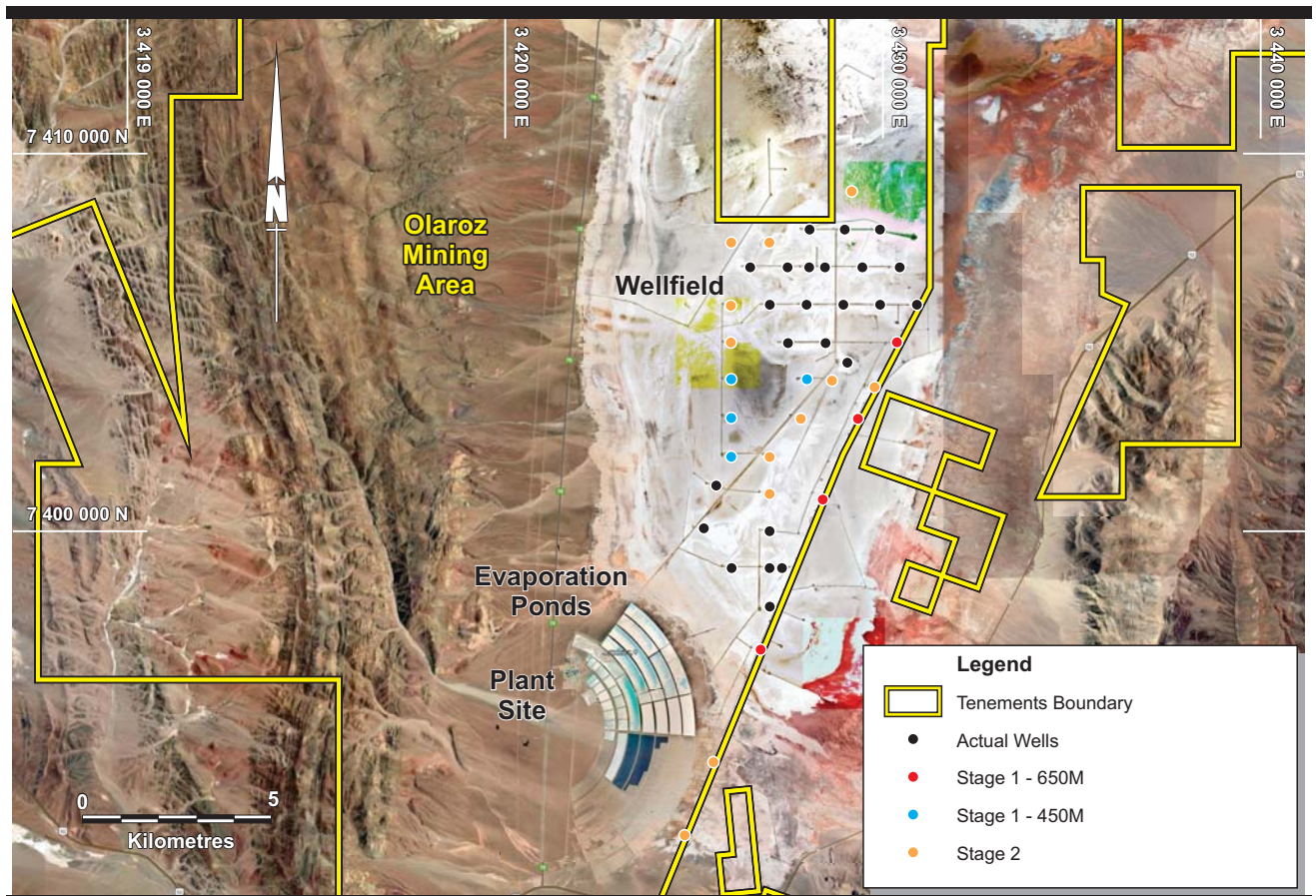


Orocobre Limited

Olaroz and Cauchari Projects

PROJECT AND TENEMENT LOCATION MAP AND SECTION

Figure 9



Orocobre Limited

Olaroz Project

Figure 10

SITE LAYOUT AND PROCESS FLOWSHEET

2.3.3 Cauchari Project

The Cauchari project, formerly owned by Advantage Lithium and now wholly owned by Orocobre, is at a Prefeasibility Study stage. The Cauchari project lies immediately south of Olaroz on Salar de Cauchari (Figures 9 and 11). Lithium Americas Corporation (LAC) and Ganfeng Lithium Limited (Ganfeng) are developing the central portion of Salar de Cauchari for lithium carbonate production. The Cauchari project being developed by Orocobre lies on either side of the LAC/Ganfeng project currently under construction.

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. 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. and FloSolutions in October 2019.

The project has a substantial lithium Mineral Resource, estimated at 6.3Mt LCE, comprising 4.8Mt Measured and Indicated resource and 1.5Mt Inferred resource. The resource was estimated based on division of the resource area (117.7km²) 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 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 11).

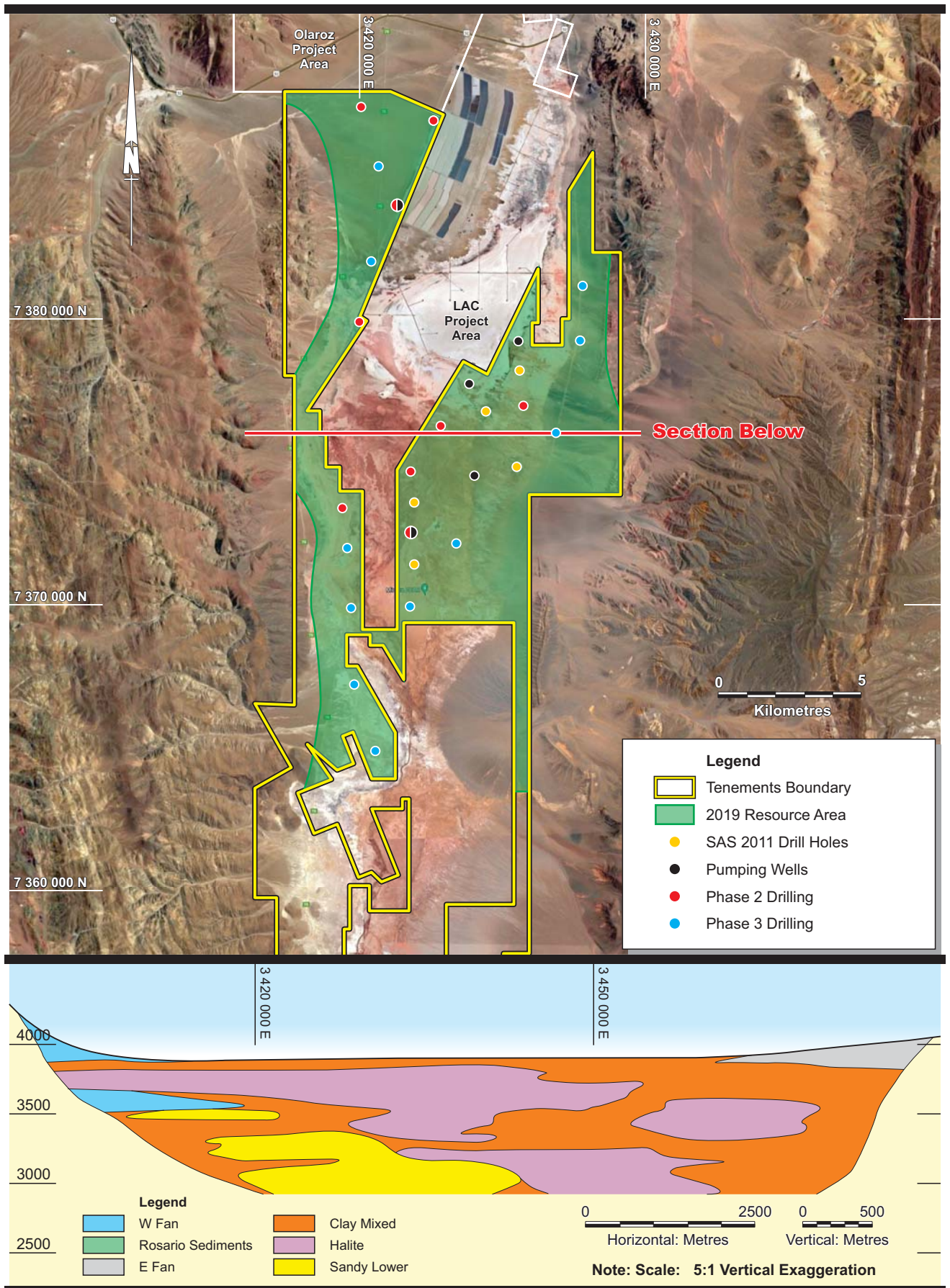
An Ore Reserve estimate was prepared in support of the 2019 Prefeasibility Study. The reserve estimate incorporated a numerical groundwater flow and transport model. Reserves were classified as Proved for brine derived from the Measured resources in the NW wellfield area during the first seven years 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. Based on this modelling a Proved and Probable reserve of 1.0Mt contained LCE was estimated.

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 Stage 2 is proposed. There are significant opportunities to share technical management, infrastructure 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 LAC/Ganfeng Cauchari project, currently under construction, is located between the eastern and western Salar de Cauchari tenements held by Orocobre. The impact of pumping brine by LAC/Ganfeng on the Mineral Resources at the Orocobre Cauchari project is not known, but some brine movement towards wells installed on tenement boundaries is likely. Some form of agreement between the various operators on Salar de Cauchari may be required to ensure orderly development of the resource by all parties. Typically, such agreements stipulate a stand-off distance from tenement boundaries, thereby limiting the volume of brine moving across tenement boundaries.

The development of Cauchari is likely to be undertaken as an extension of the development of Orocobre’s Olaroz projects, with significant opportunities for sharing of infrastructure, processing plant and management.



Orocobre Limited

Cauchari Project

Figure 11

BDA - 219 (01 - May 2021)

SITE LAYOUT MAP

Behre Dolbear Australia Pty Ltd

2.3.4 Naraha Lithium Hydroxide Project

Orocobre has formed a joint venture with Toyota Tsusho Corporation (TTC) to develop a battery grade lithium hydroxide plant in Japan to convert 9,500tpa of technical grade lithium carbonate from Orocobre's Olaroz operation to 10,000tpa of battery grade lithium hydroxide. The plant is presently under construction in Naraha, Japan (Figures 1 and 12), with infrastructure including power, water, road access and labour readily available. A contract to construct the plant has been awarded to Veolia Water Technologies ("Veolia") who undertook the design testwork to prove up the processing technology.

The carbonate product from the Olaroz plant will be mixed with water and a lime slurry in a reactor to precipitate calcium carbonate (Figure 12). 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.

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 LiOH. The final product is dried and packaged for market as a lithium hydroxide monohydrate.

Construction of the Naraha project is approximately 94% complete. Final completion, testing and commissioning have been delayed due to COVID. The current schedule is for commencement of commissioning in Q1 2022.

2.3.5 Other Early-Stage Projects and Exploration Properties

Orocobre acquired the Incahuasi, Antofalla and Guayatoyoc prospects (Figure 1) totalling 31,320ha as part of the Advantage Lithium acquisition. These prospects are 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 Orocobre portfolio and could be considered as potential disposals.

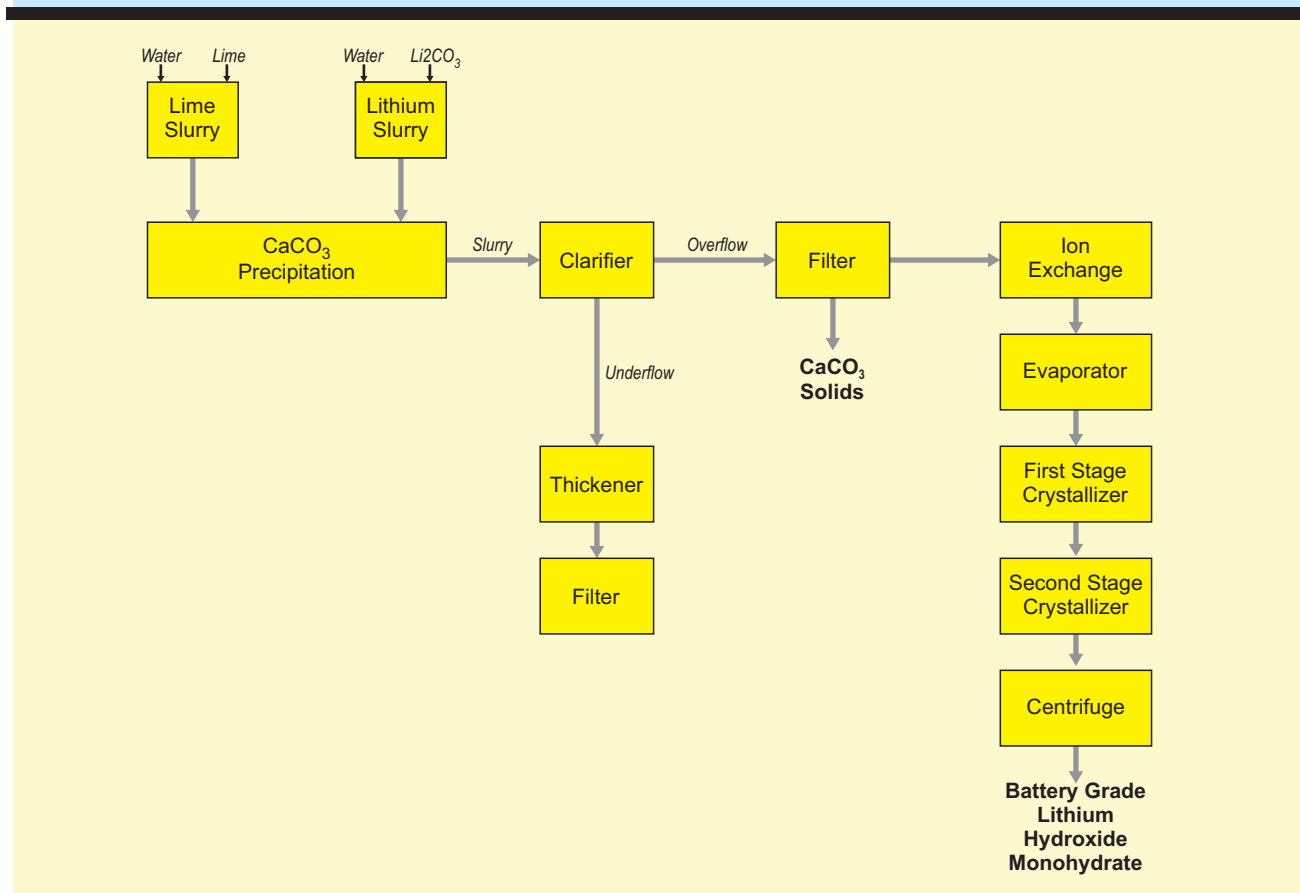
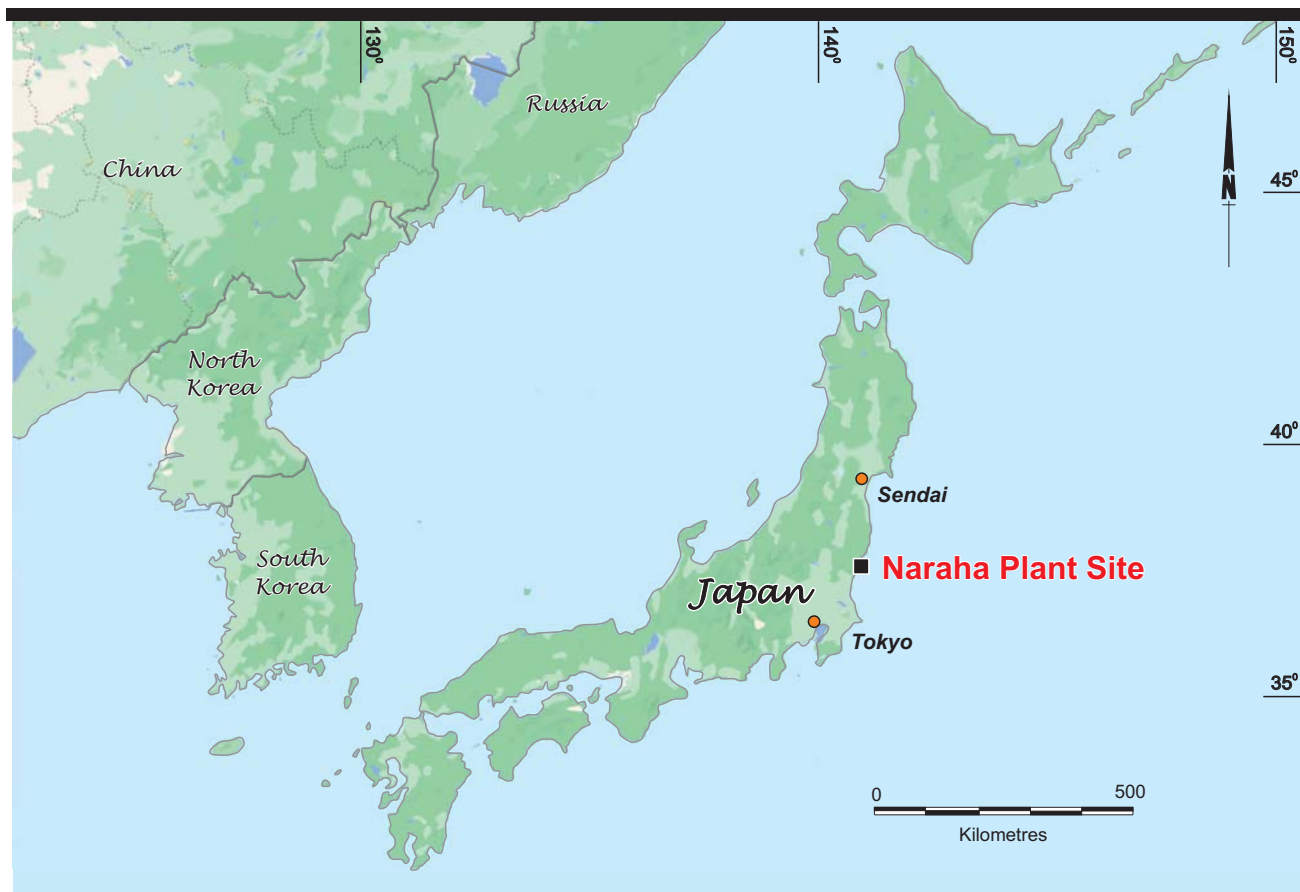
2.3.6 Borax Argentina S.A.

Borax Argentina S.A. (Borax) is a wholly owned subsidiary of Orocobre. The company is a major producer of borax products in South America and operates a number of mining and processing operations, mostly in Salta Province (Figure 13).

Borax operates a 9ktpa boric acid production plant at Campo Quijano, near Salta. The Tincalayu mine and process plant near Salar del Hombre Muerto is a large open pit operation with substantial resources. The plant produces borax penta- and decahydrate and has a current capacity of approximately 40ktpa. Resources at the Tincalayu mine are sufficient to enable production to increase to 100ktpa if market conditions are favourable and financing is available. Borax also operates a mine and processing facility at Sijes, near Santa Rosa de Pastos Grandes producing hydroboracite, borax, and colemanite concentrates, plus some ulexite for the Campo Quijano plant. Borax's Porvenir ulexite operation in Jujuy Province produces ulexite for processing at Campo Quijano on an as required basis. The Diabillos ulexite project near the Tincalayu mine provides an important source of ulexite for future development with the Tincalayu project.

Borax holds a considerable number of tenements in northwestern Argentina under usufruct and/or royalty agreements with brine producers and others. Revenues from these agreements contribute to the overall financial performance of Borax and, depending on location and size of the tenements, could be considered as strategic assets with respect to brine development projects.

Borax has concentrated on increasing operational efficiency and cost reduction in the past few years and the operation is now essentially cash neutral with respect to the Orocobre group.



Orocobre Limited

Naraha Project

Figure 12

PROJECT LOCATION AND PROCESS FLOWSHEET



Orocobre Limited/Borax Argentina

Borax Projects

Figure 13

PROJECTS LOCATION MAP

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 Galaxy projects, Deloitte has determined a value for the Mt Cattlin operation and the Sal de Vida and James Bay projects, and this valuation is discussed in the Deloitte Independent Expert Report. BDA has determined a value of any additional mineral assets or exploration potential, as summarised in Table 2.1.

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 Deloitte the LOM plan parameters and assumptions. BDA has separately estimated an additional exploration value of the Mt Cattlin tenements.

Both Sal de Vida and James Bay are development projects with potentially long lives and a reasonably established LOM plan. Deloitte has undertaken a discounted cashflow valuation of both projects. 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 Deloitte realistic extension scenarios as a guide to the valuation of additional exploration potential.

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.

Table 2.1
Valuation Summary of Galaxy's Projects and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Mt Cattlin Spodumene Mine				
Mine operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte with technical input from BDA
Addition of Inferred resources and pre-2018 tailings retreatment	See IER	See IER	See IER	Incorporated in Deloitte assessment based on technical advice from BDA
Mt Cattlin exploration potential including possible underground extensions and development	7.6	9.7	11.9	Assessed by BDA
Sal de Vida Lithium Brine Project				
Proposed operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte assessment based on technical advice from BDA
Sal de Vida additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte's assessment
James Bay Spodumene Project				
Proposed mining operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte assessment based on technical advice from BDA
James Bay additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte's assessment

Note: the estimates above have all been made on a 100% basis.

A summary of the Orocobre valuations derived is given in Table 2.2 below. Deloitte has determined a valuation for the Olaroz operation, Olaroz Stage 2 project, Naraha and Borax based primarily on discounted cashflow analysis, and these valuations are discussed in the Deloitte Independent Expert Report; BDA has determined a value of any additional mineral assets or exploration potential.

Olaroz Stage 1 is an operating mine and Stage 2 development is underway; 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 Deloitte 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.

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 Orocobre Cauchari tenements. However, Orocobre has effectively set aside the stand-alone PFS and is

evaluating Cauchari as a potential extension to Olaroz. Deloitte has requested that BDA consider a project valuation based on Comparable Transactions and Yardstick values or alternative exploration methodologies.

Orocobre inherited some minor exploration properties as part of the Advantage Lithium acquisition, and BDA has separately valued these on a Comparable Transaction and Yardstick basis. The prospects are generally associated with potassium rich brines with relatively low lithium values.

The Naraha lithium hydroxide plant under construction in Japan is an industrial project and Deloitte has valued the project on the basis of the projected revenues and costs.

The Borax operations are well established and Deloitte has similarly assessed these on the basis of operational cashflows and costs.

Table 2.2

Valuation Summary of Orocobre's Projects and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Olaroz Lithium Brine Project Stage 1 and 2				
Ongoing operation and Stage 2 expansion based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte's assessment based on technical advice from BDA
Olaroz additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte's assessment
Cauchari Lithium Brine Project				
Proposed development project, extension to Olaroz operations	See IER	See IER	See IER	Considered by Deloitte but not assessed based on PFS status
Alternative Comparable Transaction Assessment	390	488	585	Assessed by BDA based on resource and tenement area Yardsticks
Cauchari additional exploration potential	-	-	-	Fully incorporated in the Comparable Transaction assessment
Nahara Lithium Hydroxide Project				
Project under construction	See IER	See IER	See IER	Assessed by Deloitte
Early-Stage Exploration Projects Argentina				
Four 'Advantage Lithium' properties	8.9	11.2	13.4	Assessed by BDA based on a \$/ha Yardstick
Borax Argentina				
Ongoing mining operations and process plants	See IER	See IER	See IER	Assessed by Deloitte based on operational cashflows

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 2021.

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 market 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 market 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 market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. Deloitte has requested assistance in relation to key operating assumptions set out in the discounted cashflow models in respect of Galaxy's Mt Cattlin mine, Sal de Vida project and James Bay project and Orocobre's Olaroz operation and Borax Argentina projects. Detailed life of mine plans have been completed for the Mt Cattlin mine, the Olaroz operations and Borax Argentina; the Mineral Resources and/or Ore Reserves are well defined, and the mines are in production with established production histories; 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 Mt Cattlin, Olaroz and Borax project models and has advised Deloitte accordingly.

Galaxy's 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 Deloitte on the reasonableness of the underlying assumptions.

Galaxy's James Bay project is at an earlier stage of feasibility study but a Preliminary Economic Assessment (PEA) has been undertaken and published, so it is appropriate that this public document be taken into consideration. BDA has reviewed the assessment with Deloitte 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 Deloitte 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% Orocobre, there are likely to be some significant synergies with shared infrastructure, plant and management. A PFS has been completed, however Orocobre has effectively set aside the stand-alone PFS and is evaluating Cauchari as a potential extension to Olaroz. Deloitte has requested that BDA consider a valuation of the Cauchari project based on alternative exploration valuation methods.

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.

Deloitte 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 Galaxy's or Orocobre'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 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 Galaxy's and Orocobre'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 Galaxy's or Orocobre'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 Galaxy's and Orocobre'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 Galaxy's and Orocobre'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, as 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 market places 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.

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 Galaxy and Orocobre 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 Galaxy and Orocobre, whether any such factors apply to the projects and prospects under review.

4.0 SOURCES OF INFORMATION

BDA has undertaken a site visit to the Mt Cattlin Mine in Western Australia in early May 2021. Meetings have been held with Galaxy and Orocobre 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 Galaxy and Orocobre. The principal reports and documents reviewed are listed below:

Public Information

- NI 43-101 Technical Report (incomplete draft, in progress), Galaxy Resources, Mt Cattlin Property - Mining Plus Pty Ltd, May 2021
- NI 43-101 Technical Report, Preliminary Economic Assessment, James Bay Lithium Project, Ontario Canada - G Mining Services Inc, March 2021
- Galaxy 2020 Resource and Reserve Update ASX Announcement - Galaxy Resources, March 2021
- NI 43-101 Technical Reports for Olaroz and Cauchari projects filed by Orocobre and Advantage Lithium on SEDAR, 2010 - 2021
- NI 43-101 Technical Reports for Sal de Vida and James Bay projects filed by Lithium One Inc. or Galaxy Resources on SEDAR, 2012-2021
- NI 43-101 Technical Reports filed by Orocobre, Lithium One Inc, Galaxy Resources, and Advantage Lithium on other exploration properties in Argentina, 2010 – 2020
- Annual Reports 2009 to 2020 - Galaxy Resources
- Annual Reports 2009 to 2020 - Orocobre
- Galaxy Quarterly reports 2017, 2018, 2019, 2020 and Q1 2021, ASX Announcements - Galaxy Resources Limited
- Stock Exchange and Press Announcements 2016, 2017, 2018, 2019, 2020, 2021 for Orocobre and Galaxy

Galaxy Project Reports

- Galaxy Financial Model Updated Mt Cattlin Reconciliation - Galaxy Resources, May 2021
- Financial Model "Galaxy Mt Cattlin Financial Model (20210510)" - Galaxy Resources, May 2021
- Sal de Vida Development Plan - Galaxy Resources, April 2021
- Mt Cattlin Mineral Resource Estimation Report (Draft) – Mining Plus Pty Ltd, April 2021
- Eva Financial Model, Updated SdV FS - Galaxy Resources, April 2021
- Sal de Vida Resources and Reserves 2021-03- Galaxy Resources, March 2021
- Project Eva, Technical Presentation, Sal de Vida - Galaxy Resources, March 2021
- Corporate Presentation, James Bay Development Plan – Galaxy Resources, March 2021
- Galaxy James Bay PEA Presentation - Galaxy Resources, March 2021
- Galaxy PEA - FINAL FOR LODGEMENT - Galaxy Resources, March 2021
- Mt Cattlin 2016, 2017 & 2018 HLS and DMS testwork and 2020 Plant Actuals summary – Galaxy Resources, February 2021
- Galaxy Board presentation - Global Lithium Value Chain Market Update – Galaxy Resources, February 2021
- Ore Reserves Memorandum Mt Cattlin - Mining Plus Pty Ltd, February 2021
- Mt Cattlin EOM Performance Review. - Galaxy Resources, December 2020
- Mt Cattlin December 2020 Performance Review. Galaxy Resources, December 2020
- Mt Cattlin Physicals Dec Final, Galaxy Resources, December 2020
- INF Galaxy Modelling Report (Draft14oct2020) – Galaxy Resources, October 2020
- Decision note _Stage 1 wellfield location_ Rev0 – Galaxy Resources, March 2020
- Galaxy Project 2020 Reserve Model Update - Montgomery & Associates, 2020
- WSP Lithium Production Plant Site Assessment – WSP Canada, July 2017
- Mt Cattlin Overview Flowsheet JPG – Galaxy Resources, September 2020.
- Process Flow Diagrams and Process Piping and Instrumentation Diagrams - Galaxy Resources, 2019
- Mass Balance, Rev E, Marine & Modular, August 2018
- Sal de Vida Feasibility Study 2018, Rev 2 - Galaxy Resources, May 2018
- Memorandum Pit Optimisation and Pit Design James Bay Project – Mining Plus, February 2018
- Other data and reports contained in Galaxy data room not otherwise specified.

Orocobre Project Reports

- Orocobre Technical Presentation - Orocobre March 2021
- Orocobre management Presentation - Orocobre, March 2021
- Project Eva Orocobre Management Presentation - Orocobre, March 2021
- Financial Model (Deloitte) – Orocobre, February 2021
- Expansion Report 31 Dec – 29 Jan 2021 Monthly Report – Orocobre, February 2021
- Orocobre Monthly Board Report - Orocobre, January 2021
- Veolia selected by Toyota Tsusho and Orocobre to supply lithium refining technologies at their Naraha plant in Japan. Press Release - Veolia Water Technologies, September 2019
- AAL_FLO_M_290419_Conceptual Mine Plan_Cauchari_Rev3.pdf – memorandum, April 2019
- Orocobre Numerical Flow and Transport-Final-Dec 2018 – Numerical Groundwater Flow and Lithium Transport Model, Sala de Olaroz Mine - Blue Metric Environmental, December 2018
- Salar_N_GeologyEst_1807F –Groundwater Model Report, H&S Consultant, July 2018
- ORE_IFS-Report_All-Sections-Combined-Rec C, Internal Feasibility Study, Olaroz Stage 2 Development – Orocobre, July 2018
- Caucharai Pump Test Review, prepared by Groundwater Exploration Services - Advantage Lithium, July 2018
- Geological Model, salar de Cauchari – FloSolutions, 2018
- Veolia Global Plant Flow Diagram – Veolia Water Technologies, August 2017
- LiOH Plant. Sales de JuJuy (no date).
- Laboratory Testwork Orocobre-Toyota Tsusho - Veolia Water Technologies, June 2017.
- R&D Testing Update. Press Announcement - Veolia Water Technologies, May 2017.
- Other data and reports contained in Orocobre data room not otherwise specified.

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 Resources, 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 June 24, 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
- P. Mohseni and M. Hitch (2011): Deficiencies and recommendations for public reporting standards for industrial minerals, Mining Technology, October 2011.

5.0 GALAXY RESOURCES ASSETS

5.1 Overview and General Description

Galaxy Resources Limited (Galaxy) is an Australian-based, ASX-listed company with lithium production facilities including hard rock mines and brine assets in Australia, Canada and Argentina. Galaxy wholly owns and operates the Mt Cattlin mine near Ravensthorpe, Western Australia, which is currently producing spodumene and tantalum concentrates. Galaxy is advancing development of the wholly-owned Sal de Vida lithium brine project in Argentina, situated in the lithium triangle where Chile, Argentina and Bolivia meet, which is currently the source of more than 40% of global lithium production. Sal de Vida is expected to be a low-cost brine-based lithium carbonate production facility. Galaxy's project portfolio also includes the wholly-owned James Bay lithium pegmatite project in Québec, Canada. James Bay is expected to provide additional expansion capacity to capitalise on future lithium demand growth.

Galaxy reports solid demand for its spodumene product as significant growth in global EV sales strengthens lithium chemicals demand and utilisation rates of spodumene converters. Improved pricing is evident across the value chain due to supply side tightness coinciding with improving demand and reducing inventory levels. Galaxy shipped 45,000t of spodumene concentrate from its Mt Cattlin operation in the March quarter of 2021 at a materially higher price than the 2020 average and expects to continue selling on a spot basis as price recovery continues.

Mt Cattlin Spodumene Operation

The Mt Cattlin mine is a producer of lithium concentrate (spodumene). This wholly-owned project is located 2km north of the town of Ravensthorpe in Western Australia. Conventional mining and processing techniques are used with open-pit mining of relatively flat-lying pegmatite ore bodies. Mining is carried out using excavator and truck operations, delivering ore to a crushing, ore sorting and dense media separation (DMS) gravity recovery circuit. Contractors are used for grade control drilling and earthmoving operations including drilling, blasting, and load and haul. Mt Cattlin produces lithium concentrate with a grade of approximately 5.6-5.8% Li_2O that is trucked to the port of Esperance for export to an Asian customer base. Offtake is contracted for the project's life of mine on a volume basis with price to be agreed per shipment, thus Mt Cattlin is fully exposed to price movements. As at April 2021, Mt Cattlin had a Mineral Resource of 11.0Mt at 1.2% Li_2O and an Ore Reserve of 8.0Mt at 1.04% Li_2O .

Mt Cattlin operated at a reduced rate during 2020, with throughput reduced to 50-55% of nameplate capacity to adapt to soft conditions in the lithium market. In line with this market driven strategy, operations re-commenced in mid-February 2020 after a six-week planned outage, prioritising the processing of low-grade stockpiled ore and draw down of final product inventory levels. A new mining contractor mobilised to site and commenced activities in late February 2020. Mining activities focused on mining ore from the SE pit and pre-stripping waste in the NE pit which is the main ore source through 2021.

In early 2021, operations at Mt Cattlin ramped up to full rate in response to improving prices, low inventory and strong demand from Galaxy's customers. Galaxy is targeting annual production of 195,000 - 210,000t of spodumene concentrate at a targeted grade of around 5.6-5.8% Li_2O and expects recovery, costs and efficiency gains as the operation resumes nameplate capacity. Mt Cattlin has a remaining mine life of approximately four years based on current reserves and LOM plan.

Sal de Vida Lithium Brine Project

The Sal de Vida lithium brine project, wholly owned by Galaxy, is located on the Salar del Hombre Muerto in the Province of Catamarca in northwest Argentina. Sal de Vida is considered Galaxy's flagship project. Galaxy considers that the combination of favourable brine chemistry, high lithium grade and the large volume of extractable brine will support a long-life operation. The asset has a JORC-compliant Ore Reserve estimate of 1.3Mt of recoverable lithium carbonate equivalent, supporting a long life, low-cost operation. Galaxy is de-risking the development of Sal de Vida by adopting a simplified flowsheet, utilising mature technology and by staging development to smooth capital expenditure and reduce market risk. Stage 1 targets a brine evaporation and processing operation producing 10,700tpa of battery grade lithium carbonate product. Stages 2 and 3 will entail duplication of Stage 1, facilitating project integration planning and detailed engineering.

Galaxy has constructed and commissioned 15ha of demonstration evaporation ponds, a production well and onsite pilot plant. After adapting operations to restrictions arising from COVID-19, 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.

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.

In March 2021, the Argentina Federal Government imposed mandatory restrictions on development projects due to COVID-19 and the Sal de Vida site workforce was mostly demobilised. The resumption of development projects was permitted from May 2021 and site works resumed under strict protocols. These controls remain in place and continue to impact ground transportation, provision of goods and services and personnel movement and rosters.

Following the delay to onsite activities, the overall impact on the full project schedule was minimised through the adoption of an early works phase. Galaxy is targeting commissioning in Q4 2022, with production following in early 2023. Plans for 2021 include production well-field drilling and other early works including the procurement of long lead items and the commencement of pond construction.

James Bay Spodumene Project

The James Bay project is wholly owned by Galaxy and is located in northern Québec Canada, approximately 130km east of the Eastmain community. James Bay represents an open pit pegmatite deposit with the mineralised pegmatites outcropping at surface and provides future growth potential within Galaxy's portfolio. The project comprises 54 contiguous mining tenements with a JORC-compliant defined Indicated Mineral Resource estimate of 40.3Mt at 1.40% Li₂O. The deposit comprises a swarm of pegmatite dykes that form a discontinuous corridor approximately 4km long and 300m wide that is amenable to open pit extraction. The project is well served with local infrastructure, including accessible major road networks, accommodation, water and a low-cost sustainable supply of hydroelectricity. Galaxy is de-risking the James Bay project by utilising its existing spodumene mining and processing know-how and process flowsheet from Mt Cattlin.

Galaxy plans to undertake a Feasibility Study on James Bay during 2021 and accelerate the project to a construction-ready state. Project activities during 2020 were focused on a value engineering programme to optimise capital and operating costs of the project. Mine and plant designs were reviewed in terms of size and scale, location of mine infrastructure, dumps, roads and plant layout. No fundamental changes were made to the key project design criteria such as processing technology, throughput capacity, recovery, grade and prices. A Preliminary Economic Assessment (PEA) was completed in March 2021 which integrated the findings from previous engineering and technical reviews including the 2020 value engineering programme.

During this period of engineering, Galaxy maintained communications with various project stakeholders particularly the Cree Nation of Eastmain and the Cree Nation Government. Formal negotiations to finalise an Impact and Benefit Agreement ("IBA") with the Cree Nation are subject to completion of project details and are expected to be ongoing throughout 2021.

5.2 Mt Cattlin Spodumene Mine

Overview

The Mt Cattlin Mine is wholly owned by Galaxy Resources Ltd and is located just north of the town of Ravensthorpe, approximately 450km southeast of Perth and 200km west of the port of Esperance (Figure 2). Mt Cattlin is an open pit operation, mining approximately 1.7Mtpa of spodumene-rich (lithium aluminosilicate) pegmatite grading approximately 1.2% Li₂O, which is processed by crushing, dense media separation and optical separation to produce a spodumene concentrate grading 5.6-5.8% Li₂O. In 2019 approximately 190kt of spodumene concentrate was produced; in 2020 production dropped to 109kt with the operation working reduced hours due to low lithium prices. Full production resumed late in 2020 with production of around 195-210kt of concentrate targeted for 2021. 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 3.5% Ta₂O₅ is produced and sold locally to the Global Advanced Metals (GAM) operation at Greenbushes, WA.

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. The current operational pit is NE, which is scheduled for completion in 2022. The final pit to be mined in the current life of mine plan is NW with overburden stripping to commence in late 2021. Pit NW has a relatively high stripping ratio of 10:1, requiring a substantial pre-strip before accessing the pegmatite ore, which ranges from 5-20m in thickness and dips shallowly to the northwest (Figure 3). Ore mining from pit NW will continue through 2023 to current end of mine life in 2024.

The pegmatite sheets dip generally to the northwest, and deeper drilling has intersected a second zone approximately 80m below the current NW ore zone, with grades of around 1.6% Li₂O over 10m. Further evaluation and assessment of future underground potential is planned.

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” 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 wholly-owned subsidiary Galaxy Lithium Australia Limited (“GLAL”). The project is situated on a single Mining Lease M74/244 which covers an area of 18.3km² (Figure 2 and Table 5.1) and consists of a mix of unallocated crown land and GLAL-owned freehold agricultural land.

Table 5.1

Mt Cattlin Lithium Project Tenements held by Galaxy at May 2021

Title No	Status	Grant Date	Expiry Date	Area	Registered To
M74/0244	Live	24/12/2009	23/12/2030	1830ha	GLAL (100%)
L74/0046	Live	18/03/2010	17/03/2131	10ha	GLAL (100%)
L74/0047	Live	14/12/2011	13/12/2032	1,580ha	GLAL (100%)
L74/0048	Live	16/03/2012	15/03/2033	5ha	GLAL (100%)
P74/0370	Live	22/03/2017	21/03/2021	20ha	GLAL (100%)
P74/0371	Live	22/03/2017	21/03/2021	67ha	GLAL (100%)
P74/0372	Live	23/03/2017	22/02/2025	24ha	GLAL (100%)
P74/0373	Live	22/03/2017	21/03/2021	95ha	GLAL (100%)
E74/0415	Live	10/03/2009	9/03/2021	11 BL	GLAL (100%)
E74/0621	Live	16/08/2018	15/08/2023	2 BL	GLAL (100%)
E74/0379	Live	11/03/2007	10/03/2021	25 BL	GLAL (100%)
E74/0399	Live	29/04/2009	28/04/2021	23 BL	GLAL (100%)
E74/0400	Live	14/03/2008	13/03/2022	3 BL	GLAL (100%)
E47/0401	Live	14/03/2008	13/03/2002	4 BL	GLAL (100%)
E74/0406	Live	12/08/2009	11/08/2021	10 BL	GLAL (100%)
E74/0570	Live	27/06/2016	26/06/2021	6 BL	GLAL (100%)
E74/0571	Live	27/06/2016	26/06/2021	21 BL	GLAL (100%)
E74/0589	Live	07/11/2016	06/11/2021	3 BL	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.

The project infrastructure is all located on freehold land, designated Oldfield Lot 31 on Plan 224145 and Oldfield Lot 127 on Plan 145763, wholly owned by Galaxy. 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 within tenement M74/244 is 323ha. The overall estimated final closure area of disturbance footprint for the project is 324.4ha.

Geology and Mineralisation

The Mt Cattlin spodumene 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 3), 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 split into several zones in the southwest, where internal rafts of mafic country-rock are common. The deposit is cut by thick, east-northeast or north-trending Proterozoic dolerite dykes, and is cross-cut and off-set by a series of later faults, which break up the continuity of the deposit.

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. Depth to the top of the spodumene mineralisation is generally in the range 24m to 60m; weathering effects extend generally to no more than 20m depth.

The deposit belongs to the zoned Lithium-Caesium-Tantalum (Li-Cs-Ta) type of pegmatite deposit. Spodumene is the dominant lithium-bearing mineral, although lepidolite and other lithia species are present locally. The spodumene is often coarse to very coarse grained and accompanied by albite, microcline, quartz and muscovite.

Geological Data

The Mt Cattlin deposit has been defined principally by reverse circulation (“RC”) percussion drilling (over 3700 holes), 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 has supplied most of the information in the resource database.

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, seldom exceeding 100m.

Drilling, geological logging, sampling, analytical and data management procedures adopted 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. Geological wireframes for the pegmatite intrusions, mafic host rock and cross-cutting dolerite dykes have been developed jointly by Galaxy and MP, and Li₂O mineralised domains defined based on 0.4% Li₂O 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 deposit.

Drill hole data has been flagged for lithology, mineralisation and weathering, giving a total of 33 unique mineralised pegmatite estimation domains (together with three cross-cutting dolerite domains and five internal waste domains), followed by compositing of data in each domain into 1m intervals.

Statistical analysis of composite data for individual domains was undertaken for each of Li₂O, Ta₂O₅ and Fe₂O₃ 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. This block size is considered appropriate for the resource definition drill spacing of 40 x 40m across the deposit. However, for three 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.

Li₂O grades were estimated into both mineralised and unmineralised 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. Generally, block values were estimated in three interpolation passes; any remaining blocks were filled by a fourth pass. Ta₂O₅ and Fe₂O₃ grade estimation was undertaken by similar methods for mineralised and unmineralised pegmatite domains, 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 except for a few areas where drill holes are widely spaced.

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. In general terms, areas tested by 10 x 10m grade control drilling were classified as Measured, while remaining areas drilled at up to 40 x 40m were defined 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 reported by MP and included in the April 2021 Mineral Resources report are shown in Table 5.2, based on a 0.4% Li₂O cut-off grade within a Whittle pit-shell and lying beneath the 1/4/2021 mining surface. Whittle optimisation inputs included a mining recovery of 93% and mining dilution of 17%, which were derived from reconciliation between the block model and mill production data for 2020.

Table 5.2
Mt Cattlin Mineral Resources – April 2021

Material	Category	Tonnage Mt	Lithium Grade Li ₂ O%	Tantalum Grade Ta ₂ O ₅ ppm	Iron Grade Fe ₂ O ₃ %
In Situ	Measured	0.3	1.60	236	1.12
	Indicated	4.8	1.39	170	1.53
	Inferred	2.9	1.25	143	1.69
	<i>Subtotal</i>	<i>8.0</i>	<i>1.35</i>	<i>162</i>	<i>1.57</i>
Stockpile	Indicated	3.0	0.80	122	1.38
In Situ + Stockpile	Total	11.0	1.20	152	1.52

Note: resources at a cut off of 0.4% Li₂O; resources are inclusive of reserves; figures may not add exactly due to rounding; stockpile tonnages include ROM Pad, Basalt Contaminated stocks, Tailings and Float stocks and ROM base and Skyway material

In addition to the in-situ material, 3.0Mt 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, Contaminated Ore stockpiles and secondary float material (totalling approximately 1.5Mt at 0.87% Li₂O), low grade material which was used to form the ROM pad base (0.6Mt at 0.54% Li₂O) and pre-2018 tailings material (0.9Mt at 0.83% Li₂O). The Contaminated Ore stocks comprise pegmatite mixed with basalt, resulting from mining of contact zones where the pegmatite ore is in contact with waste basalt material. Galaxy has commenced processing this material based on removal of much of the basalt contaminant using Ore Sorters. Options for re-processing the pre-2018 tailings material are under review. 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. Moreover, 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, drilling spacing and the quality of the estimate.

Reconciliation

Mining practice and mine recovery have changed with the introduction of ore sorters in 2020 allowing treatment of contaminated ore which, in turn, allows more complete mining of the pegmatites. Production data for 2020 provided by Galaxy shows 0.94Mt of material delivered to the plant at 1.11% Li₂O, compared to 0.83Mt at 1.32% Li₂O estimated from the resource block model. This indicates grade dilution of 17%, and adjustment of the resource model tonnage by the same factor indicates a mining recovery of 93%. Dilution of 17% and mining recovery of 93% have been incorporated into reserve reporting and mine planning.

The dilution and mining recovery estimates incorporate a complex interplay between dilution from both mafic rocks and non-mineralised pegmatite, loss of ore blocks where lepidolite (lithium mica) is dominant, and performance of the ore sorters. However, overall, BDA considers that the resource 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 Galaxy and consulting group MP based on the most recent resource block model incorporating Q1 2021 drilling in the NW pit, and including appropriate modifying factors. The updated Ore Reserve estimates are shown in Table 5.3.

Table 5.3
Mt Cattlin Ore Reserve – April 2021

Material	Category	Tonnage Mt	Lithium Grade Li ₂ O%	Tantalum Grade Ta ₂ O ₅ ppm
Pit	Proved	0.3	1.36	198
	Probable	4.7	1.19	146
	<i>Subtotal</i>	<i>4.9</i>	<i>1.20</i>	<i>149</i>
Stockpile	Probable	3.0	0.80	122
	Total	8.0	1.04	139

Note: based on Whittle pit optimisation; mining recovery of 93%, mining dilution of 17%, process recovery 66%, Li₂O price per tonne 5.7% concentrate average US\$615/t, Ta₂O₅ price per lb concentrate US\$40/lb, Ta₂O₅ recovery 25%, figures may not add exactly due to rounding; mining depletion Q1 2021 was 0.38Mt.

The Ore Reserve is based on the ore planned to be mined within the remaining NE pit and the planned NW pit within the current Life of Mine pit designs. During this process, adjustments have been made to the resource block model to take account of the presence of lepidolite (blocks considered as waste), mining dilution and mining recovery. The Ore Reserve also includes the stockpiles as described under the Mineral Resources section. BDA notes that the Contaminated Ore and secondary float material stockpiles and the low grade stockpiles totalling 2.08Mt are included in Galaxy's Mt Cattlin financial model and LOM plan, but the 0.9Mt of pre-2018 tailings stockpiles are not included. Galaxy is considering various options for the potential re-treatment and upgrading of the tailings material to produce a low grade but saleable concentrate.

The optimisation analysis was run to generate an optimum pit shell wireframe for reporting of resources and also used as a guide to the Ore Reserve pit design prepared by Galaxy. The parameters and costs used in the optimisation were in line with the current operation, including ore recovery of 93% and a dilution of 17%. The final pit designs of the NE and NW pits generally align with the US\$650/t optimisation shells when allowances are included for access roads/ramps and practical mining considerations.

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:

- *Inferred resources* - these total 2.9Mt at 1.25% Li₂O (Table 5.2) but require additional drilling to improve confidence and may include material that is inaccessible due to mining constraints; however, Galaxy advises that approximately 0.3Mt of Inferred resources lie within the LOM pit designs, mostly within NE pit; this material is not included in reserves, but represents upside potential if confirmed during mining
- *Surface Stockpiles* - approximately 3Mt of contaminated ore, secondary floats, low grade ROM base and tailings are identified in the resource and reserve statements, but only 2.1Mt of this material is included in the Financial Model and LOM plan; the pre-2018 tailings stockpiles (0.9Mt) are not included; Galaxy site personnel believe these stocks can be treated, but there remain some uncertainties regarding how much lithium concentrate could be recovered and at what grade
- *Pegmatite Extensions* - extensions to mined pegmatite zones continue beyond current pit limits, although high strip ratios may render these unviable
- *Underground Extensions* - underground mining of extensions noted above, or of deeper pegmatite veins (Figure 3) represents potential upside; two exploration holes, 100m apart and 80-100m below the planned final pit floor in the NW pit have intersected another shallow-dipping pegmatite vein over 10m thick and grading approximately 1.65% Li₂O; no resource has been estimated to date and no studies have been undertaken into the potential for underground mining at this stage
- *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% Li₂O) with possible extensions identified from a ground resistivity survey; additional drilling has been recommended to determine resource potential.

BDA considers that a limited amount of additional plant feed (beyond that in the Financial Model) will become available through accessing additional ore from delineation of Inferred resources within the planned pits, as well

as through potential treatment of tailings stockpiles. This could extend the operating life by a year, although plant head grades and concentrate tonnages and grade are likely to drop.

More significant upside exists should underground mining prove viable, but considerable drilling, geotechnical work and other studies would be required to demonstrate the viability of this approach.

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 2010 and has progressed with various pits to the east and west of the Dowling pit.

Current operations are within the NE pit. The SE pit was completed in 2020 with current main ore production coming from the NE pit; this pit will be completed in 2022. Development of the NW pit is planned to commence in either late 2021 or early 2022. This will be the principal ore source through to 2024.

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. The final volumes of WD1 and WD2 are designed to be 19.6 million cubic metres ("Mm³") and 13Mm³ respectively and to be 50-55m high.

Mine Planning

The NW pit is planned to be mined in three stages to spread as far as possible the required waste mining. The initial Part 1 pit is mined to a base of 150mRL (surface is approximately 255mRL), some 100m deep and the Part 2 and 3 pits to the north and west of Part 1 are mined to a final base of 130mRL, 125m deep. The overall pit design comprises 1.27 million bank cubic metres ("Mbcm") of ore and 13.5Mbcm of waste with a strip ratio of around 10.7:1.

The mining parameters for ore recovery and dilution used in the reserve estimate are 93% and 17% 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 assessment to check the stability and factors of safety for the planned pit slopes. Adjustments were made to the design where required. 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 around 20m thick below the oxide zone, and 48° to 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 5m to 9m. The design includes 50° batter angles to the first berm on the 255mRL, then 60° batter angles to the 235mRL berm and 70° slopes with berms every 20m to the pit floor.

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, results in mixing of pegmatite and basalt, the trucks are sent to the Contaminated Ore stockpile, with relatively clean pegmatite sent to the ROM pad.

The load and haul operation is carried out under contract by Lucas Total Contract Solutions Pty Ltd ("Lucas") delivering ore to the processing plant. Drill and blast operations are contracted out to Dynamic Drill and Blast Pty Ltd with Johnex Explosives (Johnson Hi-Tech (Australia) Pty Ltd) providing down-the-hole explosive services. Galaxy manages the technical services including mine planning as well as the overall mine operations.

The mine fleet comprises two 200t hydraulic excavators, one 120t excavator and a fleet of seven 100t rigid bodied trucks. Mine production has ramped up from a rate of around 200 thousand bank cubic metres per month ("kbcm/month") to a rate of 324kbcm/month in the first months of 2021. The fleet has not increased from 2020, but a night shift has been introduced. In mid-2021, a third 200t excavator is planned to be mobilised to site to augment the digging capacity as waste mining rates increase. Other mine equipment includes two Caterpillar (CAT) D10 dozers, a CAT D9 dozer, a CAT 16H grader, two Epiroc FlexiROC T45 and one D65 production drills along with ancillary equipment. The mine infrastructure is well established at site and was inspected by BDA.

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 of 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 sorter circuit treats nominally 1,000 tonnes per day (“tpd”) of contaminated low-grade material.

Figure 3 shows a schematic flowsheet of the Mt Cattlin process plant.

Plant performance for 2020 was reasonable with 1.07Mt of material processed at a grade of 1.11% Li₂O. Final spodumene concentrate produced was 108.7kt at a grade of 5.95% Li₂O. Recovery to final product was approximately 54.4%.

The plant currently recovers a spodumene concentrate grading about 5.6-5.8% lithium oxide (Li₂O). Because of the geological characteristics of the ores, gravity separation is the primary concentration mechanism utilised. The 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 3.5% Ta₂O₅.

The coarser sized material is then treated first to remove micas using a reflux classifier and then screens to separate the sizes to fines and coarse hydrocyclone DMS circuits. The fines and coarse 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 Li₂O concentrate product. The secondary floats are re-crushed, with the fine and coarse fractions recycled to earlier streams to enhance Li recovery.

Infrastructure

The Mt Cattlin mine and process plant are established operations and the site is serviced provided with appropriate infrastructure, including suitable road access, power and water supply facilities, site buildings and workforce accommodation.

Environmental Regulations and Permitting

Galaxy 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 since 2018 are listed below.

Table 5.4
Mt Cattlin Licences/Approvals – April 2021

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

Rehabilitation

The latest Mt Cattlin rehabilitation cost estimate for years 2023 to 2027 is set at A\$4.34M (US\$3.26M), in line with the mine development approvals as at December 2019 and the approved Mine Closure Plan.

A provision of US\$3.535 is recognised by Galaxy in respect of the LOM rehabilitation of the Mt Cattlin mine site; the rehabilitation is planned to commence in mid-2024.

The financial model includes a provision of US\$3.8M in respect of the rehabilitation of the Mt Cattlin mine site.

BDA considers the rehabilitation cost estimates are reasonable.

Community Engagement

Galaxy has established a Community Consultation Group (“CCG”) comprising nine members, seven from the Ravensthorpe community and two from the Galaxy 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. Galaxy 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 Galaxy’s production schedule in the Excel file “*Galaxy Mt Cattlin Financial Model (20210509).xls*”. The proposed annual processing throughput rate is approximately 1.5-1.7Mtpa, resulting in a mine life of around three and a half years. The LOM production schedule is summarised in Table 5.5.

Table 5.5

Financial Model Mt Cattlin Production Schedule - Actuals 2019-2020 and Life of Mine 2021-2024

Item	Unit	2019	2020	2021	2022	2023	2024	Total
Actual				Forecast				
Mining								
Waste Mined	Mbcm	3.98	1.42	5.28	6.89	4.07	0.31	16.54
Clean Ore Mined	Mbcm	0.65	0.35	0.49	0.41	0.46	0.30	1.66
Contaminated Ore Mined	Mbcm			0.13	0.13	0.09	0.05	0.40
Material Mined	Mbcm	4.63	1.77	5.90	7.43	4.61	0.67	18.60
Strip Ratio	W:O	6.1	4.0	8.5	12.7	7.4	0.9	8.0
Clean Ore Mined	Mt	1.79	0.96	1.32	1.12	1.26	0.81	4.51
Contaminated Ore Mined	Mt			0.36	0.35	0.23	0.15	1.10
Ore Mined (Clean and Contaminated)	Mt	1.79	0.96	1.69	1.48	1.49	0.96	5.61
Grade	% Li ₂ O	1.24	1.11	1.17	0.93	1.23	1.11	1.11
Contained Lithia	kt Li ₂ O	22.20	10.63	19.80	13.73	18.32	10.63	62.48
Processing								
Clean Ore Feed Crushed	Mt	1.70	1.28	1.27	1.22	1.15	0.98	4.63
Contaminated Feed Crushed	Mt			0.63	0.88	0.88	0.68	3.08
Total Crushed	Mt	1.78	1.28	1.90	2.11	2.03	1.66	7.71
Total Processed	Mt	1.70	1.09	1.55	1.65	1.57	1.31	6.08
Ore Grade	% Li ₂ O	1.23	1.11	1.23	0.98	1.23	1.11	1.14
Recovery	%	55	54	62	56	62	60	60
Spodumene Concentrate produced	kt	191.6	108.7	209.2	157.9	211.9	151.5	730.4
Concentrate Grade	% Li ₂ O	5.94	5.95	5.70	5.70	5.70	5.70	5.70
Contained Lithia	kt Li ₂ O	11.38	6.47	11.92	9.00	12.08	8.64	41.63

Note: Mbcm = million bank cubic metres; kt = thousand tonnes; Totals are from January 2021; Contaminated Feed Crushed includes existing Contaminated Ore stockpiles

The LOM plan is based on open pit mining progressing in the NE pit for the next two years with the development of the NW pit commencing in Q3 2021. The NW pit is planned in three stages with the initial pit mining the southeastern section before being cutback in two parts to the final pit wall in the north and west. The waste mining increases significantly in 2022 as the NW pit is further developed. The mine contractors have appropriate fleet on site to achieve the current rate, assuming appropriate productivities are met, and there are plans to increase the fleet for the higher production rate including another 200t excavator. The use of contractors provides capacity to expand the mine fleet if required. The pit development rate is considered reasonable and achievable.

Over the remaining LOM from January 2021, 4.51Mt of clean ore and 1.10Mt of contaminated ore are mined. In the second and third parts of the NW pit the ore zones are wider and Galaxy 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 optical sorter before being fed to the process plant; Galaxy forecasts approximately 50% yield of product from the sorter. In total 2.08Mt of stockpile reserves are forecast to be treated, with 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 5.6 and have been estimated in Australian dollars.

Table 5.6
Mt Cattlin Capital Cost Forecasts

Item		2021	2022	2023	2024	2025	Total
Sustaining Capital	A\$M	5.7	0.6	0.6	0.5		7.3
Rehabilitation Capital	A\$M				2.4	3.0	5.4
Total	A\$M	5.7	0.6	0.6	2.9	3.0	12.7

BDA has reviewed the capital estimates which appear generally reasonable.

Operating Cost Estimates

The operating cost estimates in the financial model “*Galaxy Mt Cattlin Financial Model (20210509).xls*” are shown in Table 5.7.

Table 5.7
Mt Cattlin Operating Cost Estimate – Actuals 2019-2020 and Life of Mine 2021-2024

Item	Unit	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	Total
Physicals								
Material Mined	Mbcm	4.63	1.77	5.90	7.43	4.61	0.67	18.60
Ore processed	Mt	1.70	1.09	1.90	2.11	2.03	1.66	7.71
Spodumene Concentrate	kt	191.57	108.66	209.15	157.89	211.85	151.50	730.39
Operating Costs								
Mining	A\$M	49.01	26.14	56.65	69.28	51.29	15.76	192.99
Crusher	A\$M	14.65	13.66	16.95	18.65	18.08	14.74	68.42
Processing	A\$M	29.85	21.99	27.28	28.99	27.67	22.98	106.91
Administration	A\$M	9.57	2.72	8.73	9.28	8.86	7.35	34.22
Total Site Costs	A\$M	103.08	64.52	109.61	126.20	105.90	60.83	402.53
Selling	A\$M	8.15	5.90	10.43	7.63	10.03	7.57	35.66
Royalties	A\$M	na	na	10.61	10.69	12.70	10.11	44.10
By-Product Credit	A\$M	3.50	na	5.66	4.25	2.50	2.07	14.48
Total Operating Costs	A\$M	107.73	70.42	124.98	140.26	126.13	76.44	467.81
Unit Costs								
Mining	A\$/bcm	10.60	14.79	9.61	9.33	11.12	23.70	10.37
Crushing	A\$/t processed	8.64	12.58	8.90	8.84	8.89	8.87	8.88
Processing	A\$/t processed	17.61	20.24	14.32	13.75	13.61	13.83	13.87
Administration	A\$/t processed	5.64	2.50	4.58	4.40	4.36	4.43	4.44
Site Costs	A\$/t processed	60.80	59.39	57.54	59.85	52.07	36.62	52.22
Total Unit Costs	A\$/t concentrate	538	594	524	799	500	402	551

Note: bcm = bank cubic metre of all material mined

Mining Costs

The mining costs are based on the ongoing mining contracts comprising load and haul, drill and blast and explosives plus technical management. The unit costs for 2021 and 2022 of A\$9.30-9.60/bcm are below the 2020 unit costs of A\$14.80/bcm due to the low volume mined in that year, but more in line with 2019 unit cost of A\$10.60/bcm when production was closer to full capacity. Unit costs increase in the last two years as production rates reduce. Overall mining costs are in line with expectations.

Processing Costs

BDA considers the forecast processing costs to be reasonable and in line with actual cost performance.

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 US\$697-732/t of

concentrate over the four-year period 2021-2024. The tantalum by-product credit is based on a tantalum price of US\$25/lb.

Valuation Assumptions

Galaxy 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 Deloitte the relevant parameters and assumptions.

5.3 Sal de Vida Project

Overview

The Galaxy Sal de Vida project is a lithium brine development project located on the eastern side of Salar del Hombre Muerto in Catamarca Province in the Puna region of northwestern Argentina, 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 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 Sal de Vida project encompassed a large area extending across the eastern part of the Salar del Hombre Muerto 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 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 issued in August 2016. The 2016 DFS was based on a JORC compliant reserve estimate of 1.1Mt of recoverable lithium carbonate equivalent (LCE) brine reserve to support 25ktpa lithium carbonate and 95ktpa potash production.

In November 2018, Galaxy announced the sale of the northern tenements of the Sal de Vida 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 Sal de Vida project decreased from 38,159ha to 26,253ha.

Galaxy issued an updated FS and resource and reserve estimate for the Sal de Vida project in April 2021. The current project plan is based on an enhanced conventional solar evaporation brine process design and envisages a three-stage development programme to produce approximately 10.7ktpa battery grade lithium carbonate in each stage, with Stage 1 commissioning expected in Q4 2022, with production following. Stages 2 and 3 of the project are planned to start after successful ramp up of each prior stage.

Location

The Sal de Vida project is located in Catamarca Province on the Salar del Hombre Muerto, approximately 1,400km northwest of Buenos Aires, Argentina. Catamarca is a proven mining jurisdiction, home to several successful mining operations projects such as Livent Corp Fenix lithium operations and Minera Alumbrera and other development projects.

The Sal de Vida project is located in the same region as several other lithium brine projects, including the Fenix lithium production facility operated by Livent on the southwestern side of Salar del Hombre Muerto, the Galan lithium project located in the southeast of Salar del Hombre Muerto, in Salta Province Eramet’s lithium brine project at Salar Centenario, and the Tibet Lithium project at Salar Diablillos, and further north in Jujuy Province Orocobre’s Olaroz lithium production operation and Cauchari lithium project

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, and 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 NR 51 to San Antonio de Los Cobres and Pocitos and then via RP 27 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 smaller aircraft is available at Antofagasta de La Sierra and a private airstrip is available at Livent’s Fenix lithium operations.

The Ferrocarril Belgrano railway is located approximately 100km north of the project and could provide future rail service to Chilean ports such as Antofagasta.

Tenements

Galaxy holds its tenements for the Sal de Vida project through Galaxy Lithium (Sal de Vida) S.A., a wholly-owned subsidiary of Galaxy Resources Ltd. The total tenure cover is 26,253ha (Figure 4 and Table 5.8). Some tenements are held as brine usufruct agreements in which Galaxy holds rights to extract brine but does not hold surface rights. Surface operations are typically borate mining to shallow depths (< 2m) for recovery of ulexite, a boron mineral. The usufruct rights held by Galaxy confer priority of brine production over borate mining and Galaxy 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. Bi-annual environmental impact reports are required for each tenement, as are semi-annual canon payments. Royalties of 3% of the “mine mouth” value of brine production are payable to Catamarca Province. Galaxy 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.

All process facilities will be located within the project tenements held by Galaxy in the southeastern sector of the Salar del Hombre Muerto. The wellfield for Stage 1 will be located directly above the eastern sub-basin of the salar, as shown in Figure 4.

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 Stage 1’s evaporation ponds. A road system, including ramps and causeways, will connect the processing facilities and provide access to all working areas.

Table 5.8
Sal de Vida Lithium Project Tenements held by Galaxy at May 2021

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	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

Geology and Mineralisation

Lithium brine development in salars is the result of leaching of lithium-containing rocks, typically of volcanic origin, by infiltration of rainfall and snowmelt and the action of hydrothermal fluids. Drainage is to the terminal basin, where evaporation is the only outlet for the groundwater. As water evaporates, the dissolved minerals concentrate and the groundwater gradually turns to brine enriched in chlorides and sulphates of sodium, calcium, magnesium, potassium, lithium, boron and other elements. The brine is denser than the incoming groundwater and gradually moves to lower levels in the salar, increasing in concentration as it does so. Salars typically form in high altitude deserts in fault-controlled closed basins such as those found in the Altiplano-Puna region of Chile, Argentina and Bolivia.

Figure 5 provides a schematic of the brine deposit model.

Two types of salars are found in the Puna region of Argentina: “immature” clastic sediment dominated salars and “mature” halite dominated salars. Mixtures of the two types are known, of which Salar del Hombre Muerto is an example. Clastic dominated salars can reach significant depths to bedrock. Porosity and permeability in clastic sediments is controlled by the nature of the sediments, with coarse grained sands and gravels exhibiting high porosity and permeability and thus conducive to high brine pumping rates. Halite dominated salars are typically shallower as the halite trends to impermeable massive halite starting at depths from approximately 50-65m. However, the upper reaches of such salars can be very productive for brine due to the presence of voids and channels within the halite.

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 Subcuenca Oriental (eastern sub-basin) composed largely of clastic sediments with precipitated borates and limited halite and the Subcuenca Occidental (Western sub-basin) dominated by halite with little clastic material. The Sal de Vida tenements are located in the Subcuenca Oriental. The Rio de Los Patos, located in the southeastern portion of the basin, is the most important source of fresh water to the salar.

Mineralisation at Sal de Vida comprises lithium hosted by brine within the upper portion of the evaporite sequence 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 Salar del Hombre Muerto vary both laterally throughout the salar basin and vertically through the basin sediments.

Six major hydrostratigraphic units within the Sal de Vida project have been defined by lithology and logged, sampled and assayed, except for the micaceous schist, where no brine samples have been obtained. These are detailed in Table 5.9, with cross sections illustrated in Figure 5.

Table 5.9
Hydrogeological Units Based on Exploration Core Holes – Sal de Vida Project

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
Total	3,182.9	309	352

Source: Galaxy Lithium Feasibility Study, 2021

Geological Data

Geological data supporting the current resource estimate includes various geophysical programmes, surface sampling and trenching, core drilling, core sampling, brine exploration drilling and sampling, pumping wells and long-term pumping tests extending from 2009 through 2021. Table 5.10 summarises the exploration work that supports the current resource and reserve estimates for the Sal de Vida project.

Table 5.10
Summary of Exploration Work – Sal de Vida Lithium Brine Project

Activity	Campaign	Year	Summary Description
Trenching Campaigns	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
Geophysical Campaigns	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
Drilling Campaigns	Phase 1		
	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
	Phase 2		
	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
	Phase 3		
	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
	Phase 4		
	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
	Phase 5		
	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
	Phase 6		
	Brine production wells	2020–2021	8 production wells to feed evaporation ponds ¹
Long-Term Pumping Tests	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
Raw Water Programme	2012 campaign	2012	2 rotary drilling wells located in the southern zone

Note: 1-2 production wells in 2020, 6 for 2021; Source: Galaxy Lithium 2021 Feasibility Study, April 2021

Mineral Resources

Mineral Resources have been estimated by Montgomery & Associates, consulting hydrogeologists, based on polygonal models centred on exploration core holes and/or exploration wells, the thicknesses of the classified hydrostratigraphic units within the salar and each polygon, measured specific yield values for each hydrostratigraphic unit, and brine grades within the resource polygons and hydrostratigraphic units. Resources have been estimated based on a lithium brine cut-off grade of 500 milligrams per litre (“mg/L”). The Mineral Resource estimate is considered to be JORC (2012) compliant and has been prepared in accordance with Canadian Institute of Mining and Metallurgy (“CIM”) best practice guidelines for estimating lithium brine resources and reserves. Figure 4 illustrates the resource polygons and the resource classification of each polygon.

Table 5.11

Estimated Resources – Sal de Vida Lithium Brine Project - April 2021 (Cut-Off Grade 500mg/L)

Resource Category	Brine Volumes m ³	Li Grade mg/L	In Situ Li tonnes	Li ₂ CO ₃ Equivalent ¹ tonnes
Measured	4.9 x 10 ⁸	759	369,000	1,964,000
Indicated	6.8 x 10 ⁸	717	485,000	2,583,000
Measured & Indicated	1.2 x 10⁹	735	854,000	4,546,000
Inferred	3.9 x 10 ⁸	811	316,000	1,684,000
Total	1.6 x 10⁹	754	1,170,000	6,230,000

Note: 1) calculated as 5.323 x lithium tonnes; data are rounded; source: Galaxy Resources, ASX Announcement April 2021

Ore Reserves

Lithium brine reserves have been estimated based on a 3-dimensional fluid flow model (ModFlow-USG) simulating brine drawdown and associated changes in brine chemistry over time due to pumping. The model was calibrated to static conditions prior to pumping. Simulated pumping results from long term pumping tests were compared to actual results to test short term dynamic changes. These results were then used to establish parameters for long term (40 years) pumping from selected areas within the Sal de Vida tenements termed the Eastern, Southwest (South) and Southwest (North) well fields, representing Stage 1, 2 and 3 of the overall Sal de Vida project. Changes in lithium grade over time were calculated based on an interpreted linear relationship between lithium grade and Total Dissolved Solids (“TDS”). Reserves were classified as Proved based on simulated results for pumping from each well field during the first six years of operation, and as Probable for subsequent periods, subject to the estimated average brine grade exceeding 500mg/L in each well field. Table 5.12 summarizes the brine reserve estimate as modelled from the available data.

Table 5.12

Estimated Reserves – Sal de Vida Lithium Brine Project - April 2021

Brine Reserve Category	Brine Field Area	Time Period (Years)	Projected Total Brine Pumped (m ³)	Projected Average Grade Li (mg/L)	Li Total Mass (Tonnes)	Li ₂ CO ₃ Equivalent (Tonnes)
Proved	East	1-6	22,343,356	776	11,892	63,297
	Southwest (South)	3-8	22,064,684	814	12,344	65,707
	Southwest (North)	5-10	22,006,313	815	12,323	65,591
<i>Total Proved</i>		<i>1-10</i>	<i>66,414,353</i>	<i>802</i>	<i>36,559</i>	<i>194,595</i>
Probable	East	7-40	136,862,412	699	65,554	348,927
	Southwest (South)	9-42	128,159,720	790	69,533	370,108
	Southwest (North)	11-44	128,259,304	803	70,752	376,599
<i>Total Probable</i>		<i>7-44</i>	<i>393,281,435</i>	<i>764</i>	<i>205,839</i>	<i>1,095,635</i>
Total		44	459,695,789	770¹	242,397	1,290,229

Note: 1) average grade Li for the 44 years; Source: Galaxy Resources, ASX Announcement April 2021

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 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 indicate 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. Thus, 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 Deloitte the modelling of this additional potential based on an extension to the current LOM plan.

Wellfield

Three wellfields are planned. Stage 1 wells will be located in the northern section of the Eastern brine field area. Wells will be drilled to a depth of approximately 280m and screened from approximately 100m to 270m depth below ground surface. Currently, nine wells are planned, with two on stand-by at any one time to allow for pump maintenance and stabilisation of drawdown across the well field. Brine will be pumped from each well at an average rate of 87.9m³/hr in summer and 78.5m³/hr in winter, with an overall average flow rate of 392.4m³/hr from the well field to a booster station for final pumping to the initial concentration pond.

The well fields for Stage 2 and Stage 3 will be located in the southwestern section of the tenements (Southwest (South) and Southwest (North) respectively). Each well field will have 8 pumping wells, with 6 operating at any one time. The wells for Stage 2 and Stage 3 will be 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 and Stage 3. 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.

Process water will be pumped from water wells 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.

Evaporation Ponds

Evaporation ponds are designed as a series of halite and muriate ponds. The evaporation ponds will be located south of the wellfield and occupy an area of approximately 300ha. Halite ponds are designed as two strings of six cells operating in parallel and total 275ha. Pond sizing is based on average evaporation rates of 2,700 millimetres per annum ("mm/a"), leakage of 0.04 millimetres per day ("mm/d") 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. Ponds are constructed using cut-and-fill earthworks with geotextile underlayment and HDPE liners.

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 total area for the muriate ponds is approximately 27.2ha. The design basis assumptions and construction methods proposed for the muriate ponds are similar to those for the halite ponds.

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.

Figure 6 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.

Processing

The overall process flow sheet for the Sal de Vida project is illustrated in Figure 6.

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.

Infrastructure

The Sal de Vida project infrastructure facilities, including suitable road access, power and water supply facilities, site buildings and workforce accommodation, are to be designed and constructed generally in accordance with those 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.

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 required permits for full scale construction and operations of Stage 1 are well advanced and progressing on schedule.

An updated Environmental Impact Assessment ("EIA") permit was submitted in March 2021 to reflect the lower impacts from the updated flowsheet and EIA staged development plan. 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.

To support these ongoing activities, Galaxy 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.

Rehabilitation

A provision of US\$3.476M is recognised by Galaxy in respect of the current rehabilitation obligations for the Sal de Vida project area (Galaxy Resources Limited – Annual report 2020).

The recent NI 43-101 (dated May 2021) assumes US\$30M for final closure cost for the project's 40-year 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 Galaxy 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.

A Galaxy project community office in Antofagasta coordinates all meetings, projects and community training and provides a support point for the workforce. The office has an open-door policy for the community, aimed at increasing communications about Galaxy'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 de la Sierra offices. A grievance procedure is in place to respond and address all comments.

Indigenous Relations and Cultural Heritage

Currently, the Kolla-Atacameña 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. Regardless, the Sal de Vida project team engage with the community as part of its stakeholder engagement programmes.

During 2020, archaeological monitoring was undertaken through the planned road bypass of the site accommodation village. The majority of the survey area was considered of low archaeological sensitivity. One site was identified which will be avoided by the road design. In addition, all personnel will be trained on the protection of cultural goods and identification of historical remains.

Life of Mine Plan

The Life of Mine plan is based on the 3-dimensional 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 Galaxy ASX announcement of April 2021 is reasonable. On-going comparison, updating and validation of the 3-dimensional 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

Capital cost forecasts for Sal de Vida comprise development, pre-production and sustaining capital as set out in Table 5.13 and have been estimated in US dollars for input to the Galaxy project financial model. No provision is made for rehabilitation capital in the financial model.

Galaxy has relied on Worley Chile S.A. 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; the wells and pond estimates are at an AACE Class 4 ($+30\%/-20\%$) level; all estimates are based on Q4 2020 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\$15,880/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 5.13
Sal de Vida Capital Cost Forecasts

Item		2021	2022	2023	2024	2025-2042	Total
Development Costs							
Development Direct Costs	US\$M	28.3	75.6	36.6	75.8	107.3	323.7
Development Indirect Costs	US\$M	19.6	29.3	17.1	28.0	34.5	128.5
<i>Development Costs Subtotal</i>	<i>US\$M</i>	<i>47.9</i>	<i>104.9</i>	<i>53.7</i>	<i>103.8</i>	<i>141.8</i>	<i>452.3</i>
Pre-production Capital	US\$M	8.8	9.2	5.3	5.5	10.8	39.6
Sustaining Capital	US\$M			1.0	1.0	56.2	58.3
Total	US\$M	56.7	114.1	60.0	110.3	208.8	550.1

Capital cost estimates for Stage 2 and Stage 3 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. Plant design is assumed to be based on duplication of the Stage 1 plant, with the Stage 1 process building sized to accommodate the Stage 2 plant. The Stage 3 process plant is assumed to be independent of the Stage 1 and 2 process plant building but will share utilities and other services.

Operating Cost Estimates

Operating cost estimates (“Opex”) for the Stage 1 Sal de Vida project have been prepared by Worley Chile S.A. in collaboration with Galaxy. The Opex estimates 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.

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 Q4 2020 pricing. Total operating costs are estimated at US\$3,500/t LCE. Unit costs (\$/t) are assumed to remain constant once the project achieves full capacity. Table 5.14 details estimated operating costs as developed in the 2021 Sal de Vida feasibility study.

Table 5.14
Sal de Vida Operating Cost Estimate - Feasibility Study (10,715tpa Lithium Carbonate)

Description	Usage/Year	Cost/Tonne (US\$)	Annual (US\$M)	Total %
Labour		\$532	\$5,696	15%
Reagents				
Calcium Oxide	16,394t			
Sodium carbonate	48,458t	\$1,519	\$16,273	44%
Sodium hydroxide	6,000t			
HCl acid	75t			
Fuel	8,892,899L	\$702	\$7,518	20%
Consumables & Materials	Allowance	\$300	\$3,219	9%
General & Admin.	122 site staff; 39 Catamarca office staff			
Camp & Office Operations	US\$24.4k/person	\$139	\$1,490	
Miscellaneous Office	Annual	\$45	\$477	8%
CSR Levy	Annual	\$23	\$250	
Closure Costs	US\$30M end of mine	\$70	\$750	
Transport to Port		\$152	\$1,629	4%
Royalties & Incentives		\$19	\$202	
Total FOB Cash Costs		\$3,500	\$37,504	100%

The Galaxy project model provides the following breakdown of site and product transport and port operating costs (Table 5.15).

Table 5.15
Sal de Vida Operating Cost Estimate – Galaxy Financial Model

Description	US\$/t Product
Labour	\$386
Reagents	\$1,519
Fuel	\$702
Consumables & Materials	\$296
General & Administration	\$271
<i>Total Site Costs</i>	<i>\$3,174</i>
Transport & Port	\$152
FOB Operating Costs	\$3,326

BDA has suggested to Deloitte that the valuation model be adjusted to reflect the higher estimated operating costs of US\$3,500/t, with mine closure costs considered as an accrual provision in place of an annual operating cost.

Expansion Plan

The expansion plan for the Sal de Vida project contemplates Stage 2 and Stage 3 well fields in the southwest portion of the tenements. Each stage will have a similar capacity to Stage 1, ie. approximately 10.7ktpa LCE, bringing total production capacity to approximately 32ktpa LCE. Expansion of production beyond 32ktpa LCE will be dependent on additional exploration drilling, especially in the deeper zones, and on development of identified resources in the southern brine zone.

Valuation Assumptions

Galaxy 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 Deloitte the relevant parameters and assumptions.

5.4 James Bay Project

Overview

The James Bay project is a proposed open pit mine and spodumene concentrate project located in northwestern Québec, approximately 130km east of James Bay and the Cree Nation of Eastmain community and 382km north of Matagami (Figure 7).

The property comprises 54 contiguous claims covering an area of 2,164ha and is located on Category III Cree land which permits mineral resource extraction.

The deposit outcrops in a series of pegmatite dykes over a strike length of approximately 4km and a width of approximately 300m. The outcrops present as topographic highs, 15-20m above the surrounding bush, which is primarily comprised of muskeg and peat.

A Preliminary Economic Analysis (PEA) report on developing the property for production was issued by Galaxy in March 2021. The PEA is based on production of 330ktpa of spodumene concentrate grading 5.6% Li₂O at an estimated 71% recovery of Li₂O over a 19-year mine life. The proposed process plant would be based on a three-stage crushing circuit followed by a two-stage Dense Media Separation (DMS) circuit. Concentrate product would be shipped to port (Montreal or 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.

The deposit was discovered in 1964 by Jean Cyr and then known as the Cyr property. Mr Cyr undertook preliminary sampling and excavated four pits, intersecting spodumene grades ranging from 0.86% Li₂O to 4.42% Li₂O. 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 dykes 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. The country rocks are typical of the greenstone belts of the northern Superior Province including biotite schists, gneiss, mafic metavolcanics, dacites, quartzite, conglomerate, gabbro, granite and pegmatite. Assays for 277 samples returned values averaging 1.7% Li₂O, with trace beryllium, caesium, niobium and tantalum. Initial concentration tests undertaken in 1975 yielded a spodumene concentrate grading 6.2% Li₂O with a recovery of 71% from feed material grading 1.7% Li₂O. Three drill holes totalling 383m were drilled in 1977 and confirmed the presence of spodumene mineralisation down to a depth of 100m in the form of interlayered spodumene pegmatite and biotite schists, with locally high grade spodumene intersections.

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, with the vendors retaining a 2% Net Smelter Return ("NSR") interest. In May 2009, Lithium One entered into an option agreement with two individuals for four additional claims on which portions of the identified resources are located. All commitments have been completed and the vendors hold a 1.5% NSR on the claims, subject to a buyout at any time of one-third of the NSR for payment of C\$500,000. In June 2009 Lithium One entered into an option agreement with Ressources d'Arianne Inc. for a 100% interest in one claim on which mineralisation is present, with the vendor retaining a 1.5% NSR, subject to a buyout 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% Li₂O and 10.47Mt of Inferred resources grading 1.20% Li₂O.

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 Galaxy Resources Ltd.

Subsequent to the acquisition of Lithium One, Galaxy has undertaken a number of exploration programmes at James Bay involving surface exploration, geophysical studies, drilling and sampling, metallurgical test work and environmental studies. Galaxy issued a NI 43-101 and JORC 2012 compliant Mineral Resource estimate on the property prepared by SRK Consulting (Canada) Inc. in February 2018 with an effective date of December 2017.

Subsequent exploration work, metallurgical test work and environmental and permitting studies have been completed. The 2017 Mineral Resource estimate and the work undertaken subsequent to the resource estimate formed the basis for the PEA report on the project issued by Galaxy in March 2021. A Maiden Ore Reserve

estimate is planned for release later in 2021. Notwithstanding there not being a current declared Ore Reserve, BDA considers the detailed PEA mine plan and pit design and accompanying cost estimates adequate and appropriate for a discounted cashflow assessment. BDA has discussed with Galaxy management and confirmed that the reserve work will be based on a pit design such as incorporated in the PEA.

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 7). 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 project comprises 54 contiguous mining titles (Table 5.16) located in NTS map sheet 33C/03, covering an area of approximately 2,164ha (Figure 7). The tenements are registered under Galaxy Lithium (Canada) Inc. (GLCI) and Galaxy Lithium (Ontario) Inc. (GLOI). These claims will expire between June 2022 and June 2023; the claims can be renewed for an additional two years, but Galaxy plans to make application for a mining lease under the Mining Act for the operation of a mine and process plant with an annual throughput capacity of approximately 2Mt. This application will be submitted to Québec’s Ministère de l’Énergie et des Ressources Naturelles (“MERN”) around mid-2022.

Table 5.16
James Bay Lithium Project Tenements held by Galaxy at May 2021

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%)

Table 5.16 (continued)
James Bay Lithium Project Tenements held by Galaxy at May 2021

Title No	Status	Registration Date	Expiry Date	Area (Ha)	Registered To
2238480	Active	21/06/2010	20/06/2023	7.54	GLCI (51%) / GLOI (49%)
2298178	Active	21/06/2011	12/06/2022	52.79	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%)

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 widths up to 60m and lengths exceeding 100m. The pegmatites cross-cut the country rock foliation and presumed bedding at a high angle on both a local and regional scale. The pegmatite dykes strike mainly N20°E and dip 60° to the west, but the strike may vary from northeast to northwest. The pegmatites form a discontinuous band approximately 4km 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 18 dykes have been mapped on the James Bay project, with the potential for additional dykes to be delineated with additional exploration and drilling (Figure 8).

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 white to greenish prismatic and striated crystals varying from a few millimetres to over 1m in length. 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. Microprobe analysis of spodumene crystals from the James Bay project indicates the spodumene has the following formula $(\text{Li}_{0.99}\text{Na}_{0.01})\text{AlSi}_2\text{O}_6$ with an iron content of 0.96% (total Fe_2O_3). Major minerals associated with the spodumene 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 $(\text{Li}(\text{Mn},\text{Fe})\text{PO}_4)$.

Geological Data

Geological data incorporated in the geological data base to support the current resource estimate is summarised in Table 5.17.

Table 5.17
Geological Data Base to Support Mineral Resource Estimate

Work Done By	Specific Gravity	Channel Samples	Drill Holes	Metres Drilled	Samples	Period
Lithium One		45	102	13,475	3,250	2008-2009
Galaxy	92 (30 pegmatite, 62 host rock)		157	33,339	9,186	2017

Source: Preliminary Economic Assessment, NI 43-101 Technical Report, James Bay Lithium Project, G Mining Services, prepared for Galaxy Resources, March 2021

Mineral Resources

A Mineral Resource estimate for the James Bay Project was prepared by SRK Consulting (Canada) Inc. in late 2017, with a NI 43-101 Technical Report on the project issued in February 2018. The effective date of the technical report was December 2017. Resources were estimated using Ordinary Kriging and a block model size of 10 x 3 x 10m, with subcells at 0.25m resolution to honour the geometry of the modelled pegmatite dykes. In total 18 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, not assay data. A 10% ore loss factor was used to account for internal and external dilution due to the lack of detailed geometry data related to waste intervals between pegmatite dykes. 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.

The resultant geological model was placed within a conceptual pit outline, as illustrated in Figure 8. The pit design was prepared by Mining Plus Canada Ltd.

The Mineral Resources at the James Bay project were classified as Indicated resources 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. The resources were reported assuming open pit mining operations and based on a cut-off grade of 0.62% Li₂O, a spodumene concentrate price of US\$905/t (6% Li₂O basis), a mining cost of US\$55/t milled, metallurgical recovery of 70% of contained lithium (as Li₂O), and pit slopes of 50°. Table 5.18 summarises the resource estimate:

Table 5.18
Mineral Resource Estimate – James Bay Lithium Project - November 2017

Resource Category	Quantity (tonnes)	Grade Li ₂ O (%)
Indicated	40,330,000	1.40

Note: estimate by SRK Consulting (Canada) Inc.; Mineral Resources classified in accordance with CIM Mineral Resource classification and definitions 2014; cut-off grade 0.62% Li₂O; resources reported within a conceptual pit shell optimised using a spodumene concentrate price of US\$905/t (6% Li₂O basis), metallurgical and process recovery of 70% of contained lithium (as Li₂O), mining and processing costs of US\$55/t, milled and overall pit slope of 50°; Mineral Resources are not Ore Reserves and do not have demonstrated economic viability

BDA has reviewed the estimation methodology and the supporting data and considers the resource estimate and the resource classification to be reasonable.

Ore Reserves

No Ore Reserves have been declared for the James Bay project. However, a PEA report has been completed based on the mining and processing of 2Mtpa of pegmatite ore over approximately 19 years, with annual production projected to average 330kt of spodumene concentrate at a grade of 5.6% Li₂O. A Maiden Ore Reserve estimate is planned for the latter half of 2021 as part of a Feasibility Study (FS) for the project. BDA has discussed with Galaxy management that the declared reserve will be based on an open pit design such as that incorporated in the PEA. BDA has discussed with Deloitte that while there will be ongoing refinements to the pit design, BDA considers that the PEA studies to date, even in the absence of a formally declared reserve, provide an appropriate basis for a discounted cashflow assessment.

Pit Shell Design

A cut-off grade of 0.62% Li_2O was determined using the Geovia Whittle pit optimisation program. NPV pit shells were calculated based on an 8% discount rate, with three push backs scheduled based on Best Case, Worst Case and Specified Case, yielding Pit Shell 25 for the Worst Case and Specified Case and Pit Shell 35 for the Best Case. A long-term schedule optimisation was then considered resulting in the development of a phased long term pit shell model.

Additional Resource/Reserve Potential

In-fill drilling and step-out drilling may be expected to better delineate the limits of the known pegmatite bodies and improve the definition of the currently outlined resource and internal waste between the pegmatite dykes. This will assist in any potential upgrading of the resource classification and estimation of reserves on completion of the proposed Feasibility Study.

Based on currently available information, in BDA's opinion there is limited likelihood of a significant expansion of the resource beyond the currently known limits of the pegmatites within the current claims west of the Billy Diamond Highway. However, deep drilling may outline mineralised extensions of the known pegmatite zones potentially amenable to a deepening of the open pit or underground development. Extension of mineralisation on the current claims to the east of the Billy Diamond Highway may exist, but development in this area may be precluded by the presence of the Relais Routier Km 381 truck stop.

Mining

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.

The preliminary pit design extends approximately 2km NW/SE along the trend of the pegmatite mineralisation and has an average width of 500m. The design is divided into three areas, labelled JB1, JB2 and JB3. 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 utilising phased pits 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 the multiple Waste Rock Tailings Storage Facility ("WRTSF") and ROM feed material will be hauled to the ROM pad, located to the northeast of the pit.

Grade control will be applied for maintaining feed quality. Grade control is proposed to be accomplished through blast pattern design, mining direction method and in-field sample collection.

Year -1 (pre-production period) will have no mill operations and all mineralised material generated will be stockpiled and rehandled during production years. Pre-production years prioritise waste material to prepare mineralised material 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 size and capacity) 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 6.0% Li₂O and less than 1.0% Fe₂O₃. 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% Li₂O 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% Li₂O was not reached. By reducing the crush size to 4mm a grade of 6% Li₂O 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% Li₂O. A “Mid-Years” composite was tested with lower results of 79.9% recovery to a 5.9% Li₂O product. Galaxy has applied its Mt Cattlin experience to downgrade the likely actual performance to 66.5% recovery and 6.0% Li₂O for the early years and 61.9% recovery and 5.9% Li₂O for the mid-years. Galaxy has stated that the basis of the plant design and flowsheet will be a targeted 6.0% Li₂O 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 Galaxy to revise the economic analysis parameters to allow for a product grade of 5.6% Li₂O, which is now considered saleable, thereby improving recovery to 72.5% and 68.3% respectively.

Process Plant Design

The James Bay processing plant flowsheet will be similar to the Mt Cattlin plant in Australia.

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” contain 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 Li₂O 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 which is similar to the previous 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 from Matagami 382km to the south, 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 regularly 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 located 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 James Bay project is a proposed open pit mine that will have onsite crushing and concentration of spodumene. Various work programmes took place during 2020 with a PEA released in March 2021 that will feed into feasibility work in 2021.

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 has continued throughout 2020 and 2021 regarding Galaxy’s development plans and project schedule. Given optimised changes to the project design, site layout and infrastructure, updated ESIA review is ongoing and is planned to be re-submitted in mid 2021.

Following ESIA approval from regulators, additional ancillary construction and operation permits from provincial authorities will be required prior to construction.

Rehabilitation

Galaxy has included a provision of US\$30M in respect of the restoration of the planned James Bay operations site from Q1 2040 to Q2 2042. Given the early stage of project planning, BDA considers this is a reasonable current estimate of the future mine closure cost.

A provision of US\$5.194M has also been recognised by Galaxy in respect of the restoration of a tailings site at a former Lithium One Inc. mining site in Canada. Subject to negotiations with government authorities in Québec, the rehabilitation is expected to commence in late 2021 (Galaxy Resources Limited, Annual Report December 2020).

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. Galaxy reports a strong working relationship with the Cree Nation of Eastmain and conducts regular engagement and consultation.

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. Formal negotiations to finalise the IBA will continue in 2021 as further feasibility level details are defined. The project is expected to create approximately 300 full-time positions in the Eeyou Istchee/James Bay region.

Galaxy reports that it has developed a meaningful working relationship with the community and continues to work closely with the Cree Nation through the Environmental and Social Impact Assessment process. Galaxy advises that all parties are committed to working in a transparent and mutually respectful manner throughout the ESIA process and moving forward.

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 135.7Mt of waste rock, 5.8Mt of overburden, and 36.9Mt of ROM feed material for a total of 172.6Mt of material mined. The average strip ratio for the LOM plan is 3.7:1.

Pit scheduling is based on three staged cut backs, phased to optimise the strip ratio and grade in the early years of mine life.

Table 5.20 summarizes the Life of Mine plan as of March 2021.

Table 5.20
Life of Mine Plan – James Bay Lithium Project (as of March 2021)

Item	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2042	Total
Waste (kt)	2,316	5,993	6,046	5,978	5,943	6,000	5,536	6,000	8,849	83,045	135,706
Ore (kt)	184	2,007	2,000	2,022	2,057	2,000	2,464	2,000	2,000	20,169	36,902
Total Tonnes	2,500	8,000	8,046	8,000	8,000	8,000	8,000	8,000	10,849	103,213	172,608
Grade% Li ₂ O	0.05	1.34	1.39	1.36	1.37	1.33	1.08	1.31	1.30	1.27	1.28
Process Tonnes (kt)	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,902	36,902
Head Grade % Li ₂ O	-	1.34	1.39	1.37	1.38	1.33	1.33	1.31	1.30	1.30	1.30
Contained Li ₂ O (kt)	-	27	28	27	28	27	27	26	26	262	480

Note: Source: Preliminary Economic Assessment, NI 43-101 Technical Report, James Bay Lithium Project

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 in the March 2021 PEA by G Mining Services to an accuracy of $\pm 30\%$ for both initial capital and sustaining capital requirements. Cost estimates for major mining and processing equipment were obtained from supplier budgetary quotations, with factor analysis used for installation and estimation of electrical, instrumentation and other costs. Costs for buildings were based on footprint size and comparison to similar projects in Québec. Earthworks costs were estimated based on preliminary 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 12% of estimated total initial capital costs was estimated using a Monte Carlo simulation. Cost estimates are current as of Q1 2021 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\$36.8M 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. The majority of these deferred costs (C\$34.1M) occur in Years 1-6 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\$82M, with equipment purchases estimated at C\$35.5M and major process plant components at C\$40.7M

BDA has reviewed the cost estimates and considers them to be reasonable based on currently available information. Tables 5.21-5.23 summarise the estimated capital costs. An exchange rate of C\$1.33/US\$ was used in developing the capital cost estimate.

Table 5.21

James Bay Lithium Project Initial Capital Cost Estimate – March 2021

Cost Centre	C\$M
Infrastructure	34.60
Power and Electrical	46.80
Water	20.31
Surface Operations	9.26
Mining Open Pit	36.93
Process Plant	64.51
Construction Indirects	45.34
General Services/Owners Costs	31.91
Pre-Production, Start-Up, Commissioning	4.07
Contingency	32.03
Total	325.75

Table 5.22

James Bay Lithium Project Deferred Capital Cost Estimate (C\$M) – March 2021

Cost Centre	Years 1-2	Years 3-7	Year 12	Total
Truck Shop Extension		1.5		1.5
Water Ponds and Water Management, TSF foundation, Peat Storage	6.7	2.5		9.2
Aggregate Plant	1.7			1.7
Mine Equipment	9.2	8.5	2.6	20.3
ROM Pad and MSA Wall	1.1			1.1
Construction Indirect		2.8		2.8
General Services Equipment		0.2		0.2
Total Deferred Capex	18.7	15.5	2.6	36.8

Table 5.23

James Bay Lithium Project Sustaining Capital Cost Estimate (C\$M) – March 2021

Cost Centre	Years 1-3	Years 4-7	Years 8-12	Years 13-19	Total
Plant Surface Operations	0.3	1.7	2.4	1.4	5.8
Mine Mobile Equipment	0.7	10.7	9.5	14.6	35.5
Major Mine Components	3.1	10.3	12.8	14.5	40.7
Total	4.1	22.7	24.7	30.5	82.0

Note: Source Preliminary Economic Assessment, NI 43-101 Technical Report, James Bay Lithium Project, G Mining Services, prepared for Galaxy Resources, March 2021

BDA notes that deferred and sustaining capital costs reported in the March 2021 PEA are lower than the costs estimated in the Galaxy financial model. BDA recommends use of the higher costs assumed in the financial model for valuation purposes. These adjusted costs were provided to Deloitte.

Capital cost forecasts for James Bay for development, sustaining and rehabilitation capital as set out in the Galaxy financial model are shown in Table 5.24 in Canadian dollars.

Table 5.24

James Bay Capital Cost Forecasts

Item	Units	2021	2022	2023	2024	2025-2042	Total
Development Costs							
Development Direct Costs	C\$M		42.0	167.9			209.9
Development Indirect Costs	C\$M		23.0	92.1			115.1
<i>Development Costs Subtotal</i>	<i>C\$M</i>		<i>65.0</i>	<i>260.0</i>			<i>325.0</i>
Deferred & Sustaining Capital	C\$M				4.4	138.5	142.9
Rehabilitation Capital	C\$M					30.0	30.0
Total	C\$M		65.0	260.0	4.4	168.5	497.9

Operating Cost Estimates

Operating costs estimates have been developed in the March 2021 PEA by G Mining Services to an accuracy of ±30%. Operating cost estimates include mining, processing, G&A and product transport but exclude royalties and any costs associated with any Industrial Benefit Agreement with the Cree Nation. Transport costs assume delivery of concentrate to Trois-Rivières, Québec. Life of Mine operating costs on a C\$/t ROM basis are estimated as:

Mining	C\$20.09/t
Processing	C\$10.47/t
General and Administration	C\$12.19/t
Concentrate Transport	C\$18.85/t
Total	C\$61.60/t

Life of Mine operating costs are estimated at C\$61.60/t on a ROM basis, equivalent to C\$371.74/t concentrate (US\$279.51/t). Royalty costs would increase the average LOM operating cost to US\$290.91/t.

Table 5.25 summarises the estimated annual operating costs as of March 2021.

Table 5.25

James Bay Lithium Project - Operating Cost Estimate* (C\$M)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	LOM Total
Mining	39.1	35.8	36.3	36.7	36.5	36.4	37.1	42.6	41.4	43.1	735.2
Processing	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	383.2
General Services	23.3	24.3	24.4	24.1	24.1	24.4	24.2	24.3	24.4	24.4	446.2
Conc. Transport	39.0	40.5	40.3	40.3	38.8	36.9	36.1	35.8	36.5	36.0	690.0
Total Opex	122.1	121.3	121.7	121.8	120.2	118.4	118.3	123.4	123.1	124.3	2,254.6
<i>Opex/t ROM</i>	<i>61.1</i>	<i>60.7</i>	<i>60.8</i>	<i>60.9</i>	<i>60.1</i>	<i>59.2</i>	<i>59.1</i>	<i>61.7</i>	<i>61.5</i>	<i>62.1</i>	<i>61.1</i>
<i>Opex/t Conc.</i>	<i>356.2</i>	<i>341.0</i>	<i>343.9</i>	<i>343.8</i>	<i>352.2</i>	<i>365.1</i>	<i>372.4</i>	<i>392.6</i>	<i>383.8</i>	<i>392.5</i>	<i>371.7</i>

*Note: * First ten years shown, with LOM Total; Source: Preliminary Economic Assessment, NI 43-101 Technical Report, James Bay Lithium Project*

Expansion Plan

There are no known expansion plans at present. There is some potential for expansion of the currently defined resource with additional exploration, principally at depth with deeper drilling. No studies have been conducted to date as to any future underground mining potential. There may be some 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

Galaxy 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. BDA has discussed with Deloitte the relevant parameters and assumptions.

6.0 OROCOBRE ASSETS

Orocobre Limited (Orocobre) is a Brisbane-based, ASX and TSX-listed lithium explorer, developer and producer focused on lithium brine projects in Argentina. Orocobre's primary asset is the Olaroz lithium brine project (in production) in Jujuy Province, northwest Argentina. Orocobre 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%). Orocobre's other assets include its 100% ownership of the Borax Argentina S.A. (Borax) projects in the Salta and Jujuy provinces of Argentina, as well as the Cauchari lithium brine advanced exploration project to the south of Olaroz and other early-stage land packages and prospects in northwest Argentina including Antofalla, Antofallita, Incahuasi and Guayatayoc, as well as a 0.5% royalty on the Salinas Grandes Salar exploration package.

6.1 Overview and General Description

Olaroz hosts a JORC/NI 43-101 compliant long life lithium brine resource. The Measured and Indicated resource of 6.4Mt LCE is capable of sustaining current continuous production for 40-plus years.

The Olaroz lithium project is located in Jujuy Province in northwestern Argentina, approximately 230km northwest of the capital city of Jujuy. The operations are at an altitude of 3,900m above sea level and produce lithium carbonate from the Salar de Olaroz brine resource.

Olaroz is 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 Iquique in Chile are serviced by international carriers and are readily accessible by road and/or rail.

Since operations commenced in 2015, Olaroz has produced over 55,000t of lithium carbonate; the current nameplate capacity is 17.5ktpa LCE and this rate of production will increase with the current construction of Olaroz Stage 2 which will see total production capacity ramping up to a planned 42,000tpa.

Operations at Olaroz were temporarily put on hold on 20 March 2020 as a result of the Argentine Government's enactment of Decree of Necessity and Urgency (DNU) #297/20 related to COVID-19 and reinforced pursuant to Decree #520/2020. Subsequently, production recommenced at Olaroz on 9 April 2020 following the specific declaration of Orocobre operations as "essential" activities. During April, general production, distribution and marketing recommenced with a reduced workforce. Operations continued throughout May and June with the lower workforce and restricted volumes of brine processed through the plant.

Expansion activities also recommenced during April 2020 but with a limited workforce with some restrictions still in place at the end of the June 2020 financial year.

Subsequent to the end of the year, new infections of COVID-19 were recorded at nearby operations and in some local communities. This reinforced the need to maintain strict adherence to the procedures and personnel rosters that had been established. Daily monitoring of workforce health continues throughout established 14-day rosters that apply to all personnel and include those employees who would normally reside in local communities. Isolation procedures have been developed should personnel become unwell and plans are in place if COVID-19 infections are identified at site.

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.

Olaroz sells primary, micronised and non-micronised purified lithium carbonate to a diverse customer base in Asia, Europe and North America. The main markets for primary grade product are the ceramic, chemical and glass markets, with purified grade typically sold to cathode manufacturers for use in the production of lithium batteries.

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 Orocobre and TTC. Execution and delivery of the agreed strategy is then undertaken by TTC utilising its existing sales and logistics networks.

6.2 Olaroz Lithium Brine Project

Location

The Olaroz project is located in the Puna area of northwest Argentina, within the province of Jujuy (Figure 1). The project is situated at an altitude of 3,900m in the Salar de Olaroz in the Olaroz Cauchari Basin. The project tenements cover an area of approximately 500km² over the Olaroz salar basin, which is approximately 25km long (north-south) and 20km across (east-west) at its widest.

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 access to a number of ports in northern Chile. Access to good road systems and potentially rail 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.

Tenements

Orocobre, through its wholly-owned Argentine subsidiary Sales de Jujuy S.A. (formerly Orocobre S.A.) holds interests in just over 700km² of exploration and mining tenements in the vicinity of the Salar de Olaroz in northwestern Argentina. The Olaroz project tenements (approximately 500km²) cover aquifers that host a brine body with elevated levels of lithium, potassium and boron.

The location of the Olaroz properties is shown in Figure 1 and Figure 9, with additional information presented in Table 6.1.

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.

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 6.1
Salar de Olaroz Lithium Project Tenements held by Orocobre (May 2021)

No	Title File ID	Tenement Name	Area (Ha)	Orocobre Effective Interest
1	1842-S-12	Santa Julia	2988.19	
2	131-I-1986	Analia	99.92	
3	39-M-1998	Demian	98.4	
4	112-G-04		100	
5	117-A-44		100	
6	114-V-44		100	
7	40-M-1998	Juan Martin	100	
8	29-M-1996	La Nena	100	
9	126-T-44	Lisandro	100	
10	393-B-44	Maria Norte	100	
11	112-D-44		299.94	
12	125-S-44		100	
13	319-T-2005	Mercedes III	1473.97	
14	147-L-2003	Potosi VI	1933.80	
15	943-R-2008	San Antonio Norte	563.79	
16	1136-R-2009	San Antonio Oeste II	1198.48	
17	1137-R-2009	San Antonio Oeste I	1199.34	
18	944-R-2008	San Antonio Sur	432.05	66.5%
19	1134-R-2009	San Fermin Norte	895.61	
20	1135-R-2009	San Fermin Sur	1098.86	
21	963-R-2008	San Juan Norte	1194.84	
22	964-R-2008	San Juan Sur	805.06	
23	056-L-1991		300	
24	1274-O-2009	Held as Cateo	5972	
25	945-R-2008		1493.93	
26	520-L-2006	Potosi III	1896.52	
27	521-L-2006	Potosi IV	2048	
28	522-L-2006	Potosi V	2000	
29	725-L-2007	Potosi VIII	2940.43	
30	726-L-2007	Potosi IX	2889.84	
31	728-L-2007	Potosi XI	3182.51	
32	530-L-2006	Held as Cateo	6120.3	
33	727-L-2007	Potosi X	3117.10	
34	724-L-2007	Potosi VIII	3342.19	

Geology and Mineralisation

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. Houston (2011) describes Salar de Olaroz as follows.

The Salar de Olaroz is underlain by a deep basin (gravity data suggest up to 1.2km deep) bounded by a pair of N-S inwardly vergent reverse faults that thrust Cretaceous and Ordovician basement rocks over the basin margins. Geophysical data suggest that within the basin boundary faults a series of N-S normal faults downthrow toward the centre of the basin along both the east and west sides. The basin is infilled with Cenozoic sediments. Outcrops along the east and west sides of the basin are composed of Paleogene (outer) and Neogene (inner) sediments, which also underlie the central post-Miocene sediments. Pliocene to recent sediments form a multi-layered aquifer that acts as host to the brine. Along the SE side of the Olaroz basin the Yungara dacites and a Pleistocene olivine basalt outcrop in a N-S alignment, suggestive of intrusion of now hidden normal faults. Drilling has demonstrated that the aquifer is present to depths of 200m and is probably significantly deeper (Note: more recent drilling confirms depth to basement in excess of 1,400m). The brine contains elevated levels of dissolved elements in solution including lithium, potassium and boron. Whilst the ultimate origin of the lithium and other species is not known, they are likely to be associated with the Altiplano-Puna magma body that underlies the whole region.

The aquifer may be subdivided into seven lithostratigraphic units that can be correlated throughout the basin. Within the nucleus the units are composed of coarse to fine grained sands, silts and clays, with varying amounts of evaporitic halite and ulexite, as well as calcrete or travertine. Evaporitic beds dominate the basal and upper units of the nucleus. To the north, the beds interdigitate with coarse sediments of the Rio Rosario fan-delta. To the south, they interdigitate with coarse sediments of the Archibarca alluvial fan, although this is a relatively recent feature of the basin, having been active only during deposition of the upper four units of the nucleus.

Internally, the basin has subsided on marginal growth faults that were largely active prior to the initiation of the Archibarca alluvial fan.

Lithostratigraphic units found at Salar de Olaroz, in descending order to approximately 160m are:

- *Salar crust* - composed of three types, depending on surface water evaporation history
- *Unit A* - maximum thickness 18m, halite dominated but with sand or clays; significant halite in northwest, ~50% halite in SW with very high clay content (98%) in NE sector; ulexite and gypsum toward NE associated with clays
- *Unit B*: maximum thickness 36.2m, but typically 20m; composed of interbedded, clay dominated sediments with sand and halite and widely disseminated crystals of selenite and some ulexite
- *Unit C* - well defined sand bed occurring throughout the salar and interdigitating with the Rosario fan delta in the north and the Archibarca fan delta in the southwest; maximum thickness 6.6m, thicker in the north and thinning in the centre of the salar; underlain throughout by clays of Unit D
- *Unit D* - present throughout the salar except in northeast and southwest where it may be replaced by the Rosario and Archibarca alluvial fans; maximum thickness 32m in northwest; comprised of interbedded clay and silty clay dominated sediments with lesser fractions of sand and thin beds of carbonate (calcrete or travertine) and rare lenses of halite and ulexite
- *Unit E* - clay-rich sediments, increasing in thickness from less than 10m in the south to over 30m in the north; increasing carbonate facies (up to 50% of thickness) in northwest of salar
- *Unit F* - thickness from 20m in south to 90m in north; clay dominated with frequent thin sand beds, with sand more prevalent in the west; thin beds of ulexite, halite and carbonate noted in the west
- *Unit G* - clay dominated in far eastern side, with increasing sand in the west; overall thickness increasing from south to north; halite occurs throughout up to 25m thick in places but typically in discrete beds.

Figure 9 illustrates a typical section across the Olaroz deposit.

Salar de Olaroz was hydraulically connected to Salar Cauchari, which lies immediately south of Olaroz, during basin formation and sediment deposition. 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. The typical brine composition at Salar de Olaroz as reported in the Orocobre 2011 NI 43-101 report shows 652mg/L lithium, 5,434mg/L potassium, 875mg/L B and a SO₄/Li ratio of 25.8 down to 197m. More recent data for drilling down to 650m depth shows lithium values of 622mg/L, 569mg/L and 464mg/L respectively for Holes DDH-04, DDH-02 and DDH-17 from approximately 197m to 650m depth. Production wells to depths of 680m installed near DDH-04 are producing brine with concentrations of 789mg/L lithium.

Brine chemistry data for Salar de Olaroz indicates the brine sits in the glaserite portion of the phase diagram when plotted on a Janecke phase diagram.

Geological Data

Geological data used in support of the Mineral Resource estimate for the Olaroz project includes the following:

- 26 line-km gravity profiling (130 stations, 200 m spacing) across the salar
- 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)
- 20 sonic drill core holes to 54m depth each (97.5% recovery, 1080 m total drilling)
- 6 diamond core holes, average depth 200m (77.5% recovery, 1,204m total drilling)
- geophysical logging of all holes
- 3 test production wells to 50m depth, with monitoring wells
- 2 deep production wells to 200m depth
- short term pumping tests on multiple wells
- 154-day long term pumping test on 200m deep well
- 1,555 core samples for porosity testing (1,555 P_t, 511 P_e, 205 S_y)

- 1,964 brine sample assays (591 from core holes, 453 QA/QC samples, 921 from pumping tests).

The drill hole coverage is approximately 1 hole/4.5km². 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.

Mineral Resources

Current defined Mineral Resources at Olaroz are based on the 2011 Technical Report NI 43-101 prepared by Houston and Gunn. The report was also prepared in accordance with the general requirements of the JORC Code (2004). The resource estimate has not been updated since that time and the currently reported Measured and Indicated Resources (as of May 2021) are detailed in Table 6.2.

Table 6.2
Olaroz Resource Estimate – May 2021

Resource Category	Area (km ²)	Thickness (m)	Mean Specific Yield (%)	Brine Volume (km ³)	Concentration (mg/L)			Contained Metal (Mt)		
					Li	K	B	Li	K	B
Measured	93	54	8.5	0.42	632	4,930	927	0.27	2.08	0.39
Indicated	93	143	10.0	1.33	708	6,030	1,100	0.94	8.02	1.46
Total	93	197	9.6	1.75	690	5,730	1,050	1.21	10.1	1.85

Source: Orocobre Annual Report 2020, based on 2011 estimate

Using a conversion factor of 5.323 to convert lithium to lithium carbonate equivalent (LCE), the reported Measured and Indicated Resources at Olaroz total 6.44Mt of LCE to a depth of 197m.

Orocobre has advised that an update to the resource estimate is currently underway, and that a significant increase is anticipated, based on the deeper drilling.

Ore Reserves

There are no currently declared Ore Reserves for the Olaroz lithium project. Orocobre has advised that an Ore Reserve will be announced based on the planned update to the resource estimate, and the latest information from hydrological studies and pumping data. 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

Orocobre has advised that it is planning to release a new resource estimate for the Olaroz project in mid-2021. The updated resource estimate is based on the results of deep drilling to access deep lying brine identified from recent drilling below the current resource estimate level of 197m. Orocobre has also developed an updated numerical model for the salar which will incorporate the results of the deep drilling, pumping test results from deep wells drilled in recent years and results from pumping activities from the original wells since start of operations in 2014 to allow an estimation of reserves. Orocobre has advised that the updated resource estimates show a significant increase in overall Mineral Resources together with a substantial Ore Reserve.

Wellfield

The current wellfield at Olaroz comprises a Northern and Southern wellfield installed in 2013-14 and drilled to 200m depth and two wells, P301 and P302, drilled in 2016-17 to 320m and located to the immediate northwest of the southern well field. Six new production wells located slightly west and between the southern and northern wellfields are being drilled to access brine down to 450m; the seventh well, also to 450m, is planned to be drilled in the far south of the salar. In addition, eight wells are to be drilled between the north and south wellfields to a depth of 650m. The overall wellfield plan is illustrated in Figure 10.

Wellfield performance to date has been good. Data for the 2014 – 2020 period is shown in Table 6.3.

Table 6.3
Wellfield Performance – Olaroz 2014-2020

South Well Field	Flow Rate (L/sec)	Li Grade (mg/L)	North Well Field	Flow Rate (L/sec)	Li Grade (mg/L)
2014	72.7	795.3	2014	112.9	657.6
2015	64.8	778.2	2015	125.3	641.4
2016	58.9	762.1	2016	125.5	619.3
2017	86.0	729.3	2017	129.4	632.2
2018	93.5	728.4	2018	138.5	643.5
2019	81.4	734.3	2019	129.3	646.4
2020	69.7	733.6	2020	99.2	642.8

Source: Project Technical Presentation - Orocobre

Well field pumps for these 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 pipeline 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. This design differs from the traditional rectangular design utilised in other solar evaporation operations in Argentina and Chile.

The current system of evaporation ponds was 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 with good performance, although still below design capacity.

Processing

Brine processing consists of liming the raw brine (average lithium grade of both fields being 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, sylvinites 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. Figure 10 shows a schematic process flowsheet. 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 CO₂ 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 CO₂ 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 big bags. Filtrate is returned to the system for recovery of any residual lithium carbonate.

Infrastructure

The Olaroz project is an established operation and the site is provided 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.

Environmental Regulations and Permitting

Orocobre has operations in two provinces in Argentina, in Jujuy and, through its ownership of Borax, in Salta. 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 Salta the relevant Provincial and National environmental regulations apply, including Provincial Constitution (art. 30, 81, 82 and 83), Environmental Protection Provincial Law No. 7070 and Provincial Decree No 3097/00

and 1587/03, Law No. 7017 of Waters Code of Salta Province and its regulatory decree No. 1502/00, 2299/03, and Provincial Law No 7141 of the Mining Procedure Code.

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 Report

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 approvals on 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 presented to reflect the ongoing activities.

In December 2010, the Company received approval from the Jujuy Province Director of Mines and Energy Resources of the Company's Environmental Impact Assessment (EIA) for the development and operation of the Salar de Olaroz lithium-potash project.

Rehabilitation Provision

A provision of US\$32.496M is recognised by Orocobre in respect of the rehabilitation obligations for the Olaroz project together with its obligations on behalf of Borax Argentina S.A. and Sales de Jujuy S.A. (Orocobre Limited – Annual Report 2020).

The financial model includes a provision of US\$22M in respect of the rehabilitation of the Olaroz project site.

BDA recommends that the Orocobre financial model provision for rehabilitation be increased to US\$32.5M to include a provision in respect of the rehabilitation of the Borax mine and plant sites.

Community Engagement

Orocobre 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. Orocobre 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.

Olaroz actively promotes hiring of local staff and provides training for local staff. As of 2020, the Olaroz work force comprised the following mix (Table 6.4).

Table 6.4
Olaroz Labour Force Composition

Staff Origin	Senior Management	Middle Management	Operators	Total
Local		31	164	195
Provincial	1	134	23	158
National	12	89	9	110
International	8	3		11
Total	21	257	196	474

Source: Orocobre Technical Presentation

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 2021 is estimated at approximately 55,000t. With the Phase 2 expansion, production through to 2040 from start-up is estimated at approximately 812kt, assuming 100% capacity in Phase 2. Current estimated Measured and Indicated Resources total 6.44Mt LCE, with substantial increases in resources and reserves anticipated with the forthcoming resource and reserve update.

Capital and Operating Cost Estimates

Capital cost forecasts for Olaroz Stage I for sustaining capital are set out in Table 6.5 and have been estimated in US dollars. No allowance has been made for rehabilitation capital.

Table 6.5
Olaroz Capital Cost Forecasts

Item		2021	2022	2023	2024	2025-2042	Total
Stage I Sustaining Capital	US\$M	5.6	7.0	7.0	7.0	108.0	134.6
Total	US\$M	5.6	7.0	7.0	7.0	108.0	134.6

Orocobre is currently undertaking an expansion of the operation to increase production from the current nameplate capacity of 17.5ktpa to 42.5ktpa. The capital cost estimates for this expansion are detailed in Section 6.3 of this report – Olaroz Stage 2 Project.

Orocobre 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 or are being actively addressed and production yields and product quality have considerably improved, resulting in a reduction in unit operating costs.

Operating costs for the Olaroz plant are anticipated to decline substantially on a unit cost/t basis once the Stage 2 plant is fully operational. The Orocobre financial model projects operating costs at Olaroz to decrease from the current level of US\$4,403/t based on ASX reporting, to US\$3,849/t in 2022 and to US\$3,251/t in 2023 as Stage 2 of Olaroz ramps up and Orocobre stabilises production. Costs in 2024 are projected to decrease further to US\$2,923/t and to stabilise at around that level through to 2060. On a LOM basis, total operating costs are projected to be distributed as shown in Table 6.6. BDA has reviewed the estimates and projections and considers they provide a reasonable basis for valuation.

Table 6.6
LOM Operating Costs - Olaroz Lithium Operation

Category	Operating Cost US\$/t
Reagents	1,358.00
Utilities	352.60
Logistics	181.90
Other	87.00
<i>Total Variable Cost</i>	<i>1,979.50</i>
Fixed Production Cost	853.50
G&A Costs	120.40
Total Operating Cost	2,953.40

Expansion Plan

The Stage 2 expansion plan is discussed in Section 6.3 of this report.

Valuation Assumptions

Orocobre 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 Deloitte the relevant parameters and assumptions.

6.3 Olaroz Stage 2 Project

The Olaroz Stage 2 expansion has been designed to deliver an additional 25,000tpa of primary grade lithium carbonate production capacity. Approximately 9,500t of this new production is expected to be utilised as feedstock for the Naraha Lithium Hydroxide Plant.

The Stage 2 project will be based on brine extraction from newly installed wells drilled to depths of up to 650m. Stage 2 has a current budgeted capital cost of US\$335M excluding working capital and VAT, of which US\$188.6M has been spent as of end February 2021. Stage 2 construction is expected to be complete in H1 2022 and to commence production in the following half. Production will ramp up over two years to full capacity of 25,000tpa by H2 2024.

Tenements and Approvals

Olaroz Stage 2 will operate on the same tenements as the Olaroz Stage 1 project. The tenements are described in Section 6.2 of this report.

Geology and Mineralisation

The geology and mineralisation of Salar de Olaroz is described in Section 6.2 of this report, which details the Olaroz Stage 1 project. The most significant aspects of the geology and mineralisation to be exploited by Stage 2 are the zones of porous sandy sediments below 200 m, extending to at least 650m throughout the salar, varying in depth across the basin. There are indications from deep drilling in the northeastern section that porous sandy sediments may extend to very considerable depths, in excess of 650m (Figure 9).

Geological Data

Some deep diamond core drilling was undertaken in connection with the Stage 2 expansion of the Olaroz plant. The completion of the diamond drilling programme has been prevented by COVID, and only a small portion of the planned diamond holes have been completed. The following table (Table 6.8) shows holes DDH-04, DDH-02 and DDH-17 moving in a northwesterly direction from the southeast toward the existing wellfield in the north:

Table 6.7
Deep Diamond Drilling for Stage 2 Expansion

Hole	From	To	Lithology
DDH-04	145	360	Transition zone halite/clastic
	360	530	Halite/sand/clay
	530	568	Deep sand
	568	650	Mixed clay/sand
DDH-02	160	370	Transition zone halite/clastic
	370	540	Halite/sand/clay
	540	570	Deep sand
	570	650	Mixed clay/sand
DDH-17	170	370	Transition zone halite/clastic
	370	582	Halite/sand/clay
	582	604	Deep sand
	604	650	Mixed clay/sand

Mineral Resources

No Mineral Resources have been declared specific to Stage 2 of the Olaroz project. It is anticipated a resource estimate in conformance with JORC 2012 and NI 43-101 reporting standards will be issued in mid-2021. Orocobre has issued an exploration target estimate for resources for the Olaroz project for that portion of the salar extending from 197m depth to 323m depth. This exploration target was published in the 2020 Orocobre Annual Report and is reproduced in Table 6.8.

Table 6.8
Olaroz Exploration Target (Units between 197m and 323m depth)

Mean Specific Yield (%)	Brine Volume (Mm ³)	Li Grade (mg/L)	Contained Li (Mt)	LCE (Mt)	K Grade (mg/L)	Contained K (Mt)	Potash (Mt)	B Grade (mg/L)	Boron (Mt)
Upper Assumption Estimate									
20%	2,000	700	1.4	7.5	5,400	10.9	20.8	1,200	2.4
Lower Assumption Estimate									
6%	605	500	0.3	1.6	4,000	2.4	4.6	900	0.5

The forthcoming resource estimate scheduled for release in mid-2021 will extend the limits of the resource calculation to up to 650m depth and incorporate updated data with respect to brine assays and specific yield. BDA expects that the new resource estimate will provide a substantial increase in overall resources.

Ore Reserves

There are no currently declared Ore Reserves for the Olaroz Stage 2 expansion project. The LOM plan is based on recovery factors applied to the resource estimates and given the current Stage 1 production status, BDA considers the LOM plan effectively defines the reserve planned to be recovered by the Stage 2 expansion and provides an adequate and appropriate basis for discounted cashflow assessment. Orocobre advises that an Ore Reserve estimate will follow the announcement of an upgraded resource, based on hydrological studies and pumping tests.

Additional Resource/Reserve Potential

The tenements at Olaroz provide a significant potential for discovery of additional resources. Certain tenements in the north of the salar, especially 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 are also believed to have further exploration potential at depth.

Wellfield

Stage 2 of the Olaroz project includes six new production wells located slightly west and between the southern and northern wellfields that are being drilled to access brine down to 450m. A seventh well to 450 m is planned to be drilled in the far south of the salar. Eight wells are to be drilled between the north and south wellfields to a depth of 650m.

Evaporation Ponds

The ponds for the Stage 2 expansion project are being designed and constructed in a similar semi-circular arc formation to the original evaporation ponds but with flat bottoms, which should enable better control over the evaporation process. The design of the pond systems for the expansion project also includes provision of protective berms to reduce the danger of dilution from runoff during heavy rainfalls as well as flooding from surface water on the salar.

Processing

The Stage 2 project will involve improvements to the overall process in several areas compared to the current Olaroz process plant. Lime addition will be undertaken in two steps to better control magnesium and calcium precipitation. Brine polishing and filtration will be improved by the use of clarifiers, sand and press filters in place of decanters and a polishing filter. Press filtration will replace belt filtration in the carbonation process and a rotary dryer will be used in place of a Bepex dryer for improved energy performance. A compactor-milling unit will be installed in place of a micronizer for better particle size control and the overall process will have enhanced monitoring and process control systems installed.

Infrastructure

Additional infrastructure facilities required to support the expanded Olaroz project including water, camp, road and electrical supply and distribution are being constructed as part of the expansion project scope of works.

Environmental and Social

See Section 6.2

Life of Mine Plan

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.

Capital Cost Estimates

Capital cost forecasts for the Olaroz Stage 2 Project comprising Stage 2 growth capital and Stage 2 sustaining capital are set out in Table 6.9 and have been estimated in US dollars for input into the Orocobre financial model. Current estimated capital costs to complete are US\$335M versus an original estimate of US\$295M, or a 14% increase in estimated capital cost. Some of the increased cost is attributable to the impact of COVID-19 restrictions on work activity at the site and the balance due to project growth and change orders. No allowance has been made for rehabilitation costs. BDA recommends adjustments to the Orocobre Olaroz financial model to account for the incremental capital costs.

Table 6.9
Olaroz Stage 2 Capital Cost Forecasts

Item		2021	2022	2023	2024	2025-2042	Total
Stage 2 Growth Capital	US\$M	98.7	92.3				191.0
Stage 2 Sustaining Capital	US\$M				5.0	89.1	94.1
Total	US\$M	98.7	92.3		5.0	89.1	285.1

Capital cost estimates for the Olaroz Stage 2 project were originally developed based on engineering design work as of late 2018/early 2019. The level of accuracy of the estimates was consistent with AACE Class 3 or Class 4 ($\pm 20\%$ to $\pm 30\%$) depending on the WBS (Work Breakdown Structure) area. Current estimates to complete are based on construction progress as of December 2020, which show the following status (Table 6.10).

Table 6.10
Olaroz Stage 2 Construction Progress - Percentage Complete as of 31 December 2020

Progress	Brine Wells	Evap. Ponds	Liming Plant	Carbonate Plant	Soda Ash Handling	General Utilities	Infra-structure	Project Indirects	PreComm, Comm & Start-Up	Total
Construction	50.2	70.9	19.7	1.0	1.9	13.1	55.7			41.5
Financial	64.5	67.3	16.9	13.8	19.6	7.9	68.5	54.9	0.0	45.0

Source: Olaroz Expansion Project, Monthly Report, Dec 2020 – Jan. 2021. PreComm and Comm = Pre-Commissioning and Commissioning.

Operating Cost Estimates

See Section 6.2.

Valuation Assumptions

Orocobre has developed a discounted cashflow model for the Olaroz Stage 2 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 Deloitte the relevant parameters and assumptions.

6.4 Cauchari Project

The Salar de Cauchari lies immediately south of Salar de Olaroz and is structurally controlled by the same N-S reverse thrust faults bounding the east and west sides of Salar de Olaroz. 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 Orocobre lies on either side of the LAC/Ganfeng project which is currently under construction (Figures 9 and 11).

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 Chile S.A. 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.

The Salar de Cauchari was historically developed for borate mining (ulexite) by Borax, now owned by Orocobre. 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., 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 Advantage Lithium in April 2020 by way of a scheme of arrangement.

Tenements and Approvals

The tenements representing the Salar de Cauchari project are detailed in Table 6.11 and illustrated in Figure 11. The tenements comprising the project are registered in the name of South American Salars S.A. (SAS), a wholly-owned subsidiary of Orocobre. The total area of the tenements is 27,772ha. All tenements are registered as “minas”. Annual canon fees are AR\$60,800 (~US\$760 at AR\$80/US\$). The total five-year mining investment plan required to hold the tenements is AR\$18,240,000 (~US\$228k). 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 or 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, with these easements located well away from the proposed production areas.

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. 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. 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.

Figure 11 illustrates a typical cross section through the northern portion of the Cauchari deposit.

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. Individual lithologies logged within these units are detailed in Table 6.12 and the composition of the geological units by lithology is summarised in Table 6.13.

Table 6.11
Salar de Cauchari Tenements (as of December 2020)

Property	Property Number	Property Area (ha)	Land Owner (Communities)	Annual Canon Fee (AR\$)	Five Year Mining Investment (AR\$)
Juan Pablo II	2055 R 2014	495	Termas de Tuzgle de Puesto Sey	1,067	320,000
Juan XXIII	2054 R 2014	442	Termas de Tuzgle de Puesto Sey	1,067	320,000
Papa Francisco I	2053 R 2014	1,997	Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	4,267	1,280,000
San Gabriel I	951 R 2008	795	Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	1,707	512,000
San Joaquin I	952 R 2008	488	Catua, and Termas de Tuzgle de Puesto Sey	1,067	320,000
San Francisco Sur	965 R 2008	1,345	Catua, Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	2,987	896,000
San Carlos Este	966 R 2008	118	Termas de Tuzgle de Puesto Sey	427	128,000
Francisco Norte	968 R 2008	700	Pastos Chicos	1,493	448,000
Georgina	1081 p 2008	1,247	Catua	2,773	832,000
Olacapatita I	1082 p 2008	1,422	Province of Jujuy easement, whole tenement	3,200	960,000
San Gabriel Sur	1082 p 2008	1,450	Catua, and Los Manantiales de Pastos Chicos,	3,200	960,000
San Gabriel Norte	1084 p 2008	1,527	Catua, Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	3,413	1,024,000
San Francisco Este	1085 p 2008	1,201	Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	2,560	768,000
Sulfita	1086 p 2008	1,717	Termas de Tuzgle de Puesto Sey	3,840	1,152,000
Olacapatita II	1101 p 2008	2,484	Province of Jujuy easement, whole tenement	5,333	1,600,000
Olacapatita III	1119 p 2009	2,493	Province of Jujuy easement, whole tenement	5,333	1,600,000
San Gerardo	1118 p 2009	2,396	Catua, Termas de Tuzgle de Puesto Sey and Los Manantiales de Pastos Chicos,	5,120	1,536,000
San Gerardo II	1130 p 2009	1,239	Catua community	2,773	832,000
Antonito I	1155 p 2009	1,500	Termas de Tuzgle de Puesto Sey	3,200	960,000
Solitaria I	1156 p 2009	66	Termas de Tuzgle de Puesto Sey	213	64,000
Mina San Gabriel X	2059 R2014	885	Termas de Tuzgle de Puesto Sey	1,920	576,000
Mina Juan Pablo I	2058 R 2014	1,765	Termas de Tuzgle de Puesto Sey	3,840	1,152,000
Total		27,772		60,800	18,240,000

Source: Prefeasibility Study Report, Cauchari JV Lithium Project, 2019

Table 6.12
Lithological Descriptions Based on Core Logs

Code	Lithology	Description
NR	No recovery	Non-recovered material
GRA	Gravel	Gravel, coarse sediment with clasts over 4 mm
SND	Sand	Fine, medium to coarse sand with scarce to no matrix
SNDMX	Sand and matrix	Sand layers with silt or clayey silt matrix
SNDHL	Sand with halite	Halite levels with sand interstitial or layers interbedded
CLY	Clay	Clay, silty clays in general
CLYHL	Clay with halite	Clay with presence of crystalline halite in variable proportions
SILT	Silt	Silt or clayey silt in general
SILTHL	Silt with halite	Silt and clayey silt with presence of crystalline halite
HAL	Halite	Massive or granular halite with sparse proportions of clastic material

Table 6.13
Percentage Lithological Composition of Geological Units Based on Core Logs

Unit Lithology	HAL	CLY	CLYHL	NR	SND	SNDHL	GRA	SNDMX	SILT	SILTHL	ASH	Total %
Clay	1.1	68.8	3.7	3.1	1.2	0.1	0.01	6.2	10.7	5.0	0.03	36.3
Halite	77.8	4.0	9.7	1.6	0.9	2.9		0.7	0.8	1.5		35.1
Archibarca Fan		3.0		5.3	31.8		34.1	24.5	1.0		0.4	10.8
East Fan	0.03	2.6		4.5	59.2		14.0	19.7				1.8
West Fan	0.6	4.1		19.9	36.0		11.08	28.9	0.1			11.2
Lower Sand		11.6		15.5	35.6		1.5	35.2				4.9
Total %	27.7	27.8	4.8	5.3	11.0	1.1	5.2	10.4	4.3	2.4	0.1	100.0

Source: Cauchari JV Project, Updated Mineral Resource Estimate Technical Report, April 2019

The major geological units are described as follows:

Archibarca Fan Unit: constitutes NW boundary to salt deposits within the Salar de Cauchari; area about 23.8km² within Orocobre properties; defined by 5 core holes exhibiting sandy gravels and gravelly sand with coarse sand, overlapping and interfingering below 200m with saline/lacustrine deposits (CLYHL unit)

West Fan Unit: defined by six drill holes; 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 CLY unit; in the northern section, interfingering clayey beds with thick intervals of sand and sandy silt; in the southern part thick levels of sand, silty sand and gravel sequences at depth (~200m) interbedded with clay and halite; sands and gravels become thicker toward the south where wide alluvial fans develop to maximum depth of drilling of 404m

East Fan Unit: defined by eight core holes; 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: defined by four core holes intersecting a sand dominant unit at approximately 400m depth; open at maximum depth of drilling of 610m; characterised by medium greenish grey to dark grey sand with abundant presence of friable gypsum (selenite) and irregular layers with cemented carbonates or halite interbedded with occasional sandy, silty and clayey layers

Clay Unit: widely distributed throughout the salar and intersected in all core holes; forms an irregular N-S elongated body extending in some cases to below 300m; mainly interfingering with the HAL unit and constitutes with the HSAL unit the saline/lacustrine sediments in the centre of the salar with apparent thickening towards the east of the salar; contains variable content of halite and ulexite nodules with selenite locally present.

Halite Unit: found mainly in SE sector of project area; forms numerous thick and extensive levels of halite with variable content of sand and clays that interfinger with the CLY unit; unit thins and becomes shallower towards the western margin of the salar; unit characterised by massive crystalline halite and lesser amounts of friable aggregates of crystals exceeding 1cm size, typically associated with fine to very fine sand layers of variable thickness, abundant gypsum and clay layers accompanied by mirabilite crystals and scarce ulexite; maximum thickness of 300m intersected in Hole CAU13D and 500m in Hole CAU14D

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_y)

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_y) and hydraulic conductivity (permeability, K) values obtained from test work are noted in Table 6.14.

Table 6.14
Specific Yield and Permeability Values by Hydrogeological Unit

Geological Unit	Number of Samples	Average	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	1 - 20
Clay	84	0.03	0.03	0.02	0.6	0.01 - 1
Lower Sand	6	0.16	0.14	0.11	0.7	1 - 20

Source: Cauchari JV Project, Updated Mineral Resource Estimate Technical Report, April 2019

Mineralisation at Cauchari comprises a lithium enriched brine saturated in sodium chloride. The chemical composition of the brine is shown in Table 6.15. The brine composition places it in the upper right corner of the thenardite portion of the $\text{SO}_4 - \text{K}_2 - \text{Mg} + \text{Li}_2$ Janecke projection phase diagram.

Table 6.15
Elemental Composition of Cauchari Brine

	Li mg/L	K mg/L	B mg/L	Na mg/L	Ca mg/L	Mg mg/L	SO ₄ mg/L	Density g/cm ³
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: Cauchari JV Project, Updated Mineral Resource Estimate Technical Report, April 2019

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: 5 diamond holes, HQ or NQ size for 721m (Holes CAU01 – CAU05), one rotary hole (CAU06) to 150m in 2011
- Drilling: 20 HQ diamond holes for 9,376.5m in 2017/18; all diamond holes completed as monitoring wells
- Core sample analysis:
 - 123 for total porosity and specific yield at British Geological Survey (Holes CAU01 to CAU05), 13 unusable due to damage
 - 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 (CAU07 – CAU11) 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.

Mineral Resources

Mineral Resources at the Salar de Cauchari project have been estimated based on division of the resource area (117.7km²) 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) and 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 11).

Due to the differences in data availability and the characteristics of the salar, three estimation methodologies have been used:

1. *Transition Domain* - represented by the upper part of the salar that includes fresher water and transition to pure 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.

The resource estimate was prepared using Stanford Geostatistical Modelling Software (SGeMS). A block model (100m x 100m x 1m) was constructed and variograms for lithium and potassium distribution in three orthogonal directions developed. Lithium and potassium values were kriged using Ordinary Kriging with the variogram models and the total resources calculated using the declustered porosity average value for each geological unit. Each lithological unit was treated as a separate population for data analysis and 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.

Resources were classified as Measured 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 included 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 include 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.

Table 6.16 summarises the estimate of Mineral Resources at the Salar de Cauchari project.

Table 6.16
Estimate of Mineral Resources – April 2019

Item	Measured (M)		Indicated (I)		M&I		Inferred	
Aquifer Volume (km ³)	10		21		31		11	
Mean Specific Yield	6.60%		5.90%		6.10%		5.60%	
Brine Volume (km ³)	0.6		1.2		1.9		0.6	
	Li	K	Li	K	Li	K	Li	K
Mean Grade (g/m ³)	35	291	26	238	29	255	27	225
Mean Concentration (mg/L)	527	4,438	452	4,145	476	4,238	473	3,867
Resource (kt)	345	2,800	550	5,000	900	7,800	290	2,400
Lithium Carbonate Equiv. (t)	1,850,000		2,950,000		4,800,000		1,500,000	

Notes: No cut off grade applied

Numbers may not add due to rounding

Resource classification based on CIM definitions (same as JORC (2012))

Lithium Carbonate Equivalent has been calculated using a conversion factor of 5.32 x Li tonnage

Source: Cauchari JV Project, Updated Mineral Resource Estimate Technical Report, April 2019

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.

Ore Reserves

An Ore Reserve estimate was prepared in support of the 2019 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 FloSolutions.

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.

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 6,476,125 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, Layer 3 15m thick and the remaining layers a uniform 20m thick. Transient calibration of the model was calibrated against the 30-day pump test results for wells CAU7R and CAU11R. The final static model had an absolute residual mean of 1.0m and a normalised root mean squared (NRMS) error of 7.2%. The steady state model was calibrated to the conceptual hydrogeological model with excellent agreement.

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 66% to final product. The dynamic model indicated twenty-two wells would be required in the NW sector wellfield in the Archibarca 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.

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 6.17 summarises the Ore Reserve estimate.

Table 6.17
Ore Reserve Estimate – Salar de Cauchari Project

Category	Year	Brine Volume (Mm ³)	Average Li Concentration (mg/L)	Li Metal (kt)	LCE (t)
Proved	1 - 7	75	560	42	223,000
Probable	8 - 31	317	470	149	793,000
Total	1 - 31	392	480	191	1,016,000

Source: Cauchari JV Project, Updated Mineral Resource Estimate Technical Report, April 2019

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 adjustments to the reserve estimate. The magnitude of such adjustments, if any cannot be determined at this time.

BDA notes that the LAC/Ganfeng Cauchari project, currently under construction, is located between the eastern and western Salar de Cauchari tenements held by Orocobre. The impact of pumping brine by LAC/Ganfeng on the Mineral Resources at the Orocobre Cauchari project is not known, but some brine movement towards wells installed on tenement boundaries is likely. Some form of agreement between the various operators on Salar de Cauchari may be required to ensure orderly development of the resource by all parties. Typically, such agreements stipulate a stand-off distance from tenement boundaries, thereby limiting the volume of pumped brine moving across tenement boundaries.

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.

Valuation Assumptions

The 2019 Prefeasibility Study prepared for the stand-alone Salar de Cauchari project was based on the following parameters (Table 6.18).

Table 6.18
Salar de Cauchari Prefeasibility Study Results

Item	US\$M
Capital Cost	US\$446.1M
Deferred Capital	US\$157.5M
Operating Costs	Years 1 – 5 US\$3,248/t Years 6 – 9 US\$3,381/t Years 10 – 31 US\$3,569/t
Total Production	672,000t LCE (25ktpa average)
Assumed LCE Price	US\$12,166/t LOM basis

The Cauchari Prefeasibility Study is a comprehensive and relatively detailed study. However, it was based on a stand-alone project. Orocobre is reviewing the potential development as an extension of the Olaroz operations, assessing the potential synergies resulting from shared infrastructure, processing plant and management. Given

the PFS stage of the project, Deloitte has requested that BDA consider the potential value of the property based on exploration methodologies.

6.5 Naraha Lithium Hydroxide Project

Overview

Orocobre has formed a joint venture with Toyota Tsusho Corporation (TTC) to develop a battery grade lithium hydroxide plant in Japan. Orocobre has a 75% economic interest in the joint venture. The plant, the first of its kind to be built in Japan (Figure 12), is designed to convert 9,500tpa of technical grade (>99.0% Li_2CO_3) lithium carbonate feedstock, to be sourced from the Olaroz Stage 2 Expansion, into 10,000tpa of purified battery grade lithium hydroxide.

The plant is presently under construction and is being built using an engineer, procure, construct (“EPC”) contract awarded to Veolia Water Technologies (Veolia) to construct the plant near the community of Naraha in Japan. Veolia conducted testwork using the Olaroz lithium carbonate product to prove up the processing technology.

As at end December 2020, approximately US\$50M had been spent on engineering, civil works, electrical, instrumentation, fabrication and procurement at the Naraha plant, with US\$42M remaining to be spent.

Site construction operations continue, however equipment deliveries from overseas are expected to be delayed due to COVID-19 which is likely to impact the final project completion date. Construction is approximately 94% complete. Commissioning is expected to commence in Q1 2022.

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 12 shows a block diagram outlining the processing flowsheet.

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 then 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 is nearing completion of construction and all required permits and approvals to completion are in place. Final permits for operation of the plant will be secured as required. No issues are anticipated with respect to receipt of the operating permits.

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 plan is to treat 9,500tpa of technical grade lithium carbonate to produce 10,000tpa of lithium hydroxide. Table 6.19 summarises forecast production to 2030.

Table 6.19
Naraha Production Schedule 2021 to 2030

Parameter	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Physicals											
LiCO ₃ Feed	t	279	3,024	7,363	9,500	9,500	9,500	9,500	9,500	9,500	9,500
LiCO ₃ Equivalent	t	273	2,960	7,208	9,300	9,300	9,300	9,300	9,300	9,300	9,300
LiOH Recovery	%	87.5	87.5	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0
LiOH Product	t	313	3,417	7,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Capital Cost Estimates

Capital cost forecasts for the Naraha project for construction capital and sustaining capital are set out in Table 6.20 and have been estimated in US dollars.

Table 6.20
Naraha Capital Cost Forecasts

Item		2021	2022	2023	2024	2025-2042	Total
Construction Capital	US\$M	22.8	25.1	4.6			52.5
Sustaining Capital	US\$M				1.3	22.6	23.9
Total	US\$M	22.8	25.1	4.6	1.3	22.6	76.4

Operating Cost Estimates

No detailed operating cost estimates have been made available, however the financial model, “8.1 20210209 - Financial Model Deloitte version Orocobre 100521” provides a summary of costs which are tabulated below (Table 6.21). The major operating cost item is the cost of the feedstock from Olaroz.

Table 6.21
Naraha Operating Costs 2021 to 2030

Parameter	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Physicals											
LiCO ₃ Feed	t	279	3,024	7,363	9,500	9,500	9,500	9,500	9,500	9,500	9,500
LiCO ₃ Equivalent	t	273	2,960	7,208	9,300	9,300	9,300	9,300	9,300	9,300	9,300
LiOH Product	t	313	3,417	7,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Time	hrs	290	2,733	6,200	8,000	8,000	8,000	8,000	8,000	8,000	8,000
	%	3.3	31.2	70.8	91.1	91.3	91.3	91.3	91.1	91.3	91.3
Operating Costs											
Feedstock	US\$M	1.6	20.3	53.9	79.1	92.1	92.1	86.4	84.1	79.4	76.8
Lime	US\$M	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Electricity	US\$M	0.1	0.7	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Industrial Water	US\$M	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
LNG	US\$M	0.1	1.6	3.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6
CaCO ₃	US\$M	0.2	1.7	3.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Subtotal Reagents/Utilities	US\$M	0.4	4.0	9.1	11.7	11.7	11.7	11.7	11.7	11.7	11.7
Consumables	US\$M	0.0	0.4	1.0	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Maintenance	US\$M	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Laboratory	US\$M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labour	US\$M	0.1	1.0	2.2	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Subtotal Labour/Other	US\$M	0.1	1.4	3.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Pre-Op. Costs	US\$M	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Cost	US\$M	3.0	26.2	66.2	95.1	108.0	108.1	102.4	100.0	95.4	92.8
Unit Costs/t LiOH	US\$/t	9,585	7,668	8,542	9,510	10,800	10,810	10,240	10,000	9,540	9,280

Note - figures may include rounding errors

Expansion Plan

No current expansion plans have been provided.

Valuation Assumptions

Orocobre 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 Deloitte the relevant parameters and assumptions.

6.6 Other Early-Stage Projects and Exploration Properties

Tenements and Approvals

Orocobre holds tenement interests on Salar Guayatayoc, Salar Incahuasi and Salar Antofalla as listed below:

Guayatayoc	21,276ha	Salar de Guayatayoc, Salta Province
Incahuasi	9,843ha	Salar Incahuasi, Salta Province
Antofalla Norte	10,653ha	Salar Antofalla, Catamarca Province
Antofallita XX	3,000ha	Salar Antofalla, Catamarca Province

These properties are all early-stage exploration properties. All the 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. Pit sampling on the Antofalla Norte tenements has returned values up to 250ppm Li and 2,500ppm K. No sample data is available for the Antofallita XX tenement.

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 US\$200/ha (low value) to US\$500/ha (high value). Valuation ranges are further discussed in Section 7.

6.7 Borax Argentina S.A.

Borax Argentina SA (Borax) was established in 1958 and is located in the province of Salta, in the northwest of the Argentine Republic, in the town of Campo Quijano, 1,350m above sea level and 30km from Salta Capital. Access to Campo Quijano is via National Route 52 and local roads. Campo Quijano is serviced by rail and the Borax facility has a rail siding. The current facility is now largely surrounded by urban development and Borax has indicated the facility may be moved to a more favourable location for manufacturing.

Borax's mining and processing operations, shown in Figure 13, include:

- *Campo Quijano* - current manufacturing activity is restricted to boric acid and anhydrous borax production based on hydroboracite feed from the Sijes mine. Production capacity at the Campo Quijano site is 9,000tpa boric acid. Borax decahydrate (Bx10) and borax pentahydrate (Bx5) production was moved to Tincalayu in 2014, but tailings ponds remain at the Campo Quijano facility. The Campo Quijano facility is adjacent to a boric acid plant operated by Minera Santa Rita srl.
- *Tincalayu Deposit* - the Tincalayu deposit is located in the Salar del Hombre Muerto - Department of Los Andes, Province of Salta, at 4,100m above sea level. The project area is approximately 170km southwest of Salta. Tincalayu is located approximately 190km south of the intersection with RN 52, the paved highway crossing into Chile at Paseo de Jama. Tincalayu is also approximately 180km south of the unpaved Paseo de Sico border crossing (NR 51) to Chile. The village of Pocitos is located approximately 100km north of Tincalayu at the junction of RN 51 and RP 17. Pocitos is the location of a railroad junction for the rail line crossing from Salta to Chile. The regional administrative centre of San Antonio de Los Cobres is located approximately 150km distant and is an approximate 2.5-hour drive northeast of Tincalayu.
The Tincalayu mine produces tincal (sodium borate) and some ulexite (sodium calcium borate) and has a current production capacity of approximately 30ktpa of ore. Production at the Tincalayu process plant is approximately 25ktpa borax decahydrate and pentahydrate, split approximately 2/3 decahydrate and 1/3 pentahydrate.
- *Sijes Deposit* – the mine and processing plant are located at Sijes, Departamento Los Andes, Salta Province at Salar Santa Maria, a small salar located approximately 16km south of Sta. Rosa de los Pastos Grandes and immediately east of Salar Pastos Grandes. The mine camp and processing facilities are situated at an elevation of approximately 3,870m. Access to the Sijes operations is via RN 51 from Salta to San Antonio de Los Cobres and then RP 129 to Salar de Pastos Grandes, followed by a gravel road to the plant site.
Minerals such as hydroboracite, colemanite (calcium borate) and ulexite are mined at this project. A magnetic concentration plant produces a concentrate which is then crushed and powdered to produce hydroboracite as a final product. Hydroboracite is also used for the manufacture of boric acid. Total mineral concentrate production capacity is approximately 30ktpa. The reserves of these minerals at the Sijes deposit are considered the largest of those currently known in the world.
- *Porvenir* – the Porvenir operation is located in the Salar de Cauchari, Department of Susques, Province of Jujuy, at 4,100m above sea level and 241km from Campo Quijano. Ulexite is mined in this deposit. Porvenir operates on an intermittent basis depending on demand.

Tenements

Tincalayu

The Tincalayu tenements cover approximately 3,252ha. The tenements are owned by a number of wholly-owned subsidiaries of Borax Argentina S.A. The original mining properties date back to the 1940s. The properties have been combined into five Mining Groups for administrative ease, with the first three Mining Groups (see Table 6.22) covering the Tincalayu pits and infrastructure, plus two tenements primarily on the Salar del Hombre Muerto lying west and east of the Tincalayu peninsula.

Table 6.22
Tincalayu Mine Tenements

Province	Department	Mining Group	Tenement Name	File Number	Area (ha)
Salta	Los Andes	Mining Group I	Mabel 1,2 & 3	1271-C	300
			Estela 1, 2 & 3	1215-C	300
			Alex 1 & 2	1495-C	200
		Mining Group II	Leonor 3, 4 & 5	1214-C	300
			Emma	1203-C	54
			Berta	1202-C	54
			Mary	1204-C	63
		Mining Group III	Fernando 1, 2 & 3	5596-19-G	300
			Patricia	5435-R	300
		Mining Group IV	Alejandro 1,2 & 3	5819-19-C	300
			Virginia 1,2 & 3	5817-19-C	300
			Don Benito 1,2 & 3	5816-19-C	300
		Mining Group V	Viviana 1,2 & 3	8720-B	300
			Susana 1, 2 & 3	8721-B	300
			Tany	8720-B	47
			Diana	13848-B	100
			Valerio	17335-B	274.32
		Total			3,252.32

Borax Argentina S.A. holds a usufruct agreement with POSCO over an area of 1,174ha in the Salar del Hombre Muerto. The usufruct agreement covers the following tenements: Fernando, Diana, Valerio, Estela and Alex. Under the agreement, POSCO has the right to extract lithium brine from the area of the salar covered by the Tincalayu tenements.

Sijes

The Sijes tenements are held in the name of Borax Argentina S.A. All tenements are registered for borax. All tenements are current with respect to semi-annual canon payments, environmental reports and investment plans. There are no underlying property interests associated with the tenements and thus no royalties on production or sales aside from the Salta government mining royalty of 3% of the “mine mouth” value”. The Sijes tenements have been consolidated into four Mining Groups for administrative ease. In addition, there is a servitude covering the process plant site area. Table 6.23 details the Sijes tenements. The total area is 5,906.65 ha.

Porvenir

The Porvenir property consist of 39 mining tenements located immediately south of Orocobre’s Olaroz lithium brine operation at the south end of Salar de Cauchari. The tenements are divided into the Mascota group, Grupo Cinco, Central Group and Southern Group. The total area of the tenements is 40.03km² and within this area the resource area covers 17.5km². To date, approximately 1.34km² of area has been subject to mining activity.

The Porvenir tenements are held in the name of Grupo Minera Boroquímica (“Boroquímica”), a wholly owned subsidiary of Borax. The tenements have been consolidated as a single Mining Group under the name Grupo Minero Boroquímica and are recorded under Numero Expediente (File Number) 90-B-1994. The total area of the tenements is 4,303ha excluding the San Nicolas tenement (File No. 191-R-44), which is not considered part of the Porvenir property area. Table 6.24 summarises the tenement holdings at Porvenir.

Borax holds brine usufruct rights over 4,130ha on Salar de Cauchari and representing all of the Porvenir property. These rights have been granted to Lithium Americas Corporation and Minera Exar, LAC’s partner in its Salar de Cauchari lithium project. Borax, through Grupo Minero Boroquímica, retains a royalty interest on lithium brine production from the tenements. The royalty amount is US\$200,000 per annum, paid annually regardless of production and runs to 2041. Upon expiration of the royalty agreement, the brine rights revert to Borax.

Borax also holds royalty and/or usufruct rights on tenements held by LAC at Salar de Cauchari and on specified tenements on Salar de Pozuelos, Salar Pastos Grandes and Salar Salinas Grandes.

Table 6.23
Sijes Tenements

Mining Group	Tenement Name	File Number	Number of Pertenencias (Claims)	Area (ha)	Mining Record No.
Sijes I	Santa Rosa I y II	1220	2	201.76413	8587
	La Paz	1185	2	101.79477	8587
	La Paz II	La Paz II	1	99.90158	8587
	La Paz III	1198-La Paz III	n.a.	102.59322	8587
	La Paz III	1198-La Paz III	n.a.	102.59322	8587
	La Paz III	1198-La Paz III	n.a.	102.59322	8587
	La Paz III	1198-La Paz III	n.a.	102.59322	8587
	La Paz IV	1197-La Paz IV	1	100.50713	8587
	Santa Elena	1217	1	99.97715	8587
	Santa Elvira	1216	1	99.30188	8587
Sijes II	Monte Blanco	1218	3	292.94477	11800
	Sijes	1196-Sijes	1	99.17856	11800
	Elsa	1219-Elsa	1	94.1902	11800
	Rio Sijes	20605	1	100.2041	
Sijes III	Esperanza	1230	3	301.07192	11801
	Cita	1232	1	101.19539	11801
Sijes IV	Demasia Monte Blanco	14121-B	1	9.54671	11802
	Monte Gris 1	1222-Monte Gris	3	99.1985	11802
	Monte Gris 2	1222-Monte Gris	3	97.03466	11802
	Monte Gris 3	1222-Monte Gris	3	100.19903	11802
	Industria	1193	1	100.2041	11802
	Rita	1194	2	193.85418	11802
	Monte Azul	1221-Monte Azul	3	99.45358	11802
	Monte Azul 2	1221-Monte Azul	3	97.44067	11802
	Monte Azul 3	1221-Monte Azul	n.a.	100.93031	11802
	Monte Verde 1	1224-Monte Verde 1	1	99.23482	11802
	Monte Verde 2	1224-Monte Verde	3	99.2347	11802
	Monte Verde 3	1224-Monte Verde 3	3	99.19851	11802
	Monte Amarillo 1	1226-Monte Amarillo 1	3	100.20045	11802
	Monte Amarillo 2	1226-Monte Amarillo 2	3	99.04919	11802
	Monte Amarillo 3	1226-Monte Amarillo 3	3	99.19887	11802
	Monte Marron	1225	3	301.50613	11802
	Perico	1228	3	299.14017	11802
	Sorpresa	1223-Sorpresa	3	95.47643	11802
	Sorpresa	1223-Sorpresa	3	95.47629	11802
	Sorpresa	1223-Sorpresa	3	95.47614	11802
	Monte Marron	1225	3	301.50613	11802
	Alejandro	1233	2	200.00394	11802
	Anita	1231	2	199.63792	11802
	Maridel 1	1229-Maridel 1	3	101.07405	11802
	Maridel II	1229-Maridel II	3	99.52203	11802
	Maridel III	1229-Maridel III	3	99.52168	11802
	Playa 1	1227-Playa 1	3	101.0744	11802
	Playa 2	1227-Playa 2	3	101.07477	11802
	Roca Cristal	5786	2	200.92968	11802
	Demasia Sijes	14801	1	18.84757	
	Total			5,906.65	

Table 6.24
Porvenir Tenements

Porvenir Group Area	Tenement Name	File Number	Area (ha)
Mascota Group (Northern Group)	Union	336-C-44	100
	Montes de Oca	340-C-44	100
	Zoila	341-C-44	100
	Delia	042-E-44	100
	Graziella	438-G-44	100
	Mascota	394-B-44	300
	Linda	160-T-44	100
	Maria Julia	347-C-44	100
	Juancito	339-C-44	100
	Archibald	377-C-44	100
	Maria Teresa	378-C-44	100
	Damasia y Saenz Pena	354-C-44	160
Grupo Cinco	Cinco	351-C-44	100
	Quatro	352-C-44	100
	Tres	343-C-44	100
	Dos	344-C-44	100
	Uno	345-C-44	100
Central Group	Maria Central	043-E-44	100
	Avellaneda	365-V-44	100
	Moreno	221-S-44	100
	Buenos Aires	122-D-44	100
	Damasia Clarisa	195-S-44	19
	Clarisa	402-B-44	100
	Sahara	117-D-44	300
	Ines	220-S-44	100
	Siberia	306-B-44	24
	Paulina	195-S-44	100
	Maria Esther	259-M-44	100
	Alicia	389-B-44	100
	Sarmiento	190-R-44	100
	Porvenir	116-D-44	100
Southern Group	Emma	350-C-44	100
	Elena	353-C-44	300
	Julio A. Roca	444-P-44	100
	Uruguay	789-G-59	100
Total			4,003

Other Areas

Borax holds usufruct production rights for ulexite at Salar Ratones and Salar Diablillos (Figure 13). The company undertakes mining at these locations on an as needed basis.

Geology and Mineralisation

Tincalayu

The Tincalayu deposit can be classified as a paleo-salar borate deposit, as borates at Tincalayu were deposited in the Neogene at ~5.86Ma in a large salar basin interpreted to extend north from Tincalayu to the Sijes borate district. These borate deposits are interpreted to have subsequently been uplifted and exposed by compressional tectonics affecting the Puna region.

The origins of the Tertiary borates like Tincalayu have been variably attributed to post-secondary borate mineralisation (secondary source - the “North American School”) or from primary deposition in shallow lakes or salars (the “Turkish-Argentine School”). In either model, sedimentological characteristics and permeabilities provide control over where in the stratigraphy the borates are deposited.

The boratiferous member of the Tincalayu mine is considered to represent a former lake deposit. It is proposed that the generation of the borate deposit was directly related to the evolution of a geothermal system linked to the interpreted development of the Ratones volcano complex. It is presumed that as the boron-containing brine filled the basin it cooled in the winters and evenings, crystallising borax beds; occasionally the interbedded clays also contain borax crystals. Kernite (sodium borate hydroxide) would have precipitated out of localised pools of hot geothermal brine early in the depositional period at times of restricted runoff and water inflow when the brine would have a high NaCl/Na₂CO₃ concentration (kernite forms at 37.5°C under such conditions). As the borax deposit reached its upper limit, the geothermal spring would have been cut off and high-calcium runoff water

would mix with the strong lake brine. This would crystallize ulexite nodules in the overlying mudstone, together with gypsum and some inyoite (calcium borate). Trace borate minerals would have formed from post burial conversion by circulating groundwaters.

Mineralisation at Tincalayu consists of a body of massive borax at its centre and zones of evaporative crystals toward its periphery. There are multiple horizons with tincal mineralisation in the Boratiferous Member. The mineralisation is interpreted to form a deformed lens of primary mineralisation >1,000m long by 150m wide. The principal mineralisation in the Boratiferous Member is tincal (borax) with minor kernite, ulexite, inyoite and gonorite (and other unusual borate species), occurring in the upper part of the mineralisation. Ulexite is present in the overlying clastic member. In places there are fine transgressive borate veinlets in different orientations. The primary depositional texture of the borates appears to have been modified by remobilisation during diagenesis and folding. Some of the massive layers of tincal (borax) are interpreted to be primary, while others may be secondary.

Mineralisation is dominantly stratiform in nature but has been subject to extensive asymmetric folding, which has led to some thickening of the borate mineralisation in fold hinges. Historically, exploitation of mineralisation is confined to the stratiform tincal and the ulexite in the Pelitic Member has not been exploited. The ulexite concentrations are variable and irregularly distributed, however there are areas where B₂O₃ concentrations reach over 14%, which may be economic for future exploitation under the re-formulation of the mine plan. Minor veins of tincal cross cutting the host formation are present in areas of fault or fold disruption. Zones of deformation in the Pelitic Member – which hosts ulexite – contain some ulexite veins, which appear to be structurally controlled and secondary in nature.

Sijes

The Sijes deposit area lies within the Pastos Grandes basin. This area is the site of significant buried calcium and magnesium-calcium borates. The Sijes district is comprised of Tertiary rocks representing the Gest, Pozuelos, Sijes and Singuel Formations. Of these only the Pozuelos and Sijes Formation contain borates, with the Pozuelos Formation containing only minor amounts of ulexite and inyoite. The district extends over 30km in a general NNE-SSW direction within the Pastos Grandes basin within which there are over ten 1km - 4km sub-basins deposited from a chain of lakes. Borate deposition is considered to be associated with the development of geothermal hot springs opened up by the Quevar volcanic complex to the north, with borate deposition occurring in three separate periods.

The Sijes Formation is a 1,500m thick sequence of volcanoclastic and lacustrine rocks containing several evaporitic members, progressing from halite at the bottom, borate-gypsum in the middle and interlayered tuffs and tuffaceous materials at the top. The borate-bearing members of the Sijes Formation are, from bottom to top as follows: Monte Amarillo (hydroboracite), Monte Verde (colemanite-inyoite) and Esperanza/Santa Rosa (colemanite). Minor amounts of ulexite, inderite, meyerhofferite, nobleite, gowerite and probertite have been recorded. Colemanite deposition is considered as primary, with inyoite and hydroboracite deposition being primarily of secondary deposition mode.

Porvenir

The Porvenir property is a surface (playa) borate deposit. These deposits are of Quaternary age and have been formed by the influx of borax-rich geothermal fluids into a saline brine. Ulexite typically occurs in two forms: “papas” or nodules in silt, clay and tuff, or sand with a thin crust and clean white interior, and “mud”, “barras”, “bars”, “bancos” or bedded ulexite, usually interlayered with silt and clay. Both types of ulexite are variable in area and depositional depth. The ore zone is typically 0.1-2m thick, averaging about 0.5m and starting within an average of 0.2-0.4m of the surface. Ulexite may also be present under an approximate 30cm of halite or in surface crusts and efflorescence. Nodule size can vary from 0.1-30cm, with the typical size being in the 5-10cm range. “Papas” can be quite pure, often >28% B₂O₃ and are usually amenable to simple air drying and screening to provide a suitable feed for further processing. Mineralisation at Porvenir is present as ulexite in the form of *papas* (potato-sized clots of ulexite) found at shallow depth (~1.5m maximum) within sandy and clayey units.

Geological Data

Tincalayu

Resource estimates for the Tincalayu deposit are based on 462 diamond holes for a total of 34,945m of which 52 holes for 3,581m were drilled in 2001-2002 by Rio Tinto. The remaining drill hole meterage was drilled prior to 2001-2002, with the earliest drilling recorded in the data base from 1959 and the bulk of the drilling having taken place in 1978. Most of the available drill hole data represents mined out areas at Tincalayu.

Borax undertook a resampling programme in 2012-14 with the objective of updating the resource estimate. This programme included sampling available drill core, vertical channel sampling the face of the pit in selected areas and geological mapping. A geological model was developed as part of the resource update.

Sijes

Borax has not completed a JORC 2012 Code compliant resource estimate for the Sijes property. Borax has defined an historic resource estimate for the Sijes property, with resource classification in accordance with the definitions of the JORC 2012 Code and NI 43-101. However, no qualified person has undertaken sufficient work to classify the historic estimate as a current Mineral Resource estimate.

Nevertheless, mining operations have been conducted at the Sijes site for many years and there is a well-developed mine infrastructure, mine plans, geological data base and considerable undeveloped resource areas. Mining results are reconciled with the historic resource estimate and mine plans adjusted as development occurs. It is believed the historic resource estimates provide useful indications of the resource potential for the Sijes property. Borax is continuing resource definition studies at the Sijes property with the objective of developing a JORC 2012 Code/NI 43-101 compliant resource estimate.

Porvenir

A sampling programme was completed at Porvenir as part of a study of developing a boric acid plant to be located at Olacapato at the south end of the Cauchari depression. This programme entailed sampling on a defined grid across most of the Porvenir property that was considered prospective for new mine development.

Mineral Resources

Mineral Resources have been estimated for the various Borax properties and reported by Orocobre as follows (Tables 6.25, 6.26 and 6.27).

Table 6.25

Tincalayu Mine – Mineral Resource Estimate

Resource Estimate Basis	Based on Current Production (30ktpa)				Based on Expanded Production (100ktpa)		
	Classification	Cut-off Grade (% B ₂ O ₃)	Tonnes (Mt)	Soluble B ₂ O ₃ (%)	Cut-off Grade (% B ₂ O ₃)	Tonnes (Mt)	Soluble B ₂ O ₃ (%)
Global Resource ¹	Indicated	5.6	6.9	13.9	2.8	6.9	13.8
	Inferred	5.6	9.9	10.2	2.8	13.8	8.5
	Total	5.6	16.8	11.7	2.8	20.7	10.3
Max. DCF In-Pit Resource ²	Indicated	5.6	5.1	14.7	2.8	6.8	13.8
	Inferred	5.6	1.4	11.0	2.8	11.0	9.3
	Total	5.6	6.5	13.9	2.8	17.8	11.0

Notes: Resources and marginal cut-off estimated at US\$530/t Bx10, FOB mine site
Resources estimated in conformance to JORC 2012 Code
Resource estimate current as of 18 November 2014
Competent Person (CP) for resource estimate is Murray R. Booker, MSc. MAIG, MIAH, RPGEO
1) Resource estimate not limited to a pit shell
2) Resource estimate limited to an in-pit shell based on DCF calculations.

Table 6.26

Porvenir – Mineral Resource Estimate

Resource Classification	Cut-off Grade (% B ₂ O ₃)	Tonnes	Grade (% B ₂ O ₃)	Tonnes B ₂ O ₃
Measured ¹	9	4,907,877	14.5	710,672
Indicated ¹	9	1,942,433	16.0	310,517
Total	9	6,850,000	14.9	1,020,000
Measured ²	16	1,474,341	20.0	295,117
Indicated ²	16	804,595	21.0	168,776
Total	16	2,278,937	20.4	463,992

Source: Booker, 2014. Orocobre, 2014

- 1) Based on current processing to boric acid at Camo Quijano. Estimate is JORC 2012 Code compliant
- 2) Based on price of US\$775/t boric acid and processing at proposed Olacapato boric acid plant

Table 6.27
Sijes – Mineral Resource Estimate

Mineral	Classification	Cut-off Grade	Tonnes	Grade (% B ₂ O ₃)	Tonnes B ₂ O ₃
Hydroboracite	Measured	Not applied	3,099,998	22.8	706,800
Colemanite	Inferred	Not applied	200,000	20.0	40,000
Total & Average		Not applied	3,299,998	22.6	746,000

Ore Reserves

There are no declared reserves for any of the Borax operations.

Additional Resource/Reserve Potential

There is potential for additional resources to be defined at Tincalayu and Sijes with additional exploration. The resource potential at Porvenir is considered good, subject to the market for the ulexite product.

Mining

Tincalayu

Mining operations at Tincalayu are from two pits, North Pit and South Pit. Ore is mined in 5m benches. The ore is relatively soft and is extracted using excavators with some jackhammer assist. Ore is loaded by excavator to haul trucks (CAT 775 or equivalent) and hauled to the primary crusher, where the ore is crushed to size, magnetically separated and then processed to produce borax decahydrate (Bx10) and borax pentahydrate (Bx5). Overburden, primarily consisting of basalt (in some areas) and tertiary sediments (plus some low grade ore) is handled by excavator and hauled by truck to waste dumps or a low grade stockpile. Blasting is used to fragment the basalt cover material. Borax is currently undertaking studies to determine the feasibility of expanding the production plant from its current capacity of approximately 30,000tpa to 100,000tpa.

The Tincalayu mine suffered a significant pit wall failure on the west wall a number of years ago which limits mining capacity in the area of the failure. Geotechnical studies have been undertaken to determine what measures, if any, are required to stabilize the area near the pit wall failure, or what is necessary to redesign the mine plan.

Sijes

Mining operations at Sijes are open pit. The mining operations consist of rock breakage by hydraulic hammer (with occasional blasting), followed by broken ore pick-up by excavator and/or front-end loader to haul trucks. There are three major mining areas – Monte Amarillo, Monte Verde and Esperanza, with more limited operations at Santa Rosa.

Porvenir

Mining is by excavator conducted under contract. The recovered ulexite is spread in windrows for drying, turned periodically, and then screened. The dried ulexite is trucked to Campo Quijano for production of boric acid. No ulexite mining operations are currently undertaken at Porvenir.

Processing

Tincalayu Borax Plant

At the Tincalayu Borax plant, tincal (raw material in bulk) is processed to obtain two refined products: borax decahydrate and borax pentahydrate.

The crushed tincal is continuously fed to dissolvers, where it is mixed with recycled mother liquor from the high temperature process. The borax present in the mineral dissolves in the mother liquor.

The resulting pulp is subjected to a solid/liquid separation process. In a first stage, the coarse solids are separated in a hydraulic separator, and then the overflow solution is sent to settlers, where, by adding flocculant, the separation of sludge (fine solids and clays) is achieved. The clear supernatant solution enters the crystallisers, where, by lowering the temperature, the crystallization of Borax 10 (sodium tetraborate decahydrate) is achieved.

The crystal pulp and mother liquor are sent to two centrifuges to separate the crystals, the mother liquor being recovered and recirculated to the process. In this stage, a wet Borax 10 is obtained that can be dried and packaged or can be converted to obtain Borax 5 (sodium tetraborate pentahydrate). For both products, the process continues with the drying of the crystals with hot air in a rotary dryer, storage in silos and finally packaging.

During the entire process, prior to the crystallizers, it is necessary to keep the temperature high to avoid crystallisation of the borax in the different equipment. This is achieved by heating with steam, which is produced in boilers using fuel oil.

Campo Quijano Boric Acid Plant

Boric acid is obtained by reacting the minerals ulexite and/or hydroboracite with sulphuric acid. Prior to the chemical reaction, to improve its efficiency, a reduction in the size of the ore is carried out to achieve the required degree of mineral liberation and increase the contact surface of the particles.

The ground material is continuously fed to the reactors along with the sulphuric acid and recycled mother liquor from the process. The optimum reaction temperature is reached by injecting steam.

The resulting mixture from the reactors is subjected to a solid/liquid separation process. In a first stage, the coarse solids are separated in a hydraulic separator, and then the overflow solution is sent to filter presses where the clays and fine solids are separated, recovering the mother liquor that returns to the circuit.

After the separation of the solids, the resulting clear solution, in which the boric acid is dissolved, enters the crystallizers, where the controlled crystallisation of boric acid is achieved by lowering the temperature.

The pulp of crystals and mother liquor is filtered. The mother liquor can be recirculated to the process or evacuated to the evaporation ponds, while the crystals are washed with water to remove impurities, and then dried with hot air in a rotary dryer. The final product is stored in silos and packed.

During the whole process, it is necessary to keep the temperature high to avoid the crystallisation of boric acid in the different equipment before entering the crystallizers. This is accomplished by steam heating, which occurs in boilers that use natural gas as fuel.

Campo Quijano Fusion Plant

The bulk Borax 5 stored in the silos is transported by front loader equipment to the feed hopper. Then, by means of conveyor threads and bucket elevator, the product discharges into the feed thread of the furnace.

The gases generated in the burners located in the front of the furnace cause fusion, and the molten product discharges through the pouring nozzle, passing between two laminating rollers through which cooling water circulates inside; a laminated solid anhydrous borax product is formed from the molten liquid. This laminated product falls onto a vibratory conveyor, where it is subjected to an air current that helps to cool the sheet.

The product then discharges into a helical elevator, which feeds the sheet to the hammer mill. The ground product is transported to the sieve system for classification, through the bucket elevator. The product passing through the sieve, already classified, is transported to the packaging sector, where it is divided into marketable containers.

Sijes Operations

The mineral processing plant includes a primary jaw crusher, secondary cone crusher, rod mill, various screening systems, dry magnetic separators and product bagging facilities. The current capacity of the plant is approximately 35,000tpa, although production is somewhat less at approximately 25,000tpa. The plant processes hydroboracite and colemanite. Hydroboracite and colemanite are shipped in Supersacs and smaller bag sizes for use in ceramic frits manufacture and as direct application products for agriculture. Fines from hydroboracite and colemanite production are trucked to Campo Quijano for processing into boric acid. Hydroboracite fines represent the primary feed for boric acid production. Only limited amounts of colemanite fines are utilised.

Infrastructure

Campo Quijano is a regional town and the plant is located within the town limits. The plant is an established operation and the site is provided with all required facilities including natural gas, a rail siding, administrative offices, laboratory, canteen, warehouse, equipment shops, etc. All employees live off site in the surrounding community.

The Sijes mining operation includes a diesel power plant, mineral processing plant, mine laboratory, equipment shops and parts warehouse, camp accommodations, clinic, and canteen.

The Tincalayu mine is equipped with a gas fired power generating plant, a fuel oil fired steam boiler, equipment repair shops, spare parts warehouse, limited camp accommodations, kitchen facilities, clinic, communications system, domestic and industrial water supply, mine production laboratory, product warehouse and other necessary facilities for 24 x 7 operations. An airfield is located on site but is not currently used.

The Porvenir facility has limited accommodations. Electricity is supplied by generator. Water is available from wells. Plant facilities are limited to a screening system fed by a conveyor. There is a covered storage facility for screened product. The facility operates on an as required basis.

Environmental and Social

The Tincalayu mine and processing plant have been operating for many years and the tenements host historical tailings which were deposited wet on the side of the Hombre de Muerto salar, within the tenements. More recently, the relocation of Bx10 and Bx5 production from Campo Quijano to Tincalayu in 2014 has resulted in production of mud residues. These residues are deposited wet in designated areas within the operations area. There are also four waste dumps around the mining tenements and some stockpiled lower grade material from the formerly operating magnetic separation plant (which may be processed in the future). These tailings and waste/low grade materials contain the natural borate material. Borax has a responsibility under the mine closure plan to ensure these materials are stabilised. It is noted that the current mine life is in excess of twenty years and as a result, the final mine closure requirements may differ from those currently imposed on the company. The waste/low grade material and tailings do not contain sulphide minerals and consequently there are no acid drainage implications due to oxidation of sulphides. The borate minerals are water soluble to varying degrees.

Life of Mine Plan

No detailed information on the LOM plan for Tincalayu is available. The existing resource is significant and mining is anticipated to continue for many more years.

No LOM plan has been prepared for the Sijes operations. Resources are substantial and no issues are foreseen with continuing operations at the current mine production rates.

Porvenir is operated on an as needed basis and no LOM plan has been prepared. Resources are considered sufficient for many years.

Capital Cost Estimates

The Orocobre financial model for the Borax projects includes a sustaining capital cost provision of approximately US\$1Mpa from 2022. BDA notes that, in general, all operating process plants require nominal amounts of sustaining capital for the replacement of fixed and mobile equipment as it reaches the end of its useful life and for periodic upgrades of equipment which is superseded by more modern technology. The Orocobre Annual Reports show capital expenditures on the Borax operations in recent years as reproduced in Table 6.28.

Table 6.28

Borax Capital Expenditures (Year Ended 30 June)

Year	Capital Expenditure (US\$'k)
2015	2,120
2016	3,544
2017	3,431
2018	1,583
2019	1,116
2020	1,993

While the financial model provisions are somewhat less than the average expenditure for the last three years, BDA considers the allowance generally acceptable.

Operating Cost Estimates

Data from the Orocobre annual financial reports provides the following financial information (Table 6.29).

Table 6.29
Borax Financial Results (Year Ended June 30)

Year	Sales Revenue (US\$M)	EBITX (US\$M)	EBTX (US\$M)	Profit (Loss) Before Tax (US\$M)
2015	21.065	(2.126)	(3.429)	(4.922)
2016	18.903	(2.447)	(3.766)	(6.224)
2017	17.199	(3.364)	(4.544)	(13.285)
2018	17.379	0.732	0.058	(9.244)
2019	19.945	0.114	0.225	(3.298)
2020	19.037	(1.365)	(1.733)	(7.188)

Note: EBITX is 'Earnings before interest, tax and foreign exchange gains (losses). EBTX is Earnings before tax and foreign exchange gains (losses)

Operating costs estimates for the Borax operations have been developed in the valuation model for Borax. The model projects steady state operating costs of US\$15.83M beginning in FY2022, and revenues of US\$22.32M in FY2022, gradually increasing to US\$30.37M in FY2031 and holding at that level through to FY2040.

Orocobre carried a mine closure cost of US\$10.3M for Borax for the year ended 30 June 2018. This account is now consolidated with rehabilitation charges for the Olaroz brine project and the amount attributable to Borax is not specified but understood to be approximately the same. The rehabilitation charge for Borax is not anticipated to be charged until at least 2043.

Expansion Plan

An expansion plan had previously been proposed for the Tincalayu operation to increase capacity to 100ktpa boric acid equivalent. This project is on hold.

A project had been proposed to significantly expand the Porvenir operation to produce boric acid. This project was replaced by expansion at Tincalayu and redevelopment of the Campo Quijano processing plant to increase capacity and production efficiency. It is not expected that the Porvenir expansion project will be revisited.

Valuation Assumptions

Orocobre has developed a discounted cashflow model for the Borax 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 Deloitte the relevant parameters and assumptions.

7.0 VALUATION OF THE EXPLORATION PROPERTIES

7.1 Valuation Principles and Methodologies

Valuation Principles

As a general principle, the fair market 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.

Deloitte has valued the operating assets and development assets based on a discounted cashflow method. BDA has worked with Deloitte to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models.

Deloitte 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 Deloitte 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
Galaxy and Orocobre Projects to be Valued

Project/Property	Valued By	Methodology/Comment
Galaxy		
Mt Cattlin Mine - reserves and LOM plan	Deloitte	Discounted cashflows
Mt Cattlin - additional in-pit resources and stockpiles	Deloitte	Discounted cashflows
Mt Cattlin - exploration and underground potential	BDA	Exploration methodologies
Sal de Vida - LOM plan Stages 1, 2 and 3	Deloitte	Discounted cashflows
Sal de Vida - additional LOM extension	Deloitte	Discounted cashflows
Sal de Vida - exploration potential	BDA	Fully incorporated in Extension Valuation
James Bay - LOM plan	Deloitte	Discounted cashflows
James Bay - additional LOM extensions	Deloitte	Discounted cashflows
James Bay - exploration and underground potential	BDA	Fully incorporated in Extension Valuation
Orocobre		
Olaroz - Stages 1 and 2 – LOM plan	Deloitte	Discounted cashflows
Olaroz - additional LOM extensions	Deloitte	Discounted cashflows
Olaroz - exploration potential	BDA	Fully incorporated in Extension Valuation
Cauchari - exploration and development potential	BDA	Exploration methodologies
Naraha Lithium Hydroxide plant	Deloitte	Discounted cashflows
Advantage Lithium Brine Exploration Properties	BDA	Exploration methodologies
Borax - operations	Deloitte	Discounted cashflows

BDA notes that after full consideration and discussion with Deloitte, it has been determined that it is likely that the value of Sal de Vida and Olaroz 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 both projects have very long mine lives (in excess of 40 years) and BDA and Deloitte 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 Deloitte consider the impact of a further 10 years of operation for both projects.

7.2 Valuation of Galaxy Exploration Properties

7.2.1 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 350km². The mining lease M74/244 has a total area of 18.3km².

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 Galaxy'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% Li₂O, and at the Sirdar prospect with pegmatite rock chip samples up to 2% Li₂O.

While certainly warranting further exploration, none of the current prospects have demonstrated continuity of lithium mineralisation, and none have established resources. The best immediate prospect would appear to be a lower pegmatite horizon some 80-90m below the planned base of the NW pit. Here two RC holes 100m apart have intersected around 10m of pegmatite grading approximately 1.6% Li₂O. Systematic drilling is 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-year LOM plan, though probably at a reduced scale.

In addition, there are surface stockpiles at Mt Cattlin which could be reclaimed and processed. Currently 3Mt of stockpiled material is included in reserves, but only 2.1Mt of this material is scheduled for processing in the current LOM plan. The 0.9Mt balance comprises pre-2018 tailings which could potentially be re-processed, but Galaxy is still considering the processing options and the marketability of the final product. Galaxy has also estimated that 0.3Mt of Inferred resources lie within the final pit designs, which, for the purpose of mine planning, have been designated as waste. Should this material be proved up during mining it would support an additional 2-3 months processing. BDA has advised Deloitte of this additional potential for consideration in the discounted cashflow analysis.

BDA has separately considered the value of the exploration potential represented by the Exploration tenements beyond the Mining Lease and the additional underground potential indicated by the drill hole intersections of the lower pegmatite horizon.

Valuation of Mt Cattlin Project

Deloitte 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 Deloitte to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models. BDA has also discussed with Deloitte 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 possible processing of 0.9Mt of pre-2018 tailings stockpiles.

Valuation of Exploration Potential using Past Expenditure

Galaxy has provided BDA with annual exploration expenditure documentation for 2020 and 2021 which ranges from A\$1-1.4M per year, excluding expenditure on the Mt Cattlin Mining Lease. Galaxy advises that exploration expenditure in previous years was at a comparable level, with minimum obligatory expenditure 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 substantial additional drilling will be required to establish whether or not material resources can be defined.

On this basis, BDA has determined a past expenditure valuation of the property based on three years expenditure averaging A\$1.2M per year as follows:

- *Mt Cattlin* - A\$3.6M x (1.5 to 2.0) = A\$5.4 - 7.2M

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 in the next four years to undertake systematic exploration to determine whether or not there are resources available which could extend the mine life.

Valuation of Exploration Potential based on Recent Transactions

In June 2018 Galaxy acquired ground to the south of Mt Cattlin from Kingston Resources Ltd (“Kingston”), with payment of A\$600,000 for 87km² of exploration tenement, equivalent to \$6,900/km². The exploration potential over this area would be considered similar to the exploration potential over the bulk of Galaxy’s tenements and on this basis would indicate a total exploration value, based on a 350km² area, of around A\$2.4M.

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/km² based on past transactions.

Based on a 350km² total exploration area, the past transactions would value the exploration tenements in a range of A\$2.5-3.5M.

Valuation based on Geoscientific Method

Applying the Geoscientific Method, Optiro derived a value for the lithium exploration potential of between A\$8,300-19,800/km². Optiro assigned a Base Acquisition Cost (BAC) of A\$395/km² 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 350km² total exploration area, the Geoscientific method gives a value range of A\$2.9-6.9M.

Valuation of Underground Potential

BDA has considered the potential value of the underground development of the lower pegmatite horizon below the NW pit. Although the extent and continuity of the zone are unknown at this stage, the two drill intersections obtained are encouraging. If reasonable continuity of the zone can be established, BDA has undertaken a simplistic cost/revenue analysis and considers that room and pillar underground extraction could be viable, with the ore processed through the existing Mt Cattlin plant. Development costs would be modest, based on the existing plant and possible decline development from within the NW pit. Although the size of the underground resource is unknown, and exploitation would probably be at a reduced scale (compared to the open pit operations), nevertheless, BDA considers that a willing and knowledgeable buyer might ascribe at least two to three years of additional production from underground sources. Given the uncertainties relating to the continuity and extent of the underground resources, the development cost and overall viability, BDA considers that there are too many unknowns to reasonably undertake a discounted cashflow valuation and that the underground potential at this stage is best estimated as part of the exploration upside.

In BDA’s opinion, a willing and knowledgeable buyer would ascribe at least as much value to the possible underground potential as to the value ascribed to the tenements through surface exploration expenditure, related transactions and geoscientific method evaluations. BDA has therefore ascribed an additional A\$5M value in a range of A\$4-6M to the underground potential, as shown in Table 7.2.

Summary – Mt Cattlin Exploration Valuation

An overall assessment of the value of the Mt Cattlin exploration properties and exploration upside is shown in Table 7.2.

Table 7.2
Summary of Valuation of Galaxy Mt Cattlin Exploration Potential

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Exploration Properties				
Exploration Expenditure/PEM	5.4	6.3	7.2	Effective costs x PEM
Recent Transactions	2.5	3.0	3.5	Mt Cattlin area transactions
Geoscientific Method	2.9	4.9	6.9	BAC x appropriate factors
<i>Average of Values</i>	3.6	4.7	5.9	
Underground Potential				
Potential Underground Extension	4.0	5.0	6.0	As a minimum, equal to ‘surface’ exploration value
BDA Exploration Valuation	7.6	9.7	11.9	Preferred values based on project considerations

Note: BDA assessment confined to exploration potential; valuation of existing LOM plan and possible extensions incorporated in Deloitte's modelling

Comparable Transactions - Hard Rock Lithium Projects

In addition to the Exploration potential valuation above, BDA has considered whether Comparable Transactions provide a guide to the Mt Cattlin project as a whole, to provide Deloitte with a cross check to the NPV assessment for comparative purposes.

A number of significant transactions have taken place in the last three years involving West Australian lithium producers or advanced lithium projects with defined resources and reserves. These transactions allow the calculation of Yardstick values in terms of dollars per tonne of contained Li₂O in resources or reserves, and these yardsticks can then be applied to the Mt Cattlin project to provide an estimate of possible value.

In terms of providing an estimate of the value of the Mt Cattlin exploration potential, these Yardsticks are largely irrelevant, in that there are no defined resources or reserves outside the Mt Cattlin deposit itself, and the primary valuation of Mt Cattlin can best be established through an assessment of the NPV of the projected cash flows over the remaining LOM. However, the Yardstick measures derived from other WA lithium transactions does provide an alternative guide to valuation, which BDA has discussed with Deloitte.

The three most relevant transactions are:

- *Greenbushes* – acquisition of 25% interest by IGO by purchase of 49% of Tianqi's interest for A\$1.9B
- *Mt Holland* – acquisition of 50% interest by Wesfarmers by purchase of Kidman Resources interest for A\$776M
- *Pilgangoora* - acquisition of 50% interest by Albermarle by purchase of 50% of Pilbara Minerals interest for A\$1.7B

Based on the above transactions, Yardstick values have been calculated per tonne of contained Li₂O in resources and reserves as shown in Table 7.3.

Table 7.3
Calculation of Yardstick Values Based on Recent Hard Rock Li Transactions

Project/Transaction	Price A\$M	Resource Contained Li ₂ O	Reserve Contained Li ₂ O	Percentage Acquired	A\$/t Li ₂ O Resource	A\$/t Li ₂ O Reserve
Greenbushes – IGO/Tianqi	1,900	3,600,000	2,800,000	25	2,100	2,700
Mt Holland – Wesfarmers/Kidman	776	2,800,000	1,400,000	50	554	1,100
Pilgangoora – Albermarle/Pilbara	1,700	2,800,000	1,300,000	50	1,200	2,600
Average					1,300	2,100

It is important to note that the relevance of these factors needs to be assessed in terms of the details of the project parameters, for example Greenbushes and Pilgangoora are existing operations producing and exporting spodumene concentrate, while Mt Holland is still at a feasibility study/pre-development stage, and therefore would be expected to transact at a lower unit rate. The IGO acquisition also included the Tianqi LiOH plant at Kwinana, and Greenbushes has long been the largest spodumene concentrate producer in the world, accounting for over 20% of world lithium production, so would be expected to command a premium price.

BDA has provided Deloitte with these Yardstick estimates for consideration. BDA cautions however that while Mt Cattlin is an existing operation, it is one with a very limited mine life compared with the projects above from which the factors have been derived.

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 262.5km².

Galaxy has drilled 18 core holes 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.

Galaxy has completed a feasibility study in 2021, based on initial production of 10,700tpa of battery grade lithium carbonate, expanding to 32,000tpa in three stages, with a 44-year project life. Stage 1 development capital has been estimated at US\$153M with cash costs of US\$3,500/t of lithium carbonate. Resource and reserve estimates have been updated based on the latest drilling, with a reserve estimate of over 1.1Mt of recoverable lithium carbonate. Detailed engineering and early construction activities with road construction and expansion of the accommodation camp are under way. Three out of a proposed eight initial production bores in the eastern region of the salar have been completed. Construction and commissioning of 15ha of demonstration evaporation ponds have been completed. Pilot testwork continues producing samples of battery grade lithium carbonate for potential customers. First production from Stage 1 is scheduled for Q4 2022.

Valuation of Sal de Vida Project

Deloitte 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 Deloitte 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, 2 and 3 of the project, however, even after 44 years of production (current LOM model) a substantial resource remains. BDA has discussed with Deloitte 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 Deloitte that a willing and knowledgeable buyer would consider that at least an additional 10 years of production would be likely, and Deloitte 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 Deloitte cashflow valuation. This valuation includes Stage 1, 2 and 3 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, 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, 2 and 3 current forecasts. BDA has suggested to Deloitte that modelling an additional ten years of production beyond the 44 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 54 years.

Summary – Sal de Vida Valuation – Exploration Potential

As noted, BDA considers that the Sal de Vida exploration potential is largely incorporated in the Stage 1, 2 and 3 44-year LOM production scenario, but has suggested to Deloitte that modelling a further ten years would reasonably encapsulate any additional value that might be ascribed by a willing and knowledgeable buyer.

Table 7.4
Summary of Valuation of Galaxy Sal de Vida Exploration Potential

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Additional Exploration Valuation	Deloitte	Deloitte	Deloitte	Additional 10 years - incorporated in Deloitte's discounted cashflow analysis

Note: any additional exploration value beyond the defined 44-year project has been assessed by Deloitte by considering potential extension of 10-years to the discounted cashflow model

Comparable Transactions – Lithium Brine Projects

BDA has considered whether Comparable Transactions provide a guide to the value of the Sal de Vida project as a whole, to provide Deloitte with a cross check to the NPV assessment for comparative purposes.

The most relevant recent transaction is the sale by Galaxy of its interests in the northern Sal de Vida salar leases to POSCO in 2018 for US\$280M.

The tenements sold to POSCO comprised 11,906ha of the total holding of 38,159ha representing approximately 31% of the surface area of the leases held by Galaxy, with Galaxy retaining the southern leases totalling 26,253ha. At the time of the sale the northern leases were estimated to contain 1.58Mt of lithium carbonate equivalent (LCE) Measured and Indicated resources compared with 4.09Mt of LCE Measured and Indicated resources retained by Galaxy within the southern basin, or approximately 28% of the total Measured and Indicated resource. The sale represents a value of US\$177/t of contained LCE in Measured and Indicated resources or US\$110/t of contained LCE in the total Measured, Indicated and Inferred resource of 2.54Mt of LCE.

Applying these parameters to the current Sal de Vida resources provides an alternative (to NPV) check estimate of value. Current Sal de Vida Measured and Indicated resources total 4.546Mt of LCE, while Measured, Indicated and Inferred resources total 6.230Mt LCE.

BDA notes that, further to the resource parameters, Galaxy retained 100% of the 1.14Mt LCE defined Proved and Probable reserves at the time, which were wholly within the southern leases. The southern leases retained were entirely within the Catamarca province, while the northern leases spanned an area of Salta province and a region claimed by both Salta and Catamarca. By retaining only the southern Catamarca leases Galaxy avoided the issues of negotiating development agreements with two provinces and the issue of the disputed intermediate ground. It could reasonably be argued that the southern leases, on this basis were considered of relatively higher value than the northern leases.

An alternative Yardstick can be derived based on salar area. The area sold totalled 11,906ha representing a price of US\$23,500/ha.

7.2.3 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 54 contiguous mining tenements totalling 2,164ha or 21.6km². Galaxy acquired its 100% interest in the project in 2012 through a C\$112M merger with Lithium One Inc. (Lithium One)

The pegmatite dykes strike north-northeast and dip steeply to the west-northwest, with the outcrop zone extending approximately 2.5km northwest-southeast. 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 geological model is based on 18 pegmatite dikes, with an Indicated resource estimated at 40.3Mt averaging 1.4% Li₂O. A staged open pit has been designed, extracting 36.9Mt of ore at an average grade of 1.3% Li₂O, 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 3.7:1.

A Preliminary Economic Assessment (PEA) has been completed based on the mining and processing of 2Mtpa of pegmatite ore over approximately 19 years. Annual production is projected to average 330t of spodumene concentrate at a grade of 5.6% Li₂O.

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. No other material indicators of other mineralised zones have been discovered within the tenement area, and much of the area available around the open pit will be designated for waste dumps, tailings disposal areas and plant and surface infrastructure. BDA considers that there is limited material additional exploration potential beyond the occurrence of the known pegmatites, and that any additional exploration potential is best represented by a further five-year extension of the open pit, principally 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 Deloitte include the upside of a potential five years extension to the LOM in its financial modelling based on residual resources not currently included in the mine plan and the additional exploration potential.

Valuation of James Bay Project

Deloitte 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 Deloitte to assess the reasonableness of the production and cost parameters and LOM projections used in the financial models. BDA has also discussed with Deloitte 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. BDA has suggested to Deloitte that a willing and knowledgeable buyer would consider that an additional 5 years of production would be likely, and Deloitte 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 but has concluded that the exploration value beyond the proposed open pit is limited, and that this is appropriately addressed through the Deloitte cashflow valuation. There is some potential for the project life to extend beyond the 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 might ascribe some additional value to the longer-term potential, but in BDA's opinion this is fully captured by the proposed five-year extension to Deloitte's modelling. BDA does not consider that a willing and knowledgeable buyer would ascribe any material additional exploration value to the prospect's potential, as summarized in Table 7.6.

Table 7.6
Summary of Valuation of Galaxy James Bay Exploration Potential

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Additional Exploration Valuation	Deloitte	Deloitte	Deloitte	Additional 5 years - incorporated in Deloitte's NPV assessment

Comparable Transactions – Hard Rock Lithium Projects

In addition to the Exploration potential valuation, BDA has considered whether Comparable Transactions provide a guide to the James Bay project as a whole, to provide Deloitte with an alternative valuation to the NPV assessment for comparative purposes.

A relevant transaction is the acquisition of the James Bay property by Galaxy in 2012 through the C\$112M merger with Lithium One; however, Lithium One also owned other lithium properties including Sal de Vida. Significant additional drilling (157 diamond drill holes and 33,000m) has been carried out by Galaxy post the merger, together with detailed metallurgical testwork and engineering studies. Galaxy has also added value to the project through application of its operating experience from the Mt Cattlin mine. BDA considers that James Bay would have represented no more than 25% of the C\$112M transaction value at the time, or approximately C\$28M. However, BDA considers this value to be largely irrelevant today, with substantial additional work and studies as well as market outlook significantly adding to the value.

As a hard rock spodumene project, BDA has considered the Yardstick values derived from the recent WA transactions discussed in Section 7.2 (Mt Cattlin). The average Yardsticks based on three recent hard rock transactions ranged from A\$554-2,100/t of contained Li₂O, with an average of A\$1,300/t (C\$520-1,970/t with an average of C\$1,220/t). BDA considers that Mt Holland as a development project rather than Pilgangoora or Greenbushes provides the most comparable transaction. BDA has provided this Yardstick data to Deloitte as a basis for a cross check with the discounted cashflow valuation.

7.2.4 Summary Valuation Galaxy Properties and Exploration Potential

A summary of BDA's assessment of Galaxy's exploration properties potential is shown in Table 7.8.

Table 7.8
Valuation Summary of Galaxy's Projects and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Mt Cattlin Spodumene Mine				
Mine operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte with technical input from BDA
Addition of Inferred resources and pre-2018 tailings retreatment	See IER	See IER	See IER	Incorporated in Deloitte assessment based on technical advice from BDA
Mt Cattlin exploration potential including possible underground extensions and development	7.6	9.7	11.9	Assessed by BDA
Sal de Vida Lithium Brine Project				
Proposed operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte assessment based on technical advice from BDA
Sal de Vida additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte’s assessment
James Bay Spodumene Project				
Proposed mining operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte assessment based on technical advice from BDA
James Bay additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte’s assessment

Note: the estimates above have all been made on a 100% basis.

7.3 Valuation of Orocobre Exploration Properties

7.3.1 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 500km² 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 42,000tpa. Olaroz hosts a long-life lithium brine resource with a Measured and Indicated resource of 6.4Mt LCE, capable of sustaining continuous production for 40-plus years.

Orocobre 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

Deloitte has valued the Olaroz project as an operating project, based on a discounted cashflow analysis. BDA has worked with Deloitte 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 42,000tpa. The LOM plan covers 40 years of production through to 2060 but even after 40 years of production (current LOM model) a substantial resource remains. BDA has discussed with Deloitte 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 Deloitte that a willing and knowledgeable buyer would consider that at least an additional 10 years of production would be likely, and Deloitte 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 Deloitte cashflow assessment. This analysis includes Stage 1 and 2 of the development plan 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, 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 Deloitte 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.

Summary – Olaroz Valuation – Exploration Potential

As noted, BDA considers that the Olaroz exploration potential is largely incorporated in the Stage 1 and 2, 40-year LOM production scenario, but has suggested to Deloitte that modelling a further ten years would reasonably encapsulate any additional value that might be ascribed by a willing and knowledgeable buyer.

7.3.2 Orocobre Cauchari Project

Overview

The Orocobre Cauchari lithium brine project is located on Salar de Cauchari, immediately south of Orocobre's Salar de Olaroz brine extraction and lithium carbonate production facility. 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.

Orocobre owns 100% of the project following the acquisition of Advantage Lithium Corporation (Advantage Lithium) in April 2020 via a Scheme of Arrangement, whereby Orocobre acquired all the shares of Advantage Lithium that it did not already own; Orocobre at the time owned 34.7% of Advantage Lithium's issued shares. Prior to the transaction Orocobre and Advantage Lithium were in joint venture on the Cauchari project with a 25% and 75% interest respectively.

The Orocobre Cauchari project is currently in evaluation phase. A technical report and a Prefeasibility Study on the project were completed in October 2019. The 2019 Measured and Indicated resource estimate totalled 4.8Mt of contained LCE together with a further 1.5Mt LCE in Inferred resources. Estimated Proved and Probable reserves totalled 1.0Mt 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\$446M for initial capital plus US\$157M in deferred capital, with operating costs ranging from US\$3,250-3,570/t LCE.

Orocobre's Cauchari project is complementary to the existing Orocobre 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.

Valuation of the Cauchari Project

Given the Prefeasibility stage of the project studies and the fact that Orocobre is now assessing the Cauchari project as a potential extension option for Olaroz rather than a stand-alone project, Deloitte has requested that BDA consider the value of the Cauchari project from an exploration methodology perspective.

BDA has considered whether the value represented by the Advantage Lithium acquisition and the acquisition by Ganfeng of an interest in the immediately adjacent LAC Cauchari project represent comparable transactions. BDA has also considered yardstick measures based on \$/t of contained LCE and \$/ha of exploration tenement based on the Sal de Vida/POSCO transaction.

Valuation based on Acquisition Transactions

Advantage Lithium Acquisition

At the time of Orocobre's 2020 acquisition of Advantage Lithium, Orocobre had a 25% direct interest in the project with Advantage Lithium owning 75% of the project. In addition, Orocobre effectively had a further 26% interest through its 34.7% holding in Advantage Lithium. Thus, through the acquisition of Advantage Lithium, Orocobre acquired a further 49% interest in the project. While Advantage Lithium also owned other exploration properties in Argentina, for the purpose of the current exercise these are considered of minor value.

The transaction was completed by means of a share distribution to Advantage Lithium shareholders. Orocobre issued 15.1M shares, with Orocobre shares at the time trading around C\$3.29 (US\$1.56) per share. The transaction value therefore approximated C\$49.7M (US\$23.6M). Advantage Lithium held US\$1.3M in net cash at 31 December 2020 or US\$0.870M for the 65.3% of Advantage Lithium acquired by Orocobre. The enterprise value of the 49% project interest held by Advantage Lithium and acquired by Orocobre was therefore US\$23.6M – US\$0.870M = US\$22.7M.

Ascribing this value to a 49% interest in the Cauchari project, would suggest a value of approximately US\$46.3M for 100% of the project. BDA regards the transaction value derived from the foregoing considerations to be at the low end of potential project values.

Orocobre acquired the Incahuasi, Antofalla and Guayatoyoc prospects as part of the Advantage Lithium acquisition. These early-stage prospects are likely to be prospective for potash, more than lithium. BDA considers that they played effectively no material part in the considerations of the above transaction which was likely centred around acquiring 100% of Cauchari.

However, the Advantage Lithium transaction was demonstrably not arm's length; Orocobre already held a 25% interest in the project and a significant interest (approximately 35%) in Advantage Lithium making it highly unlikely that any independent third-party could make a competitive bid. Furthermore, it was a share transaction,

not a cash transaction, so that Advantage Lithium shareholders would share in any upside, not only from the future development of Cauchari but from the Olaroz Stage 1 and 2, so while they may not have got cash value up front, they could look forward to future growth and gains. Based on the related-party nature of the transaction and the nature of the share offer, BDA considers that it would be inappropriate to use the Advantage Lithium transaction in determining a ‘willing, knowledgeable, arm’s length’ value. Accordingly, BDA has excluded the Advantage Lithium transaction from its consideration of a “Comparable Transactions” valuation for the Cauchari project.

LAC/Ganfeng Transaction

Ganfeng Lithium Limited (Ganfeng) acquired a 37.5% interest in the 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\$275.0M for 100% of the project.

However, similarly to the Advantage Lithium transaction, the LAC/Ganfeng transaction was also 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

The US\$280M Galaxy/POSCO 2018 transaction on the northern Salar del Hombre Muerto leases provides yardstick measures based on \$/t LCE contained in resources and a \$/ha measure. This was an arm’s length transaction.

The tenements sold to POSCO comprised 11,906 ha and were estimated to contain 1.58Mt of lithium carbonate equivalent (LCE) in Measured and Indicated resources. The sale represents a value of US\$177/t of contained LCE Measured and Indicated resources or US\$23,500/ha.

The Orocobre Cauchari tenements total 27,772ha and the Measured and Indicated resources total 4.8Mt of contained LCE. Applying the Galaxy/POSCO Yardsticks gives a value to the Cauchari project of US\$653M based on area, or US\$850M based on contained LCE in resources.

BDA considers that the \$/t LCE value determined for the POSCO transaction would represent the upper end of lithium brine transactions in Argentina, as it was executed when there was a strong positive outlook on market demand and prices. If for example, the transaction had occurred in 2020 when demand had dropped, prices were low and projects such as Mt Cattlin were working on reduced shifts, then the transaction would be expected to have taken place at somewhat lower multiples. However, current sentiment is positive and lithium prices are again on the rise; BDA considers that Yardsticks based on a 2018 transaction are generally appropriate today.

BDA notes that the Orocobre Cauchari deposit is somewhat lower in grade than the POSCO Sal de Vida deposit, with an average resource grade (Measured and Indicated) of 476mg/L compared with Sal de Vida at 735mg/L, or 65% of the Sal de Vida grade. Though grade is clearly not the only relevant comparative factor, BDA considers it a material factor, and on this basis has applied a 35% discount to the Yardsticks derived from the POSCO transaction.

Applying the modified Galaxy/POSCO Yardsticks gives a value to the Orocobre Cauchari project of:

- US\$424M based on area, or
- US\$552M based on contained LCE in resources.

BDA has adopted these parameters in assessing comparable transaction and yardstick values for the Cauchari project.

Summary – Cauchari Valuation – Exploration Potential

BDA accepts that the Cauchari project is at a relatively early Prefeasibility Study stage and there is a level of uncertainty concerning the capital and operating costs and other project parameters. On this basis BDA has considered alternative methods of valuation for the project as summarised in Table 7.11.

Table 7.11

Summary of Valuations of Cauchari Project

Methodology	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Comparable Transaction	339	424	509	POSCO - Area Yardstick $\pm 20\%$
Comparable Transaction	442	552	662	POSCO - Resource Yardstick $\pm 20\%$
<i>Average of Comparable Transactions</i>	<i>390</i>	<i>488</i>	<i>585</i>	

7.3.3 Naraha Lithium Hydroxide Project

The value of this industrial plant under construction in Japan, in which Orocobre has a 75% economic interest, has been assessed by Deloitte in the IER.

7.3.4 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, namely Guayatoyoc, Incahuasi, Antofalla Norte and Antofallita.

These properties are all early-stage exploration properties. Limited surface and near-surface pitting has been carried out but all properties exhibit relatively low lithium values and potassium-enriched brines.

BDA considers these properties would have represented a 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, typically transact for around US\$200-500/ha. Given the limited prospectivity based on results to date, BDA considers the applicable range would be towards the lower end of the range, or US\$200-300/ha. The total tenement area is 44,772ha giving a range of possible values between US\$8.9-13.4M with a most likely value of US\$11.2M.

7.3.5 Borax Argentina SA (Borax) Projects

Borax Argentina SA (Borax) was established in 1958 and owns borax processing plants at Campo Quijano, Sijes and Tncalayu in Salta Province and mining operations at Sijes, Tincalayu and Porvenir, the latter in Jujuy Province.

A range of sodium and calcium borates are mined generally at relatively shallow depths, and boric acid, hydroboracite and borax decahydrate and pentahydrate produced.

Resources are substantial, and subject to price, operations are expected to continue for many years. Deloitte has estimated the value of the Borax operations and properties based on a discounted cashflow analysis.

7.3.6 Summary Valuation Orocobre Properties and Exploration Potential

A summary of BDA's assessment of Orocobre's projects and exploration potential is shown in Table 7.11.

Table 7.11

Valuation Summary of Orocobre's Projects and Exploration Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Olaroz Lithium Brine Project Stage 1 and 2				
Ongoing operation and Stage 2 expansion based on existing resources and LOM plan	See IER	See IER	See IER	Assessed by Deloitte 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 Deloitte’s assessment based on technical advice from BDA
Olaroz additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in Deloitte’s assessment
Cauchari Lithium Brine Project				
Proposed operation based on PFS, existing resources and LOM plan	See IER	See IER	See IER	Considered by Deloitte but not assessed based on PFS status
Alternative Comparable Transaction Assessment	390	488	585	Assessed by BDA based on resource and tenement area Yardsticks
Cauchari additional exploration potential	-	-	-	Fully incorporated in the Comparable Transaction assessment
Nahara Lithium Hydroxide Project				
Project under construction	See IER	See IER	See IER	Assessed by Deloitte
Early-Stage Exploration Projects Argentina				
Four ‘Advantage Lithium’ properties	8.9	11.2	13.4	Assessed by BDA based on a \$/ha Yardstick
Borax Argentina				
Ongoing mining operations and process plants	See IER	See IER	See IER	Assessed by Deloitte based on operational cashflows

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 Galaxy and Orocobre 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

reviewed the geology and chemistry of the Canadian lithium and the South American salt, borax and brine projects and operations.

Mr Dan Greig (BSc. (Hon) Geology, MAIG) is a Senior Associate of BDA with more than 35 years of exploration and mining projects principally in Australia, Africa and the Americas. Mr Greig worked extensively as a Principal Geologist with consulting group GRD Minproc for over 17 years, having previously been involved in exploration and project evaluation with RST, US Steel, Esso Minerals, Seltrust/BP and Sons of Gwalia. He has extensive experience in the areas of resource/reserve estimation, reconciliation, project feasibility and review, independent expert and due diligence reports, mine geology and mining operations for a range of commodities, including base metals, gold, mineral sands and iron ore. Mr Greig has reviewed the geology, resource estimation and reserve reporting for the Mt Cattlin project.

Mr Peter Ingham (BSc. (Min), M.Sc., DIC, GDipAppFin (Sec Inst), CEng, FAusIMM, MIMMM, MAIMVA) is General Manager Mining of BDA and is a graduate mining engineer with more than 35 years in the mining industry in Europe, Africa, Australia and Asia. His experience includes operations management, mining contract management, strategic planning, project assessment and acquisition, cost estimation and operational audits and trouble-shooting. He is experienced in a range of commodities, including gold, copper, nickel, base metals and platinum, in both surface and underground mining. He has extensive experience in assessment of mining contracts. Mr Ingham has worked with Mr Faul as required to cover the mining, geotechnical and mining cost aspects of the projects.

Mr Roland Nice (BSc, FAusIMM, Life MCIM, MAIME, MIEAust, Chartered Engineer) is a Senior Associate of BDA with more than 45 years as a professional metallurgist. He has extensive experience in process engineering and operations, project evaluation, technical design and analysis. He has held senior management positions, including General Manager, Metallurgy and Concentrator Manager. Mr Nice has been closely involved with the process plant design, development and construction of gold, copper, nickel, non-ferrous and base metal mines, industrial minerals, uranium and graphite projects. He has worked principally in Australia, Canada, Africa and Southeast Asia. Mr Nice has worked with Mr Hains in reviewing the operational performance of the projects.

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.

Ms Janet Epps BSc. (Geol), MSc. (Envir.), FAusIMM) is a Senior Associate of BDA with 40+ years' experience as a specialist in environmental science and community issues management, policy development and regulatory consultancy services. Ms Epps has worked with the UN, World Bank, the IFC and the Multilateral Investment Guarantee Agency (MIGA), providing policy advice to a wide range of governments and other organisations on matters associated with the environmental and community issues management of resource projects. She has also worked extensively with the private sector and is widely experienced in environmental and social/community due diligence, audits and reviews of environmental and social management plans and policies, closure plans, gap analysis, etc. Ms Epps has completed assignments in Australasia, Central, Eastern and South-East Asia (particularly China), Eastern Europe, Western Pacific (particularly Indonesia, Papua New Guinea and Philippines), CIS, Africa (Zambia, Malawi, Namibia, Uganda), Middle East, Caribbean and North and South America. Ms Epps has reviewed the environmental and social aspects of the project.

Mr Adrian Brett (BSc (Hon) Geol., MSc (Geotech), MEnvir. Law, FAusIMM) is a Senior Associate of BDA with more than 40 years' experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations, Australian and overseas government agencies. He has completed assignments in Australia, Papua New Guinea, Indonesia, Thailand, Laos, Philippines, Middle East, Africa and South America. Mr Brett has reviewed the regulatory approvals, licences, permits and compliance with relevant laws and regulations.

9.0 LIMITATIONS AND CONSENT

BDA consents to making this report available to the Directors of Galaxy and Deloitte 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 Galaxy and Orocobre and referred to in this report. Galaxy and Orocobre 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 Galaxy and Orocobre. 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 Galaxy or Orocobre 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 Galaxy and Orocobre, 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 Galaxy or Orocobre 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, Galaxy has indemnified BDA for any liability:

- a) resulting from BDA's reliance on information provided by Galaxy 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.

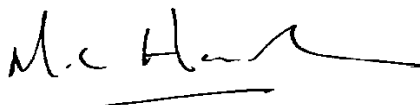
Sincerely yours

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APPENDIX I

GLOSSARY

GLOSSARY

Term/Abbreviation	Description
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
AMSL	Above Mean Sea Level
AusIMM	Australasian Institute of Mining and Metallurgy
A\$	Australian Dollar
BAC	Base Acquisition Cost
bcm	Bank Cubic Metre (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
Borax	Borax Argentina S.A.
Boroquimica	Grupo Minera Boroquimica, a wholly-owned subsidiary of Borax
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
Deloitte	Deloitte Corporate Finance Pty Limited
DFS	Definitive Feasibility Study
DMS	Dense media separation
EIA	Environmental Impact Assessment
EPC	Engineer, Procurement and Construction contract
ESIA	Environmental and Social Impact Assessment
FIFO	Fly-in, Fly-out
FS	Feasibility Study
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
ha	Hectare
IBA	Impact and Benefit Agreement
IER	Independent Expert Report, prepared by Deloitte
ITSR	Independent Technical Specialist Report, prepared by BDA
ISO	International Standards Organisation
IX	Ion exchange
JBNQA	James Bay and Northern Québec Agreement
JEMSE	Jujuy Energia y Minería Sociedad del Estado
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
Kb	Kilobar
Kbcm/month	Thousand bank cubic metres per month
Kingston	Kingston Resources Ltd
km	Kilometre
km ²	Square Kilometre
kt	Thousand Tonnes
ktpa	Thousand tonnes per annum
kW	Kilowatt
LAC	Lithium Americas Corporation
La Frontera	La Frontera S.A.
lcm	Loose Cubic Metre
LCE	Lithium Carbonate Equivalent
Li ₂ O	Lithium Oxide

Term/Abbreviation	Description
Lithium One	Lithium One Incorporated
LOM	Life of Mine
LPG	Liquefied Petroleum Gas
LSC	LSC Lithium
Lucas	Lucas Total Contract Solutions Pty Ltd
m	Metre
M	Million
m ³	Cubic Metre
Ma	Million Years
Mbcm	Million Bank Cubic Metres
MERN	Québec's Ministère de l'Énergie et des Ressources Naturelles
mg/L	Milligrams Per Litre
µm	Micron (m x 10 ⁻⁶)
mm	Millimetre
MP	Mining Plus Pty Ltd
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
MW	Megawatt
Naraha	Naraha lithium hydroxide plant
NI 43-101	Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects
NOI	Mining Notice of Intent
NPV	Net Present Value
NR	National Route, road designation in Argentina
NSR	Net smelter return
OK	Ordinary Kriging
Olaroz	Olaroz lithium brine operation
Olaroz Stage 2	Olaroz Stage 2 expansion project
Opex	Operating costs
Optiro	Optiro Pty Ltd
Orocobre	Orocobre Limited
P&ID	Process Piping and Instrumentation Diagram
PDA	Preliminary Development Agreement
PEA	Preliminary Economic Assessment
PEM	Prospectivity Enhancement Multiplier
PFD	Process Flow Diagram
PLASA	Potasio y Litio de Argentina S.A.
psi	Pounds per Square Inch
ppm	Parts Per Million
QA/QC	Quality Assurance/ Quality Control
Q1	Quarter 1
RC	Reverse Circulation
RL	Reduced Level
RO	Reverse Osmosis
ROM	Run of Mine
RP	Provincial route, road designation in Argentina
SAS	South American Salars S.A.
SC	Spodumene Concentrate
SDBJ	Société de Développement de la Baie-James
SdV	Sal de Vida lithium brine project
SG	Specific Gravity
t	Tonne
tds	Total dissolved solids
tpd	Tonnes per day
tph	Tonnes per hour
t/m ³	Tonnes per Cubic Metre
Ta	Tantalum
Ta ₂ O ₅	Tantalum Oxide
TG	Technical Grade
tpa	Tonnes Per Annum

Term/Abbreviation	Description
tph	Tonnes Per Hour
TSF	Tailings Storage Facility
Traka	Traka Resources Ltd
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
WRTSF	Waste Rock Tailings Storage Facility
XRF	X-Ray Fluorescence



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Deloitte Australia

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ANNEXURE F

INVESTIGATING ACCOUNTANT'S REPORT



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1 July 2021

The Board of Directors
Galaxy Resources Limited
Level 4, 21 Kintail Road
Applecross WA 6153

Dear Directors

Independent Limited Assurance Report on pro-forma historical financial information

1. Introduction

We have been engaged by Galaxy Resources Limited ("Galaxy ") to report on the pro forma historical financial information of Galaxy and Orocobre Limited ("Orocobre") (collectively the "Merged Group") for inclusion in the scheme booklet to be dated on or about 1 July 2021 ("the Scheme Booklet"), to be issued by Galaxy, in respect to the proposal from Orocobre to acquire all of the shares in Galaxy by way of a recommended scheme of arrangement between Galaxy and its shareholders ("Scheme") (the "Scheme").

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

2. Scope

Pro Forma Historical Financial Information

You have requested Ernst & Young to review the following pro forma historical financial information of the Merged Group consisting of:

- ▶ the pro forma historical consolidated statements of profit and loss for the year ended 31 December 2020 as set out in Table 8.3.1 of section 8.3 of the scheme booklet (Merged Group Pro forma Historical Income Statement);
- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2020 as set out in Table 8.4.1 of section 8.4 of the scheme booklet (Merged Group Pro forma Historical Statement of Financial Position); and



- ▶ the pro forma historical consolidated statements of cash flows for the year ended 31 December 2020 as set out in Table 8.5.1 of section 8.5 of the scheme booklet (Merged Group Pro forma Historical Cash Flows).

Collectively, "the Merged Group Pro Forma Historical Financial Information".

The Merged Group Pro Forma Historical Financial Information has been derived from the Galaxy historical financial information for the year ended 31 December 2020 as set out in section 5.12 of the scheme booklet, Orocobre historical financial information for the year ended 31 December 2020 set out in section 6.11 of the scheme booklet and adjusted for the effects of pro forma adjustments as set out in section 8.2(b) and 8.2(c) of the scheme booklet.

The Galaxy historical financial information has been extracted from the consolidated financial statements of Galaxy for the year ended 31 December 2020.

The financial statements of Galaxy for the year ended 31 December 2020 was audited by Galaxy's external auditor in accordance with Australian Auditing Standards. The audit opinion issued to the members of Galaxy relating to the financial statements was unqualified.

The historical financial information of Galaxy has been prepared in accordance with the significant accounting policies as described in the consolidated financial statements of Galaxy for the financial year ended 31 December 2020.

The Orocobre historical financial information has been derived from the consolidated financial statements of Orocobre for the year ended 30 June 2020 and the interim consolidated financial statements for the half year ended 31 December 2020 adjusted to exclude the financial performance and cash flows for the 6-month period from 1 July 2019 to 31 December 2019 based on the interim consolidated financial statements for the half year ended 31 December 2019.

The consolidated financial statements of Orocobre for the year ended 30 June 2020 were audited by Ernst & Young in accordance with Australian Auditing Standards ("AAS"). Ernst & Young issued an unqualified audit opinion on these financial statements. The interim consolidated financial statements of Orocobre for the half years ended 31 December 2019 and 31 December 2020 were reviewed by Ernst & Young in accordance with AAS. Ernst & Young issued unqualified review conclusions on these interim financial statements.

The historical financial information of Orocobre has been prepared in accordance with the significant accounting policies as described in the consolidated financial statements of Orocobre for the financial year ended 30 June 2020.

The Merged Group Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 31 December 2020 in the Merged Group Pro forma Historical Statement of Financial Position and from 1 January 2020 in the Merged Group Pro forma Historical Income Statement and the Merged Group Pro forma Historical Cash Flows.



Due to its nature, the Merged Group Pro Forma Historical Financial Information does not represent the Merged Group's actual or prospective financial position, financial performance, and/or cash flows.

The Merged 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 Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

The directors of Galaxy are responsible for the preparation and presentation of the Merged Group Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Galaxy historical financial information and included in the Merged Group Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Merged Group Pro Forma Historical Financial Information 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 Merged 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.

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 financial information.

5. Conclusions

Merged 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 that the Merged Group Pro Forma Historical Financial Information, comprising the:

- ▶ pro forma historical consolidated statements of profit and loss for the year ended 31 December 2020 as set out in table 8.3.1 of section 8.3 of the scheme booklet;



- ▶ pro forma historical consolidated statement of financial position as at 31 December 2020 as set out table 8.4.1 of in section 8.4 of the scheme booklet; and
- ▶ pro forma historical consolidated statements of cash flows for the year ended 31 December 2020 as set out in table 8.5.1 of section 8.5 of the scheme booklet.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8.2(a) of the scheme booklet.

6. Restriction on Use

Without modifying our conclusions, we draw attention to section 8.1 of the Scheme Booklet, which describes the purpose of the Merged Group Pro Forma Historical Financial Information. As a result, the Merged Group Pro Forma Historical Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young 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 does not have any interests in the outcome of the Scheme other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

CORPORATE DIRECTORY

Directors Martin Rowley (Independent Non-Executive Chairman) Anthony Tse (Executive Director) Peter Bacchus (Non-Executive Director) John Turner (Non-Executive Director) Florencia Heredia (Non-Executive Director) Alan Fitzpatrick (Non-Executive Director)	Registered office Galaxy Resources Limited Level 4, 21 Kintail Road Applecross, WA 6153 ASX Code: GXY
Company Secretary John Sanders (Company Secretary and General Counsel)	Share Registry Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth, WA 6000
Financial adviser Standard Chartered Bank Level 5, 345 George Street Sydney, NSW 2000	Legal adviser Ashurst Level 10, Brookfield Tower Two 123 St Georges Terrace Perth, WA 6000
Auditor PricewaterhouseCoopers Level 15, Brookfield Place 125 St Georges Terrace Perth, WA 6000	Independent Expert Deloitte Corporate Finance Pty Limited Level 6, Brookfield Tower Two 123 St Georges Terrace Perth, WA 6000
Website www.gxy.com	Galaxy Shareholder Information Line 1300 034 153 (within Australia) +61 3 9415 4875 (outside Australia) The Galaxy Shareholder Information Line is open between 8.30 am and 5.30 am (Sydney time) Monday to Friday, excluding public holidays.

GALAXY