

Mt Cattlin Resource, Reserve and Operations Update

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BRISBANE, Aug. 24, 2022 - [Allkem Ltd.](#) (ASX: AKE, "Allkem" or the "Company") provides an update for its Mt Cattlin operation in Western Australia.

KEY POINTS

- Mineral Resource tonnage increased 21% to 13.3Mt @ 1.2% Li₂O and 131 ppm Ta₂O₅ at a cut-off grade of 0.4% Li₂O, the increase principally reflecting the impact of using a US\$1,100/t pit shell at 6% Li₂O concentrate grade (c.f. US\$900/t in 2021) and net of mining depletion
- Ore Reserve tonnage decreased 28% to 5.8Mt @ 0.98% Li₂O and 113 ppm Ta₂O₅ at cut-off grade of 0.4% Li₂O reflecting depletion from mining activities within the current mine design between 31 March 2021 to 30 June 2022
- A major 147 hole, 32,685m drill programme commenced in April with the objective of extending mine life through increasing resources and upgrading resource categories. Drilling results will inform mining studies and a revised Mineral Resource and Ore Reserve
- Delays in planned pre-stripping activities have deferred exposure of main ore sources in the 2NW pit which will limit Q1 FY23 production and reduce FY23 guidance from 160-170kt to 140-150 kt of spodumene concentrate SC6. Production volumes are expected to increase each quarter throughout the year as pre-stripping is completed
- This deferred production will be partially offset by the sale of 130ktpa of lower grade spodumene concentrate to existing customers in the first half of FY23

PRODUCTION GUIDANCE UPDATE

Recent results from Mt Cattlin mining operations, as well impacts from on-going labour shortages in Western Australia, have resulted in a review of production guidance for FY23.

Many Western Australian mining operations continue to suffer from a severe shortage and high turnover of staff which is exacerbated by COVID-19 related absences. At Mt Cattlin this has resulted in a further delay in pre-strip activities at the new 2NW pit.

Previous production guidance assumed that a small upper lens of mineralisation would provide ore for processing while the main ore zones are being exposed. Unfortunately, the mineralogy of this upper lens has not been amenable to processing through the plant as currently configured due to its fine-grained nature. This will lower production for the next 4-6 weeks while the main orebody is exposed by pre-stripping operations, at which time normal production levels will resume.

Consequently, Allkem currently anticipates that FY23 annual production at Mt Cattlin will be approximately 140-150kt compared to the previous guidance of 160-170kt. Production will be split approximately 15%, 20%, 30%, 35% across each respective quarter and with FY23 costs expected to be approximately US\$900/t. As advised in the June Quarterly Report, ore grades will increase from 0.93-0.94% in the current year to 1.17% in FY24 which will have a beneficial impact on costs and production.

Mitigation actions at site are already well underway and include the mobilisation of an additional mining contractor, the replacement and upsizing of mining equipment with the existing mining contractor, the installation of magnetic ore sorters to allow the processing of low-grade stockpiles and advanced metallurgical test work on the fine-grained ore.

So far this quarter Allkem has sold two trial shipments for a total of 30,000 tonnes of low grade (~1.3%)

spodumene concentrate at an average realised price of between US\$500/t and US\$600/t CIF. In order to offset the deferred delivery of SC6 spodumene volumes, Allkem is currently in advanced discussions with existing customers to substitute up to 100,000 tonnes of the lower grade material during the current half year.

RESOURCE EXTENSION DRILLING

Allkem commenced a three-phase resource extension program in mid-April that targets 147 holes for approximately 32,685 metres of reverse circulation ("RC") drilling.

The first two phases will target the immediate extension to mine-life at depth. The first phase aims to convert ~3.2Mt of resource from the inferred to indicated category. The second phase will test two pegmatite lenses of approximately 4.2Mt of existing inferred resource along strike and at depth in conjunction with a study to evaluate either the opencut or underground development of potential resource extensions.

As of this date of this announcement, 60 holes and approximately 14,000m of drilling had been completed and an update on results will be provided later in September. The current drilling program is expected to be completed towards the end of CY22 and results have not been incorporated in the 2022 Mineral Resource estimate.

Figure 1: Mt Cattlin Mineral Resource/Reserve and pit shells

<https://www.globenewswire.com/NewsRoom/AttachmentNg/5d84292f-3b9e-4c1f-90fb-7849d34027bd>

MINERAL RESOURCE

The Mineral Resource Estimate at 30 June 2022 is presented in Table 1 and represents the combination of the 2018 Mineral Resource with a stand-alone 2021 2NW pit estimate, depleted for mining activities from 31 March 2021 to 30 June 2022. As in previous years the cut-off grade used was 0.4% Li₂O whilst the pit shell used within which to estimate the Mineral Resource was generated at US\$1,100/t at 6% Li₂O concentrate grade (c.f. US\$900/t in 2021).

Table 1: Mt Cattlin Mineral Resource at 30 June 2022

Category		Tonnage	Grade	Grade	Contained	Contained	Nett Variance to
		Mt	% Li ₂ O	ppm Ta ₂ O ₅	(000) t Li ₂ O	lbs Ta ₂ O ₅	2021 Statement
							%
Measured	In-situ	-	-	-	-	-	-100%
Indicated	In-situ	4.5	1.3	135	59	1,339,000	-6%
	Stockpiles	2.4	0.8	122	19	646,000	-20%
Inferred	In-situ	6.4	1.3	131	83	1,850,000	121%
Total Resource at 30 June 2022		13.3	1.2	131	161	3,835,000	21%
Depletion							Notes
Measured		-0.3	1.6	236	-5	-156,000	2NE Pit
Indicated + Inferred		-0.8	1.6	330	-13	-582,000	2NE Pit
Stockpiles		-0.6	0.8	122	-5	-161,000	Surface
Addition							Notes
Measured		-	-	-	-	-	No GC drilling
Indicated		0.3	1.1	146	3	97,000	Change in RPEEE
Inferred		3.7	1.3	141	49	1,150,000	Change in RPEEE
Stockpiles (Indicated)		-	-	-	-	-	Depleted as 2NW
Total Resource at 31 March 2021		11.0	1.2	151.0	131.8	3,674,000	-

Notes: Reported at cut-off grade of 0.4% Li₂O contained within a pit shell generated at a spodumene price of USD1,100 at 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 and transitional. Minor discrepancies may occur due to rounding to appropriate significant figures. RPEEE is defined as reasonable prospects for eventual economic evaluation.

The FY2022 Mineral Resource estimate takes into account both mining of resources from the current open pit mine and depletion of stockpiles, and includes results from the 2021 infill drilling results from the 2NW deposit. Remnant Mineral Resources under the backfilled 2SW pit has also been included as potential underground feed.

A description of the major factors that resulted in changes from the 2021 Mineral Resource to the 2022 Mineral Resource are as follows:

- Resource model depletion of 1.4 Mt of material mined at a grade of 1.62% Li₂O;
- Stockpiles depleted by approximately 510Kt;
- Decline in Measured and Indicated grade due to the mining of higher-grade material in H2 CY21 compared to the life of mine grade;
- Reclassification of the RPEEE input revenue factor from USD 900 to 1,100 (at AUD/USD 0.70) for the generation of the pit shell within which the in-pit resource is estimated -this development envelope is currently subject to development drilling; and
- An updated, depleted and integrated geological model in 2021.

The Mineral Resource estimate, mining depletion and reporting was completed by Allkem staff. Allkem has assumed responsibility for the logging, sampling, analytical and quality assurance/quality control protocols currently in place for estimates and depletions.

ORE RESERVE

Allkem has reviewed and updated the Mt Cattlin Ore Reserve, incorporating 2021 infill drilling results from the 2NW deposit, the depletion of the 2NE pit and evaluation of remnant deeper resource under the 2SW pit. Within this review, depleted mined material and site stockpiles at 30 June 2022 and material to be mined after this date are presented in accordance with JORC (2012) Ore Reserve Reporting.

Mt Cattlin's Ore Reserve at 30 June 2022 is presented in Table 3 and is based on the remaining Ore Reserves with the current mine design utilising the model from the 2021 Mineral Resource estimate with the application of modifying factors.

Like the 2021 annual review, modifying factors and mining reconciliation were reviewed by the Competent Person and reflect Allkem's continued strategy to utilise front-end optical sorters to upgrade and process low-grade stockpiled ore. A dilution factor of 17% applied to the Ore Reserve and a mining recovery of 93% of diluted material reflects the current practice of mining to horizontal flitches and benches.

At 30 June, 2022 the 2NW pit pre-strip had advanced such that first ore had daylighted in the pit floor in blasted stocks, approximately 70Kt of ore has been depleted at the period end.

Table 3: Mt Cattlin Ore Reserve as at 30 June 2022

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	Variance to 2021 %
Proven	-	-	-	-	%	-100%
Probable 2NW only	3.3	1.12	105	37.0	764,000	-30%
Stockpiles	2.4	0.80	122	19.0	646,000	-20%
Total	5.8	0.98	113	56.0	1,410,000	-28%

Notes: Reported at cut-off grade of 0.4 % Li₂O within current mine design. 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. Reported with 17% dilution and 93% mining recovery. Revenue factor US\$650/tonne applied. Minor discrepancies may occur

due to rounding to appropriate significant figures.

Table 4: Mt Cattlin Ore Reserve as at 31 March 2021

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
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 within current mine design. 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. Reported with 17% dilution and 93% mining recovery. Revenue factor US\$650/tonne applied. Minor discrepancies may occur due to rounding to appropriate significant figures.

A description of the major factors that resulted in changes from the 2021 Ore Reserve to the 2022 Ore Reserve is as follows:

- Resource model depleted for ore extracted from the completed 2NE pit;
- An updated 2021 Mineral Resource Estimate and supporting Ore Reserve Study;
- Decrease in Ore Reserves due to open pit mining and stockpile processing;
- Decline in grade is due to the mining of higher-grade material in H2 CY21 compared to the life of mine grade; and
- Reconciliation indicates the now depleted 2NE pit delivered 1.4Mt @1.62% Li₂O.

The Ore Reserve does not take into account the infill drilling results from the 2NW deposit and the mine design has not been changed to take into account increase in Mineral Resources due to changes in pit shell. A revised mine design based on an updated Mineral Resource will be undertaken after the completion of the current major drilling programme.

Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

RESOURCE AND RESERVE CONTROLS & GOVERNANCE

Allkem ensures that quoted Mineral Resource and Ore Reserve estimates are subject to internal controls and external review at both project and corporate levels. Mineral Resource and Ore Reserves are estimated and reported in accordance with the 2012 edition of the JORC Code.

Allkem stores and collects exploration data using industry standard software that contains internal validation checks. Exploration samples from drilling have certified reference material standards introduced to the sample stream at set ratios, typically 1 per 25 samples. These are reported as necessary to the relevant Competent Persons to assess both accuracy and precision of the assay data applied to resource estimates. In resource modelling, block models are validated by checking the input drill hole composites against the block model grades by domain.

Allkem engages independent, qualified experts on a commercial fee for service basis, to undertake Mineral Resource and Ore Reserve audits. Allkem internally reconciles the resource outcomes to validate both the process and the outcome. RPEEE has been tested against a Whittle Optimisation with only the revenue factor changed from USD 900 to 1,100.

The Company has developed its internal systems and controls to maintain JORC compliance in all external reporting, including the preparation of all reported data by Competent Persons who are members of the

Australasian Institute of Mining and Metallurgy or a 'Recognised Professional Organisation'. As set out above, the Mineral Resource and Ore Reserve statements included in this announcement were reviewed by suitably qualified Competent Persons (below) prior to their inclusion, in the form and context announced.

This release was authorised by Mr Martin Perez de Solay, CEO and Managing Director of [Allkem Ltd.](#)

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Competent Person Statement

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Albert Thamm, B.Sc. (Hons), M.Sc. F.Aus.IMM, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Albert Thamm is a full-time employee of Galaxy Resources Pty. Limited. Albert Thamm has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Albert Thamm consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the 30 June 2022 Mt Cattlin Ore Reserve is based on information compiled by Keith Muller, B. Eng. (Mining), M. Eng. (Mining), F.Aus.IMM (CP Mining), a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Keith Muller is a full-time employee of Galaxy Resources Pty. Ltd. Keith Muller has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Keith Muller consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The scientific and technical information contained in this announcement has been reviewed and approved by Albert Thamm, as it relates to geology, exploration, drilling, sample preparation, data verification and the depleted Mineral Resource and Keith Muller, BEng Mining, M. Eng. F.Aus.IMM (CP Mining) as it relates to the Mineral Reserve, mining methods and infrastructure; mineral processing, recovery methods, market studies, permitting, environmental and social studies, capital and operating cost estimates and economic analysis.

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Appendix 1 - JORC 2012 Table 1 Disclosure is available at www.allkem.co

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