Australian Shareholders' Association
Australian Shareholders' Association Limited
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Allkem and Livent proposed merger into Arcadium Lithium plc

Company/ASX Code	**Allkem Limited/AKE**
EGM time and date	10.30 am (AWST)Tuesday 19 December 2023
Location	The Studio, Level 2, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia
Registry	Computershare
Type of meeting	Hybrid via the online platform at https://meetnow.global/MUHNARQ
Monitor	John Campbell assisted by Len Roy & Ros Ferguson
Pre-AGM Meeting	Yes with chair Peter Coleman

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have shareholdings in this company.

1. How we intend to vote

Special Resolution (abbreviated – see scheme booklet page 596 for detail):	Majority of voters (over 50%) and 75% of votes required to pass resolution
The scheme of arrangement as set out in the scheme booklet is agreed to and Allkem is authorised to implement it subject to Court approval	ASA will collect and vote directed proxies but will not vote any open proxies

2. Summary of Issues and Voting Intentions for EGM

- Shareholders' individual circumstances are paramount in deciding the balance of advantages and disadvantages of the proposed merger because of potential tax consequences.
- If the scheme is approved by both Allkem and Livent shareholders, Allkem shareholders will have approx 56% of the merged entity, which will be a major player in the world market for battery-grade lithium as well as other lithium products. It is estimated on page 15 of the scheme booklet that the combined group's production capacity in lithium will grow from 90ktpa currently to 250ktpa in 2027, in time to meet the expected uptick in demand for lithium products.
- Arcadium Lithium plc (referred to as NewCo in the scheme booklet) is incorporated in Jersey in the British Channel Islands and Allkem's (an Australian company) shares will be exchanged for shares or CDIs in it if the scheme is approved, with shareholders sacrificing the protections afforded by Australian law in favour of those provided by Jersey and US securities laws.

- Australian resident Allkem shareholders should also note that the change in tax jurisdiction means that Australian resident taxpayers will not be entitled to receive the benefit of franking credits in the future. However, as Allkem has not and currently does not pay dividends, nor does it expect to in the near future, Allkem shareholders are no worse off at present.

3. Matters Considered

The scheme booklet contains an independent expert report (IER) by Kroll Australia Pty Ltd on page 243 which concludes that, considering the implications of the transaction as a whole, is in the best interests of Allkem shareholders, in the absence of a superior proposal. We recommend that as a minimum shareholders read the IER as a good summary of the proposed merger.

Allkem and Livent announced the proposed merger on 10 May 2023 (after earlier discussions in 2022) indicating that the merged entity Arcadium Lithium will have a primary listing on the NYSE and a Foreign Exempt Listing on ASX (with 'its CHESS Depositary Interests ('CDIs') expected to be traded on ASX).

The proposed merger is in line with the Allkem's board's growth strategy, allowing them to move into downstream processing immediately through the combined assets of Arcadium Lithium. Arcadium Lithium plc which is referred to as 'NewCo' in the scheme will, if the transaction proceeds acquire all Allkem and Livent shares and issue 1 Arcadium Lithium share in exchange for 1 Allkem share, and 2.406 Arcadium Lithium shares in exchange for each Livent share (the ratio justification is explained in the scheme booklet).

Kroll, the independent expert, notes the significant decline in the share prices of both Allkem and Livent since the announcement of the transaction agreement, and more specifically since July 2023 with Allkem shares and Livent shares trading 26.1% and 38.2% lower respectively as at 5 November 2023, correlating with a decline in lithium spot prices.

Possible reasons for voting for the scheme

Reasons to vote in favour of the scheme:

- Creates a leading global lithium chemicals producer with enhanced business-critical scale and greater capacity to meet growing customer demand with asserted significant synergies in combining the businesses of the entities.
- Highly complementary and vertically integrated business model to enhance operational flexibility and reliability, which is expected to result in lower costs and greater value capture across the lithium value chain.
- Stronger financial profile and greater capacity to de-risk and accelerate growth with a deeper pool of technical, capital and projects expertise providing an enhanced opportunity for shareholders and other stakeholders to benefit.

Reasons why you may choose to vote against the scheme:

- The tax consequences that will be triggered for you on the disposal of your Allkem shares or Arcadium Lithium shares/CDIs may not suit your current financial position or particular circumstances.
- If the scheme is implemented, Australian resident Allkem shareholders will be deemed to have disposed of each of their Allkem Shares in exchange for one Arcadium Lithium CDI or, at their option, one Arcadium Lithium share, and the disposal will constitute a capital gains tax event. Allkem has applied for a Class Ruling with the Australian Tax Office (ATO) for the benefit for Australian resident Allkem shareholders, which seeks to confirm certain Australian income tax implications of the scheme, including the availability of rollover relief for those shareholders.
- Australian resident Allkem shareholders should also note that the change in tax jurisdiction means that Australian resident taxpayers will not be entitled to receive the benefit of franking credits in the future. US companies as a whole are noted to distribute less of their profits as dividends compared to Australian companies. On the other hand, Allkem has approximately 40-45% of its past profits located in Argentina which prevents their repatriation to Australia at present. It has had a history of trading losses leaving only a small balance in its franking account and the development of the James Bay project will further reduce available future profits suggesting that future dividends are some years away.
- The proposed corporate structure brings a number of disadvantages relating to the relatively greater protection provided to shareholders in Australian by comparison to the USA and the British Channel Islands. Arcadium Lithium will not be required to hold an annual general meeting in Australia. Takeover rules are different and less protective in foreign environments.
- Shareholders will be able to convert their Arcadium Lithium CDIs into Arcadium Lithium shares (or vice versa) at any time, however this will incur a small fee.
- CDIs have disadvantages by comparison to shares because holders have to instruct an agent to vote or appoint a proxy. The ASA will not be able to act as your proxy at meetings held overseas. ASX listed CDIs may be less liquid than Allkem shares.

4. Rationale for Voting Intentions

ASA will vote proxies only in accordance with shareholders' voting directions. ASA does not intend to express a view as to whether shareholders should accept or reject the scheme. ASA recommends that each shareholder should make his or her own enquiries based on available information and any financial advice that they may receive as the circumstances and aspirations of each shareholder may vary.

In particular, shareholders should consider the tax consequences of the proposed merger and seek their own independent, licenced, professional financial advice if needed.

All undirected proxies will be voted in accordance with the recommendations of the directors of Allkem as being best placed at the time of voting to determine the best course of action for generic shareholders who do not express an opinion in the form of a directed vote.

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