RNS Number : 5320R
Alkemy Capital Investments PLC
27 October 2023

**Alkemy Capital Investments Plc**

**Interim Results for the Six Month Ended 31 July 2023**

Alkemy Capital Investments plc ("Alkemy" or the "Company") announces its unaudited financial statements for the 6 months ended 31 July 2023 ("Financial Statements").

## Chairman's Statement

I have great pleasure in presenting our interim results for the period ended 31 July 2023.

**KEY OPERATIONAL HIGHLIGHTS FOR THE PERIOD:**

- **Class 4 Feasibility Study completed by Wave International for Australia's first stand-alone lithium sulphate processing facility at the Boodarie SIA, Port Hedland**
- **Tees Valley Lithium shortlisted by a major OEM as the preferred European lithium refinery for portion of its lithium supply chain**
- **Oversubscribed private placement and directors subscription**
- **Grant funding secured from Innovate UK**

*Class 4 Feasibility Study - Boodarie Lithium sulphate refinery*

In August 2023, Alkemy's wholly-owned subsidiary Port Hedland Lithium Pty Ltd ("PHL") announced the completion of a Class 4 Feasibility Study for its lithium sulphate refinery at Boodarie, Port Hedland.

The Boodarie refinery has been designed to process spodumene concentrate from various potential Australian mines, producing a lithium sulphate monohydrate for Alkemy's wholly-owned subsidiary Tees Valley Lithium's ("TVL") Wilton refinery in the UK.

PHL will develop a stand-alone merchant lithium sulphate refinery at the Boodarie SIA located just south of the proposed new Lumsden Point Critical Minerals Wharf in Port Hedland, the world's largest export port by volume, with established road and rail infrastructure connections to Western Australia's world-class hard-rock lithium resources.

Powered by local renewable energy, each of the four proposed lithium sulphate trains at Boodarie will refine approximately 180,000 tpa of locally mined spodumene concentrate to produce 40,000 tpa of lithium sulphate, with lithium content equivalent to 24,000 tpa lithium hydroxide. It is anticipated that lithium sulphate produced by PHL will be processed further by TVL before sale to end customers, although PHL will retain flexibility to provide lithium sulphate to third parties should demand arise.

This new Pilbara to Teesside supply chain epitomises the new critical minerals supply chains made possible under the recently signed free trade agreement between Australia and the UK and will leverage the competitive strengths of Australia in mining and minerals processing and the UK in chemical refining.

The feasibility study was prepared by Wave International, a leading engineering consultancy firm with significant experience in developing lithium hydroxide projects worldwide.

Study highlights and economics:

- Initial capital cost for Train 1 of US$322 million
- Gross revenues per annum for Train 1 of US$396 million
- Internal rate of return (IRR) of 18%
- Post-tax net present value (NPV) for Train 1 of $293 million
- NPV for 4 Trains of US$1.0 billion, which combined with Wilton's NPV of US$2.7 billion gives a total NPV of US$3.7 billion across both projects when all 4 Trains are built

In addition, in May 2023 an ecological baseline survey for the Boodarie lithium sulphate refinery site was completed by AECOM Australia which included a detailed flora and fauna survey and the publication ofa full report in accordance with the Environmental Protection Act 1986 and other applicable regulations and standards.

*Feedstock and partnerships*

During the period we continued to advance our discussions with counterparties for both feedstock and offtake.

Earlier this month we announced that following extensive technical and commercial due diligence, TVL has been shortlisted by a major automotive OEM as the preferred European lithium refiner for a portion of its lithium supply chain. TVL is in discussions with several OEMs, encompassing proposals ranging from sourcing of raw materials and refining of those materials to lithium hydroxide, to toll treatment of lithium raw materials acquired or to be acquired by the OEMs.

Being shortlisted by major industrial players validates Alkemy's two-stage processing strategy, the engineering studies conducted to date, and our team's execution capability. Alkemy is continuing to work with these OEMs to satisfy their requirements with a view to concluding legally binding agreements as soon as possible.

OEMs have also confirmed the ability to benefit from provisions of the US-Australia Climate, Critical Minerals, and Clean Energy Transformation Compact and the European Critical Minerals Act and Batteries Regulations.

Alkemy continues in advanced discussions with a number of potential key feedstock suppliers, including several industry-leading lithium miners, well known automakers, global commodity trading houses and battery recyclers.

Alkemy is also advancing discussions with several other potential customers for its lithium hydroxide, including major European gigafactories and chemicals companies and expects significant offtake and/or partnership deals to be entered into in due course.

These customers are increasingly focussed on price, transparency and low embedded carbon, when sourcing high grade lithium products and have indicated their desire to partner with Alkemy due to our market leading credentials in these areas.

*Fundraising and grant funding*

In May 2023 we completed a successful private placing and director subscription raising £1.35 million. The placing was oversubscribed and supported by existing and new investors as well as by the directors who contributed £430,000 in total.

In August 2023 Alkemy received a rebate of approximately £230,000 from HMRC under its Research and Development tax relief programme which permits companies to claim a rebate of certain qualifying R&D related expenses incurred during the previous financial year.

In September 2023 we announced that TVL together with Weardale Lithium had secured a joint funding package of approximately £613,000, including a grant of approximately £430,000 from Innovate UK. The funding provided under the Launchpad: Net Zero, CR&D Tees Valley, R2 competition supports outstanding innovation projects that grow activities in the Net Zero innovation cluster centred on Tees Valley and supports the Government's goals in the Levelling Up White Paper.

We continue advancing discussions with financiers for the funding of our LSM and LHM processing facilities and have received significant inbound interest including from private equity, structured bond providers and institutions.

As we intend to primarily finance and operate the LSM and LHM facilities via our operating subsidiaries TVL and PHL, it is anticipated that there will be no significant dilution to Alkemy's shareholders as part of the proposed financing process.

*Market recognition and outlook*

During the period we have continued to make significant progress in a challenging macro environment.
The pace to decarbonise however continues to accelerate and with a growing need for lithium hydroxide and now a growing preference from western OEM's to source lithium hydroxide using more local supply chains, Alkemy is well positioned to benefit from these changes.

The support received from third parties including major OEMs provides further validation of our proposed lithium refining strategy. The rapid completion of due diligence to the satisfaction of certain OEMs is testament to the quality of the work undertaken by our commercial and technical teams and confirms our wider business case.

Our focus remains on supporting our potential partners' lithium strategies and concluding commercial negotiations and will update the market in due course as these arrangements become binding.

We would like to take this opportunity to thank our shareholders for their continued support and look forward to reporting on our progress during 2023 as we deliver on our strategy.

**Paul Atherley**
**Non-Executive Chairman**

**27 October 2023**

**STATEMENT OF COMPREHENSIVE INCOME**

**for the period ended 31 July 2023**

| | Note | For six months ended 31 July 2023 (unaudited) £ | For the six months ended 31 July 2022 (unaudited) £ | Year ended 31 January 2023 (audited) £ |
|---|---|---|---|---|
| Administrative expenses | | (947,423) | (708,890) | (1,298,002) |
| Project Development costs | | (215,461) | (649,397) | (1,298,011) |
| Business Development costs | | - | - | (12,866) |
| Foreign exchange gains / (losses) | | 960 | (7,777) | (34,344) |
| **Operating profit** | | **(1,161,924)** | (1,366,064) | (2,643,223) |
| Finance costs | | - | (1,535) | (1,536) |
| **Loss before taxation** | | (1,161,924) | (1,367,599) | (2,644,759) |
| Income tax | | - | - | - |
| **Loss after taxation** | | **(1,161,924)** | **(1,367,599)** | **(2,644,759)** |
| **Other Comprehensive income** | | | | |
| R&D tax credit | | 95,278 | - | - |
| Exchange gains / (losses) on translation of foreign operations | | 6,609 | (978) | (2,645) |
| **Total other comprehensive income** | | **101,887** | **(978)** | **(2,645)** |
| **Total comprehensive loss for the year** | | **(1,060,037)** | **(1,368,577)** | **(2,647,404)** |
| Earnings per share | **9** | | | |
| **Basic and diluted (£ per share)** | | **(0.148)** | **(0.228)** | **(0.402)** |

The accompanying notes form an integral part of the financial information.

## STATEMENT OF FINANCIAL POSITION

## As at 31 July 2023

| | Note | At 31 July 2023 (unaudited) £ | At 31 July 2022 (unaudited) £ | At 31 January 2023 (audited) £ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Non current assets* | | | | |
| Intangibles - Project development costs | | 302,499 | - | 298,813 |
| **Total Non current assets** | | 302,499 | - | **298,813** |
| *Current assets* | | | | |
| Trade and other receivables | **8** | 392,298 | 15,197 | 212,125 |
| Restricted cash | | - | 6,598 | - |
| Cash and cash equivalents | | 40,307 | 13,242 | 12,356 |
| **Total current assets** | | **432,605** | **35,037** | **224,481** |
| **Total assets** | | **735,104** | **35,037** | **523,294** |
| **EQUITY** | | | | |
| *Equity Attributable to Owners of the company* | | | | |
| Share capital | **10** | 144,000 | 120,000 | 144,000 |
| Share premium | | 2,413,243 | 1,279,094 | 2,413,243 |
| Share based payments | | 126,053 | - | 63,221 |
| Foreign exchange reserve | | 3,964 | (978) | (2,645) |
| Share to issue reserve | | 872,162 | - | - |
| Retained earnings | | (4,509,055) | (2,165,249) | (3,442,409) |
| **Total equity** | | **(949,633)** | **(767,133)** | **(824,590)** |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | **11** | 1,323,448 | 635,911 | 1,021,595 |

| | | | |
|---|---|---|---|
| Borrowings | 361,289 | 166,259 | 326,289 |
| **Total current liabilities** | **1,684,737** | **802,170** | **1,347,884** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **735,104** | **35,037** | **523,294** |

The accompanying notes form an integral part of the financial information.

This report was approved by the board and authorised for issue on 27 October 2023 and signed on its behalf by:

**Paul Atherley**
**Non-Executive Chairman**

## STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 July 2023**

| | Share capital | Share Premium | Share Based Payments | Foreign Exchange Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **As at 1 February 2022** | **120,000** | **1,279,094** | **-** | **-** | **(797,650)** | **601,444** |
| Loss for the year | - | - | - | - | (2,644,759) | (2,644,759) |
| Foreign exchange losses on translation of overseas subsidiaries | - | - | - | (2,645) | - | (2,645) |
| **Total Comprehensive income** | **-** | **-** | **-** | **(2,645)** | **(2,644,759)** | **(2,647,404)** |
| **Transactions with owners:** | | | | | | |
| Issue of shares | 24,000 | 1,134,149 | - | - | - | 1,158 149 |
| Issue of options | - | - | 63,221 | - | - | 63,221 |
| **Total transactions with owners** | **24,000** | **1,134,149** | **63,221** | **-** | **-** | **1,221,370** |
| **Balance at 31 January 2023** | **144,000** | **2,413,243** | **63,221** | **(2,645)** | **(3,442,409)** | **(824,590)** |

| | Share capital | Share Premium | Share Based Payments | Shares to Issue Reserve | Foreign Exchange Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| **As at 1 February 2023** | **144,000** | **2,413,243** | **63,221** | **-** | **(2,645)** | **(3,442,409)** | **(824,590)** |
| Loss for the year | - | - | - | - | - | (1,066,646) | (1,066,646) |
| Foreign exchange losses on translation of overseas subsidiaries | - | - | - | - | 6,609 | - | 6,609 |
| **Total Comprehensive income** | **-** | **-** | **-** | **-** | **6,609** | **(1,066,646)** | **(1,060,037)** |
| **Transactions with owners:** | | | | | | | |
| Issue of shares | - | - | - | - | - | - | - |
| Issue of options | - | - | 62,832 | - | - | - | 62,832 |
| Shares to issue | - | - | - | 872,162 | - | - | 872,162 |
| **Total transactions with owners** | **-** | **-** | **63,221** | **872,162** | **-** | **-** | **934,994** |
| **Balance at 31 July 2023** | **144,000** | **2,413,243** | **126,053** | **872,162** | **3,694** | **(4,509,055)** | **(949,633)** |

The accompanying notes form an integral part of the financial information.

## STATEMENT OF CASHFLOWS

**for the period ended 31 July 2023**

| | Six months | Six months | Year ended |
|---|---|---|---|

| | ended 31 July 2023 (unaudited) £ | ended 31 July 2022 (unaudited) £ | 31 January 2023 (audited) £ |
|---|---|---|---|
| **Loss before tax** | (1,066,646) | (1,367,599) | (2,644,759) |
| *Adjusted for:* | | | |
| Share based payments | 62,832 | - | 63,221 |
| Expenditure met directly by funding provider | 35,000 | | 136,289 |
| (Increase)/decrease in receivables | (180,173) | (15,124) | (212,052) |
| (Decrease)/Increase in trade creditors | 301,853 | 123,197 | 339,705 |
| **Net cash used in operating activities** | **(847,134)** | **(1,259,526)** | **(2,317,596)** |
| | | | |
| **Investing activities** | | | |
| Payments for intangible assets | (3,686) | - | (51,475) |
| **Net cash outflow from investigating activities** | (3,686) | - | **(51,475)** |
| | | | |
| **Financing activities** | | | |
| Increase in restricted funds | - | (6,598) | - |
| Funds received against shares to issue | 872,162 | - | - |
| Cash from issue of Ordinary shares | - | - | 1,080,149 |
| Proceeds from short term borrowings | - | 166,259 | 190,000 |
| **Net cash from financing activities** | **872,162** | **159,661** | **1,270,149** |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | **21,342** | **(1,099,865)** | **(1,098,922)** |
| | | | |
| **Cash and cash equivalents at beginning of the year** | 12,356 | 1,113,923 | 1,113,923 |
| Effects of foreign exchange on cash balances | 6,609 | (816) | (2,645) |
| **Cash and cash equivalents at end of the year** | **40,307** | **13,242** | **12,356** |

The accompanying notes form an integral part of the financial information.

## NOTES TO THE FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated on 21 January 2021 in England and Wales as a public company, limited by shares and with Registered Number 13149164 under the Companies Act 2006. On incorporation, the Company's name was Alkemy Capital Plc. On 4 February 2021, the Company's name was changed to Alkemy Capital Investments Plc. The Company's registered office address is 167-169 Great Portland Street, Fifth Floor, London W1W 5PF. On 25 February 2022 the Company formed a wholly owned subsidiary called Tees Valley Lithium Limited, a company seeking to establish a Lithium Hydroxide Monohydrate ("LHM") processing facility in Teesside, UK.

The Company's objective is to establish a LHM processing plant at its chosen site in Teesside, UK which will aim to initially produce LHM from lithium feedstock from various sources, to be sold to the UK and European mobile energy markets.

The Company has also announced plans to build a lithium sulphate monohydrate plant at Port Hedland, Australia's largest export port located in the Pilbara region of Western Australia, to feed TVL's LHM facility in Teesside and has formed a wholly owned subsidiary called Port Hedland Lithium Pty Ltd.

Other than the Directors, the Company has no employees.

The Directors who served during the period were Sam Quinn, Paul Atherley and Helen Pein.

### 2. ACCOUNTING POLICIES

***Basis of preparation***

The principal accounting policies adopted by the Company in the preparation of the Company Financial Information are set out below.

The Company Financial Information has been presented in £, being the functional currency of the Company.

The Company Financial Information has been prepared in accordance with IFRS, including interpretations made by the International Financial Reporting Interpretations Committee issued by the International Accounting Standards Board. The standards have been applied consistently. The historical cost basis of preparation has been used.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgment in the process of applying the Company's accounting policies.

In the opinion of the management, the interim unaudited financial information includes all adjustments considered necessary for fair and consistent presentation of this financial information. The interim unaudited financial information should be read in conjunction with the Company's audited financial statements and notes for the year ended 31 January 2022.

***Standards and interpretations issued but not yet applied***

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the UKEU. The Directors do not expect that the adoption of these standards will have a material impact on the Company Financial Information.

***Going Concern***

The Company Financial Information has been prepared on a going concern basis.

The Company's assets are comprised almost entirely of cash. The Directors have outlined their new strategy for the Company in the Chairman's Statement. As part of their assessment of going concern, the Directors have prepared cash forecasts to determine the cash requirements of the business as it continues to deliver on its strategy.

In order for the Company to be successful in its strategy, it will need to raise additional funds. The Directors are reasonably confident that such funds will be forthcoming as and when they are required, however as successful future fundraising in support of this strategy cannot be assured, a material uncertainty exists in this regard. The Directors have a reasonable expectation that the Company shall be able to secure adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

***Financial assets***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis. Cash comprises cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with maturities of less than 90 days.

***Financial liabilities***

The Company does not currently have any financial liabilities measured at fair value through profit or loss, therefore all financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost. The Company recognises an equity instrument on any contract that evidences a residual interest in the assets of the Company. In this period Ordinary Shares were the only equity instrument, recognised at the point at which a call is made on the Shareholders.

***Earnings per Ordinary Share***

The Company presents basic and diluted earnings per share data for its Ordinary Shares. Basic earnings per Ordinary Share is calculated by dividing the profit or loss attributable to Shareholders by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per Ordinary Share is calculated by adjusting the earnings and number of Ordinary Shares for the effects of dilutive potential Ordinary Shares.

## 3. USE OF ASSUMPTIONS AND ESTIMATES

In preparing the Company Financial Information, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the Company Financial Information.

## 4. DIRECTORS' EMOLUMENTS

| **31 July 2023** | **Directors' fees £'000** | **Consultancy fees £'000** | **Social Security £'000** | **Total £'000** |
|---|---|---|---|---|
| P Atherley | 29,472 | 35,000 | 2,870 | 67,342 |
| S Quinn | 22,104 | 30,000 | 2,074 | 54,178 |
| H Pein | 9,000 | - | - | 9,000 |

| | | | | |
|---|---|---|---|---|
| Total | 60,575 | 65,000 | 4,944 | 130,520 |

No amount was paid or became payable to any of the Directors of the Company in the prior period, and there were no staff costs as no staff was employed by the Company during the prior period.

**5. FINANCIAL RISK MANAGEMENT**

The Company uses a limited number of financial instruments, comprising cash and various items such as trade payables, which arise directly from operations. The Company does not trade in financial instruments.

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**(a) Credit risk**

The Company does not have any major concentrations of credit risk related to any individual customer or counterparty.

**(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the Company ensures it has adequate resource to discharge all its liabilities. The directors have considered the liquidity risk as part of their going concern assessment.

**Fair values**

Management assessed that the fair values of other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

**6. CAPITAL MANAGEMENT POLICY**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

**7. FINANCIAL INSTRUMENTS**

The Company's principal financial instruments comprise other receivables. The Company's accounting policy and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of this financial asset. The Company does not use financial instruments for speculative purposes.

There are no financial assets that are either past due or impaired.

**8. TRADE AND OTHER RECEIVABLES**

| | **31 July 2023 £** | **31 July 2022 £** |
|---|---|---|
| Prepayments | 68,207 | 15,197 |
| VAT receivable | 97,117 | - |
| Other receivables | 226,974 | - |
| Total trade and other receivables | 392,298 | 15,197 |

**9. EARNINGS PER SHARE**

The loss per share has been calculated using the loss for the year and the weighted average number of ordinary shares entitled to dividend rights which were outstanding during the year. There were no potentially dilutive ordinary shares at the year end.

| | **31 July 2023 £** | **31 July 2022 £** |
|---|---|---|
| **Loss for the period attributable to equity holders of the Company** | (1,066,646) | (1,367,599) |
| **Weighted average number of ordinary shares (number of shares)** | 7,199,998 | 5,999,999 |
| **Loss per share (£ per share)** | (0.148) | (0.228) |

**10. SHARE CAPITAL**

**Ordinary shares of £0.02 each**

| | **Number of shares** | **Amount £** |
|---|---|---|
| Issued, called up and paid - 31 July 2023 | 7,199,998 | 144,000 |
| | 7,199,998 | 144,000 |

| | **Number of shares** | **Amount £** |
|---|---|---|
| Issued, called up and paid - 31 July 2022 | 5,999,999 | 120,000 |
| | 5,999,999 | 120,000 |

On incorporation on 21 January 2021, the Company issued 3,000,000 Ordinary Shares of £0.02 nominal value.

On 27 September 2021, 2,999,999 ordinary shares were issued for cash at 50p per share, raising £1,500,000 before expenses of £160,906.

On 9 August 2022 the Company issued 1,199,999 ordinary shares of 2p for cash at a price of £1 per share.

On 31 May 2023 the Company entered into a loan arrangement with Paul Atherley for £920,800 in gross funding (£872,162 net of costs) to be repaid in a fixed number of ordinary shares in the Company, at a fixed price, at a future date. Under IFRS, the terms of this loan require it to be recorded as an equity reserve "shares to issue" as the economic risks of the instrument are more closely aligned to equity than debt, with transactions costs being taken as a deduction from this equity reserve. As a consequence these net amounts received as at the reporting date have been recognised in the "shares to issue" reserve. On issuance of the repayment shares, which took place on 5 October 2023, these amounts will be reallocated to the share capital and share premium reserves.

No further issues of Ordinary Shares were made during the period.

**11. TRADE AND OTHER PAYABLES**

| | 31 July 2023 £ | 31 July 2022 £ |
|---|---|---|
| Trade payables | 1,011,480 | 579,489 |
| Other payables | 123,996 | 41,357 |
| Accrued expenses | 187,972 | 15,064 |
| Total trade and other payables | 1,323,448 | 635,910 |

**12. POST BALANCE SHEET EVENTS**

On 23 August 2023 the Company announced the completion of a feasibility study for its lithium sulphate processing facility in Port Hedland, Australia.

On 28 August 2023 the Company received a rebate of approximately £230,000 from HMRC under its Research and Development tax relief programme.

On 29 September 2023 the Company announced the repayment of 657,711 loan shares by the Company to Paul Atherley through the issue of new shares. In addition the Company issued new shares to Paul Atherley and Sam Quinn at £1.40 per share to satisfy £440,000 of outstanding director loans.

On 29 September 2023 the Company announced that it had secured £613,000 of grant funding together with Weardale Lithium from Innovate UK.

**13. ULTIMATE CONTROLLING PARTY**

As at 31 July 2023, the company has no ultimate controlling party.



END

IR QDLBLXBLXFBX