

5 August 2024

Alkemy Capital Investments Plc

Corporate Update

Alkemy Capital Investments plc ("Alkemy") (LSE: ALK) (JV2:FRA) is pleased to provide a corporate and strategic update.

HIGHLIGHTS

- **Project level financing discussions for Tees Valley Lithium's refinery advancing with multiple potential providers of debt, strategic equity and green bond finance; mezzanine finance discussions to fund FEED progressing well with a shortlist of potential funding providers identified.**
- **Key technology partner with expertise in lithium refining identified by Tees Valley Lithium to help accelerate the electrochemical process; potential reductions in capex and opex for its Teesside refinery.**
- **Macro outlook for lithium processing remains robust despite a recent volatility in lithium prices, with European demand for lithium remaining on an unprecedented upward trajectory; UK battery supply chain continues to develop at pace.**
- **Collaboration with UK based lithium focussed Geothermal Engineering to enable the development of a UK battery grade lithium supply chain; R&D grant with Weardale Lithium is progressing well.**
- **Tees Valley Graphite has substantially progressed a legally binding joint venture agreement with Syrah Resources for its proposed graphite processing facility 50/50 joint venture.**

Chairman Paul Atherley commented:

"Alkemy continues to make good progress on a number of fronts. The growing interest in Tees Valley Lithium, particularly from prospective UK customers, is very encouraging. We are excited about the potential for the technology partnership with scope for both capital and operating cost reductions. Our main focus remains on progressing the mezzanine financing which is well advanced."

Project and mezzanine funding discussions are progressing with several groups now shortlisted to provide up to \$25m at project (TVL) level

Tees Valley Lithium ("TVL") is in discussions with a number of leading financial institutions for the financing of its Wilton refinery.

The \$300m approximate capital cost of train 1 is expected to be financed largely through green bonds (for which TVL will seek accreditation) combined with a mix of debt, strategic equity finance and grant funding, all at the project level.

Having secured feedstock for its first train at Wilton, a key component for these financing discussions, TVL is now working with several leading financial institutions to obtain initial mezzanine funding which will enable it to complete Front End Engineering Design ("FEED") and commence the purchase of key long lead items for the refinery.

TVL is currently making excellent progress in these discussions, having shortlisted several potential providers of finance, and is confident that it will secure this key piece of funding. In the meantime, Alkemy and TVL's corporate overheads have been reduced to a bare minimum and will continue to be funded via director and short-term loans to avoid any unnecessary equity dilution.

Discussions with key technology partner

TVL is currently in discussions to partner with a leading lithium refining technology company that would provide a value-add to train 1 (and subsequent trains), including potential reductions in capex and opex and refinements for TVL's electrochemical process.

The next steps in the process are agreeing commercial terms followed by the entering into of a binding term sheet, and TVL will keep the market updated as this partnership progresses.

UK Government R&D Grant progressing well

TVL in partnership with Weardale Lithium, is actively exploring opportunities to strengthen the UK lithium supply chain through innovative research and development. TVL is making significant progress on a government-awarded R&D grant aimed at evaluating the lithium chloride and carbonate markets, as well as advancing processing technologies.

This initiative is designed to enhance the efficiency and sustainability of lithium processing, ensuring that the UK remains at the forefront of battery material innovation. Our efforts are focused on developing cutting-edge technologies that can be integrated into a cohesive and resilient supply chain, ultimately supporting the growing demand for lithium in the electric vehicle ("EV") sector.

MOU signed in Q1 2024 with Syrah Resources for a graphite active anode material processing facility with the legally binding joint venture agreement progressing well

In Q1 2024, Alkemy announced that its wholly owned subsidiary, Tees Valley Graphite Limited ("TVG"), had entered into a non-binding MOU with Syrah Resources (SYR:ASX) for the establishment of a joint venture to develop a commercial-scale natural graphite active anode material ("AAM") processing facility ("Wilton AAM facility") located at the 'plug-and-play' Wilton International Chemicals Park within the Teesside Freeport, to supply AAM to the European market.

The Wilton AAM facility is proposed to be supplied with natural graphite from Syrah's Balama graphite project in Mozambique, the world's largest integrated graphite operation and would target an initial production capacity of 20,000 tonnes AAM per annum for supply into cell manufacturers and OEMs located in the UK and European battery markets.

TVG is pleased to report that the legally binding joint venture agreement has progressed well during Q2 and will provide further updates in due course.

Long term outlook for downstream lithium products remains robust despite recent volatility

The battery materials market continues to show promising growth, driven by the accelerating adoption of EVs and renewable energy storage solutions. Despite recent price fluctuations and supply chain disruptions, the long-term outlook remains strong.

In Q2 2024, lithium prices experienced significant volatility, reaching lows not seen since 2021. Prices for lithium carbonate fell below \$13,000 per tonne, a 35-month low, despite a surge in plug-in EV sales across key markets. This drop in prices is attributed to current oversupply and weaker than expected EV sales in Europe, which have put pressure on lithium demand and pricing.

Notwithstanding this, the long-term outlook for lithium remains positive. The global push towards decarbonization and the increasing adoption of EVs are expected to drive substantial demand growth. The European Critical Raw Materials Act underscores the strategic importance of lithium, aiming for 40% of the lithium required to be refined within Europe. Currently, Europe's lithium refining capacity stands at approximately 35,000 ktpa, while demand is projected to reach 350 ktpa by 2030. This significant gap highlights the urgent need for increased refining capacity, a shortfall TVL is well-positioned to address.

UK battery market continues to develop at pace

The UK is making significant strides in battery manufacturing, with several high-profile projects underway. Tata Group has announced the construction of a £4 billion battery gigafactory in Somerset, which will produce 40 GWh of battery cells annually starting in 2026. This facility is expected to create thousands of skilled jobs and strengthen the UK's position in the global EV market. Additionally, Chinese battery manufacturer EVE Energy is planning to build the UK's largest gigafactory, with an initial investment of £1.2 billion, further boosting the country's battery production capacity.

The UK government continues to support the transition to EVs with proposed legislation and strategic investments. The Labour Party has indicated plans to bring forward the ban on internal combustion engine vehicles to 2030, emphasizing the need for a robust EV infrastructure. This aligns with the government's broader goal of achieving net-zero emissions and securing a leading position in the clean

energy sector.

The development of robust and localized supply chains is crucial for the growth and sustainability of the battery materials industry in the UK. Establishing a secure and efficient supply chain not only reduces dependency on imports but also enhances the resilience and competitiveness of the domestic market. By fostering innovation and investing in local capabilities, the UK can become a leader in the global transition to EVs and renewable energy storage solutions.

TVL's lithium refinery in Teesside is expected to produce enough lithium hydroxide to supply 100% of the forecasted automotive demand in the UK by 2030, with a further 35% of its total production available for export to other countries in Europe and elsewhere.

Collaboration with Geothermal Engineering to develop an integrated UK lithium supply chain

TVL is pleased to announce a collaboration with Geothermal Engineering Limited ("GEL") to explore opportunities to advance their respective lithium projects through the exchange of information and the potential development of integrated supply chains within the UK.

GEL is a geothermal lithium resource owner and is currently developing a geothermal energy plant and a lithium extraction facility in Cornwall. GEL's innovative approach focusses on extracting lithium from geothermal brines, producing intermediate lithium products in an environmentally friendly manner. This sustainable method aligns with the UK's commitment to reducing carbon emissions and promoting green technologies.

This collaboration aims to identify the best specifications and frameworks to support sustainable development while maintaining flexibility for both parties to pursue various strategic interests. By leveraging the unique capabilities of each organization, TVL is well-positioned to contribute to the creation of a robust and innovative UK supply chain that meets the evolving needs of the industry.

Grant of FEED Performance Share Options to Senior Team

Alkemy is pleased to announce the launch of an incentivisation package for directors and senior management.

As outlined above, TVL has been in discussions with several leading financial institutions and industry groups to secure initial project level mezzanine/debt funding as well as strategic project-level partnerships, for the purpose of funding and completing FEED for TVL's lithium refinery in Teesside.

Discussions are still progressing for this key piece of funding, which upon completion will be transformational for TVL as it will enable a clear path forward to Final Investment Decision (FID) for TVL's proposed Train 1 Bond financing programme.

Given the criticality of funding FEED, the Board believes it is the appropriate to establish an incentive program tied to the delivery of this key milestone.

Alkemy will accordingly issue its directors and senior team, with immediate effect, nil cost performance share options, that will only vest once funding to complete FEED has been secured ("FEED Performance Share Options"). If exercised in full, the FEED Performance Share Options will total 500,000 ordinary shares representing approximately 5.4% of Alkemy's enlarged share capital.

Any shares issued as a result of the exercise of the FEED Performance Share Options will be subject to a hard lock-up until such time as the main financing for TVL's train 1 is secured or for two years, whichever is sooner.

The Board believes the structuring of the FEED Performance Share Options as set out above provides full alignment with Alkemy shareholders, with the financing and delivery of the FEED study being a potential company-making event.

The grant of the FEED Performance Share Options to directors is set out below:

Director	Performance Options
Paul Atherley	150,000
Sam Quinn	150,000
Vikki Jeckell	150,000
Helen Pein	25,000

Further information

For further information, please visit Alkemy's website: www.alkemycapital.co.uk or TVL's website www.teesvalleylithium.co.uk.

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Alkemy is a public limited company listed on the London Stock Exchange (LSE) under the ticker symbol ALK.

Alkemy Capital Investments Plc

Tel: 0207 317 0636
info@alkemycapital.co.uk

Zeus Capital

Tel: 0203 829 5000

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