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Alkemy Capital Investments PLC
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2 June 2025

Alkemy Capital Investments Plc

Tees Valley Lithium Update: Process Validated, CAPEX Confirmed

Alkemy Capital Investments plc ("Alkemy") (LSE: ALK) (JV2:FRA) and its wholly owned subsidiary, Tees Valley Lithium Limited ("TVL"), which is developing theUK's flagship lithium hydroxide refinery project, are pleased to report on substantial progress with the Front-End Engineering Design (FEED) study.

Having made significant improvements in the engineering design, reduced operating costs and substantively advanced key commercial contracts, momentum is building towards a Final Investment Decision (FID) in Q4 2025.

HIGHLIGHTS

- **Improved project economics following updated financial model**: project NPV (after tax, 10% discount rate) is now estimated at 764 million, with an IRR of 41% and a 3-year payback period, reflecting enhanced capacity, reduced operating costs, and strong long-term market fundamentals.

- **Completed test-work at Veolia's facility using lithium carbonate, successfully producing battery-grade lithium hydroxide**: conducted in partnership with Veolia (TVL's technology partner) test-work has confirmed the performance of the selected chemical flowsheet, providing a robust technical basis for finalising mechanical design and equipment selection for Train 1.

- **Increased capacity to 25,000 tonnes per annum**: a 4% uplift in nameplate capacity has been achieved through process layout and heat integration optimisations, enabling higher throughput without any increase in capacity.

- **CAPEX confirmed at250 million**: capital estimate validated by engineering consultants and benchmarked against updated vendor quotations.

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- **Product specification meets cathode manufacturer requirements**: TVL's lithium hydroxide specification aligns with the detailed requirements provided by a leading global cathode manufacturer, with strict impurity thresholds with discussions progressing toward product qualification and supply chain onboarding.

- **Engagement with Tier 1 European battery cell manufacturer advancing on commercial terms:** discussions have progressed to alignment on pricing structures and potential volume allocations, reflecting strong interest in TVL's product and confidence in its project delivery timeline.

- **TVL Headquarters relocated to Darlington**: New head office established in a central location at Darlington Business Centre, providing immediate access to site and wider stakeholder access.

Engineering and Process Validation

The FEED phase has delivered significant technical progress, underpinned by strong collaboration with Wave International, TVL's lead engineering consultant. Together, the teams have finalized the lithium carbonate-to-hydroxide process flow, completed core engineering deliverables - including mass and energy balances, flow diagrams, and equipment sizing.

As part of this phase, Wave International have begun tendering for key process equipment. This process is enabling TVL to secure current market pricing from qualified vendors, which is being used to inform the cost model and ensure alignment between technical scope, supplier capability, and commercial expectations. The ongoing engagement with the vendor market is a critical step in de-risking procurement and supporting a cost-efficient path to construction.

Process Validation:
The FEED study began with the confirmation of the process route for Train 1, which will convert lithium carbonate into battery-grade lithium hydroxide monohydrate. Extensive test work was conducted in partnership with Veolia, resulting in successful production of battery-grade lithium hydroxide that meets global customer specifications. This validated the selected chemical conversion process and informed equipment sizing, flow rates, and utility demands.

Engineering Deliverables:
TVL has completed detailed mass and energy balances, process flow diagrams, and heat integration modelling. These outputs formed the basis of mechanical equipment selection and layout design. The engineering team led by Wave International is now progressing through the mechanical and piping design phase, defining structural and utility requirements. Work is also underway on integrating supporting systems such as water treatment, reagent handling, and product storage.

Design Optimisation:
Process modelling and value engineering during FEED enabled an increase in planned nameplate capacity from 24,000 to 25,000 tonnes per annum without any increase to capital expenditure. This was achieved through improvements in heat integration and crystallization efficiency. At the same time, reagent optimization led to a 25% reduction in forecast reagent costs, contributing to a lower overall OPEX.

Equipment and Vendor Engagement:
The FEED team has made significant progress in engaging with vendors across all major equipment packages, including crystallisers, dryers, filters, pumps, tanks, and instrumentation. Technical input from suppliers is being incorporated into the engineering design to ensure scope clarity, accurate specifications, and alignment with construction planning.

Project Economics:
TVL's updated project financials confirms the strong economic fundamentals of Train 1, underpinned by validated process performance, cost efficiency, and market -aligned pricing assumptions.

Metric	Unit	Train 1	Unit	Train 1
Life of Project	Years	30	Years	30
LHM sold	kt pa	25	kt pa	25
Income	USDm/y	500	GBPm/y	379

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Operating costs total	USDm/y	(352)	GBPm/y	(267)
EBITDA	USDm/y	148	GBPm/y	112
Upfront Capex	USDm	250	GBPm	189
NPV10 After Tax	USDm	764	GBPm	579
IRR After Tax	%	41%	%	41

**Income based on long-term lithium hydroxide sale price of 20,000 per tonne*

These outcomes reflect a nameplate capacity of 25,000 tonnes per annum, capital expenditure of 250 million, and materially improved operating cost assumptions resulting from reduced reagent and energy consumption. The financials confirm TVL's position as one of the most competitive lithium hydroxide conversion facilities in Europe, capable of generating strong returns while delivering battery-grade product aligned with customer requirements.

Commercial Progress

Feedstock Supply:
TVL is in advanced-stage negotiations for long-term lithium supply agreements, securing a strategic foundation for Train 1 operations. The agreements building on our existing Heads of Terms with Wogen Resources, will provide a reliable, high-purity feedstock aligned with TVL's process requirements and customer specifications. Final contract execution is targeted ahead of FID, ensuring raw material security to support downstream offtake commitments.

Offtake Discussions:
TVL has validated that its battery-grade lithium hydroxide specification aligns with the stringent impurity thresholds set by a leading global cathode manufacturer. This technical confirmation positions TVL to advance into the customer's product qualification and onboarding process, a key step toward supply chain integration.

In parallel, TVL is in commercial discussions with a European battery cell manufacturer for a long-term offtake arrangement. These discussions cover contracted volumes, pricing frameworks and product validations. These interactions reflect growing industry recognition that TVL's product quality, production timeline, and UK-based refining model are well-aligned with the evolving needs of the European battery supply chain.

Next Steps and Key Milestones

TVL will continue to advance all major technical, commercial, and regulatory workstreams through the remainder of 2025 as it progresses toward Final Investment Decision. The key upcoming milestones include:

- Completion of mechanical and piping design: Engineering partners are advancing design packages that will finalize plant layout, equipment connections, and utility routing.
- Capital and operating cost refinement: External cost consultants are supporting the finalization of a detailed project cost model, incorporating vendor inputs and design updates to underpin investment and financing decisions
- Construction execution planning: TVL is working with shortlisted construction partners to finalize execution strategies, including project phasing, resource mobilization, and schedule alignment, ahead of partner selection.

TVL remains firmly on track to reach FID by the end of 2025, with production scheduled to begin in 2027.

TVL CEO Vikki Jeckell commented:

"This update marks a critical point in our development, with the project now defined technically, economically, and commercially. We've maintained capital discipline, holding CAPEX at250 million despite increasing capacity, while materially improving OPEX through process optimisation and feedstock efficiency. These outcomes demonstrate our commitment to delivering a high-margin, scalable facility.

We are moving at pace toward Final Investment Decision later this year, supported by strong engineering progress and growing customer engagement. The alignment of our product specification with leading cathode and battery manufacturer requirements confirms that our UK-based refining model is both relevant and necessary for the European supply chain

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Our focus remains on delivering a technically robust, commercially competitive, and strategically critical asset for the UK and Europe. I'd like to thank our stakeholders and partners for their continued support as we enter this next phase."

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 Capital Investments Plc	Tel: 0207 317 0636 info@alkemycapital.co.uk
Zeus Capital	Tel: 0203 829 5000

ABOUT US

Alkemy Capital Investments plc: Alkemy is focused on the development of critical mineral infrastructure to support the global energy transition. Through its wholly owned subsidiary, TVL, Alkemy is leading the way in establishing Europe's first independent lithium hydroxide refinery.

Tees Valley Lithium Limited: TVL is committed to supplying battery-grade lithium chemicals to meet the growing demand of the electric vehicle supply chain in Europe. Strategically located at in Teesside, UK, TVL is developing a low-carbon, independent lithium supply chain for European battery manufacturers.

Forward Looking Statements

This news release contains forward-looking information. The statements are based on *reasonable assumptions and expectations of management and Alkemy provides no assurance that actual events will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Although Alkemy believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those projected. In addition, factors that could cause actual events to differ materially from the forward-looking information stated herein include changes in market conditions, changes in metal prices, general economic and political conditions, environmental risks, and community and non-governmental actions. Such factors will also affect whether Alkemy will ultimately receive the benefits anticipated pursuant to relevant agreements. This list is not exhaustive of the factors that may affect any of the forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on forward-looking information.*

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