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Alkemy Capital Investments Plc

Tees Valley Graphite executes MOU with Syrah Resources to develop graphite processing facility in the UK

Alkemy Capital Investments plc ("Alkemy") (ALK:LSE) (JV2:FRA) is pleased to announce its wholly owned subsidiary, Tees Valley Graphite Limited ("TVG"), has entered into a non-binding memorandum of understanding ("MOU") with Syrah Resources Limited ("Syrah") (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 ("Wilton") within the Teesside Freeport, to supply AAM to the European market.

HIGHLIGHTS:

- **MOU with Syrah for a joint venture to evaluate the development of a commercial-scale natural graphite AAM processing facility in the UK.**

- **Syrah and TVG intend to enter into a binding joint venture agreement in the near term and will each initially have a 50% interest in the joint venture.**

- **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.**

- **Combines Syrah's global graphite development, operations and sales expertise with Alkemy's UK development capabilities at the plug-and-play Wilton International Chemicals Park, benefitting from well-established infrastructure, essential utilities, and the Teesside Freeport.**

- **Targeting 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.**

- **The Wilton AAM facility is expected to gain access to low-carbon offshore wind power providing 100% certified green low-cost energy enabling it to produce a low carbon product.**

- **Fastmarkets predicts graphite demand will increase from around from around 1 million tonnes in 2022 to approximately 6.5 million tonnes by 2033 with recent regulatory changes in China restricting graphite exports amplifying the demand potential, signalling a promising future for graphite and AAM producers ex-China.**

The Wilton AAM facility will leverage the successful planning and approvals and local knowledge gained by Alkemy portfolio company Tees Valley Lithium and will aim to lower construction costs, project delivery timeframes and bring forward first production by replicating and upscaling the

technology and design used at Syrah's Vidalia AAM facility in Louisiana, United States. The Wilton AMM facility will use natural graphite feedstock from Syrah's Balama graphite project in Mozambique, the world's largest integrated graphite operation.

Syrah is a leading ex-China supplier of quality graphite products and has significant practical knowledge and know-how in the development of an AAM processing facility, including in feasibility, detailed design and engineering, process technologies, equipment selection and procurement, construction management and product development, product qualification and offtakes.

Syrah and Alkemy intend to enter into a binding joint venture agreement in the near-term, which will govern feasibility and permitting workplans and schedules, budget and relevant milestones associated with the Wilton AAM Facility. Ultimately, development of the Wilton AAM facility is planned to be subject to a final investment decision being unanimously approved by Syrah and TVG following the completion of further technical studies, receipt of approvals, entry into a shareholders' agreement, incorporation of a project company, and financing and offtake commitments. Syrah and TVG will each initially have a 50% interest in the joint venture.

The Wilton AAM facility is expected to be financed at project level through green bonds (for which accreditation shall be sought), combined with a mix of debt, strategic equity finance and grant funding (via domestic and accessible international grant funding programmes).

Kien Huynh, Director of Tees Valley Graphite commented:

"We are very pleased to be entering into this MOU for a joint venture with Syrah, which brings together Alkemy's development expertise at Wilton with Syrah's world leading graphite development, operations and sales expertise, to access the UK and European markets with a low carbon AAM product.

We believe that the evaluation of the Wilton AAM facility is a very timely development as UK and European customers grow increasingly concerned over potential future supply shortages especially in light of the recent export restrictions imposed by China."

Wilton AAM Facility

The Wilton AAM facility will be sited at the Wilton International Chemicals Park, strategically located within the Teesside Freeport, and will have a targeted initial production capacity of 20,000 tonnes AAM per annum with potential for further expansion.

TVG and Syrah is aiming for the facility to be the first AAM processing facility to be developed in the UK with direct access to the burgeoning European battery market, offering Electric Vehicle ("EV") manufacturers and battery cell makers a low carbon, traceable source of AAM for lithium-ion batteries.

The Wilton AAM facility will benefit from:

- World-class chemicals park location within the Teesside Freeport.

- Close proximity to ‘premium’ end-users throughout Europe.
- Access to low-carbon offshore wind power
- UK’s long heritage as a leader in the chemicals industry.
- Fast-track planning and approvals using a proven model.
- Lower engineering and design risk, pre-construction and operating costs by replicating the technology and design used at Syrah’s Vidalia AAM facility in Louisiana, United States.
- Future-proofing compliance with EU & UK REACH regulations, EU Battery Passport and life cycle-based sustainability standards and the guidelines of global automakers.

Overview of Graphite Anode Market

Graphite is the predominant active material in the anode of lithium-ion batteries, constituting over half of the materials in the battery by weight, and is expected to maintain its high intensity in use in batteries into the future, due to its superior conductive properties, higher energy density, and relatively lower unit costs in production compared with alternative anode materials.

The most significant driver of lithium-ion battery and AAM demand is the global adoption of battery electric vehicles. EV sales are expected to grow significantly over the coming several decades, supported by extensive Government policy actions, point-of-sale incentives, development of charging infrastructure networks, developing consumer preferences, and decreasing costs with manufacturing scale and technological advancements.

For the 12 months to July 2023, the EU saw a surge of 62% in EV sales[1], according to Bloomberg. EV sales in Europe hit 2.1 million in 2023 and are expected to grow to 2.5 million in 2024, 3.6 million in 2025, then more than doubling to 9.6 million in 2030 with the global EV market share also reaching 47% in 2030, according to analysts at UBS[2].

There has been renewed commitment to the battery industry by the European Commission to ensure EU supply chains and an ecosystem on batteries and electric vehicles is strengthened. Proposals have been put forward by the European Commission to extend the current rules of origin for EVs and batteries under the EU-UK Trade and Cooperation Agreement, balanced with a new, dedicated financial incentive for the battery industry, which gives a strong signal to investors across the value chain.

A pivotal development in October 2023 was China's imposition of export controls on graphite products, including products used for battery anodes, heightening the vulnerability of battery minerals supply chains outside of China. These controls, which were implemented from 1 December 2023, could significantly benefit ex-China AAM developers, such as the proposed Wilton AAM facility.

[1] https://www.bloomberg.com/news/articles/2023-08-30/europe-car-sales-jump-17-as-growth-streak-reaches-a-full-year?srnd=economics-v2&leadSource=uverify%20wall
[2] https://www.forbes.com/sites/neilwinton/2023/11/02/european-ev-sales-growth-slows-but-2030-forecasts-remain-ambitious/

Wilton International Chemicals Park

Wilton is a 2,000 acre, multi-occupancy manufacturing site located within the Teesside Freeport and in the heart of Teesside's industrial area, home to one of the UK's leading process manufacturing clusters.

Wilton is well suited for industrial businesses requiring large scale development land, energy and utilities supplies, established infrastructure and high security, with Freeport tax incentives.

Located within the Teesside UK industrial cluster, the site enables direct access to a skilled technical and R&D workforce, established supply chains and multimodal freight logistics.

For investing, energy-intensive industrial businesses, Wilton provides a competitive advantage through reduced costs, risk and project timeframes.

Teesside Freeport

Freeports are new hubs for global trade, investment, and innovation within the UK that create a favourable environment and opportunities for businesses to grow. Investments within a UK Freeport have the opportunity to access a wide range of customs and tax benefits, as well as support from government around planning, infrastructure and innovation.

Situated within one of the UK's largest integrated industrial economies, Teesside Freeport is driving growth in renewables, advanced manufacturing and the chemicals and process sectors.

Wilton's inclusion within the Freeport tax zone ensures access to a range of reliefs on Freeport tax sites including:

- Stamp Duty Land Tax relief
- Enhanced capital allowances for investment in plant & machinery and structures & buildings
- Ten years of business rates relief (increased from five years)
- Employer National Insurance contributions relief
- Simplified customs procedure
- Deferrals and exemptions from duty payments
- VAT suspension within customs sites
- Supportive local planning environments with constructive public-private partnerships

Further information
For further information, please visit the Company's website: www.alkemycapital.co.uk

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About Syrah Resources

Syrah (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States.

Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

About Alkemy Capital

Alkemy has an ambition to become a leader in the critical battery minerals processing sector.

In the UK, wholly owned subsidiary Tees Valley Lithium (TVL) has secured a 9.6 ha brownfield site and full planning permission to establish the UK's first and one of Europe's largest lithium hydroxide processing facilities located at the Wilton International Chemicals Park in the Teesside Freeport. TVL is set to produce 24,000 tonnes of premium, low-carbon lithium hydroxide annually based on a supply agreement with metals trading company Wogen Resources Ltd.

In Australia, wholly owned subsidiary Port Hedland Lithium (PHL) has acquired a 43.7 ha site near Port Hedland, Western Australia. PHL is developing a sustainable lithium sulphate refinery, integral to providing reliable feedstock for TVL's refinery in the UK. PHL has completed a Class 4 Feasibility Study for the conversion of spodumene concentrate to 40,000 tonnes of lithium sulphate per annum.

Wholly owned subsidiary Tees Valley Graphite (TVG) has partnered with global leader Syrah Resources to develop a natural graphite active anode processing facility, also at Wilton International. The world class facility will produce 20,000 tonnes of active anode material for sale into the cell manufacturers and OEMs located in the UK and European battery markets, with the potential to expand to 60,000 tonnes per annum.

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.