



Keliber Oy Progress Report Q4 2020

October–December 2020 and summary of the year 2020



January 25, 2021

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2020 summary

- Lithium hydroxide pilot program completed and lithium hydroxide crystallization verified – battery-grade lithium hydroxide produced in a continuous demonstration plant
- EUR 5.77 million raised through a directed share issue in February–March 2020
- Hannu Hautala appointed CEO, Riku Sauso CFO and Heikki Pekkarinen to lead investment project
- Project Specification was updated: Planned capacity increased to 15,000 tonnes per year and the future concentrator plant will be relocated next to the main mining area
- Roskill puts Keliber first on its cost curve as the lowest cost lithium hydroxide producer in the world in 2025
- Lithium was added to the EU Commission's list of critical raw materials for the first time
- Kaustinen Päiväneva mine and concentrator EIA¹⁾ report was submitted to the Authority as expected, in November 2020
- Lithium Chemical Plant environmental permit application was submitted to the Authority earlier than expected, in December 2020
- Keliber Bridge 2 financing negotiations proceeded
- Drilling was successfully continued

¹⁾ Environmental Impact Assessment

Q4 in brief

- **Kokkola** plant EIA¹⁾ process – **permit application submitted** to the authorities (AVI²⁾) ahead of the schedule
- **Kaustinen** concentrator and main mine EIA process – **EIA report submitted** to authorities (ELY Centre³⁾) according to the project schedule
- Keliber and Kokkolan Energia confirmed the **lease agreement for the site of the chemical plant** in the Kokkola Industrial Park (KIP)
- Keliber Bridge 2 **financing** negotiations proceeded – **scheduled to finalize the process during Q1/2021**
- Extraordinary General Meeting **approved the business transfer** between Keliber Oy and Keliber Technology Oy, which subsequently was conducted on January 1, 2021
- **Part of large design and engineering services ordered** according to the project schedule in December
- **Resource drilling** was successfully **continued** in the Kaustinen Päiväneva area

¹⁾ Environmental Impact Assessment

²⁾ Regional State Administrative Agency for Western and Inland Finland

³⁾ The Centres for Economic Development, Transport and the Environment

CEO's summary

In the middle of March 2020, I had a privilege to take over the inspiring task of CEO at Keliber. The past ten months have shown that the company and its lithium project are unique and exceptionally interesting. Slowing down the global warming and accelerating digitalization will increase the demand of battery grade (BG) lithium. The European Union and most of the European countries are promoting both, an electrification of traffic and electronic data processing. Consequently, the demand of lithium will grow strongly and demand for lithium will exceed the supply in 2024. Advantageously positioned as a future lithium supplier, Keliber plans to submit an environmental permit application for the Kaustinen mine and concentrator to the Regional State Administrative Agency in early summer 2021. The estimated processing time for the application is approximately 10–12 months, after which a construction could begin in the summer of 2022. The construction will take a little over two years, so delivery of BG lithium, produced from our own ore to customers would start in 2024, which is an excellent market entry time. Given the urgency of actions to mitigate the climate change, there is also no time to lose at the Keliber-project in 2021–2024.

Likewise, during these ten months I have seen skilled, enthusiastic and highly flexible Keliber staff to develop the company towards a large investment project implementation. This means e.g., careful planning of comprehensive schedules and detailed monitoring of their implementation. In addition, I have been pleased to note that the Keliber lithium project has a broad national and European support. In addition to slowing down the climate change, the Keliber-project will create new industrial jobs in Finland and will also reduce Europe's dependence on battery grade lithium imports from other continents.



CEO's summary

During the last quarter of 2020, Keliber has made an excellent progress on environmental permits. We submitted the EIA-report for the mine and concentrator at Kaustinen Päiväneva to the ELY Centre in accordance with the project schedule. We also delivered the environmental permit application for the Kokkola lithium chemical plant ahead of the project schedule. Cooperation with authorities such as the ELY Center and Regional State Administrative Agency has been smooth.

In November, Keliber signed a 30-year lease agreement with Kokkolan Energia Oy for a 12.5-hectare site for the chemical plant. In December, the Extraordinary General Meeting of Keliber decided on the business transfer, which is needed e.g., for future project funding.

Resource drilling to increase ore reserves was continued as planned during Q4/2020 and again drilling hit new ore. The aim of the drilling is to further improve the profitability of the project, which is likely to increase its financial attractiveness.

Discussions with neighbors and various other stakeholders is very important to us. Taking the Covid-19 restrictions into consideration, we continued fruitful stakeholder meetings also during the last quarter of the year.

I wish all Keliber Oy's shareholders and other readers of this report a very good start to 2021.

Hannu Hautala

Health and safety

Health and safety

Safety activity was increased

Safety Activities



Safety activity: participation in risk assessment or safety improvement project, reporting a safety observation / deviation

KPIs

KPI	Q4 2020	2020	2019
Significant environmental incidents	0	0	0
Number of employees	16	16,7	15,9
Sickness absence %	1,4	3,6	1,2
LTI*	0	0	0
TRI**	0	0	0
High potential work-related incidents	0	0	0

*LTI (lost-time injury) defined according to ICMC criteria

**TRI (total recordable injuries) defined according to ICMC criteria

A hand holding a black pen points towards a financial candlestick chart displayed on a screen. The chart features green and red candlesticks, with several moving average lines in blue, orange, and purple. The background is a dark blue grid with various numerical data points and percentages. The text "Market development and outlook" is overlaid in white, bold font.

Market development and outlook

Market development and market outlook

New electrical vehicles are introduced – the demand of lithium grows

Lithium demand growing with increasing speed

- Governments legislating to reduce ICE¹⁾ vehicle sales
- Attractive governmental subsidies for EVs
- Prices are decreasing for new EV-models
- Technology improvements (km-range, charging units)
- Increased infrastructure

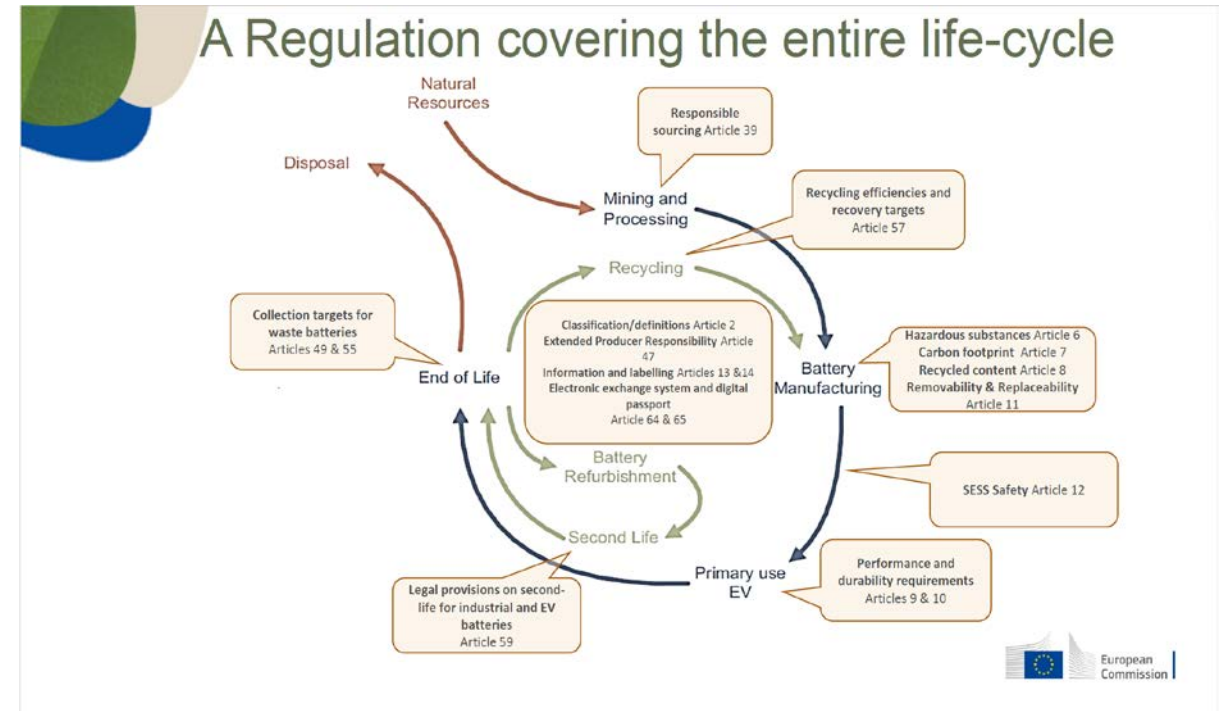
Lithium production capacities following demand

- Re-start of idled projects and capacity
- Increasing existing capacities

Increasing global focus on competitive sustainability of Battery Materials Industry

- EU commission presented a [legislative proposal](#) on December 10, 2020 for a regulatory framework (79 Articles).

¹⁾ Internal Combustion Engine



Source: EBA²⁾ 250 eit/InnoEnergy - # EU Green Deal: "Proposal for a regulation on Batteries", Virtual Meetup on December 15, 2020 - EBA250 - Raw materials for batteries - Europe's new battery regulation and implications for the European battery value chain

²⁾ European Battery Alliance

Financial information

A circular magnifying glass effect is applied to a financial candlestick chart. The chart features green and red candlesticks on a dark blue background with a white grid. A white trend line is visible across the chart. The magnifying glass is positioned over the right side of the chart, making the details of the candlesticks and the grid lines more prominent.

Financials

Actual financials are in line with 2020 budget and forecast

EUR million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	FY 2019
Cash balance at the end of period	6.2	3.9	2.9	1.3	1.3	2.5
Change in cash	3.7	-2.4	-1.0	-1.6	-1.3	1.4
Investments	1.0	1.4	0.5	0.9	3.8	4.1
Profit (loss) of the period	-0.8	-1.4	-0.7	-1.2	-4.2	-4.7
Total Assets	18.2	17.0	16.1	15.4	15.4	13.7
Equity	8.8	13.2	12.4	11.2	11.2	9.8
Interest bearing debt	2.5	2.5	2.5	2.2	2.2	2.5
Average staff on the period	18	17	16	16	17	16

- Cash at hand at end of the year 2020 was EUR **1.3** million (Q3/2020: 2.9).
- Investments in Q4 were EUR **0.9** million. Largest investments being capitalized drilling and exploration costs in Q4 were EUR **0.3** million, basic engineering and preliminary construction management EUR **0.3** million and environment permitting activities EUR **0.3** million.
- Debt related to earlier cooperation agreement was paid in December 2020 EUR **0.3** million.
- Q4 financials are aligned with forecasts.



Bridge 2 financing status

The objective is to raise a sufficient amount of capital to cover the costs of the development activities before the actual project financing phase.

- Target amount for the Bridge financing is in the order of EUR 30 million.
- Updated timetable is Q1/2021 (previously Q4/2020).
- During Q4, investor meetings were continued in virtual meetings with both existing shareholders and new potential investors.
- Funding secured through a short-term loan agreement until the Bridge financing is finalized.



Progress of the project

Progress of the project

Development of mineral resources

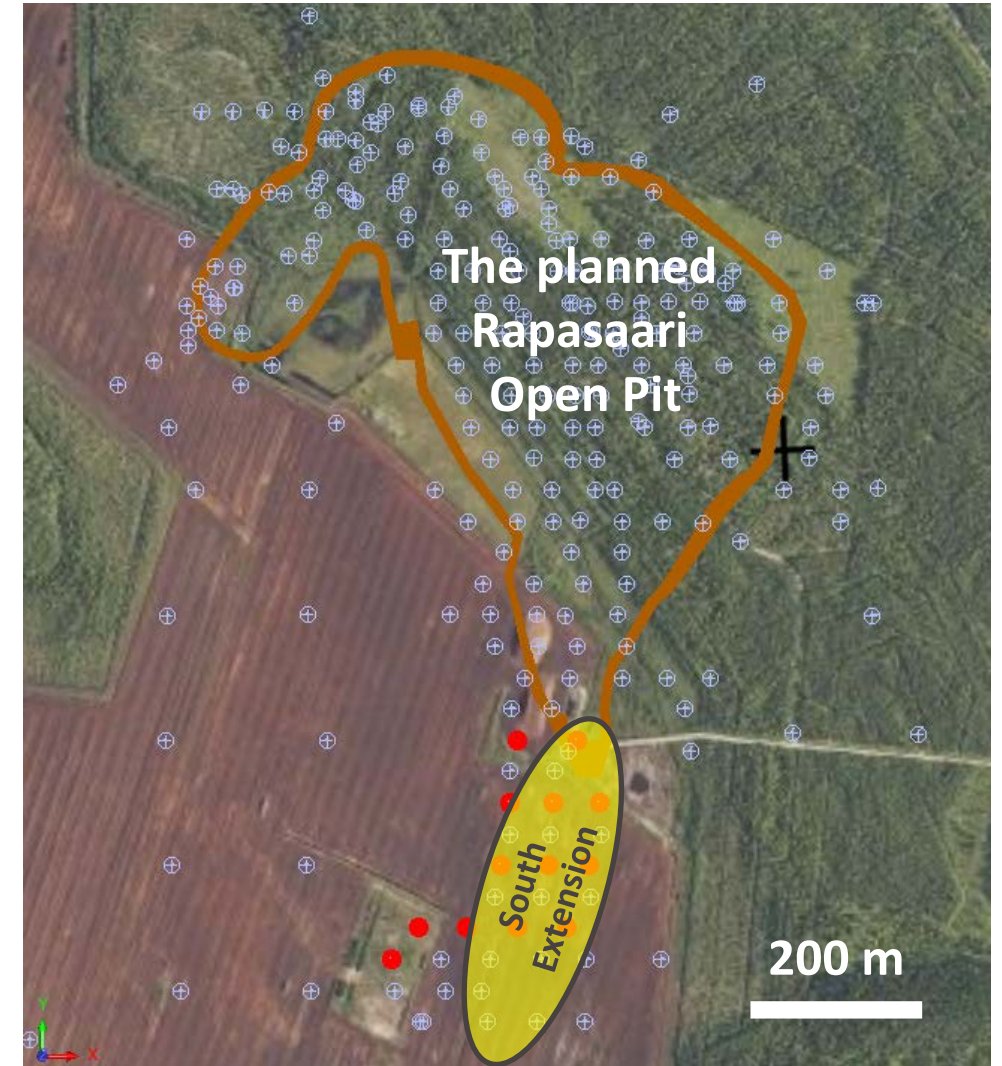
Resource drilling

Drilling has been continued at the southern extension area of Rapasaari deposit in Q4. The main aims are to upgrade Inferred mineral resources to the Indicated category and follow up the lateral and vertical extensions of the known spodumene pegmatite veins.

- A total of **2,831** meters and 13 holes have been drilled in Q4.
- The drilling results have been positive.
- The drilling is planned to continue in the southern extension area of Rapasaari deposit and Päiväneva area in Q1/2021.

Other activities

- The updated Rapasaari mining permit application was sent to the Finnish Safety and Chemicals Agency TUKES at the end of November.
- As a part on mine planning, structural geological 3D modelling and rock mechanical investigations of Rapasaari were completed in Q4.



● = Drillings in Q4 2020.

Progress of the project

Advanced engineering decreases project risks

” The initiated engineering works enable us to keep the project schedule. ”

Manu Myllymäki, COO

Kokkola Industrial Park lithium hydroxide plant

- Chemical plant heat treatment basic engineering was ordered.
- Chemical plant basic engineering update for 15,000 tpa including EWT¹⁾ process was ordered.

Päiväneva concentrator plant

- Concentrator basic engineering part 2 was ordered.
- Concentrator tailings detailed engineering was ordered.
- Concentrator water treatment basic engineering is in preparation.
- Päiväneva water management pre-study was prepared.

Planned actions

- Contract negotiations with potential EPCM²⁾ service providers to be completed.
- Proceeding in engineering increases the readiness of the project, supports permitting and DFS³⁾ update.
- The target is to publish the updated DFS during H2/2021.

¹⁾ Electrochemical Water Treatment

²⁾ Engineering, Procurement and Construction Management

³⁾ Definitive Feasibility Study

Progress of the project

Decreasing project risks – EIA¹⁾ processes and environmental permitting

Environmental permit process of the Kokkola chemical plant

- Environmental permit application was submitted to AVI²⁾ on December 4, 2020 – ahead of the target schedule according to the Project Specification. Indicative handling time of environmental permit application by AVI is 10–12 months. Decision is expected by the end of year 2021.

EIA process of the Päiväneva concentrator and main mining area

- EIA report was submitted to the ELY Centre³⁾ on November 24, 2020 – submitted according to the Project Specification. The statement will be received in March 2021. The target for submitting the environmental permit application to the authorities is during the first half of 2021.

¹⁾Environmental Impact Assessment

²⁾Regional State Administrative Agency for Western and Inland Finland

³⁾The Centres for Economic Development, Transport and the Environment



Progress of the project

Activities in R&D during Q4

Preparation for (full-scale) process pilot with Rapasaari ore started

- Preliminary small-scale experiments are carried out.
- Negotiations for parallel small-scale pilot are on-going. A second supplier to be utilized to ensure the reliability of the results.

BATCircle 2.0 project preparation continued

- Focus on Rapasaari large scale piloting, development of recycling and improving of ore exploration.

BATTrace project continued

Development work in Lithium extraction from recycling fractions.

- Promising results from laboratory tests were received.

Key activities in Q1 2021

Key activities in Q1 2021

Financing

- Finalizing Bridge 2. Target amount is in the order of EUR 30 million

EIA processes and permitting

- Preparative work for Päiväneva environmental permit application to be started
- Kokkola chemical plant EIA to be updated
- Court decision on Syväjärvi environmental permit expected

Planning and engineering

- EPCM-service contract negotiation and partner selection
- Start of time critical engineering to enable update of Definitive Feasibility Study (DFS) in H2/2021

Research and development

- Preparation of Rapasaari ore pilot program
- Resource and exploration drilling to be continued in Rapasaari - Päiväneva area
- Development of recycling solutions

