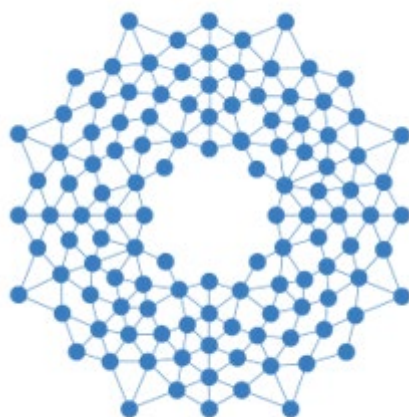


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**Alpha HPA Limited**  
and its controlled entities



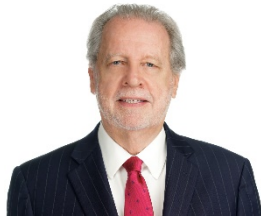
**Annual Report**  
for the financial year ended 30 June 2021

## Table of Contents

Chairman's Letter .....	1
Review of Operations .....	2
Corporate Governance Statement .....	15
Directors' Report .....	18
Lead Auditor's Independence Declaration .....	30
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	31
Consolidated Statement of Financial Position .....	32
Consolidated Statement of Changes in Equity .....	33
Consolidated Statement of Cash Flows .....	34
Notes to the Consolidated Financial Statements .....	35
Directors' Declaration .....	60
Independent Auditor's Report .....	61
Additional ASX Information .....	65
Corporate Directory .....	67

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**Alpha HPA Limited**  
ABN 79 106 879 690  
**Chairman's Letter**



Dear Fellow Shareholders,

In what was another challenging year, once again impacted by the global COVID-19 pandemic, the Company continued to make significant progress in its quest to deliver its HPA First Project. Queensland State Government approvals (MCU approval) were secured for the construction of the Project and importantly binding definitive agreements were executed with Orica for the supply of key chemical reagents and by-product offtake, both critical milestones to the Project's commercialisation. Numerous other ancillary workstreams essential to the advancement of the Project were also advanced and completed during the period, the details of which are outlined in the Review of Operations within this report.

The year also saw significant progress made in relation to product development and market penetration for our high purity aluminium products. Excitingly, our high purity alumina (HPA) and high purity boehmite product range was expanded to include two ultra-high purity precursor products which in a short space of time have developed significant market traction, assisted by a network of marketing relationships we have established across the key end-user markets of Europe, Japan/China and North America.

Such is the opportunity and demand for these high-purity precursors, the Company decided to commit to the construction of a Precursor Production Facility (PPF) to fast-track their commercialisation. Significant planning and engineering considerations have gone into this facility to ensure it will complement the scheduled rollout of our full-scale HPA First facility, allowing us to achieve commercial production some 18 months ahead of schedule, while at the same time enabling us to build market share and establish Alpha as a premium brand in the global high purity aluminium product market. These positive developments were once again made possible by our shareholders who have continued to support our vision for this Company, evidenced by a heavily oversubscribed placement of \$50 million to support the construction of the PPF.

As always I would like to express my gratitude to our Managing Director Rimas Kairaitis and his operations team in Brisbane for their unwavering commitment to product development, process improvement and technical excellence, all critical pillars to success of a business such as ours. With our PPF construction set to commence in the December 2021 quarter and a range of near-term value creative milestones ahead in the coming months, including first offtake contracts, conditional project financing and reaching a final investment decision on the HPA First Project, we have much to look forward to as we head into 2022.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Norman A. Seckold'. The signature is fluid and cursive, with a large loop at the end.

Norman A. Seckold  
Chairman

# Review of Operations

## OVERVIEW

The Directors of Alpha HPA Limited ('Alpha' or 'the Company') and its subsidiaries ('the Group') submit their report for the year ended 30 June 2021 and the Auditor's report thereon.

Alpha is an ASX-listed specialty metals and technology company focused on commercialising its proprietary licenced solvent extraction ('SX') and refining technology to produce High Purity Alumina ('HPA') and related products for use in the burgeoning lithium-ion battery ('Li-B') and light emitting diode ('LED') lighting markets. The Company intends to commercialise its technology through the delivery of its 'HPA First' Project within the Gladstone State Development Area in Queensland, Australia.

The year under review saw the Company make significant progress across a number of key workstreams critical to the successful development of its HPA First Project. Key milestones and achievements included:

- Upscaling the Company's Brisbane-based Pilot Plant to 'demonstration scale' to cater for larger test orders required by potential offtake partners.
- Successful manufacture and marketing of two high purity (5N) alumina pre-cursor products with multiple applications within the Li-B, LED and specialty chemical markets.
- Maiden sales of 5N pre-cursor into the specialty chemicals market.
- Memorandum of Understanding ('MoU') signed with Traxys North America ('Traxys') regarding offtake, marketing and financing and Rhineland Specialties Inc, USA ('Rhineland Specialties') regarding marketing and wholesaling of specialty chemicals products.
- Signing of several complementary MoUs with select marketing agents across the key technology markets of North America, Japan/China and Europe to extend the Company's market outreach program across both HPA, boehmite and high purity pre-cursor products.
- Granting by the Queensland Government of the Material Change of Use ('MCU') permit in respect of the Company's HPA First Project within the Gladstone State Development Area.
- Advancement of Project financing discussions with Government lending agencies and a consortium of commercial banks.
- Committing to building a Precursor Production Facility (PPF) to fast-track the commercialisation of the Company's two ultra-high purity precursor products being aluminium nitrate and aluminium sulfate.
- Raising \$50 million via an institutional placement to fund the PPF.
- Execution of Definitive Agreements with Orica.

## DEMO SCALE PILOT PLANT PRODUCTION

During the first half of the year Alpha's technical activities were primarily centred around the upscaling of the Company's Brisbane-based Pilot Plant to 'demonstration scale' in order to meet larger scale test orders being received from potential offtake partners across both the Li-B and sapphire/LED industries.

The upscaled demonstration plant required additional capital equipment which included the installation of a high purity, positive pressure pre-cursor room, pellet press and sintering oven. In addition, the Company's dedicated jet-mill, which had been operating at C4V laboratories in NY, USA, was relocated to Brisbane to allow single site, end-to-end production of jet-milled powder and pellets per customer requirements.

The two images below show the demonstration scale pre-cursor and pelleting rooms at the Brisbane Pilot Plant facility.

## Review of Operations



Following two short validation runs of the SX circuit at double the previous flow rates, the first SX plus Al-salt crystallisation stage campaign of the demonstration scale Pilot Plant operation commenced with production rates generating the intermediate high purity salt at 2kg to 3kg per hour. Across three 'double flow' SX and Al-salt crystallisation campaigns, more than 500kg of high-grade intermediary Al-salt were produced which were progressively converted into ~250kg HPA pre-cursor before final calcination into ~60kg of HPA.

Initial HPA production was directed at commissioning the HPA pellet press and sintering oven (see below).

Following this brief commissioning phase, the Company commenced manufacturing HPA pellets of the desired size and density to match sapphire glass customer requirements (see photo below).

## Review of Operations



*HPA pellets for sapphire glass end users (pellet size: 45 x 45 x 20mm)*

### DEVELOPMENT OF ALUMINIUM PRECURSOR PRODUCTS

#### HIGH PURITY PRE-CURSORS

As part of its extended market outreach program, the Company recognised a key market opportunity to utilise the HPA First process to manufacture high purity lithium-ion battery pre-cursor materials for application in:

1. the particle scale alumina ( $\text{Al}_2\text{O}_3$ ) coating of high nickel cathode active material (e.g. 8:1:1 NCM);
2. the synthesis of aluminium bearing cathode active materials (e.g. NCA and NCMA); and
3. the wet-process synthesis of LED phosphors.

#### Successful production high purity pre-cursor material for particle scale alumina coating

As **Part 1** of the development of high purity pre-cursors, Alpha successfully manufactured high purity alumina coating pre-cursor material (aluminium nitrate-nonahydrate) at 5N purity (99.999%). The Company confirmed that this pre-cursor material is already in commercial application for particle scale alumina coating of anode materials and NCM (nickel-cobalt-manganese) cathode active materials.

The cathode coating application in particular is considered a significant growth opportunity, as the cathode material manufacturers look to stabilise high nickel cathode chemistries (e.g. 8:1:1 NCM). The pre-cursor material is readily produced within the existing HPA First Project flow sheet with no significant alterations, and no interruption to current demonstration plant activities. In addition, the product is produced at the highest purity point in the process, generating 5N (99.999%) purity.

In response to this development Alpha expanded its market outreach with pre-cursor material being made available for immediate shipment from its Brisbane demonstration scale Pilot Plant.



*A centrifuge batch of 5N purity aluminium nitrate-nonahydrate product produced at Alpha's demonstration scale facility*

## Review of Operations

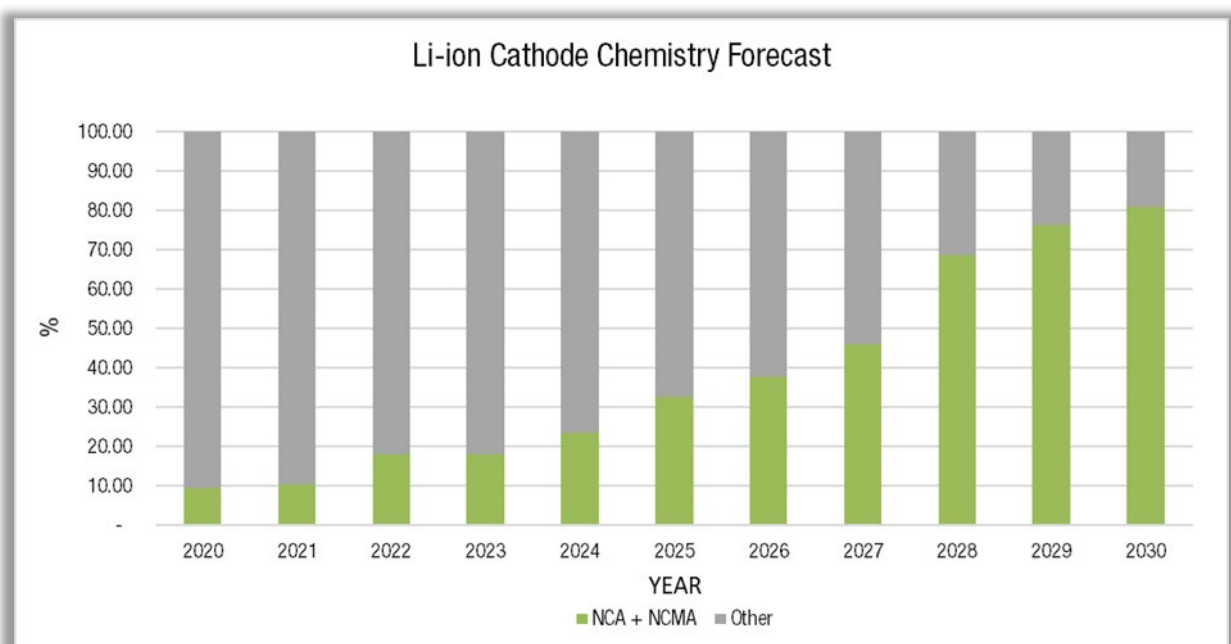
### Successful production high purity pre-cursor material for Li-ion battery cathode synthesis

As **Part 2** of the development of high purity pre-cursors, the Company successfully manufactured a bench scale sample of a second high purity aluminium, pre-cursor material (aluminium sulfate-hydrate) at >4N purity (99.995%), using the HPA First Process. The pre-cursor was produced using analytical grade reagents. In subsequent testwork the purity of this pre-cursor was subsequently improved to 5N (>99.999%).

This aluminium pre-cursor is in commercial use for the manufacture of aluminium bearing Li-B cathode chemistries, notably NCA (nickel-cobalt-aluminium) and NCMA (nickel-cobalt-manganese-aluminium). Aluminium bearing Li-B cathode chemistries are forecast to represent ~80% of all lithium-ion cathodes by 2030 (see graphic below).



*High purity (99.995%), lithium-ion cathode pre-cursor*



*Forecast share of aluminium bearing cathode chemistries (NCA+NCMA) to 2030 (source UBS)*

# Review of Operations

## EXPANDING GLOBAL CUSTOMER REACH

### TRAXYS MoU

In August 2020, the Company executed an MoU with Traxys North America ("Traxys") regarding a series of potential agreements in support of the commercialisation of the HPA First Project.

The MoU provides the framework for Alpha and Traxys to progress discussions towards definitive agreements on the following:

- 1. Product Marketing and Offtake**  
Joint engagement with respect to prospective customers, with a view to engaging in a long term offtake and/or marketing agreement.
- 2. Finance and Logistics Support**  
To jointly develop credit and logistics solutions to assist in closing commercial agreements with Alpha's customers.
- 3. Working Capital Facilities**  
The provision of working capital and/or pre-payment facilities in consultation with, and in support of, potential senior lenders to the Project, including Australian Government and commercial lenders.
- 4. Direct Investment**  
The potential direct investment in Alpha by Traxys and/or its affiliates, including debt, equity or quasi-equity.

Since the execution of the MoU, Alpha and Traxys have been working closely together in identifying and contacting potential end user customers across the Li-B market promoting the Company's suite of HPA based products.

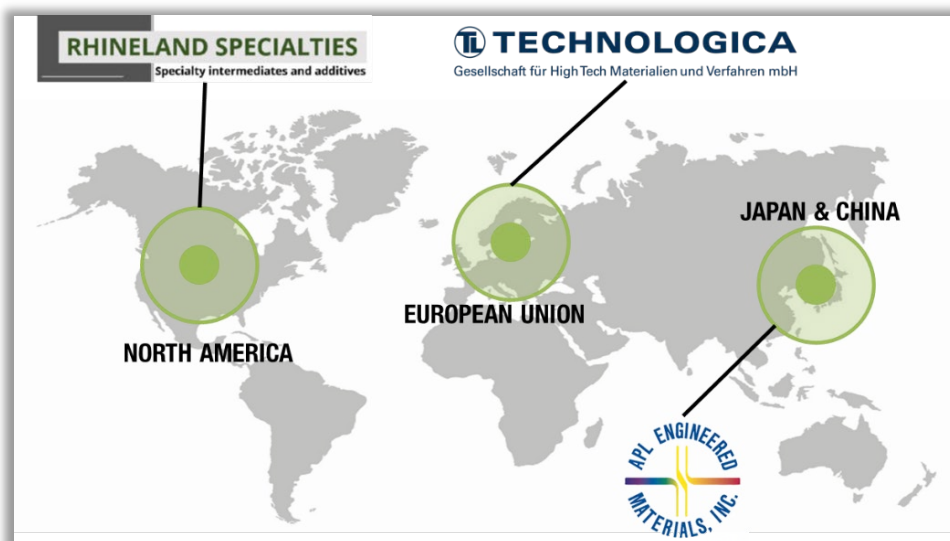
### Precursor Sales and Marketing

During the year, Alpha rapidly expanded its network of marketing arrangements covering the key technology jurisdictions of North America, Japan/China and the European Union via a series of MoUs with marketing counterparties focusing on specialty market applications. These counterparties include:

- North America - via Rhineland Specialties (ASX announcement: 25 November 2020);
- Japan and China - via APL Engineered Materials, (ASX announcement: 28 April 2021); and
- European Union - via Technologica (ASX announcement: 3 May 2021).

Each of the MoUs has been designed with a particular focus on marketing Alpha's high purity aluminium precursor products and to complement existing marketing and distribution arrangements with Traxys and the Company's various direct end-user engagements.

Each of these arrangements allows for Alpha's products to access a range of high value specialty applications and markets.



*Alpha has established a global network of marketing counterparties to access high value specialty markets*



## Review of Operations

### Maiden sales of 5N pre-cursor #1 into specialty chemicals market

During the year, the Company expanded the marketing of its high purity aluminium product range to include the targeting of specialist markets outside of the wider LED and Li-B supply chains.

These efforts saw Alpha confirm sales orders of its aluminium nitrate-nonahydrate precursor to specialty markets in the USA, via Rhineland Specialties. Alpha received sales orders for more than 60kg through January 2021, at an average price of ~US\$496/kg.

Subsequent to these initial sales Alpha continued to field numerous price and volume enquiries for this precursor product for use across a range of specialty chemicals applications which have reasonable prospects of developing into additional sales.

These sales served as a positive indicator for the acceptance of the premium quality of the Company's 5N pre-cursor product and a useful price marker for product value at low volumes. As this marketing effort developed it became apparent there was an awaiting commercial market for the Company's high purity precursor products upon availability.



*20kg drum shipment- 5N Pre-cursor #1*



*42kg carton shipment - 5N Pre-cursor #1*

### Approval of HPA First Project Land Use Application

During the year, Alpha, with support from lead permitting consultant AECOM, formally lodged the State Development Area Approval (Development Permit) for a Material Change of Use ('MCU') with the Queensland Department of the Co-ordinator General ('OCG'), in respect of its 10,000tpa HPA processing plant at 53 Reid Road, Yarwun, formally described as Lot 12 on SP239343.

The application was supported by a number of technical assessments, including:

- Air quality and noise impact studies.
- Traffic impact studies.
- Water management plan supported by detailed water modelling.
- On-site ecology studies.
- Quantitative Risk Assessment (QRA).

During the year, the OCG approved the MCU application for the construction of an HPA processing facility.

## Review of Operations

The MCU approval represents the major State Government approval for the HPA First Project.



*HPA First Project Site – Gladstone State Development Area*

### Expanded Market Outreach

During the year, the Company continued to be highly active with respect to market engagement of its HPA products with the Company's product range having now expanded from HPA and boehmite to also include two high purity aluminium pre-cursors with a range of applications across both the Li-B and sapphire glass/LED markets.

The Company has observed a significant lift in end user interest in the Li-B and LED sectors in particular as the macro trend of de-carbonisation combined with large, targeted government stimulus packages has created strong market growth in these sectors and the requirement for end users to rapidly expand supply chains. The Directors are delighted with the level of end user engagement with the Alpha's products and the Company continues to prepare and ship test samples for product assessment, pursue end user supply negotiations and expand product sales into specialty markets.

### Product development initiatives

Alpha's broadening technical and commercial engagement with end users has precipitated a number of product development requests which are now active projects within the Brisbane facility, in parallel with the delivery of end user test orders. At the end of the year, the Company had five product development projects underway including:

- The development of HPA pellets with bespoke specifications for a Japanese based specialist ceramics and sapphire glass manufacturer.
- The development of a boehmite based product with bespoke specifications for a South Korean customer in the Li-B supply chain.
- The development of HPA powder with bespoke specifications for both existing cathode and potential future cathode manufacturers.

## Review of Operations

### PRECURSOR PRODUCTION FACILITY

Activities across the second half of the year were headlined by the roll-out and funding of the Company's Precursor Production Facility (PPF). The PPF strategy represents the fast-track commercialisation path to the production of the HPA First Project's two ultra-high purity aluminium precursor products, being aluminium nitrate and aluminium sulfate. The formation of this strategy gathered significant momentum during the early months of 2021 on the back of increased product demand and the Company announcing a series of strategic Memoranda of Understanding (MoUs) with selected marketing agents across likely products markets of Japan/China and Europe.

The PPF strategy will capitalise on growing customer interest for the Company's suite of high purity (5N) aluminium precursor products and accelerate production and revenue from the HPA First Project. The PPF will provide Alpha with the opportunity to fast-track project cash flows, build market share, strengthen relationships with key customers and establish a reputation as a premium producer of high purity aluminium products ahead of the full scale HPA First plant, whilst not interrupting the full-scale Project schedule.

The PPF strategy is the result of end-users seeking precursor supply that is immediately available. The market for Alpha's precursor products is rapidly evolving, with numerous end-user supply chains are actively seeking new sources of near-term supply, particularly from low carbon, ESG friendly sources.

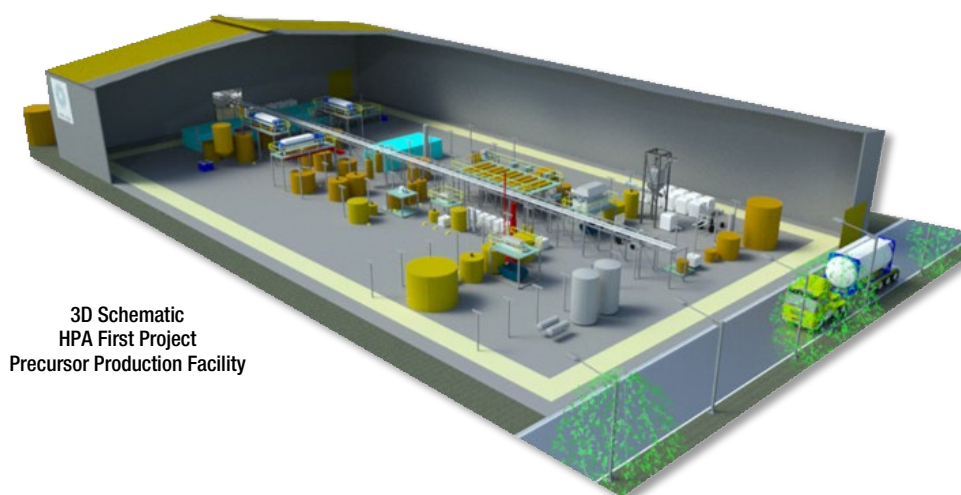
#### Design and Production Capacity

The PPF design and production estimates have been built up from the process mass balance and is incorporated into the existing HPA First Project design.

The PPF will have production capacity of:

- **200 tonnes per annum** (~17 tonnes per month) of either **Precursor #1** (Al-nitrate) or **Precursor #2** (Al-sulfate or cathode precursor) with product mix to be determined by customer orders. Further details on the Company's precursor products are provided below; and
- **3 tonnes per annum** of high purity boehmite or **2 tonnes of high purity alumina** for both pre-commercial orders and/or product development.

Once the full scale HPA First plant is commissioned, the PPF will be used exclusively for the manufacture of >200tpa of Precursor #2 (cathode precursor), converting a high purity aluminium feed directly from the full scale HPA First Project.



#### Orica PPF Agreement

As a key component of the PPF strategy, Alpha reached agreement with Orica Australia Pty Ltd ('Orica') with respect to the supply of key process reagents and the offtake of process by-product ('Orica PPF Agreement'). The Orica PPF Agreement was based extensively on the key terms and conditions of the Definitive Supply and Offtake Agreement for the full scale HPA First Plant, with an amendment that the PPF reagents and by-product would be delivered by truck load-out until the proposed pipe connections are in place. Costs of truck delivery and offtake will be borne by Alpha.

# Review of Operations

## PPF Feedstock

Alpha will continue to source feedstock for the PPF from the same feedstock supplier to the Brisbane Demonstration Plant.

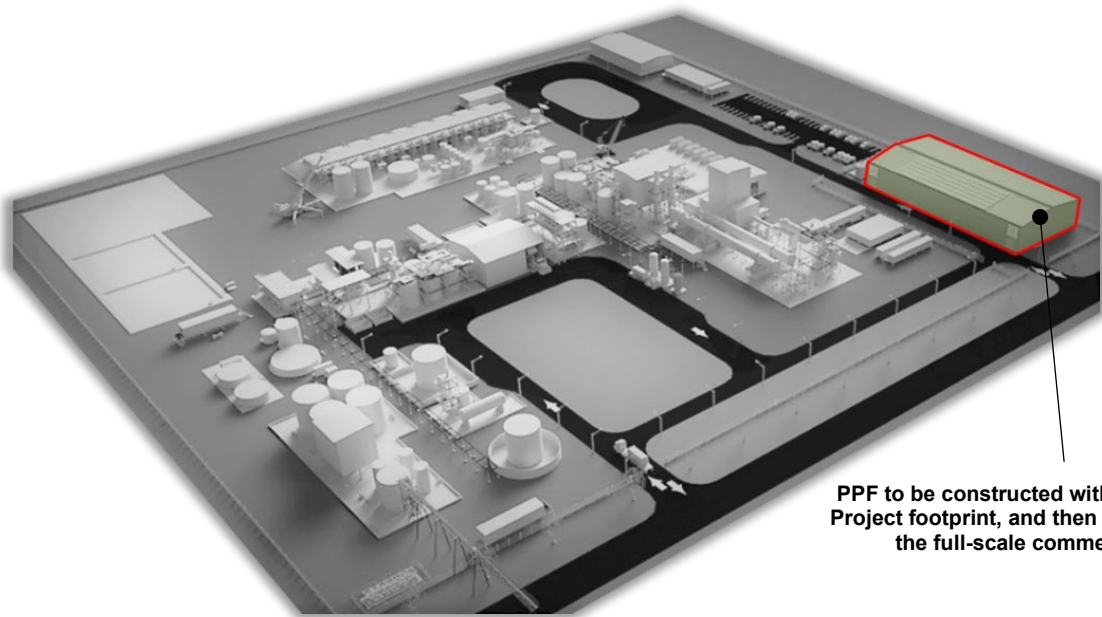
## Location and Permitting

The PPF will be constructed within the Gladstone State Development Area (GSDA) on the existing 10-hectare plot of land the Company has optioned (Lot 12/SP239343) adjacent to Orica's Yarwun refinery.

Following consultation with the relevant Queensland Government agencies, the PPF will be able to be constructed with only minor amendments to the existing MCU approval (Development Permit) received from the Queensland State Government in February 2021.

AECOM Consultants have been engaged and have commenced the amendment process. The amendment documentation, together with the combined Environmental Authority application, was lodged in August 2021.

Alpha has also engaged with Economic Development Queensland and commenced the minor contract changes with respect to the land contract relating to Lot 12/SP239343.



**PPF to be constructed within the HPA First Project footprint, and then incorporated into the full-scale commercial plant.**

## EPCM and Construction Timeframe

Alpha engaged Prudentia Process Consultants ('Prudentia'), principal engineers to the HPA First Project, to deliver the 12-week Front End Engineering and Design (FEED), ahead of the Engineering, Procurement and Construction Management (EPCM) for the PPF. Alpha and Prudentia have been working closely on the HPA First Project since 2017, with Prudentia authoring both the Pre-Feasibility Study (March, 2019) and the Definitive Feasibility Study (March, 2020) for the Project.

Prudentia's established working knowledge of the process and their wider expertise on delivering SX based process solutions makes them ideally suited for the EPCM of the PPF. It is the intention of the Company to begin construction of the PPF in the December 2021 quarter, with commercial production scheduled for August 2022.

The PPF will not impact the proposed schedule for the full scale HPA First Plant, which will be constructed around the PPF (refer graphic above) with the PPF then used exclusively for the manufacture of Precursor #2 (cathode precursor), converting a high purity aluminium feed directly from the full scale HPA First plant. The PPF will then be linked into the full-scale utilities, reagents and process control.

## Review of Operations

Since the being appointed as principal engineers to the PPF, Prudentia have advanced the following key FEED workstreams:

- Finalisation of process design criteria and mass balance.
- Generation of key plant design criteria and preparation for reagent/product logistics.
- Preparation of key long lead equipment specifications for procurement.
- Design of plant fabrication modules and layouts.

### Technology Licensing Agreement

Alpha reached agreement with its IP/technology licensors to modify the licence agreement to accommodate the additional production with the PPF. Alpha will pay a 2% gross revenue royalty on PPF product sales and an additional \$50,000pa licence fee.

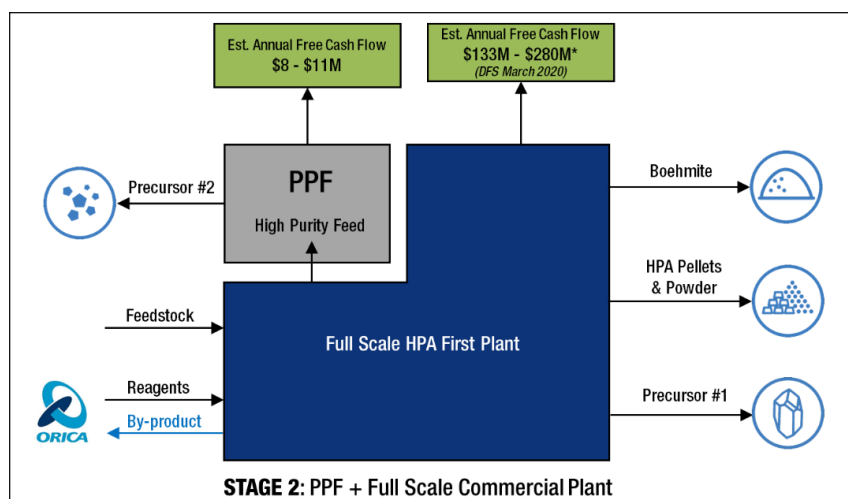
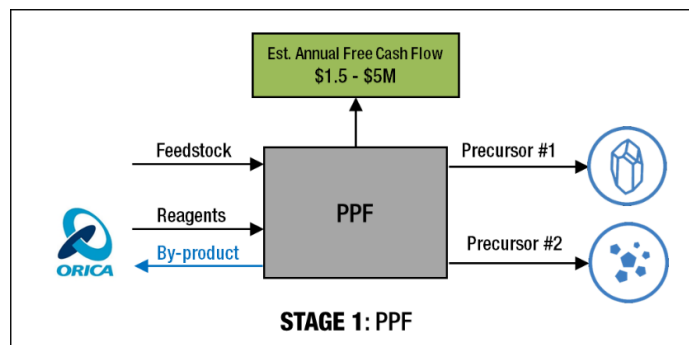
### Precursor Production Facility – Project Metrics

The PPF is designed to immediately deliver positive cash flows from precursor sales, to build market share, strengthen relationships with key customers, and to establish a reputation as a premium producer of high purity aluminium products ahead of the full scale HPA First plant.

- The PPF CapEx estimates have been built up by Prudentia and total \$27.6M.
- The PPF OpEx estimates have been built up by Prudentia from the existing HPA First Project cost database and the Orica PPF Agreement and total \$9.7M pa.
- The PPF is initially expected to generate initial free cash flow of between \$1.5M - \$5M pa.

Once the full scale HPA First Plant is in place:

- The PPF will focus exclusively on aluminium-sulfate (precursor #2) processing a high purity aluminium feed directly from the Full Scale HPA First Plant with an enhanced capacity of +200tpa.
- The majority of the PPF fixed costs will be transferred to the full scale HPA First Plant, and the variable costs (reagents, utilities etc) will fall to ~\$0.1M pa. The full scale HPA First Plant will take on the duty of the manufacture of Precursor #1.
- The free cash flow from the PPF will increase to between \$8M - \$11M pa, in addition to free cash flows generated from the full-scale facility. This will increase significantly as Precursor #2 production increase above 200tpa.



## Review of Operations

### FULL SCALE HPA FIRST PROJECT

Across the period the Company made strong progress on numerous supporting activities to the full scale HPA First Project, including the appointment of Worley as FEED study managers and preferred ePCM contractors, securing water supplies, a renewable energy supply MoU with CleanCo Queensland, the acceleration of Project land acquisition, product marketing activities and project financing. Further details on these developments are outlined below.

#### **Worley nominated as preferred ePCM contractor and awarded the HPA First Project FEED**

Alpha elected to nominate Worley Services Ltd (Worley) as preferred ePCM contractor to the HPA First Project. Worley's strong project delivery team and presence in Gladstone was a major consideration with the Company believing Worley have the right mix of experience and capabilities to successfully deliver the HPA First Project.

In addition, Alpha and Worley have executed an interim agreement for the commencement of the full scale HPA First Project Front End Engineering and Design (FEED).

The FEED Scope of Work includes:

- Developing of key documentation for use in detailed design.
- Updating the study documentation with the aim to accelerate detailed design, drawings, and documentation.
- Completing a project layout review.
- Seeking formal tenders for long lead (or critical) equipment packages.
- Updating the Cost Estimates to current pricing.
- Performing project delivery planning.

#### **Water supply contract signed with Gladstone Area Water Board**

Alpha has executed a water supply contract with Gladstone Area Water Board (GAWB) for the PPF and the HPA First Project.

The contract sets out the terms and conditions for:

- Supply of potable water for the PPF and administration office.
- Supply of non-potable/raw (process) water for the HPA First Project.

The water supply under the contract does not start until certain conditions (including construction of necessary connecting water infrastructure) are met. The parties are currently working through the conditions together so water supply can start in accordance with the agreed timeline.

#### **MoU with CleanCo Queensland**

During the second half of the year, Alpha signed an MoU with CleanCo Queensland Limited (CleanCo) with respect to co-operation towards negotiating a Renewable Energy Supply Agreement (REA) for the HPA First Project.

Under the MoU, Alpha and CleanCo will consider a range of potential supply agreements underpinned by low-emission and renewable power generation from CleanCo's existing generation portfolio, as well as renewable projects under construction, which have capacity to supply the HPA First Project with 100% of its electricity demand backed by renewable energy.

A successful REA would further reduce the HPA First Project's already low carbon footprint.

#### **Carbon Footprint Modelling**

An updated model of carbon-dioxide ('CO<sub>2</sub>') emissions for the proposed HPA First facility, under a range of renewable energy supply scenarios, has been completed by Prudentia. The model accounts for all direct CO<sub>2</sub> emissions and also accounts for N<sub>2</sub>O as CO<sub>2</sub> equivalent emissions.

Key outputs of the model are shown in the table below, with the highlight outcome:

- Using 100% renewable energy, the HPA First Project represents a 59% reduction in CO<sub>2</sub> emissions, per unit of HPA produced, over the incumbent HPA manufacturing process (Alkoxide Process).

## Review of Operations

Item	Tonnes CO <sub>2</sub> per tonne HPA	
Incumbent alkoxide process	12.44	
		CO <sub>2</sub> Reduction
HPA First Project - process baseline	9.54	22.4%
HPA First Project - 50% renewable electricity purchase	7.29	41%
HPA First Project - 100% renewable electricity purchase	5.04	59%

The model has been constructed on a 100% high purity alumina production basis. The pending adoption of additional high purity products into the Project mix, inclusive of the 2 high purity Al-Precursors and boehmite, would further reduce the Project CO<sub>2</sub> emissions, due to the reduction in drying and calcination duty.

### Gladstone Land Contract

The Company is now working with Economic Development Queensland (EDQ) on the finalisation of the remaining conditions precedent to the land contract, in respect of the HPA First Project site within the GSDA.

### Stage 1 of the Lender Engineer's (ITE) review complete

In May 2021, Alpha appointed RPM Advisory Services (RPM) as Independent Technical Expert (ITE) to the potential lenders to the HPA First Project. RPM has now completed Stage 1 of the ITE review process, being the review of the HPA First Project process, the demonstration plant and process validation. RPM have now issued a 'Red Flag Report' its key initial findings.

Alpha notes the Red Flag Report identified no fatal flaws with all identified risks, after mitigation steps, considered to be low.

### Project Financing Update

During the year, Alpha continued working actively on the HPA First Project financing with support from its advisors (KPMG Financial Advisory Services Australia Pty Ltd). The Company is seeking to debt fund a substantial component of the HPA First Project CapEx from a combination of Australian Commonwealth Government lenders and commercial banks. Alpha and KPMG are servicing a range of due diligence requests, including technical (see ITE update above), legal and commercial requests.

The Company is very encouraged by the level of interest in the HPA First Project financing and in the funding interest in the de-carbonising sector generally.

### Definitive Agreement with Orica

Subsequent to year end the Company executed binding, definitive agreements with Orica Australia Pty Ltd ('Orica') in respect of Alpha's HPA First Project in Gladstone Queensland.

The agreements describe the commercial terms and technical obligations of both Orica and Alpha on the supply of process reagents and the offtake of process by-product to/from Alpha's HPA First Project and Orica's Yarwun manufacturing facility within the Gladstone State Development Area in North Queensland.

The nature of the HPA First Project process is such that the utilisation of reagents and the manufacture of by-product is highly complementary to the existing processes in operation at the Orica Yarwun facility. The agreements secure the commitment from both Orica and Alpha to leverage the process synergies to unlock the value from both companies' projects.

In summary, the agreements comprise:

- **A Project Implementation Agreement (PIA):** The PIA describes the capital investment obligations of the parties and the scope for project commissioning and reagent and by-product validation trials. The parties' capital investment obligations include:
  - **Alpha:** The construction of the full-scale HPA First Project
  - **Orica:** The construction of the piping, tankage and process controls required to deliver reagents to, and receive by-product from the HPA First Project
- **A Supply and Offtake Agreement (SOA):** The SOA describes the pricing, volume and product delivery of the process reagents and the process by-product, as well as the technical details of by-product management and quality assurance and control protocols.

## Review of Operations

- A Products Pre-Pay arrangement.

The agreements confirm a 10-year initial term with an optional extension of 10 years by mutual agreement.

### **COLLERINA PROJECT – (Alpha - 100%, subject to commodity split agreement)**

Subsequent to year end the Company signed a binding letter agreement with Helix Resources Ltd (ASX:HLX or 'Helix') for the divestment of the Company's interest in the Collerina Project tenements in NSW.

Under the terms of the binding letter, Helix will acquire Alpha's interests in EL8768 and EL8703 ('the Tenements') from Alpha's 100%-owned subsidiary Solindo Pty Ltd ('Solindo').

Consideration for the divestment will be:

- The issue to Alpha of 20 million Helix shares, following Helix shareholder approval, with the shares subject to voluntary escrow of between 9 and 18 months; and
- Helix granting Alpha a 1.0% Net Smelter Royalty on all metals from the Tenements.

Alpha considers the divestment strongly aligns with the Company's strategic direction with the following benefits:

- Expands Alpha's equity and royalty exposure to the future commercialisation of all metal deposits within the Tenements.
- Provides Alpha with equity exposure to Helix's wider exploration portfolio.
- Simplifies Alpha's business focus on the successful delivery of the HPA First Project.

The divestment remains subject to all necessary regulatory approvals and Helix shareholder approval.

### **WONOGIRI PROJECT – (ALPHA - 45%)**

In October 2020, the Company signed a Conditional Share Purchase Agreement ('CSPA') with Far East Gold Ltd ('FEG') for the sale of its interest in the Wonogiri copper-gold project in Indonesia.

Alpha currently holds a 45% participating interest in the Wonogiri Project via its wholly owned subsidiary, Wonogiri Pty Ltd, which holds the 45% interest in the Indonesian operating company, PT Alexis Perdana Mineral ('PT Alexis').

Under the terms of the CSPA:

- FEG took over management and funding of PT Alexis.
- FEG have 18 months to advance the Wonogiri Project and collect a minimum of \$6.0 million in firm commitments for a public exchange listing ('IPO'), which is likely to include other assets.
- On IPO, FEG to issue consideration shares to Alpha for the acquisition of Wonogiri Pty Ltd to the value of \$3.375 million plus \$100,000 in cash.
- FEG must commit a minimum \$250,000 to the Wonogiri Project within the 18-month term.
- If FEG does not raise the minimum \$6.0 million commitment in 18 months, it may extend by a further 6 months, but only after meeting certain operational milestones.
- If FEG fail to meet conditions by the final date, any FEG expenditure more than \$250,000 is converted to equity in PT Alexis at the rate of 1% per \$100,000 expenditure, capped at 25% (before any IPO).

FEG have been active on the ground at Wonogiri and Alpha is advised the FEG's plans for an IPO on the ASX are advancing. The Company continues to carry its interest in the Wonogiri project at a \$nil carrying value until such time that the terms of the CSPA are met.



# Review of Operations

## CORPORATE ACTIVITIES

### Placement

In June 2020 the Company completed a \$50M (before costs) capital raising by way of a placement at \$0.55 per share to institutional and sophisticated investors. Funds raised are to be utilised for the construction and delivery of the Company's Precursor Production Facility, the fast-tracking of long lead items for the full-scale commercial facility and for general working capital purposes.

The placement was well supported by existing shareholders and a number of new institutional investors, including ESG focused funds, in recognition of the Company's suite of high-purity aluminium products for key de-carbonising technologies, and the Company's low-carbon production footprint.

Use of Funds	\$M
PPF Construction including contingency	27.6
FEED Study – Full Scale Commercial Facility	1.0
Long lead Items – Deposits and Vendor Packages	2.5
HPA First Project - Land Acquisition	2.5
General working capital	16.4
<b>TOTAL</b>	<b>50.0</b>

### Grant of Options

In August and November 2020, the Company granted 26 million options, each exercisable to acquire one fully paid ordinary share at any time up to 31 July 2023 for \$0.35 key employees and consultants of the Company and Directors following shareholder approval and 5 million options, each exercisable to acquire one fully paid ordinary share at any time up to 30 September 2023 for \$0.35, to the licensor of the proprietary aluminium extraction and refining process.

### FY20 R&D Rebate of \$852K RECEIVED

In January 2021 the Company received a \$852,266 R&D rebate, for activities related to the HPA First Project in the 2020 financial year.

## CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement is dated as at 23 September 2021 and reflects the corporate governance practises throughout the 2021 financial year. The 2021 Corporate Governance Statement was approved by the Board on 23 September 2021. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at [www.alphahpa.com.au/index.cfm/about-us/](http://www.alphahpa.com.au/index.cfm/about-us/).

## Review of Operations

### MINERAL RESOURCES STATEMENT

#### Collerina Project – Homeville Deposit

Category	Cut Off Grade (Ni %)	Tonnes (Mt)	Ni %	Co %	Fe %	Al %
Indicated	0.5	2.2	0.97	0.04	19	2.8
Inferred	0.5	18.8	0.84	0.06	23	3.7
<b>TOTAL</b>		<b>21</b>	<b>0.85</b>	<b>0.06</b>	<b>22</b>	<b>3.6</b>
Category	Cut Off Grade (Ni %)	Tonnes (Mt)	Ni %	Co %	Fe %	Al %
Indicated	0.7	2.2	0.98	0.04	19	2.8
Inferred	0.7	15.7	0.88	0.06	23	3.7
<b>TOTAL</b>		<b>17.9</b>	<b>0.89</b>	<b>0.06</b>	<b>22</b>	<b>3.6</b>
Category	Cut Off Grade (Ni %)	Tonnes (Mt)	Ni %	Co %	Fe %	Al %
Indicated	1.0	0.9	1.1	0.04	18	2.4
Inferred	1.0	3.1	1.1	0.05	20	2.9
<b>TOTAL</b>		<b>4.0</b>	<b>1.1</b>	<b>0.05</b>	<b>19</b>	<b>2.8</b>

#### Wonogiri Project

Category	Cut Off (AuEq g/t)	Million Tonnes	AuEq (g/t)	Gold (g/t)	Copper (%)
Measured	1	4.88	1.36	1.28	0.23
	0.5	15.65	0.91	0.83	0.17
	0.2	21.59	0.77	0.69	0.15
Indicated	1	0.25	1.37	1.39	0.16
	0.5	1.67	0.74	0.73	0.11
	0.2	3.08	0.58	0.56	0.09
Inferred	1	0.1	1.37	1.49	0.09
	0.5	3.64	0.67	0.62	0.12
	0.2	56.89	0.31	0.25	0.09
<b>Total</b>	<b>1</b>	<b>5.22</b>	<b>1.36</b>	<b>1.29</b>	<b>0.23</b>
	<b>0.5</b>	<b>20.95</b>	<b>0.85</b>	<b>0.79</b>	<b>0.16</b>
	<b>0.2</b>	<b>81.56</b>	<b>0.44</b>	<b>0.38</b>	<b>0.11</b>

#### Resource Comparison 2021 to 2020

In September 2018 the Company released a JORC 2012 compliant Mineral Resource Estimate (MRE) for the Collerina Project, prepared by Optiro Consultants. The detail of this MRE were presented in the Company's 2018 Mineral Resource Statement.

With the Company's focusing on the HPA First Project no further updated to the resource estimate at the Collerina Project has been made.

A review of the Wonogiri Project concluded that no adjustment to the resource estimate at the Wonogiri Project was necessary at this time.

## Review of Operations

### ***Competent Persons Statement – Exploration Results***

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Kairaitis is a Director of Alpha HPA Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### ***Competent Persons Statement – Homeville Mineral Resource Estimate***

The Mineral Resource Estimate for the Homeville deposit has been compiled by Kahan Cervoj, B. App. Sci (Geology), MAIG MAusIMM. Mr Cervoj is an employee of Mineral Industry Consultants, Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cervoj consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### ***Competent Persons Statement – Randu Kuning Resource Estimate***

The information in this report that relates to the Randu Kuning Resource estimate is based on information compiled by Alpha staff and contractors and approved by Mr Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey was employed by the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

### ***1 Gold Equivalent Calculation for the Randu Kuning JORC 2012 Compliant Resource***

Where reported in relation to the Wonogiri mineral resource estimate, gold equivalent results are calculated using a gold price of US\$1,250/ounce and a copper price of US\$5,500/tonne. Silver is excluded from the gold equivalent calculation. In calculating gold equivalents for the JORC 2012 resource estimate, gold and copper recoveries are assumed to be 85%. As previously reported, metallurgical testing has resulted in mean recoveries from sulphide material of over 90% for gold and 94% for copper. It is the Company's opinion that all metals used in the equivalent calculation have a reasonable potential to be recovered in the event that material from the Wonogiri Project was to undergo processing.

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## Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Alpha HPA Limited ('Alpha' or 'the Company'), and its controlled entities for the financial year ended 30 June 2021 and the Auditor's report thereon.

### Directors

The names of the Directors in office at any time during or since the end of the financial year are:

Norman Seckold	-	Chairman
Rimas Kairaitis	-	Managing Director
Peter Nightingale	-	Director and CFO
Cameron Peacock	-	Director (since 3 February 2021)
Anthony Sgro	-	Director
Justin Werner	-	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company Secretary

The Company Secretary in office during the financial year was Richard Edwards.

### Principal Activities

The Company's principal focus over the last 12 months has been advancing the commercialisation of its proprietary solvent extraction and refining technology to produce a range of high purity aluminium products for sale into the lithium-ion battery and LED battery markets.

During the 12 months a significant change in the nature of these activities was the decision to commit to the construction of a Precursor Production Facility to help fast-track the production of the HPA First Project's two ultra-high purity aluminium precursor products, being aluminium nitrate and aluminium sulfate.

### Financial Results

The loss of the Group for the financial year after providing for income tax amounted to \$16,317,100 (2020 - \$9,537,539 loss).

### Review of Operations

A review of the Group's operations for the year ended 30 June 2021 is set out in the Review of Operations.

### Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2021. No dividends have been paid or declared during the financial year (2020 - \$nil).

### Environmental Regulations

The Group is subject to state, federal and international environmental legislation. The Group has complied with its environmental obligations and the Group have not received a notification for environmental breaches by any Government agency to the date of this Directors' Report, and the Directors do not anticipate any obstacles in complying with the legislation.

## Directors' Report

### Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2021 were as follows:

- Completion of a \$50 million capital raising to enable the construction and delivery of the Company's Precursor Production Facility, the fast-tracking of long lead items for the full-scale commercial facility.
- Upscaling the Company's Brisbane-based Pilot Plant to 'demonstration scale' to cater for larger test orders required by potential offtake partners.
- Successful manufacture and marketing of two high purity (5N) alumina pre-cursor products with multiple applications within the Li-B, LED and specialty chemical markets.
- Maiden sales of 5N pre-cursor into specialty chemicals market.
- Memorandum of Understanding ('MoU') signed with Traxys North America ('Traxys') regarding offtake, marketing and financing and Rhineland Specialties Inc, USA ('Rhineland Specialties') regarding marketing and wholesaling of specialty chemicals products.
- Signing of several complimentary MoUs with select marketing agents across likely products markets of North America, Japan/China and Europe to extend the Company's market outreach program across both HPA, boehmite and high purity pre-cursor products.
- Granting by the Queensland Government of the Material Change of Use ('MCU') permit in respect of the Company's HPA First Project within the Gladstone State Development Area.
- Advancement of project financing discussions with Government lending agencies and a consortium of commercial banks.

### After Balance Date Events

In August 2021 the Company executed Definitive Agreements with Orica in relation to the HPA First Project. The agreements set out commercial terms and technical obligations of both Orica and Alpha on the supply of process reagents and the offtake of process by-product to/from Alpha's HPA First Project and Orica's Yarwun manufacturing facility within the Gladstone State Development Area in North Queensland.

Additionally in September 2021 the Company signed a binding letter agreement with Helix Resources Ltd for the divestment of the Company's interest in the Collerina Project tenements in NSW.

Other than the matters outlined above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Information on Directors



**Norman Alfred Seckold**  
**Chairman**

Director since 30 November 2009.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and has spent more than 35 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico, and Equus Mining Limited, a mineral and development company operating in Chile.

## Directors' Report

Mr Seckold is currently Chairman of ASX listed Sky Metals Limited and Santana Minerals Ltd and Deputy Chairman of ASX listed Nickel Mines Limited. He is also a director of the unlisted public company Mekong Minerals Ltd.

**Other current listed company directorships:** Nickel Mines Limited, Santana Minerals Ltd and Sky Metals Limited.

**Former directorships in the last three years:** None.

**Interests in shares and options:** 67,291,194 shares indirectly held as at the date of this report.

### Rimas Kairaitis

#### Managing Director

Director since 1 November 2017. Appointed as Managing Director on 23 August 2018.

Mr Kairaitis is a geologist with over 24 years' experience in minerals exploration and resource development in gold, base metals and industrial minerals. In his most recent role, Mr Kairaitis was founding Managing Director and CEO of Aurelia Metals (ASX: AMI), which he steered from a junior exploration company IPO to a profitable NSW based gold and base metals producer. Mr Kairaitis led the geological field teams to the discovery of the Tomingley and McPhillamy's gold deposits in NSW and steered the Hera gold-lead-zinc Project from discovery through to successful commissioning and commercial production.



**Other current listed company directorships:** Sky Metals Limited.

**Former directorships in the last three years:** Great Western Exploration Ltd.

**Interests in shares and options:** 6,500,000 share directly held and 660,000 shares indirectly held. 10,000,000 \$0.30 31 July 2022 and 10,000,000 \$0.35 31 July 2023 unlisted options held directly as at the date of this report.

### Peter James Nightingale

#### Director and Chief Financial Officer

Director since 30 November 2009.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.



As a director or company secretary Mr Nightingale has, for more than 30 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L., Bolnisi Gold N.L. and Planet Gas Limited (now Sky Metals Limited). Mr Nightingale is currently a director of ASX listed Nickel Mines Limited and Prospech Limited.

**Other current listed company directorships:** Nickel Mines Limited and Prospech Limited.

**Former directorships in the last three years:** Argent Minerals Limited and Planet Gas Limited (now Sky Metals Limited).

**Interests in shares and options:** 16,612,500 shares indirectly held. 3,000,000 \$0.30 31 July 2022 unlisted options and 3,000,000 \$0.35 31 July 2023 unlisted options held directly as at the date of this report.

## Directors' Report



**Anthony Sgro**  
**Director**

Director since 1 November 2017.

Mr Sgro is a Chemical Engineer, graduating from University of Sydney. His studies included an emphasis on Minerals Chlorination, which focused on the application of chlorination techniques to the extractive metallurgy of various minerals including titanium, nickel, chromium and tungsten ores.

His early career was spent with an international engineering group, including an extended period managing operations in Indonesia.

In 1979, with two partners, Mr Sgro started Kelair Pumps which grew to be the largest privately owned pumping equipment supply company in Australia. The company was sold to an international group in 2004 but Mr Sgro remained with the company as General Manager until his retirement in 2015.

In a career spanning 45 years, Mr Sgro was deeply involved in the technical and commercial aspects of supply of specialised equipment to the major process industries including oil and gas, petrochemical, chemical and mining industries, including equipment specification, material selection, commercial and technical aspects of large tenders, contract negotiation and contract management.

**Other current listed company directorships:** None.

**Former directorships in the last three years:** None.

**Interests in shares and options:** 3,000,000 shares directly held and 155,297 shares indirectly held. 3,000,000 \$0.30 31 July 2022 and 3,000,000 \$0.35 31 July 2023 unlisted options held directly as at the date of this report.



**Justin Charles Werner**  
**Director**

Director since 23 December 2010. Managing Director from 8 August 2014 to 23 August 2018.

Justin Werner, who has a Bachelor of Management from the University of Sydney, has been involved in the mining industry for more than 10 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and discovered the highly prospective Romang Island in Indonesia which was acquired by Padiham resources from Robust Resources Limited in November 2014.

Prior to focusing on developing projects in Indonesia, he worked as a consultant for specialist mining consultancies GPR Dehler, Jamieson Consulting and Partners in Performance, leading many successful turnaround projects for blue chip mining companies including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia). Mr Werner is currently Managing Director of ASX listed public company Nickel Mines Limited.

**Other current listed company directorships:** Nickel Mines Limited.

**Former directorships in the last three years:** None.

**Interests in shares and options:** 12,316,835 shares indirectly held. 3,000,000 \$0.30 31 July 2022 and 3,000,000 \$0.35 31 July 2023 unlisted options held directly as at the date of this report.

## Directors' Report



**Cameron Peacock**  
**Director**

Director since 3 February 2021.

Cameron Peacock has more than 20 years' experience in numerous finance focused roles across banking, private equity and equity capital markets. In his more recent roles as an Investor Relations and Business Development executive across several resource companies, he has been deeply involved in the preparation and execution of numerous large-scale primary and secondary capital market transactions. He has an established network across the global resources and generalist investment funds and a well-established track record in assisting companies build and manage their institutional and retail investor bases.

**Other current listed company directorships:** None.

**Former directorships in the last three years:** None.

**Interests in shares and options:** 5,400,000 shares indirectly held. 2,000,000 \$0.30 31 July 2022 and 2,000,000 \$0.35 31 July 2023 unlisted options held directly as at the date of this report.

### Meetings of Directors

Directors	Directors' Meetings	
	N° eligible to attend	N° attended
Norman Seckold	16	16
Rimas Kairaitis	16	16
Peter Nightingale	16	16
Cameron Peacock	10	10
Anthony Sgro	16	16
Justin Werner	16	16

### Company Secretary

The Company Secretary, Richard Edwards, was appointed on 3 September 2012.

Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Mr Edwards has worked for over fifteen years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. He is also Company Secretary of ASX listed Nickel Mines Limited and Prospech Limited.



## Directors' Report

### Directors' Interests

The following table provides the total ordinary shares held by each Director as at the date of this report:

	Directly held	Indirectly held
Norman Seckold	-	67,291,194
Rimas Kairaitis	6,500,000	660,000
Peter Nightingale	-	16,612,500
Cameron Peacock	-	5,400,000
Anthony Sgro	3,000,000	155,297
Justin Werner	-	12,316,835
<b>Total</b>	<b>9,500,000</b>	<b>102,435,826</b>

The following table provides the total options held by each Director as at the date of this report:

	Directly held	Indirectly held
Norman Seckold	-	-
Rimas Kairaitis	20,000,000	-
Peter Nightingale	6,000,000	-
Cameron Peacock	4,000,000	-
Anthony Sgro	6,000,000	-
Justin Werner	6,000,000	-
<b>Total</b>	<b>42,000,000</b>	<b>-</b>

### Unissued Shares Under Option

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
10,000,000	\$0.20	31 July 2022
35,000,000	\$0.30	31 July 2022
26,000,000	\$0.35	31 July 2023
5,000,000	\$0.35	30 September 2023

### Shares Issued on Exercise of Options

During or since the end of the financial year, the Group issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of Shares	Amount paid on each share
12,000,000	\$0.15
5,000,000	\$0.20
2,000,000	\$0.30

## Directors' Report

### Indemnification of Officers and Auditor

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Non-audit Services

During the year ended 30 June 2021 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

	2021 \$	2020 \$
Auditors of the Company - KPMG		
Audit of annual and interim financial reports - KPMG	111,750	87,000
R&D incentive claim services	35,000	35,000
Debt advisory services	258,273	50,000
	<u>405,023</u>	<u>172,000</u>

The Directors are satisfied that the provision of non-audit services, during the 2021 year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that these services, do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

The lead auditor's independence declaration is set out on page 30 as required under section 307C of the *Corporations Act 2001*.

### Remuneration Report - (Audited)

#### Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors and the Chief Operating Officer of the Company. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

## Directors' Report

### Remuneration Report - (Audited) (Cont.) Principles of Compensation - (Audited) (Cont.)

Remuneration generally consists of salary payments. Longer term incentives are able to be provided through the Group's Incentive Option Plan which acts to align the Directors and senior executives' actions with the interests of the shareholders. The terms and conditions of share options offered or granted by the Group are determined by the Board in its sole and absolute discretion. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements. No Directors or senior executives receive performance related remuneration.

There were no remuneration consultants used by the Group during the year ended 30 June 2021, or in the prior year.

### Details of Remuneration for the Year Ended 30 June 2021 - (Audited)

Details of Director and senior executive remuneration and the nature and amount of each major element of the remuneration of each Director of the Company, and other key management personnel of the Group are set out below:

Key management personnel	Year	Short term	Post-employment	Other benefits	Termination benefit	Share based payments	Total	Proportion of remuneration performance related %	Value of options as a proportion of remuneration
		Salary and fees \$	Super-annuation \$			\$			
Norman Seckold	2021	90,000	-	-	-	-	90,000	-	-
	2020	90,000	-	-	-	-	90,000	-	-
Rimas Kairaitis	2021	462,000	-	-	-	1,713,883	2,175,883	-	78.77
	2020	432,000	-	-	-	613,423	1,045,423	-	58.68
Peter Nightingale	2021	90,000	-	-	-	514,165	604,165	-	85.10
	2020	90,000	-	-	-	184,027	274,027	-	67.16
Cameron Peacock <sup>(1)</sup>	2021	16,667	-	-	-	86,335	103,002	-	83.82
Anthony Sgro	2021	40,000	-	-	-	514,165	554,165	-	92.78
	2020	40,000	-	-	-	184,027	224,027	-	82.15
Justin Werner	2021	40,000	-	-	-	514,165	554,165	-	92.78
	2020	40,000	-	-	-	184,027	224,027	-	82.15
Martin Kaderavek <sup>(2)</sup>	2020	134,166	17,480	-	59,269	69,348	280,263	-	24.74
Robert Williamson <sup>(3)</sup>	2021	294,999	28,025	22,692	-	273,240	618,956	-	44.15
	2020	24,583	2,335	1,891	-	-	28,809	-	-
Total	2021	1,033,666	28,025	22,692	-	3,615,953	4,700,336	-	76.93
	2020	850,749	19,815	1,891	59,269	1,234,852	2,166,576	-	57.00

<sup>(1)</sup> Appointed as Director 3 February 2021

<sup>(2)</sup> Ceased as Chief Operations Officer on 17 January 2020.

<sup>(3)</sup> Appointed as Chief Operations Officer on 1 June 2020.

Other than the share based payments outlined above, no bonuses were paid during the financial year and no performance based components of remuneration exist.

## Directors' Report

### Remuneration Report - (Audited) (Cont.)

#### Consequences of Performance on Shareholder Wealth - (Audited)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2021	2020	2019	2018	2017
Loss attributable to owners of the Company	\$16,274,742	\$9,345,494	\$10,054,498	\$1,770,554	\$2,519,816
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	\$0.380	\$0.060	\$0.016	\$0.077	\$0.009
Return on capital employed <sup>(1)</sup>	(32%)	(90%)	(242%)	(17%)	(32%)

<sup>(1)</sup> Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Group's projects, and financial performance of the Company.

#### Movement in Shares - (Audited)

No shares were granted to key management personnel during the reporting period as compensation in 2021 or 2020. The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key management personnel	Held at 1 July 2020	Purchased / Option Conversion	Sales	Held at 30 June 2021
Norman Seckold	67,291,194	-	-	67,291,194
Rimas Kairaitis	3,100,000	10,060,000	(6,000,000)	7,160,000
Peter Nightingale	16,612,500	-	-	16,612,500
Cameron Peacock*	5,100,000	300,000	-	5,400,000
Anthony Sgro	3,155,297	-	-	3,155,297
Justin Werner	12,316,835	-	-	12,316,835

\* Number held at date of becoming a Director on 3 February 2021.

Key management personnel	Held at 1 July 2019	Purchased shares	Sales	Held at 30 June 2020
Norman Seckold	67,291,194	-	-	67,291,194
Rimas Kairaitis	480,000	2,620,000	-	3,100,000
Peter Nightingale	13,612,500	3,000,000	-	16,612,500
Anthony Sgro	155,297	3,000,000	-	3,155,297
Justin Werner	7,316,835	5,000,000	-	12,316,835

## Directors' Report

### Remuneration Report - (Audited) (Cont.)

#### Movement in Options - (Audited)

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at 1 July 2020	Granted/ Purchased	Exercised	Expired	Held at 30 June 2021	Vested and exercisable at 30 June 2021
Rimas Kairaitis	20,000,000	10,000,000	10,000,000	-	20,000,000	10,000,000
Peter Nightingale	3,000,000	3,000,000		-	6,000,000	3,000,000
Cameron Peacock	4,000,000 <sup>(1)</sup>	2,000,000 <sup>(1)</sup>	2,000,000 <sup>(1)</sup>	-	4,000,000	2,000,000
Anthony Sgro	3,000,000	3,000,000		-	6,000,000	3,000,000
Justin Werner	3,000,000	3,000,000		-	6,000,000	3,000,000
Robert Williamson	-	3,000,000	-	-	3,000,000	1,000,000

<sup>(1)</sup> Options held, granted and exercised prior to appointment as a Director.

	Held at 1 July 2019	Granted/ Purchased	Exercised/ Sold	Expired	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Rimas Kairaitis	20,000,000	10,000,000	10,000,000 <sup>(2)</sup>	-	20,000,000	13,333,333
Peter Nightingale	3,000,000	3,000,000	3,000,000	-	3,000,000	1,000,000
Anthony Sgro	3,000,000	3,000,000	3,000,000	-	3,000,000	1,000,000
Justin Werner	10,000,000	3,000,000	10,000,000 <sup>(2)</sup>	-	3,000,000	1,000,000
Martin Kaderavek <sup>(1)</sup>	-	3,000,000	-	2,000,000	1,000,000	1,000,000

<sup>(1)</sup> Ceased as Chief Operations Officer on 17 January 2020.

<sup>(2)</sup> Prior to their expiry Mr Kairaitis sold 7,500,000 31/10/19 \$0.10 options and Mr Werner sold 5,000,000 31/10/19 \$0.10. These options were subsequently exercised by the purchaser.

#### Options granted as compensation - (Audited)

Details of options granted as compensation to each key management person during the year ended 30 June 2021:

Key Management Person	Grant Date	Number of Options Granted	Total Fair Value at Grant Date	Option Terms (Exercise Price and Term)
Robert Williamson	17/08/2020	3,000,000	\$348,000	\$0.35 at any time post vesting to 31/07/23
Cameron Peacock	17/08/2020 <sup>(1)</sup>	2,000,000	\$232,000	\$0.35 at any time post vesting to 31/07/23
Rimas Kairaitis	19/11/2020 <sup>(2)</sup>	10,000,000	\$2,030,000	\$0.35 at any time post vesting to 31/07/23
Justin Werner	19/11/2020 <sup>(2)</sup>	3,000,000	\$609,000	\$0.35 at any time post vesting to 31/07/23
Peter Nightingale	19/11/2020 <sup>(2)</sup>	3,000,000	\$609,000	\$0.35 at any time post vesting to 31/07/23
Anthony Sgro	19/11/2020 <sup>(2)</sup>	3,000,000	\$609,000	\$0.35 at any time post vesting to 31/07/23

<sup>(1)</sup> Options granted on 17 August 2020 when the Alpha share price was \$0.22, prior to appointment as a Director, in his role as Investor Relations Manager.

<sup>(2)</sup> Directors resolved to issue these options, subject to shareholder approval, on 17 August 2020, when the Alpha share price was \$0.22. On 19 November 2020, when Shareholder approval was granted at the Company's AGM, the closing share price was \$0.34 and \$0.34 has been used for option valuation purposes.

## Directors' Report

### Remuneration Report - (Audited) (Cont.)

#### Options granted as compensation - (Audited) (Cont.)

The Company issued 3,000,000 \$0.35 options for no consideration with a grant date of 17 August 2020 to Mr Robert Williamson following his appointment as Chief Operations Officer, and an expiry date of 31 July 2023. The fair value of the options granted was measured using a Black-Scholes formula. The model inputs of the options issued were the Company's share price of \$0.22 at the grant date, a volatility factor of 101.84% based on historical share price performance, a risk-free interest rate of 0.27% and no dividends paid.

The Company issued to Directors 19,000,000 \$0.35 options for no consideration with a grant date of 19 November 2020 and an expiry date of 31 July 2023, following shareholder approval at the Company's Annual General Meeting. The fair value of the options issued to Directors on 19 November 2020 was determined based on Black-Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.34 at the date shareholder approval was granted, a volatility factor of 102.72% based on historic share price performance, a risk free rate of 0.11% based on the 2 year government bond rate and no dividends paid.

The number of options that vested to key management personnel during the year ended 30 June 2021 is 15,000,000 (2020 – 7,333,333). No options lapsed during 2021 financial year (2020 – 2,000,000). Options issued to date at the discretion of the Board that have not yet vested have service conditions attached to them, which can be waived at the discretion of the Board.

#### Modification of terms of equity-settled share-based payment transactions - (Audited)

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the 2021 financial year.

#### Exercise of options granted as compensation - (Audited)

During the year ended 30 June 2021 the following options previously granted as compensation were exercised.

Director	Strike price	Number exercised/sold
Rimas Kairaitis	\$0.15	10,000,000
Cameron Peacock	\$0.15	2,000,000

During the year ended 30 June 2020 the following options previously granted as compensation were exercised or sold prior to exercise by a third party.

Director	Strike price	Number exercised/sold
Rimas Kairaitis	\$0.10	10,000,000 <sup>(1)</sup>
Peter Nightingale	\$0.10	3,000,000
Anthony Sgro	\$0.10	3,000,000
Justin Werner	\$0.10	10,000,000 <sup>(1)</sup>

<sup>(1)</sup> Prior to their expiry Mr Kairaitis sold 7,500,000 31/10/19 \$0.10 options and Mr Werner sold 5,000,000 31/10/19 \$0.10. These options were subsequently exercised by the purchaser.

# Directors' Report

## Remuneration Report - (Audited) (Cont.)

### Analysis of options and rights over equity instruments granted as compensation – (Audited)

All options refer to options over ordinary shares of Alpha HPA Limited, which are exercisable on a one-for-one basis.

Director	Options granted		% vested at year end	% forfeited at year end	Financial year in which grant vests
	Number	Date			
Rimas Kairaitis	10,000,000	28 November 2019	66.66%	-	1/3 in years 2020, 2021 and 2022
	10,000,000	19 November 2020	33.33%	-	1/3 in years 2021, 2022 and 2023
Peter Nightingale	3,000,000	28 November 2019	66.66%	-	1/3 in years 2020, 2021 and 2022
	3,000,000	19 November 2020	33.33%	-	1/3 in years 2021, 2022 and 2023
Anthony Sgro	3,000,000	28 November 2019	66.66%	-	1/3 in years 2020, 2021 and 2022
	3,000,000	19 November 2020	33.33%	-	1/3 in years 2021, 2022 and 2023
Justin Werner	3,000,000	28 November 2019	66.66%	-	1/3 in years 2020, 2021 and 2022
	3,000,000	19 November 2020	33.33%	-	1/3 in years 2021, 2022 and 2023
Cameron Peacock <sup>(1)</sup>	2,000,000 <sup>(1)</sup>	16 October 2019	66.66%	-	1/3 in years 2020, 2021 and 2022
	2,000,000 <sup>(1)</sup>	17 August 2020	33.33%	-	1/3 in years 2021, 2022 and 2023
Martin Kaderavek <sup>(2)</sup>	3,000,000	16 October 2019	33.33%	66.66%	1/3 in 2020, remaining 2/3's lapsed
Robert Williamson	3,000,000	17 August 2020	33.33%	-	1/3 in years 2021, 2022 and 2023

<sup>(1)</sup> Options were issued prior to appointment as a Director.

<sup>(2)</sup> Ceased as Chief Operations Officer on 17 January 2020.

### Loans to key management personal and their related parties - (Audited)

There were no loans made to key management personnel or their related parties during the 2021 and 2020 financial years and no amounts were outstanding at 30 June 2021 (2020 - \$nil).

### Other transactions with key management personnel - (Audited)

These key management personnel related entities transacted with the Group during the year as follows:

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS Corporate Pty Limited during the year amounted to \$389,750 (2020 - \$398,975) which includes a monthly fee of \$25,000 per month, and reimbursement of consultant expenses incurred by MIS Corporate Pty Limited on behalf of the Group. At 30 June 2021, \$7,563 (2020 - \$32,500) remained outstanding and was included in the creditor's balance. Included within current liabilities are amounts totalling \$51,061 (2020- \$59,667) due to the Directors of the Company.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

Signed at Sydney this 23rd day of September 2021 in accordance with a resolution of the Board of Directors.



Rimas Kairaitis  
Managing Director



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Alpha HPA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Alpha HPA Limited for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Stephen Board  
*Partner*

Brisbane  
23 September 2021

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**Alpha HPA Limited**

and its controlled entities

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2021**

		Consolidated	
	Notes	2021 \$	2020 \$
<b>Continuing operations</b>			
Other income	5	967,688	310,500
Administration and consultant expenses		(1,099,756)	(1,079,684)
Audit and other professional fees	7	(450,938)	(197,516)
Depreciation and amortisation expenses	7	(47,194)	(1,145)
Directors' and company secretarial fees		(700,667)	(620,000)
Share based payments	18	(4,840,835)	(2,668,795)
Gain/(loss) on investments	14	(26,480)	(31,959)
Research and development expenses		(7,301,886)	(5,025,688)
Exploration and evaluation expenditure		(58,299)	(259,839)
Impairment losses - exploration and evaluation expenditure	13	(2,187,625)	-
Loss on deconsolidation of Wonogiri project	15	(477,005)	-
<b>Operating loss before financing income</b>		<u>(16,222,997)</u>	<u>(9,574,126)</u>
Finance income	6	10,833	36,587
Finance expense	6	(104,936)	-
Net financing income/(expense)		<u>(94,103)</u>	<u>36,587</u>
<b>Loss before income tax expense</b>		<u>(16,317,100)</u>	<u>(9,537,539)</u>
Income tax expense	8	-	-
<b>Loss after income tax expense</b>		<u>(16,317,100)</u>	<u>(9,537,539)</u>
<b>Other comprehensive income for the year</b>			
<b>Items that may be classified subsequently to profit or loss</b>			
Foreign currency translation		(10,734)	89,637
<b>Total other comprehensive loss</b>		<u>(10,734)</u>	<u>89,637</u>
<b>Total comprehensive loss for the year</b>		<u>(16,327,834)</u>	<u>(9,447,902)</u>
<b>Loss is attributable to:</b>			
Owners of the Company		(16,274,742)	(9,345,494)
Non-controlling interest		(42,358)	(192,045)
<b>Loss for the year</b>		<u>(16,317,100)</u>	<u>(9,537,539)</u>
<b>Total comprehensive loss is attributable to:</b>			
Owners of the Company		(16,281,220)	(9,301,289)
Non-controlling interest		(46,614)	(146,613)
<b>Total comprehensive loss for the year</b>		<u>(16,327,834)</u>	<u>(9,447,902)</u>
<b>Earnings per share</b>			
<b>Basic and diluted loss per share (cents)</b>	9	<u>(2.34)</u>	<u>(1.50)</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Alpha HPA Limited**

and its controlled entities

**Consolidated Statement of Financial Position****As at 30 June 2021****Consolidated**

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	10	50,344,366	7,984,529
Trade and other receivables	11	538,888	168,183
Prepayments		122,127	87,120
<b>Total current assets</b>		<b>51,005,381</b>	<b>8,239,832</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	293,916	3,137
Right-of-use-assets		52,949	-
Exploration and evaluation expenditure	13	380,000	2,556,925
Investments	14	37,438	63,918
Deposits		200,758	160,000
<b>Total non-current assets</b>		<b>965,061</b>	<b>2,783,980</b>
<b>Total assets</b>		<b>51,970,442</b>	<b>11,023,812</b>
<b>Current liabilities</b>			
Trade and other payables	16	1,630,479	586,068
Lease liability		54,243	-
<b>Total current liabilities</b>		<b>1,684,722</b>	<b>586,068</b>
<b>Non-Current liabilities</b>			
Lease liability		2,365	-
<b>Total current liabilities</b>		<b>2,365</b>	<b>586,068</b>
<b>Total liabilities</b>		<b>1,687,087</b>	<b>586,068</b>
<b>Net assets</b>		<b>50,283,355</b>	<b>10,437,744</b>
<b>Equity</b>			
Issued capital	17	99,799,748	48,038,551
Reserves	17	7,622,477	3,807,438
Accumulated losses		(57,138,870)	(40,864,128)
<b>Total equity attributable to equity holders of the Company</b>		<b>50,283,355</b>	<b>10,981,861</b>
Non-controlling interest		-	(544,117)
<b>Total equity</b>		<b>50,283,355</b>	<b>10,437,744</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Alpha HPA Limited

and its controlled entities

## Consolidated Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Attributable to equity holders of the Group</b>							
<b>Balance at 1 July 2019</b>		34,112,896	2,054,810	(31,518,634)	4,649,072	(487,486)	4,161,586
<b>Total comprehensive income for the year</b>							
Loss for the year		-	-	(9,345,494)	(9,345,494)	(192,045)	(9,537,539)
Total other comprehensive income		-	44,205	-	44,205	45,432	89,637
Total comprehensive loss for the year		-	44,205	(9,345,494)	(9,301,289)	(146,613)	(9,447,902)
<b>Transactions with owners recorded directly in equity</b>							
<b>Contributions by and distributions to owners of the Company</b>							
Issue of shares	17	13,500,000	-	-	13,500,000	-	13,500,000
Costs of issue	17	(534,717)	-	-	(534,717)	-	(534,717)
Fair value of options exercised during the period		960,372	(960,372)	-	-	-	-
Lapse of options		-	(26,295)	-	(26,295)	-	(26,295)
Share based payments	18	-	2,695,090	-	2,695,090	-	2,695,090
Contribution from non-controlling interest		-	-	-	-	89,982	89,982
<b>Balance at 30 June 2020</b>		<b>48,038,551</b>	<b>3,807,438</b>	<b>(40,864,128)</b>	<b>10,981,861</b>	<b>(544,117)</b>	<b>10,437,744</b>
<b>Balance at 1 July 2020</b>		<b>48,038,551</b>	<b>3,807,438</b>	<b>(40,864,128)</b>	<b>10,981,861</b>	<b>(544,117)</b>	<b>10,437,744</b>
<b>Total comprehensive income for the year</b>							
Loss for the year		-	-	(16,274,742)	(16,274,742)	(42,358)	(16,317,100)
Total other comprehensive income		-	(6,478)	-	(6,478)	(4,256)	(10,734)
Total comprehensive loss for the year		-	(6,478)	(16,274,742)	(16,281,220)	(46,614)	(16,327,834)
<b>Transactions with owners recorded directly in equity</b>							
<b>Contributions by and distributions to owners of the Company</b>							
Issue of shares	17	53,400,000	-	-	53,400,000	-	53,400,000
Costs of issue	17	(2,635,835)	-	-	(2,635,835)	-	(2,635,835)
Fair value of options exercised during the period	17	997,032	(997,032)	-	-	-	-
Deconsolidation of subsidiaries		-	(22,286)	-	(22,286)	573,633	551,347
Share based payments	18	-	4,840,835	-	4,840,835	-	4,840,835
Contribution from non-controlling interest		-	-	-	-	17,098	17,098
<b>Balance at 30 June 2021</b>		<b>99,799,748</b>	<b>7,622,477</b>	<b>(57,138,870)</b>	<b>50,274,352</b>	<b>-</b>	<b>50,283,355</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows for the year ended 30 June 2021**

	Notes	Consolidated	
		2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Cash payments in the course of operations		(2,596,365)	(1,651,460)
Interest received		10,833	22,850
Interest paid		(5,368)	-
Advanced Manufacturing Growth Centre rebate		89,500	310,500
Government grants and incentive		872,266	918,798
<b>Net cash used in operating activities</b>	19	<b>(1,629,134)</b>	<b>(399,312)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure		(93,546)	(253,940)
Payments for research and development		(6,496,620)	(5,114,958)
Payments for property, plant and equipment		(139,178)	(2,279)
Deposit for purchase of land		-	(125,000)
Proceeds from sale of Santana shares		-	120,000
<b>Net cash used in investing activities</b>		<b>(6,729,344)</b>	<b>(5,376,177)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	53,400,000	13,500,000
Transaction costs on share issue		(2,558,750)	(534,717)
Repayment of lease liabilities		(40,465)	-
Contribution by non-controlling interest		17,098	89,982
<b>Net cash provided by financing activities</b>		<b>50,817,883</b>	<b>13,055,265</b>
<b>Net increase in cash held</b>		<b>42,459,405</b>	<b>7,279,776</b>
<b>Cash and cash equivalents at 1 July</b>		<b>7,984,529</b>	<b>691,016</b>
<b>Effect of exchange rate adjustments on cash held</b>		<b>(99,568)</b>	<b>13,737</b>
<b>Cash and cash equivalents at 30 June</b>	10	<b>50,344,366</b>	<b>7,984,529</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Alpha HPA Limited

and its controlled entities

## Notes to the Consolidated Financial Statements

### 1 REPORTING ENTITY

Alpha HPA Limited (the 'Company') is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity developing the HPA First Project, to produce High Purity Alumina for the battery and LED markets.

### 2 BASIS OF PREPARATION

#### Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Directors on 23 September 2021.

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- Investments - financial assets measured at fair value through profit and loss.

#### Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

#### Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2 Accounting for research and development activities, which involves distinguishing between research and development activities in accordance with AASB 138. Management have determined that the criteria to capitalise development costs for the full scale HPA First plant has not been met during the 2021 financial year.
- Note 8 Unrecognised deferred tax assets.
- Note 13 Exploration and evaluation expenditure.
- Note 18 Share Based Payments

#### Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss after tax of \$16,317,100 (2020 - \$9,537,539), and had net cash outflows from operating activities, exploration and evaluation expenditure and development expenditure of \$8,219,300 (2020 - \$5,768,210) for the year ended 30 June 2021.

The Group's main activity is development of the HPA First Project and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities. The Group completed a \$50,000,000 placement in June 2021 and at 30 June 2021 held \$50,344,366 in cash and cash equivalents.

## **Notes to the Consolidated Financial Statements**

### **2 BASIS OF PREPARATION (Cont.)**

#### **Going concern (Cont.)**

The Directors have prepared cash flow projections for the period from 1 July 2021 to 30 September 2022 that support the ability of the Group to continue as a going concern. These cash flow projections assume net cash outflows from operating and investing activities will continue and the operational expenditures are maintained within available funding levels. In addition, the cash flow projections indicate sufficient funds are available for the Group to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

Accordingly, the consolidated financial statements for the year ended 30 June 2021 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its planned exploration studies and operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group.

#### **Basis of consolidation**

##### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### ***Non-controlling interest***

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

##### ***Transactions eliminated on consolidation***

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

##### ***Investments in equity-accounted investees***

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

## Notes to the Consolidated Financial Statements

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### Finance income and finance costs

Finance income comprises interest income on funds invested (including financial assets at fair value through profit or loss), dividend income, foreign exchange gains and gains on the disposal of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of financial assets, foreign exchange losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### Exploration, evaluation and expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

#### Research and development expenditure

Research related expenditure is expensed as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development expenditure is recognised in profit or loss when incurred.

#### Property, plant and equipment

Items of property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

#### **Depreciation**

The depreciable amount of all fixed assets is depreciated over the assets' estimated useful lives to the Group commencing from the time the asset is ready for use.

The depreciation rates and useful lives used for each class of depreciable assets are:

## Notes to the Consolidated Financial Statements

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### Property, plant and equipment (Cont.)

##### *Depreciation (Cont.)*

Class of fixed asset	Depreciation rate	Depreciation basis
Office equipment	50%	Straight line

##### *Construction in progress*

The Group recognises plant construction in progress costs at cost in a construction in progress account. Once construction has been completed and the plant is in services, costs recognised as construction in progress will be transferred to the appropriate assets category within property, plant and equipment and depreciation charges will commence.

##### *Government grants*

Where a rebate is received relating to research and development or other costs that have been expensed, the rebate is recognised as other income when the rebate becomes receivable and the Company complies with all attached conditions. If the research and development or other costs have been capitalised, the rebate is deducted from the carrying value of the underlying asset when the grant becomes receivable and the Group complies with all attached conditions.

##### *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single measurement recognition and approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



## Notes to the Consolidated Financial Statements

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### Financial instruments

##### *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified and measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Subsequent measurement and gains and losses*

<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Equity instruments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

## Notes to the Consolidated Financial Statements

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### Financial instruments (Cont.)

##### *Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

#### **Tax**

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

## Alpha HPA Limited

and its controlled entities

# Notes to the Consolidated Financial Statements

## 3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### Impairment

#### Financial instruments

The Group recognises expected credit losses ('ECLs'), where material, on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

## **Notes to the Consolidated Financial Statements**

### **3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

#### **Foreign operations**

The assets and liabilities of foreign operations are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity.

#### **Segment reporting**

##### ***Determination and presentation of operating segments***

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

#### **Employee benefits**

##### ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

##### ***Share-based payment transactions***

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## **Notes to the Consolidated Financial Statements**

### **3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

#### **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### ***Site restoration***

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

#### **New standards and interpretations not yet adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 July 2021 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

### **4 DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### ***Equity securities***

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date.

#### ***Share-based payment transactions***

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

## Notes to the Consolidated Financial Statements

	Consolidated	
	2021	2020
	\$	\$
<b>5 OTHER INCOME</b>		
R&D tax rebate	852,266	-
AMGC credit	89,500	310,500
Cash boost stimulus	20,000	-
Other	5,922	-
	<u>967,688</u>	<u>310,500</u>
<b>6 FINANCE INCOME AND FINANCE COSTS</b>		
<b>Recognised in profit or loss</b>		
Interest income on cash deposits	10,833	22,850
Interest expense – lease liability	(5,368)	-
Foreign exchange gain/(loss)	(99,568)	13,737
Net finance income/(expense) recognised in profit or loss	<u>(94,103)</u>	<u>36,587</u>
<b>7 LOSS FOR THE YEAR</b>		
<b>Loss before income tax expense has been determined after:</b>		
Depreciation of non-current assets		
- Plant and equipment	3,070	1,145
- Right of use asset	44,124	-
Wages and salaries	379,474	218,018
Remuneration of the auditors of the Company - KPMG		
- Audit of annual and review of interim financial statements	111,750	87,000
- R&D incentive claim services fee	35,000	35,000
- Debt advisory services fee	258,273	50,000
Total remuneration of the auditors	<u>405,023</u>	<u>172,000</u>

## Notes to the Consolidated Financial Statements

	Consolidated	
	2021	2020
	\$	\$
<b>8 INCOME TAX</b>		
<b>Current tax expense</b>		
Current year	(860,872)	(533,920)
Tax losses not recognised	860,872	533,920
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	(16,317,100)	(9,537,539)
Prima facie income tax benefit at the Australian tax rate of 26%(2020 27.5%)	(4,242,446)	(2,622,823)
Increase in income tax expense due to:		
Non-deductible expenses	1,034,029	734,607
Tax losses not recognised	860,872	533,920
Effect of net deferred tax assets not brought to account	2,347,545	1,354,296
Income tax expense	-	-
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Taxable temporary differences (net)	2,763,711	1,045,005
Tax losses	4,207,093	2,434,182
Net	6,970,084	3,479,187

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. All tax losses relate to Australia and do not expire. To utilise these tax losses, the Group must meet requirements in relation to continuity of ownership or same business.

## 9 LOSS PER SHARE

### Basic and diluted loss per share have been calculated using:

Net loss for the year attributable to equity holders of the Company	(16,274,742)	(9,345,494)
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	N° of shares	N° of shares
<b>Weighted average number of ordinary shares (basic and diluted)</b>		
- Issued ordinary shares at the beginning of the year	680,375,880	567,100,018
- Effect of shares issued on 2 August 2019	-	31,931,507
- Effect of shares issued on 4 October 2019	-	5,178,082
- Effect of shares issued on 21 October 2019	-	7,000,822
- Effect of shares issued on 31 October 2019	-	8,588,219
- Effect of shares issued on 1 June 2020	-	3,835,616
- Effect of shares issued on 20 October 2020	1,391,781	-
- Effect of shares issued on 29 October 2020	6,712,329	-
- Effect of shares issued on 4 June 2021	147,945	-
- Effect of shares issued on 9 June 2021	5,479,452	-
- Effect of shares issued on 22 June 2021	123,288	-
Weighted average number of shares at the end of the year	694,230,675	623,634,265

As the Group is loss making, none of the potentially dilutive securities are currently dilutive. Details on the 78,000,000 options on issue are set out in Note 17.

## Notes to the Consolidated Financial Statements

	Consolidated	
	2021	2020
	\$	\$
<b>10 CASH AND CASH EQUIVALENTS</b>		
Cash at bank	50,344,366	7,984,529
Cash and cash equivalents in the statement of cash flows	<u>50,344,366</u>	<u>7,984,529</u>
<b>11 TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
GST receivable - Australia	502,189	133,784
Other receivables	<u>36,699</u>	<u>34,399</u>
	<u>538,888</u>	<u>168,183</u>
<b>12 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Furniture and fittings</b>		
Furniture and fittings - cost	17,767	4,568
Accumulated depreciation	<u>(4,501)</u>	<u>(1,431)</u>
Net book value	<u>13,266</u>	<u>3,137</u>
<b>Construction in progress</b>		
Construction in progress - cost	<u>280,650</u>	-
Net book value	<u>280,650</u>	-
<b>Total property, plant and equipment</b>	<u>293,916</u>	<u>3,137</u>
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.		
<b>Furniture and fittings</b>		
Carrying amount at the beginning of the year	3,137	2,003
Additions	13,199	2,279
Depreciation	<u>(3,070)</u>	<u>(1,145)</u>
Net book value	<u>13,266</u>	<u>3,137</u>
<b>Construction in progress</b>		
Carrying amount at the beginning of the year	-	-
Additions	<u>280,650</u>	-
Net book value	<u>280,650</u>	-

Construction in progress expenditure relates to the construction of the Precursor Production Facility.



## Notes to the Consolidated Financial Statements

	Consolidated	
	2021	2020
	\$	\$
<b>13 EXPLORATION AND EVALUATION EXPENDITURE</b>		
Costs carried forward in respect of areas of interest in exploration phase:		
New South Wales – opening balance	2,556,925	2,546,597
Additions	10,700	10,328
Provision for impairment	<u>(2,187,625)</u>	-
Net book value	<u><b>380,000</b></u>	<u>2,556,925</u>

Subsequent to the end of the year the Company announced the conditional divestment of the Collerina project to Helix Resources Limited ('Helix'). Consideration for the divestment is to be 20,000,000 Helix shares and Helix granting the Company a 1.0% Net Smelter Return Royalty on all metals from EL8768 and EL8703. Given the inherent uncertainty in value the Net Smelter Return Royalty, which is contingent upon the future development of the project, the Directors determined that the carrying value of the Collerina project would be impaired to the level of the Helix shares to be granted on the date of signing the agreement on 1 September 2021, given this is the best estimate of the recoverable amount of the project at 30 June 2021.

### 14 INVESTMENTS - SHARES AT FAIR VALUE

Opening balance	63,918	215,877
Sale of shares	-	(120,000)
Realised loss on sale of shares	-	(40,000)
Unrealised gain/(loss)	<u>(26,480)</u>	8,041
Closing balance	<u><b>37,438</b></u>	<u>63,918</u>

### 15 LOSS ON DECONSOLIDATION OF WONOGIRI PROJECT

In October 2020 the Company signed a Conditional Share Purchase Agreement ('CSPA') with Far East Gold Ltd ('FEG') for the sale of its interest in the Wonogiri copper-gold project in Indonesia, through the conditional sale of its wholly owned subsidiary, Wonogiri Pty Ltd ('Wonogiri'), which holds the 45% interest in the Indonesian operating company, PT Alexis Perdana Mineral ('PT Alexis'). Under the agreement the Company ceased control of the Wonogiri project and consequently ceased consolidation of the associated controlled entities Wonogiri and PT Alexis, with the Investment in the Wonogiri Project now accounted for as an equity accounted investee. Upon deconsolidation the Company has recognised on a loss of \$477,005. The carrying value of the Investment in Wonogiri is nil at 30 June 2021.

### 16 TRADE AND OTHER PAYABLES

#### Current

Trade creditors	1,387,268	347,361
Sundry creditors and accruals	<u>243,211</u>	238,707
	<u><b>1,630,479</b></u>	<u>586,068</u>

## Notes to the Consolidated Financial Statements

	Consolidated	
	2021	2020
	\$	\$
<b>17 CAPITAL AND RESERVES</b>		
<b>Share capital</b>		
790,284,971 (2020 - 680,375,880) fully paid ordinary shares	<b>99,799,748</b>	48,038,551

	2021		2020	
	N° of shares	\$	N° of shares	\$
<b>Ordinary shares</b>				
Balance at the beginning of the year	680,375,880	48,038,551	567,100,018	34,112,896
Issue of shares	90,909,091	50,000,000	83,275,862	10,500,000
Exercise of options	19,000,000	4,397,032	30,000,000	3,960,372
Costs of issue	-	(2,635,835)	-	(534,717)
Balance at the end of the year	<b>790,284,971</b>	<b>99,799,748</b>	680,375,880	48,038,551

### 2020/2021

In June 2021 the Company issued 90,909,091 shares at \$0.55 each for cash totalling \$50,000,000. There were no amounts unpaid on the shares issued. Share issue costs totalled \$2,617,232.

In June 2021 the Company issued 2,000,000 shares at \$0.30 each for cash totalling \$600,000 following the exercise of 2,000,000 \$0.30 options, and 5,000,000 shares at \$0.20 each for cash totalling \$1,000,000 following the exercise of 5,000,000 \$0.20 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$466,432. Share issue costs totalled \$10,382.

In October 2020 the Company issued 12,000,000 shares at \$0.15 each for cash totalling \$1,800,000, following the exercise of 12,000,000 \$0.15 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$530,600. Share issue costs totalled \$8,221.

### 2019/2020

In August 2019 the Company issued 35,000,000 shares at \$0.10 each for cash totalling \$3,500,000. There were no amounts unpaid on the shares issued. Share issue costs totalled \$140,308.

In October 2019 the Company issued 30,000,000 shares at \$0.10 each for cash totalling \$3,000,000, following the exercise of 30,000,000 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$960,372.

In June 2020 the Company issued 48,275,862 shares at \$0.145 each for cash totalling \$7,000,000. There were no amounts unpaid on the shares issued. Share issue costs totalled \$394,409.

### Terms and conditions - shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

## Notes to the Consolidated Financial Statements

### 17 CAPITAL AND RESERVES (Con't)

#### Nature and purpose of reserves

##### *Option premium reserve*

The option premium reserve is used to recognise the grant date fair value of options vested but not exercised.

##### *Foreign currency translation reserve*

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Option premium reserve	<b>7,603,198</b>	3,759,395
Foreign currency translation reserve	<b>19,279</b>	48,043
	<b>7,622,477</b>	<b>3,807,438</b>
Non-controlling interest	-	(544,117)

#### *Movements during the period*

##### *Option premium reserve*

Balance at beginning of period	<b>3,759,395</b>	2,050,972
Share options issued – share based payments	<b>4,840,835</b>	2,695,090
Exercise of options	<b>(997,032)</b>	(960,372)
Lapse of options	-	(26,295)
Balance at end of period	<b>7,603,198</b>	<b>3,759,395</b>

##### *Foreign currency translation reserve*

Balance at beginning of period	<b>48,043</b>	3,838
Currency translation differences	<b>(28,764)</b>	44,205
Balance at end of period	<b>19,279</b>	<b>48,043</b>

##### *Non-controlling interests*

Balance at beginning of period	<b>(544,117)</b>	(487,486)
Current period loss	<b>(42,358)</b>	(192,045)
Share of foreign currency translation reserve	<b>18,030</b>	45,432
Contribution by non-controlling interest	<b>17,098</b>	89,982
Deconsolidation of PT Alexis Perdana Mineral	<b>551,347</b>	-
Balance at end of period	-	(544,117)

## Notes to the Consolidated Financial Statements

### 17 CAPITAL AND RESERVES (Con't)

Unlisted options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Exercise Price	Opening Balance 1 July 2020 Number	Options Issued Number	Options (Expired/ Exercised) Number	Closing Balance 30 June 2021 Number
On or before 31 October 2020	\$0.15	12,000,000	-	(12,000,000)	-
On or before 31 July 2022	\$0.20	10,000,000	-	-	10,000,000
On or before 30 June 2021	\$0.20	5,000,000	-	(5,000,000)	-
On or before 31 July 2022	\$0.30	39,000,000	-	(2,000,000)	37,000,000
On or before 31 July 2023	\$0.35	-	26,000,000	-	26,000,000
On or before 30 September 2023	\$0.35	-	5,000,000	-	5,000,000

Exercise Period	Exercise Price	Opening Balance 1 July 2019 Number	Options Issued Number	Options (Expired/ Exercised) Number	Closing Balance 30 June 2020 Number
On or before 31 October 2019	\$0.10	30,000,000	-	(30,000,000)	-
On or before 31 October 2020	\$0.15	12,000,000	-	-	12,000,000
On or before 31 July 2022	\$0.20	10,000,000	-	-	10,000,000
On or before 30 June 2021	\$0.20	-	5,000,000	-	5,000,000
On or before 31 July 2022	\$0.30	-	41,000,000	(2,000,000)	39,000,000

### 18 SHARE BASED PAYMENTS

During the year, 12,000,000 \$0.15 options, 5,000,000 \$0.20 options and 2,000,000 \$0.30 options were exercised. In addition, during the year ended 30 June 2021 the following options were issued:

- The Company issued 5,000,000 \$0.35 options for no consideration with a grant date of 17 August 2020 and an expiry date of 30 September 2023, to key consultants of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$600,000. The Black-Scholes formula model inputs were the Company's share price of \$0.22 at the grant date, a volatility factor of 101.84% (based on historical share price performance), a risk-free interest rate of 0.27% and a dividend yield of 0%. The options vested on grant date. A share based payment expense of \$600,000 was taken up during the year ended 30 June 2021.
- The Company issued 7,000,000 \$0.35 options for no consideration with a grant date of 17 August 2020 and an expiry date of 31 July 2023, to key consultants and employees of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$812,000. The Black-Scholes formula model inputs were the Company's share price of \$0.22 at the grant date, a volatility factor of 101.84% (based on historical share price performance), a risk-free interest rate of 0.27% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2021 and 1/3 vest on 31 July 2022. A share based payment expense of \$637,561 was taken up during the year ended 30 June 2021.
- The Company issued 19,000,000 \$0.35 options for no consideration with a grant date of 19 November 2020 and an expiry date of 31 July 2023, to directors of the Company, following shareholder approval at the Company's Annual General Meeting. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$3,857,000. The Black-Scholes formula model inputs were the Company's share price of \$0.34 at the date at which shareholder approval for the grant was received, a volatility factor of 102.72% (based on historical share price performance), a risk-free interest rate of 0.11% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2021 and 1/3 vest on 31 July 2022. A share based payment expense of \$2,877,594 was taken up during the year ended 30 June 2021.

## Notes to the Consolidated Financial Statements

### 18 SHARE BASED PAYMENTS (Con't)

During the year ended 30 June 2020:

- The Company issued 10,000,000 \$0.30 options for no consideration with a grant date of 16 October 2019 and an expiry date of 31 July 2022, to key consultants and employees of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$693,475. The Black-Scholes formula model inputs were the Company's share price of \$0.165 at the grant date, a volatility factor of 91% (based on historical share price performance), a risk-free interest rate of 0.70% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2020 and 1/3 vest on 31 July 2021. 2,000,000 options lapsed following an employee ceasing providing services to the Company. A share based payment expense of \$107,664 was taken up during the year ended 30 June 2021.
- The Company issued 5,000,000 \$0.20 options for no consideration with a grant date of 16 October 2019 and an expiry date of 30 June 2021, to a key consultant of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$327,737. The Black-Scholes formula model inputs were the Company's share price of \$0.165 at the grant date, a volatility factor of 91% (based on historical share price performance), a risk-free interest rate of 0.71% and a dividend yield of 0%. The options fully vested on grant date. A share based payment expense of \$nil was taken up during the year ended 30 June 2021.
- The Company issued 31,000,000 \$0.30 options for no consideration with a grant date of 28 November 2019 and an expiry date of 31 July 2022. 19,000,000 of these options were issued to Directors of the Company, following shareholder approval at the Company's Annual General Meeting and 12,000,000 were issued to key consultants of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$2,562,974. The Black-Scholes formula model inputs were the Company's share price of \$0.19 at the grant date, a volatility factor of 90% (based on historical share price performance), a risk-free interest rate of 0.62% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2020 and 1/3 vest on 31 July 2021. A share based payment expense of \$618,016 was taken up during the year ended 30 June 2021.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>19 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash flows from operating activities</b>		
Loss from ordinary activities after income tax	<b>(16,317,100)</b>	(9,537,539)
Adjustments for:		
Depreciation	<b>47,194</b>	1,145
Exploration & evaluation expenses	<b>58,299</b>	259,839
Revaluation of investment	<b>26,480</b>	31,959
Loss on deconsolidation	<b>477,005</b>	-
Impairment losses – E&E	<b>2,187,625</b>	-
Share based payment	<b>4,840,835</b>	2,668,795
Development expenses	<b>7,301,886</b>	5,110,688
Effect of exchange rate adjustments	<b>99,568</b>	(13,736)
Changes in assets and liabilities:		
Trade and other receivables	<b>(420,849)</b>	965,489
Prepayments	<b>(25,622)</b>	30,156
Trade and other payables	<b>95,545</b>	83,892
Net cash used in operating activities	<b>(1,629,134)</b>	(399,312)

# Alpha HPA Limited

and its controlled entities

## Notes to the Consolidated Financial Statements

### 20 FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The primary responsibility to monitor the financial risks lies with the Managing Director, the Chief Financial Officer and the Company Secretary under the authority of the Board.

#### Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents and is not considered a material risk.

At balance date the Group's variable interest bearing financial instruments were:

	Consolidated	
	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	<b>50,344,366</b>	7,984,529

The Group did not have any variable interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in at least two accounts to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

## Alpha HPA Limited

and its controlled entities

# Notes to the Consolidated Financial Statements

## 20 FINANCIAL INSTRUMENTS (Cont.)

### Interest rate risk (Cont.)

For the year ended 30 June 2021, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2021 \$	Post tax loss (Higher)/Lower 2020 \$	Total equity (Higher)/Lower 2021 \$	Total equity (Higher)/Lower 2020 \$
+ 1% higher interest rate	291,644	43,378	291,644	43,378
- 0.5% lower interest rate	(145,822)	(21,689)	(145,822)	(21,689)

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances.

### Currency risk

The Groups functional currency is Australian dollars. The Group is exposed to foreign currency risks due to the fact that the functional currency of its operating subsidiary PT Alexis is in Indonesian Rupiah and the intercompany transfers are denominated in United States Dollars.

The Group's gross financial position exposure to foreign currency risk at 30 June 2021 is as follows:

- US\$2,214 (A\$2,953) cash at bank;
- IDR 491,858,247 (A\$45,256) cash at bank;
- IDR 10,000,000 (A\$920) of trade and other payables.

The Group's gross financial position exposure to foreign currency risk at 30 June 2020 is as follows:

- US\$210,229 (A\$304,553) cash at bank;
- IDR 427,822,235 (A\$43,477) cash at bank;
- IDR 753,725,147 (A\$76,596) of receivables;
- IDR 435,056,672 (A\$44,212) of prepayments;
- IDR 372,597,702 (A\$37,865) of trade and other payables.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
AUD				
IDR	10,732	9,606	10,868	9,840
USD	0.747	0.6714	0.7498	0.6903

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 30 June 2021, if the exchange rate between the Australian dollar to the United States dollar and Indonesian Rupiah had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

## Notes to the Consolidated Financial Statements

### 20 FINANCIAL INSTRUMENTS (Cont.)

#### Market risks (Cont.)

##### Currency risk (Cont.)

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2021 \$	Post tax loss (Higher)/Lower 2020 \$	Total equity (Higher)/Lower 2021 \$	Total equity (Higher)/Lower 2020 \$
+ 10% higher AUD to USD exchange rate	(268)	(27,687)	(268)	(27,687)
- 5% lower AUD to USD exchange rate	134	13,843	134	13,843
+ 10% higher AUD to IDR exchange rate	(4,031)	(11,493)	(4,031)	(11,493)
- 5% lower AUD to IDR exchange rate	2,015	5,746	2,015	5,746

The Group seeks to minimise currency risk through the alignment of the proportion of cash balances held in various currencies with forecast expenditures and the underlying currency denomination of those forecast expenditures.

##### Price risk

The group holds listed shares, the following sensitivity is based on the price risk exposures at balance date.

	Post tax loss (Higher)/Lower 2021 \$	Post tax loss (Higher)/Lower 2020 \$	Total equity (Higher)/Lower 2021 \$	Total equity (Higher)/Lower 2020 \$
+ 10% higher of the share price	3,744	6,392	3,744	6,392
- 5% lower of the share price	(1,872)	(3,196)	(1,872)	(3,196)

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

At balance date, the Group has available funds of \$50,344,366 for its immediate use.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Financial liabilities	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$	More than 5 years \$
<b>30 June 2021</b>						
Trade and other payables	1,630,479	1,630,479	1,630,479	-	-	-
Lease liabilities	56,608	58,978	28,233	28,380	2,365	-
	<b>1,687,087</b>	<b>1,689,457</b>	<b>1,658,712</b>	<b>28,380</b>	<b>2,365</b>	<b>-</b>



## Notes to the Consolidated Financial Statements

### 20. FINANCIAL INSTRUMENTS (Cont.)

#### Market risks (Cont.)

#### Liquidity risk (Cont.)

Financial liabilities	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$	More than 5 years \$
<b>30 June 2020</b>						
Trade and other payables	586,068	586,068	586,068	-	-	-
	<u>586,068</u>	<u>586,068</u>	<u>586,068</u>	<u>-</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2021 \$	2020 \$
Cash and cash equivalents	50,344,366	7,984,529
Trade and other receivables	538,888	168,183
Other financial assets	238,197	160,000
	<u>51,121,451</u>	<u>8,312,712</u>

Other financial assets for the year ended 30 June 2021 and 30 June 2020 represent environmental bonds held with Government Departments, and deposit for purchase of land.

All financial assets and liabilities are current, with the exception of bonds totalling \$75,759, a land deposit of \$125,000 and \$37,438 of Investments. The receivables primarily relate to GST which is owed by the Australian government and represents minimal credit risk. All other financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except for the Australian government and cash and cash equivalents described below.

#### Cash and cash equivalents

The Group held cash and cash equivalents of \$50,344,366 at 30 June 2021 (2020 - \$7,984,529), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa3 (\$50,298,428) to Baa2 (\$45,757), based on rating agency Moody's Investor Service ratings.

#### Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

## Notes to the Consolidated Financial Statements

### 21 RELATED PARTIES

#### Parent and ultimate controlling party

Alpha HPA Limited is both the parent and ultimate controlling party of the Group.

#### Key management personnel compensation

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the *Corporations Act* and *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2021 there were \$51,061 of fees outstanding (2020 - \$59,667).

	2021	2020
	\$	\$
Primary fees/salary	1,033,666	910,018
Share based payments	3,615,953	1,234,852
Superannuation	28,025	19,815
Other benefit	22,692	1,891
	<u>4,700,336</u>	<u>2,166,576</u>

#### Key management personnel and Director transactions

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS Corporate Pty Limited during the year amounted to \$389,750 (2020 - \$398,975) which includes a monthly fee of \$25,000 per month and reimbursement of consultant expenses incurred by MIS Corporate Pty Limited on behalf of the Group. At 30 June 2021, \$7,563 (2020 - \$32,500) remained outstanding and was included in the creditor's balance.

### 22 SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

For the year ended 30 June 2021, the Group had two segments, being development of the HPA First Project and minerals exploration and evaluation.

## Notes to the Consolidated Financial Statements

### 21 SEGMENT INFORMATION (Cont.)

The Group has two reportable segments as follows:

	HPA First Project \$	Exploration and Evaluation \$	Total \$
<b>30 June 2021</b>			
Other income	858,188	-	858,188
Reportable segment loss before tax	<u>(6,992,738)</u>	<u>(556,135)</u>	<u>(7,548,873)</u>
Depreciation and amortisation	(44,124)	-	(44,124)
Reportable segment assets	458,599	514,963	973,562
Reportable segment liabilities	<u>1,294,982</u>	<u>920</u>	<u>1,295,902</u>
<b>30 June 2020</b>			
Other income	310,500	-	310,500
Reportable segment loss before tax	<u>(5,110,688)</u>	<u>(358,442)</u>	<u>(5,469,130)</u>
Impairment of exploration and evaluation expenditure	-	(259,839)	(259,839)
Reportable segment assets	125,000	2,761,615	2,886,615
Reportable segment liabilities	<u>394,414</u>	<u>39,657</u>	<u>434,071</u>

	Consolidated 2021 \$	2020 \$
<b>Reconciliations of reportable segment revenues and profit or loss</b>		
<b>Profit or loss</b>		
Total loss for reportable segments	(7,548,873)	(5,469,130)
Unallocated amounts:		
Interest income	10,833	22,850
Other income	109,500	-
Depreciation	(3,070)	(1,145)
Net other corporate expenses	(8,885,490)	(4,090,114)
Consolidated loss before tax	<u>(16,317,100)</u>	<u>(9,537,539)</u>

#### Reconciliations of reportable assets and liabilities

##### Assets

Total assets for reportable segments	973,562	2,886,615
Unallocated corporate assets	50,996,880	8,137,197
Consolidated total assets	<u>51,970,442</u>	<u>11,023,812</u>

##### Liabilities

Total liabilities for reportable segments	1,295,902	434,071
Unallocated corporate liabilities	391,185	151,997
Consolidated total liabilities	<u>1,687,087</u>	<u>586,068</u>

### Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations. In respect of HPA First Project, the geographical location of the operations is Queensland, whilst minerals exploration and evaluation is based in NSW.

## Notes to the Consolidated Financial Statements

### 22 COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities as at the date of this financial report other than disclosed in this note. On completion of the acquisition of the 10-hectare plot of land within the Gladstone State Development Area optioned by the Company, a purchase price of \$2.5M less the \$125,000 deposit already paid will be payable.

### 23 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2021 the parent and ultimate controlling entity of the Group was Alpha HPA Limited.

	2021 \$	2020 \$
<b>Result of the parent entity:</b>		
Net loss	(15,962,177)	(9,321,984)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(15,962,177)</u>	<u>(9,321,984)</u>
<b>Financial position of the parent entity:</b>		
Current assets	51,070,286	8,390,923
Non-current assets	486,463	2,441,649
Total assets	<u>51,556,749</u>	<u>10,832,572</u>
Current liabilities	1,629,559	548,203
Total non-current liabilities	-	-
Total liabilities	<u>1,629,559</u>	<u>548,203</u>
Net assets	<u>49,927,190</u>	<u>10,284,369</u>
<b>Total equity of the parent entity:</b>		
Share capital	99,799,748	48,038,551
Option premium reserve	7,603,196	3,759,395
Accumulated losses	<u>(57,475,754)</u>	<u>(41,513,577)</u>
Total equity	<u>49,927,190</u>	<u>10,284,369</u>

The Directors are of the opinion that no contingencies existed at, or subsequent to year end.

The Company had no capital commitments at the balance date.

## Alpha HPA Limited

and its controlled entities

# Notes to the Consolidated Financial Statements

## 24 EVENTS SUBSEQUENT TO REPORTING DATE

In August 2021 the Company executed Definitive Agreements with Orica in relation to the HPA First Project. The Agreements set out commercial terms and technical obligations of both Orica and Alpha on the supply of process reagents and the offtake of process by-product to/from Alpha's HPA First Project and Orica's Yarwun manufacturing facility within the Gladstone State Development Area in North Queensland.

Additionally in September 2021 the Company signed a binding letter agreement with Helix Resources Ltd for the divestment of the Company's interest in the Collierina Project tenements in NSW.

Other than the matters outlined above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 25 GROUP ENTITIES

Particulars in relation to controlled entities:

	Country of incorporation	Company interest in ordinary shares	
		2021 %	2020 %
<i>Parent entity</i>			
Alpha HPA Limited	Australia		
<i>Controlled entities</i>			
Augur Investments Pty Limited	Australia	100	100
Bugis Pty Ltd	Australia	100	100
Goron Pty Ltd	Australia	100	100
PT Alexis Perdana Mineral <sup>(1)</sup>	Indonesia	45	45
Solindo Pty Ltd	Australia	100	100
Wonogiri Pty Ltd	Australia	100	100

<sup>(1)</sup> Whilst the Company continues to hold a 45% interest in PT Alexis Perdana Mineral ('PT Alexis'), following the signing of a Conditional Share Purchase Agreement ('CSPA') with Far East Gold Ltd ('FEG') for the sale of its interest in the Wonogiri copper-gold project in Indonesia and FEG's assumption of management and funding of PT Alexis, the Directors have assessed that the Company no longer controls PT Alexis.

## DIRECTORS' DECLARATION

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1. In the opinion of the Directors of Alpha HPA Limited (the Company):
  - (a) the consolidated financial statements and notes thereto, set out on pages 31 to 59, and the Remuneration Report in the Directors Report, as set out on pages 24 to 29, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.

Signed at Sydney this 23rd day of September 2021 in accordance with a resolution of the Board of Directors.



Rimas Kairaitis  
Managing Director

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# Independent Auditor's Report

To the shareholders of Alpha HPA Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Alpha HPA Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Research and development expenditure - \$7,301,886

Refer to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The key audit matter	How the matter was addressed in our audit
<p>Research and development expenditure is a key audit matter due to the significance of the amount (being 42% of total expenses) and the audit effort associated with assessing the completeness, existence and accuracy of the amounts recorded by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We assessed the Group’s accounting policy for research and development expenditure against the requirements of the accounting standards;</li> <li>• We selected a statistical sample of items recorded as research and development expenditure and checked the:               <ul style="list-style-type: none"> <li>• Expenditure amount recorded for consistency to invoices from third parties or other underlying documentation; and</li> <li>• Classification of the expenditure as research and development expenditure for consistency with its nature, obtained from invoices from third parties or other underlying documentation, in accordance with the Group’s accounting policy; and</li> </ul> </li> <li>• We tested the completeness of research and development expenditure recorded in the year by inspecting the underlying documentation of a sample of payments recorded by the Group since year end and unprocessed invoices at year end for evidence of the timing of the related expenditure to the underlying documentation.</li> </ul>

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## Other Information

Other Information is financial and non-financial information in Alpha HPA Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Alpha HPA Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 24 to 29 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Stephen Board  
*Partner*

Brisbane  
23 September 2021

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## Alpha HPA Limited

ABN 79 106 879 690

### Additional ASX Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2021.

#### Distribution of Equity Securities

ORDINARY SHARES		
Range	Number of Holders	Number of Shares
1 - 1,000	177	88,302
1,001 - 5,000	859	2,486,742
5,001 - 10,000	638	5,175,261
10,001 - 100,000	1,235	45,211,246
100,001 - 9,999,999	428	739,323,420
<b>Total</b>	<b>3,337</b>	<b>792,284,971</b>

The number of shareholders holding less than a marketable parcel is 179.

#### Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	ORDINARY SHARES SHAREHOLDER	Nº OF SHARES	TOTAL %
1	Permgold Pty Ltd	67,291,194	8.49
2	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	58,020,522	7.32
3	UBS Nominees Pty Ltd	56,432,856	7.12
4	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	37,144,042	4.69
5	Citicorp Nominees Pty Ltd	35,639,330	4.50
6	Palmer Bookmaking Pty Limited	34,403,213	4.34
7	Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	29,280,000	3.70
8	National Nominees Limited	15,678,018	1.98
9	Rosignol Pty Ltd <Nightingale Family A/C>	13,612,500	1.72
10	Ninan Pty Ltd	12,171,678	1.54
11	BNP Paribas Noms Pty Ltd	11,808,715	1.49
12	Brispot Nominees Pty Limited	11,235,335	1.42
13	Mr Robert Simeon Lord	11,000,000	1.39
14	All-States Finance Pty Limited	10,704,545	1.35
15	HSBC Custody Nominees (Australia) Limited	9,605,681	1.21
16	CS Fourth Nominees Pty Limited	8,741,288	1.10
17	AMP Racing Pty Limited	7,497,133	0.95
18	GAP Bookmaking Pty Limited	7,497,094	0.95
19	MRP Racing Pty Limited	7,497,090	0.95
20	Mr Brian Henry McCubbing +Mrs Adriana Maria McCubbing <B McCubbing Super Fund A/C>	7,000,000	0.88
<b>Total</b>		<b>452,260,237</b>	<b>57.08</b>

There are no current on-market buy backs.

## Alpha HPA Limited

ABN 79 106 879 690

### Additional ASX Information

#### Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	N° of Shares Held	% to Issued Shares
Permgold Pty Ltd	67,291,194	8.49
Regal Funds Management Pty Ltd (RFM)	59,077,805	7.46

#### Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

#### Tenement Schedule

Project	Tenement number	Interest %
<b>Australia</b>		
Collerina	EL 8703	100%
	EL 8768	100%
Yeoval	ML 811	25%
<b>Indonesia</b>		
Wonogiri	IUP No. 545.21/054/2009	45%

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**Alpha HPA Limited**  
ABN 79 106 879 690  
**Corporate Directory**

**Directors:**

Mr Norman Seckold (Chairman)  
Mr Rimas Kairaitis (Managing Director)  
Mr Peter Nightingale  
Mr Cameron Peacock  
Mr Anthony Sgro  
Mr Justin Werner

**Company Secretary:**

Mr Richard J. Edwards

**Principal Place of Business and Registered Office:**

Level 2, 66 Hunter Street  
SYDNEY NSW 2000  
Phone: 61-2 9300 3310  
Fax: 61-2 9221 6333  
Homepage: [www.alphahpa.com.au](http://www.alphahpa.com.au)

**Auditors:**

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
BRISBANE QLD 4000

**Share Registrar:**

Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
SYDNEY NSW 2000  
Phone: 1300 787 272  
Overseas Callers: 61-3 9415 4000  
Fax: 61-3 9473 2500

**Solicitors:**

DLA Piper Australia  
1 Martin Place  
Sydney NSW 2000