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Altech Chemicals
Limited

ABN 45 125 301 206

INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

ALTECH CHEMICALS LTD
ABN 45 125 301 206

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ALTECH CHEMICALS LTD
ABN 45 125 301 206

CORPORATE DIRECTORY

DIRECTORS

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

COMPANY SECRETARY

Shane Volk

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Subiaco, Western Australia, 6008

Phone: +61 8 6168 1555
Email: info@altechchemicals.com
Website: www.altechchemicals.com

AUDITOR

Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
PERTH WA 6000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth, WA, 6000
Telephone: 1300 288 664
+61 2 9698 5414

STOCK EXCHANGE LISTING

Securities of the Company are quoted on the Australian Securities Exchange Limited (ASX) and its shares are also quoted on the Frankfurt Stock Exchange (Börse Frankfurt) (FWB)

Home Exchange:	Perth
ASX Code:	ATC (shares) ATCOB (options)

FWB Code:	A3Y
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ALTECH CHEMICALS LTD
ABN 45 125 301 206

DIRECTORS' REPORT

The Directors present their report on Altech Chemicals Ltd for the half-year ended 31 December 2021.

BOARD OF DIRECTORS

The names and details of the Altech Chemicals Ltd ("Company") directors in office during the financial period and until the date of this report are as follows:

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

Directors were in office for this entire period unless otherwise stated.

COMPANY SECRETARY

Shane Volk

REVIEW OF OPERATIONS

Altech made significant progress during the half-year ended 31 December 2021 with development of its high purity alumina (HPA) battery materials coating technology as well as its German pilot plant. Additionally, the Company further progressed with its project finance to finalise construction of its HPA plant site in Johor, Malaysia.

Altech successfully completed an \$8.1 million share placement (Placement) in November 2021, following strong demand for new shares, from a variety of new and existing shareholders. The placement shares were issued at \$0.107 each. The Company led the Placement (without a lead broker), which was oversubscribed.

Following the Placement, the Company initiated a Share Purchase Plan (SPP) whereby existing shareholders were able to apply for up to \$30,000 of new Altech shares at the same price as the Placement participants, being \$0.107 per share. \$2.1 million was raised from the SPP, resulting in a combined \$10.3 million being raised. These funds will be applied to Altech's 75% portion of funding Altech Industries Germany GmbH, including completion of the preliminary feasibility study for the construction of a 10,000tpa battery materials coating plant; a likely definitive feasibility study for the plant's construction; purchase of land at the Schwarze Pumpe Industrial Park in Germany to house the plant; construction of a battery materials coating pilot plant; head office and administration cost and general working capital.

In November 2021, Altech was delighted to announce a significant breakthrough in lithium-ion battery technology by the Company's team at its research and development laboratory in Perth, Western Australia.

After almost 12 months of challenging work, Altech "cracked the silicon barrier" and successfully produced and tested a series of lithium-ion battery anode materials that have ~30% higher retention capacity compared to conventional lithium-ion battery anode materials. To achieve its breakthrough, the Company successfully combined silicon particles, that had been treated with its innovative proprietary technology, with regular battery grade graphite, to produce a lithium-ion battery electrode containing a composite graphite / silicon anode. When energised, these materials held 30% more capacity compared to conventional graphite only anode material. The materials were then subjected to a series of battery tests over a period of time, including charge and discharge cycling. The previously unresolved obstacles for using silicon in lithium-ion battery anodes, which were: silicon particle swelling; prohibitive first-cycle-capacity-loss of up to 50%; and rapid battery degradation, appears to be improved significantly during the laboratory testing of Altech's composite graphite/silicon batteries.

This major achievement is not just a significant breakthrough for Altech, but also for the lithium-ion battery industry generally. Especially so, given the 2020 public statement by US electric vehicle manufacturer Tesla, which stated that its aim is to increase the amount of silicon in its batteries to achieve step-change improvements in energy density and battery life. A 30% higher energy capacity lithium-ion battery would translate not just to significant cost benefits, but also to potentially increased range in the case of electric vehicles. Phase 2 of Altech's planned research and development program will see the Company strive to improve on the 30% energy increase achieved in the first phase. In terms of potential commercialisation of its technology, the Company's 75% owned subsidiary, Altech Industries Germany GmbH, has already commenced a pre-feasibility study for construction of a 10,000tpa battery materials plant in Saxony, Germany to service the burgeoning European lithium-ion battery market.

In January 2022, Altech's 75% owned German subsidiary, Altech Industries Germany GmbH (AIG), exercised its option to purchase a ~14-hectare industrial site within the Schwarze Pumpe Industrial Park, municipality of Spreetal, Saxony, Germany. The site is an ideal location for a proposed 10,000tpa high purity alumina (HPA) battery materials coating plant. The plant would produce alumina coated silicon / graphite anode materials to supply the lithium-ion battery and electric vehicle (EV) markets, using Altech's proprietary coating technology. The site's location is well positioned to supply alumina coated anode materials to European markets.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

An official land handover ceremony was recently concluded at the Schwarze Pumpe Industrial Park. Attendees included the Saxony State Minister for Development Mr Thomas Schmidt; the Mayor of Spreetal, Saxony Mr Manfred Peine and Lady Major of Spremberg, Brandenburg Ms Christine Herntier. Members of the board of Altech Advanced Materials AG (AAM) and several other political and industrial dignitaries were also present. The ceremony was held in the Dock3 facility of the industrial park, which is directly adjacent to the land, and is where AIG is proposing to construct a HPA battery materials coating pilot plant.

The Schwarze Pumpe Industrial Park is located in north-eastern Saxony and is well serviced by existing infrastructure including reticulated electricity and natural gas, rail and roads. The industrial park is 120 km from Berlin and 78 km from Dresden. This area, in the eastern part of Germany, is considered the new automotive nucleus in Europe and hosts production sites for Volkswagen, BMW, Porsche, Daimler and Tesla, as well as a number of key resource and technology players within the value chain of lithium-ion batteries. The region is a leading engineering training ground and has excellent research facilities including the Fraunhofer Institute for Electronic Nano-systems, which is focused on ceramic (HPA) nano technology in energy storage.

The Company further announced that a preliminary design has been completed for the pilot plant for demonstration of Altech's proprietary alumina battery materials coating technology. The plant will also be constructed at the Schwarze Pumpe Industrial Park. The pilot plant is designed to produce up to 36,680 kilograms of anode grade alumina coated battery material per year (120 kg per day). Altech's 75% owned German subsidiary company hold the exclusive rights for use of Altech's battery materials coating technology within the European Union.

Also in January 2022, Altech announced that it has registered the product name Silumina Anodes™ for the proposed alumina coated composite silicon/graphite battery anode material, which would be produced initially by the pilot plant, and ultimately by the full scale plant. Based on Altech's test work, its proposed Silumina Anodes™ product is expected to allow for the production of lithium-ion battery anodes that have higher energy retention capacity by volume and weight, compared to the incumbent graphite only battery anode. The key differentiation point of Silumina Anodes™ is that it is a composite material of silicon with graphite particles that have been coated with alumina, using Altech's proprietary alumina coating technology.

The Company continued with its efforts to finalise overall project financing for its Malaysian HPA project, which included discussions with several interested parties in relation to the green bond offering, as well as potential issues of equity. These discussions are ongoing, and Altech continues its mandate with both its Perth based corporate advisor, as well as its London based structuring agent, pertaining to a green bond offer. The green bond offer is targeting an amount of US\$144 million. Altech's Malaysian HPA project maintains its green rating received from the independent Centre of International Climate and Environmental Research (CICERO), based in Oslo, Norway.

Senior project debt provider, German government owned KfW IPEX-Bank, remains committed to the provision of a US\$190 million loan facility. In addition to the senior loan, as well as the funds planned to be sourced from the green bond offer, the Malaysian HPA project requires approximately US\$100 million of further funding to position it for financial close.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2021 was \$4,607,755 (2020: profit \$4,057,093). The Company's basic loss per share for the period was 0.3 cents (2020: profit of 0.4 cents per share).

No dividend has been paid during or is recommended for the financial period ended 31 December 2021.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities at 31 December 2021, was \$11,688,205 (30 June 2021: \$6,289,468).

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial half-year.

EVENTS SINCE 31 DECEMBER 2021

There has not arisen since the end of the half-year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods, apart from the following:

- A total of 5,066,205 options were converted into ordinary shares at exercise price of \$0.08 per share, for a total amount of \$405,296.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

- A total of 3,400,000 employee performance rights expired in January 2022.
- The Company issued 5,750,000 employee performance rights to certain employees under an employee incentive scheme. These represent both new and replacement of expired performance rights as mentioned above. Vesting of the performance rights are subject to the attainment of certain pre-determined performance milestones.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2021 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Ignatius Tan
Managing Director

Dated at Perth this 9th day of March 2022

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 10th day of March 2022.

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ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
Revenue from ordinary activities			
Interest Income	4(a)	113,829	356
Other income	4(a)	-	7,941,108
Total Income		113,829	7,941,464
Expenses			
Employee benefit expense (incorporating director fees)		(1,051,567)	(676,400)
Depreciation		(162,883)	(6,473)
Other expenses	4(b)	(1,646,530)	(1,066,417)
Share-based payments	16	(90,992)	(101,033)
Share in profit/(loss) of associate - Altech Advanced Materials AG		(167,946)	(61,165)
Impairment - investment in associate (AAM AG)		(1,119,859)	(1,972,883)
Research and development		(472,192)	-
Forex gain / (loss)		(9,615)	-
Profit/(loss) before income tax expense		(4,607,755)	4,057,093
Income tax expense		-	-
Net profit/(loss) from continuing operations		(4,607,755)	4,057,093
Other comprehensive profit/(loss)			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign controlled entities		701,949	-
Total comprehensive profit/(loss), net of tax		(3,905,806)	4,057,093
Profit/(loss) for the half year attributable to:			
Owners of the parent entity		(4,543,306)	4,061,338
Non-controlling interest		(64,449)	(4,245)
Total profit/(loss) for the half year, net of tax		(4,607,755)	4,057,093
Total comprehensive profit/(loss) for the half year attributable to:			
Owners of the parent entity		(3,841,357)	4,061,338
Non-controlling interest		(64,449)	(4,245)
Total comprehensive profit/(loss) for the half year		(3,905,806)	4,057,093
Earnings Per Share			
Basic profit/ (loss) per share (\$'s per share)	5	(0.003)	0.004
Diluted profit/(loss) loss per share (\$'s per share)	5	(0.003)	0.004

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	31-Dec-21 \$	(Restated) 30-Jun-21 \$
Current Assets			
Cash and cash equivalents	6	12,557,101	6,728,978
Trade and other receivables	7	155,634	246,918
Total Current Assets		12,712,735	6,975,896
Non-Current Assets			
Property, plant and equipment	8	29,307,629	29,931,589
Right-of-use assets	9	6,061,749	6,195,810
Exploration and evaluation expenditure	10	748,775	604,821
Development expenditure	11	37,707,299	36,463,669
Investment in associate	12	2,511,439	2,085,439
Other non-current receivables	13	7,409,141	7,509,881
Total Non-Current Assets		83,746,032	82,791,209
TOTAL ASSETS		96,458,767	89,767,105
Current Liabilities			
Lease liabilities		51,600	30,878
Trade and other payables	14	755,130	427,089
Provisions	15	217,800	228,461
Total current liabilities		1,024,530	686,428
Non-Current Liabilities			
Lease liabilities		49,866	53,352
Provisions	15	128,128	100,703
Total Non-Current Liabilities		177,994	154,055
TOTAL LIABILITIES		1,202,524	840,483
NET ASSETS		95,256,243	88,926,622
Equity			
Contributed equity	16	121,223,847	107,509,911
Reserves	17	3,774,827	8,889,821
Accumulated losses	18	(29,677,981)	(27,473,110)
Non-controlling interests		(64,449)	-
TOTAL EQUITY		95,256,243	88,926,622

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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ALTECH CHEMICALS LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2021

	Contributed Equity \$	Accumulated losses \$	Share- based payment reserves \$	Foreign currency translation reserves \$	Other equity interests \$	Total \$
At 1 July 2021 – as previously reported	107,509,911	(25,930,066)	7,346,777	-	-	88,926,622
Prior period adjustment (refer to Note 3)	-	(1,543,044)	-	1,543,044	-	-
At 1 July 2021 – restated	107,509,911	(27,473,110)	7,346,777	1,543,044	-	88,926,622
Profit / (Loss) after income tax for the half year	-	(4,543,306)	-	-	(64,449)	(4,607,755)
Other comprehensive profit / (loss) for the half year (net of tax)	-	-	-	701,949	-	701,949
Total comprehensive profit / (loss) for the half year	-	(4,543,306)	-	701,949	(64,449)	(3,905,806)
Transactions with owners in their capacity as owners:						
Issue of share capital (net of issue costs)	9,910,024	-	-	-	-	9,910,024
Share based payments (issue of performance rights)	-	-	90,991	-	-	90,991
Exercise of options	234,412	-	-	-	-	234,412
Conversion of performance rights to share capital	3,569,500	-	(3,569,500)	-	-	-
Expiration of performance rights	-	2,338,434	(2,338,434)	-	-	-
At 31 December 2021	121,223,847	(29,677,982)	1,529,834	2,244,993	(64,449)	95,256,243
At 1 July 2020						
	Contributed Equity \$	Accumulated losses \$	Share- based payment reserves \$	Foreign currency translation reserves \$	Other equity interests \$	Total \$
At 1 July 2020	89,707,030	(28,255,932)	7,104,340	-	-	68,555,438
Profit/(loss) after income tax for the half year	-	4,061,338	-	-	(4,245)	4,057,093
Total comprehensive profit/(loss) for the half year	-	4,061,338	-	-	(4,245)	4,057,093
Transactions with owners in their capacity as owners:						
Issue of share capital (net of issue costs)	13,341,661	-	-	-	-	13,341,661
Share based payments (net movement)	-	-	101,033	-	-	101,033
At 31 December 2020	103,048,691	(24,194,594)	7,205,373	-	(4,245)	86,055,225

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
Cash Flows from Operating Activities			
Payments to suppliers, contractors and employees		(1,681,642)	(1,252,516)
Interest received		113,829	356
Net cash flows used in operating activities		(1,567,813)	(1,252,160)
Cash Flows from Investing Activities			
Purchase of land, property, plant and equipment		(301,559)	(93,132)
Payments for development expenditure		(569,055)	(5,736,198)
Payments for exploration expenditure		(143,954)	(29,406)
Investment in Associate (Altech Advanced Materials AG)		(1,713,805)	(2,028,136)
Sale of 25% Altech Industries Germany GmbH		-	465,576
Net cash used in investing activities		(2,728,373)	(7,421,296)
Cash Flows from Financing Activities			
Net proceeds from issue of shares		9,921,165	12,730,293
Proceeds from exercise of options		234,412	-
Payments for KfW IPEX-Bank loan facility		-	(246,188)
Proceeds from Share Placement Agreement not yet converted to equity		-	434,800
Lease repayments		(28,432)	-
Net cash flows from financing activities		10,127,145	12,918,905
Net increase in cash and cash equivalents		5,830,959	4,245,450
Cash and cash equivalents at the beginning of the financial period		6,728,978	833,053
Foreign exchange variances on cash		(2,836)	-
Cash and cash equivalents at the end of the financial period		12,557,101	5,078,503

The above statement of cash flows should be read in conjunction with the accompanying notes.

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CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Altech Chemicals Ltd (the Company) for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 9th March 2022. Altech Chemicals Ltd is a public company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described on pages 4 and 5 of this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Altech Chemicals Ltd and its controlled entities (referred to as the consolidated group or the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2021 annual report.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The company has incurred net cash outflow from operating and investing activities for the half-year ended 31 December 2021 of \$4,296,186 (2020: \$8,673,456). Notwithstanding this, as at 31 December 2021, the consolidated entity had net current assets of \$11,688,205 (30 June 2021: net current assets of \$6,289,468) and cash flow forecasts indicate that it will have sufficient cash to remain as a going concern for at least the next 12 months.

New and amended Accounting Standards and Interpretations adopted by the Company

The consolidated entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period.

New or amended accounting standards applicable to future periods are not expected to significantly impact the Company.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

3. Restatement of comparatives

Errors were made in the 30 June 2021 financial statements in relation to treatment of leased assets. With effect from 1 July 2020, the consolidated entity has retrospectively applied AASB 16 – Leases. Under this policy, assets subject to lease are now treated as right-of-use assets and depreciated over their respective useful lives. The change in this policy has resulted in changes in the carrying value of property, plant and equipment and right-of-use assets.

In addition, errors were made in relation to treatment of foreign currency translation reserves. With effect from 1 July 2020, foreign currency translation of functional currency to presentation currency are taken to reserves instead of accumulated losses.

Adjustments made to the consolidated statement of financial position:

	Reported 30-Jun-21	Adjustment	(Restated) 30-Jun-21
	\$	\$	\$
Current Assets			
Cash and cash equivalents	6,728,978	-	6,728,978
Trade and other receivables	246,918	-	246,918
Total Current Assets	6,975,896	-	6,975,896
Non-Current Assets			
Property, plant and equipment	36,039,267	(6,107,678)	29,931,589
Right-of-use assets	88,132	6,107,678	6,195,810
Exploration and evaluation expenditure	604,821	-	604,821
Development expenditure	36,463,669	-	36,463,669
Investments in Associates	2,085,439	-	2,085,439
Other non-current receivable	7,509,881	-	7,509,881
Total Non-Current Assets	82,791,209	-	82,791,209
TOTAL ASSETS	89,767,105	-	89,767,105
Current Liabilities			
Lease liabilities	30,878	-	30,878
Trade and other payables	427,089	-	427,089
Provisions	228,461	-	228,461
Total current liabilities	686,428	-	686,428
Non-Current Liabilities			
Lease liabilities	53,352	-	53,352
Provisions	100,703	-	100,703
Total Non-Current Liabilities	154,055	-	154,055
TOTAL LIABILITIES	840,483	-	840,483
NET ASSETS	88,926,622	-	88,926,622
Equity			
Contributed Equity	107,509,911	-	107,509,911
Reserves	7,346,777	1,543,044	8,889,821
Accumulated losses	(25,930,066)	(1,543,044)	(27,473,110)
TOTAL EQUITY	88,926,622	-	88,926,622

ALTECH CHEMICALS LTD
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CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

4. Loss for the year includes the following specific income and expenses	31-Dec-21	31-Dec-20
	\$	\$
(a) Revenue		
Interest income	113,829	356
Other Income	-	7,941,108
	113,829	7,941,464
(b) Other expenses		
Accounting and audit fees	(17,778)	(16,714)
ASX and share registry fees	(83,103)	(33,351)
Corporate & consulting	(761,235)	(469,960)
Insurance expense	(247,429)	(214,719)
Occupancy	(146,312)	(60,268)
Legal fees	(75,359)	(58,392)
Investor relations and marketing	(219,677)	(104,729)
Office & administration	(95,637)	(86,119)
	(1,646,530)	(1,066,417)

5. Earnings per share	31-Dec-21	31-Dec-20
	\$	\$
Basic profit / (loss) per share	(0.003)	0.004
Diluted profit / (loss) per share	(0.003)	0.004
	Number	Number
The weighted average number of ordinary shares used in the calculation of basic earnings per share was:	1,330,677,333	1,068,418,682

Options or rights to purchase ordinary shares not exercised at 31 December 2021 have not been included in the determination of basic earnings per share.

6. Cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31-Dec-21	30-Jun-21
	\$	\$
Cash at bank and on hand	12,557,101	6,728,978

7. Trade and other receivables	31-Dec-21	30-Jun-21
	\$	\$
CURRENT RECEIVABLES		
Sundry debtors	5,511	4,240
GST receivable	78,198	24,976
Deposits paid	28,978	24,754
Altech Advanced Materials AG	31,497	184,950
Other receivable	11,450	7,998
	155,634	246,918

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

8. Property, Plant and Equipment

	31-Dec-21	30-Jun-21
	\$	\$
OFFICE EQUIPMENT		
At cost	273,091	260,646
Less: accumulated depreciation	(188,336)	(158,924)
Total office equipment	84,755	101,722
LAND		(Restated)
At cost	1,739,902	1,575,497
Total land	1,739,902	1,575,497
PLANT AND EQUIPMENT		
At cost	105,775	37,384
Less: accumulated depreciation	(19,276)	(11,527)
Total plant and equipment	86,499	25,857
MALAYSIAN HPA PLANT (works in progress)		
At cost	27,396,472	28,228,513
Total HPA Plant	27,396,472	28,228,513
Total Property, Plant and Equipment	29,307,629	29,931,589

The Malaysian HPA plant is part way constructed, and is currently on care and maintenance. The Company requires further capital in order to complete the plant. Should the Company not be successful in raising sufficient additional capital, the plant will not be constructed in full. Should this occur, the carrying value shown will not be realised.

Reconciliation

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

	31-Dec-21	30-Jun-21
	\$	\$
OFFICE EQUIPMENT		
Carrying amount at the beginning of the year	101,722	66,499
Additions	12,445	54,534
Depreciation expense	(29,412)	(19,311)
Carrying amount at the end of the year	84,755	101,722
LAND		(Restated)
Carrying amount at the beginning of the year	1,575,497	7,850,066
Additions	164,405	7,520
Less: amortisation	-	(174,411)
Adjustment	-	(6,107,678)
Carrying amount at the end of the year	1,739,902	1,575,497
PLANT AND EQUIPMENT		
Carrying amount at the beginning of the year	25,857	7,050
Additions	68,391	25,652
Loss on Disposals	-	(116)
Less: depreciation	(7,749)	(6,729)
Carrying amount at the end of the year	86,499	25,857

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CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

8. Property, Plant and Equipment (continued)

	31-Dec-21	30-Jun-21
	\$	\$
MALAYSIAN HPA PLANT (works in progress)		
Carrying amount at the beginning of the year	28,228,513	28,202,820
Additions	-	25,693
Foreign currency translation	(832,041)	-
Carrying amount at the end of the year	27,396,472	28,228,513

9. Right-of-use Assets

		(Restated)
	31-Dec-21	30-Jun-21
	\$	\$
At cost	6,841,128	142,933
Adjustment for restatement (refer note 3)	-	6,107,678
Accumulated depreciation	(779,379)	(54,801)
Net carrying amount	6,061,749	6,195,810

Reconciliation

Reconciliation of the carrying amount of right-of-use assets at the beginning and end of the current and prior periods are set out below:

Right-of-use assets

At beginning of the period net of accumulated depreciation	6,195,810	-
Adjustment for restatement (refer note 3)	-	6,107,678
Application during the period	(28,488)	142,933
Depreciation charge for the period	(105,573)	(54,801)
At 30 June 2021 net of accumulated depreciation	6,061,749	6,195,810

10. Exploration and Evaluation Expenditure

	31-Dec-21	30-Jun-21
	\$	\$
Carrying amount at the beginning of period	604,821	566,692
Exploration and evaluation expenditure incurred during the period (at cost)	143,954	38,129
Carrying amount at the end of the period	748,775	604,821

11. Development Expenditure

	31-Dec-21	30-Jun-21
	\$	\$
Carrying amount at the beginning of the period	36,463,669	36,628,368
Development expenditure incurred during the period (at cost)	1,243,630	(164,699)
Carrying amount at the end of the period	37,707,299	36,463,669

The Malaysian HPA plant is part way constructed, and is currently on care and maintenance. The Company requires further capital in order to complete the plant. Should the Company not be successful in raising sufficient additional capital, the plant will not be constructed in full. Should this occur, the carrying value shown will not be realised.

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CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

12. Investment in Associate	31-Dec-21	30-Jun-21
	\$	\$
Carrying amount at the beginning of the period	<u>2,085,439</u>	<u>2,891,365</u>
Acquisition of shares in Altech Advanced Materials AG (AAM AG)	1,713,805	14,650
Share of associate's loss for the period	(167,946)	(200,006)
Impairment based on the market value of AAM AG shares at balance date	<u>(1,119,859)</u>	<u>(620,570)</u>
Carrying amount at the end of the period	<u>2,511,439</u>	<u>2,085,439</u>
13. Other non-current receivables	31-Dec-21	30-Jun-21
	\$	\$
Deferred consideration sale of 25% AIG to AAM AG	<u>7,409,141</u>	<u>7,509,881</u>
14. Trade and other payables	31-Dec-21	30-Jun-21
	\$	\$
CURRENT PAYABLES (Unsecured)		
Trade creditors	244,489	209,008
Accrued expenses	428,272	51,991
Payroll tax	15,148	5,982
Other creditors and accruals	<u>67,221</u>	<u>160,108</u>
Total trade and other payables	<u>755,130</u>	<u>427,089</u>
15. Provisions	31-Dec-21	30-Jun-21
	\$	\$
CURRENT		
Provision for annual leave	<u>217,800</u>	<u>228,461</u>
NON CURRENT		
Provision for long service leave	<u>128,128</u>	<u>100,703</u>
16. Contributed Equity	31-Dec-21	30-Jun-21
	\$	\$
(a) Ordinary shares		
Contributed equity at the beginning of the period	107,509,911	89,707,030
Shares issued during the period	14,135,262	18,770,923
Transaction costs relating to shares issued	<u>(421,326)</u>	<u>(968,042)</u>
Contributed Equity at the end of the reporting period	<u>121,223,847</u>	<u>107,509,911</u>

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

16. Contributed Equity (continued)

Movements in ordinary share capital	31-Dec-21	30-Jun-21
Ordinary shares on issue at the beginning of reporting period	1,286,482,133	870,451,255
Shares issued during the period:		
31-July-20 at \$0.035 (Placement SMI Tranche 2)	-	4,285,714
14-Aug-20 at \$0.035 (Placement SMI Tranche 3)	-	8,571,429
25-Sep-20 at \$0.035 (Placement SMI Tranche 4)	-	8,571,429
12-Oct-20 at \$0.035 (Placement SMI Tranche 5)	-	16,457,143
18-Dec-20 at \$0.04 (Entitlement Offer)	-	315,721,720
20-Jan-21 at \$0.032 (Placement SMI Tranche 6)	-	14,810,375
22-Jan-21 at \$0.04 (Entitlement Offer Shortfall)	-	47,613,068
12-Aug-21 at \$0.08 (Exercise of Options)	2,295	-
13-Oct-21 at \$0.08 (Exercise of Options)	332,826	-
20-Oct-21 at \$0.08 (Exercise of Options)	101,134	-
27-Oct-21 at \$0.08 (Exercise of Options)	35,249	-
4-Nov-21 at \$0.08 (Exercise of Options)	89,788	-
10-Nov-21 at \$0.08 (Exercise of Options)	295,018	-
16-Nov-21 at \$0.08 (Exercise of Options)	599,639	-
23-Nov-21 at \$0.08 (Exercise of Options)	92,475	-
30-Nov-21 at \$0.08 (Exercise of Options)	201,862	-
8-Dec-21 at \$0.08 (Exercise of Options)	33,293	-
9-Dec-21 at \$0.107 (Placement & Share Purchase Plan)	42,340,900	-
15-Dec-21 at \$0.08 (Exercise of Options)	7,866	-
22-Dec-21 at \$0.08 (Exercise of Options)	62,855	-
Ordinary shares on issue at the end of the reporting period	1,330,677,333	1,286,482,133

(b) Performance Rights

At 31 December 2021, the Company had the following unlisted performance rights on issue:

performance rights - Managing Director (exercise price: nil)	15,000,000
performance rights - Employees & Consultants (exercise price: nil)	6,700,000
performance rights - Non-Executive Directors (exercise price: nil)	6,000,000
Total performance rights on issue at 31 December 2021	27,700,000

At 30 June 2021, the Company had the following unlisted performance rights on issue:

performance rights - Managing Director (exercise price: nil)	15,000,000
performance rights - Employee & Consultants (exercise price: nil)	6,700,000
performance rights - Non-Executive Directors (exercise price: nil)	6,000,000
Total performance rights on issue at 30 June 2021	27,700,000

Each performance right converts to one fully paid ordinary share of the Company and the conversion of each performance right is subject to the holder attaining certain pre-determined vesting conditions.

(c) Listed Options

At 31 December 2021, the Company had 178,737,168 listed options on issue (30 June 2021: 181,667,319). The options are listed on ASX and have an exercise price of \$0.08 and an expiry date of 31 May 2022.

(d) Unlisted Options

The Company did not issue any unlisted options during the reporting period.

At 31 December 2021, the Company did not have any unlisted options on issue (30 June 2021: nil).

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

16. Contributed Equity (continued)

(e) Share Based Payments

Performance Rights

The Company issued 10,000,000 performance rights to the Managing Director to replace the same amount that expired during the period. The Company recorded a total share based payment expense of \$54,631 in relation to these. In addition, the share based payments expense relating to Non-Executive Directors totalled \$36,360 (2020: \$101,033).

The fair value of performance rights is estimated at the date of grant using a Black-Scholes valuation model taking into account the terms and conditions upon which the performance rights were awarded, and the fair value of performance rights is re-assessed each balance date by reference to the fair value of the performance rights at the time of award, adjusted for the probability of achieving the vesting conditions, which may change from balance date to balance date and consequently impact the amount to be expensed via profit and loss account in future periods.

The fair value of the performance rights awarded to the Managing Director during the period at the award date was calculated using the Black Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate. Inputs used for each series granted included:

Performance Rights - Valuation Assumptions

Variable	
Exercise price for the performance right	\$0.00
Market price for the shares at date of valuation / issue	\$0.14
Volatility of company share price	81.76%
Dividend yield	0%
Risk free rate	1.35%
Expiry from date of grant (number of years)	5.00
Number of Rights issued	10,000,000

The expected volatility during the term of the shares is based around assessments of the historical volatility of the Company share price and the dividend yield of 0% is on the basis that the Company does not anticipate paying dividends in the period between the issue date and the final vesting date for the shares.

The value of the performance rights has been expensed on a proportionate basis for each period from grant date to vesting date. The proportion of the value of the performance rights that were issued during the period has been accounted as an expense in the share based payments reserve, the amount for these performance rights is \$54,631. Vesting of the performance rights are subject to the attainment of the applicable performance milestones and at the end of the period none of these performance rights had vested.

Performance Rights Plan

The establishment of the Altech Chemicals Limited employee Performance Rights Plan ("the Plan") was approved by ordinary resolution at a General Meeting of shareholders on 5 November 2014 and re-approved by shareholders in General Meeting on 12 June 2018 as well as 29 November 2021. All eligible directors, executive officers, employees and consultants of Altech Chemicals Limited, who have been continuously employed by the Company, are eligible to participate in the Plan.

The Plan allows the Company to issue rights to eligible persons for nil consideration. The rights can be granted free of charge, vesting is subject to the attainment of certain pre-determined conditions, and exercise is at a pre-determined fixed price calculated in accordance with the Plan.

The fair value of any performance rights issued by the Company during the reporting period is determined at the date of grant using a Black-Scholes valuation model taking into account the terms and conditions upon which the performance rights are awarded. At each balance date the fair value of all performance rights is re-assessed by reference to the fair value of the performance rights at the time of award, adjusting for the probability of achieving the vesting conditions, which may change from balance date to balance date and consequently impact the amount that is expensed or reversed in the profit and loss account for the relevant reporting period.

Details of performance rights that were issued and details of those vested during the reporting period are shown in note 16 above.

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CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

17. Reserves

	31-Dec-21	(Restated) 30-Jun-21
	\$	\$
Share based payments reserve	1,529,834	7,346,777
Movements:		
Share based payments reserve		
Balance at the beginning of the period	7,346,777	7,104,340
Fair value of performance rights issued	90,991	242,437
Transferred to contributed equity – conversion of performance rights to share capital	(3,569,500)	-
Expiration of performance rights	(2,338,434)	-
Balance at end of period	1,529,834	7,346,777

	31-Dec-21	(Restated) 30-Jun-21
	\$	\$
Foreign currency translation reserve	2,244,993	1,543,044
Movements:		
Foreign currency translation reserve		
Balance at the beginning of the period	1,543,044	-
Foreign exchange movements on translation of subsidiary financial statements	701,949	1,543,044
Balance at end of period	2,244,993	1,543,044

18. Accumulated losses

	31-Dec-21	(Restated) 30-Jun-21
	\$	\$
Carrying amount at the beginning of the period	(27,473,110)	(28,255,932)
Profit (loss) for the period	(4,543,306)	2,325,866
Foreign exchange movements on translation of subsidiary financial statements	-	(1,543,044)
Expiration of performance rights	2,338,434	-
Carrying amount at the end of the period	(29,667,982)	(27,473,110)

19. Events subsequent to balance date

There has not arisen, since the end of the financial year, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years apart from the following:

- A total of 5,066,205 options were converted into ordinary shares at exercise price of \$0.08 per share, for a total amount of \$405,296.
- A total of 3,400,000 employee performance rights expired in January 2022.
- The Company issued 5,750,000 employee performance rights to certain employees under an employee incentive scheme. These represent both new and replacement of expired performance rights as mentioned above. Vesting of the performance rights are subject to the attainment of certain pre-determined performance milestones.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

20. Intercompany Loan Commitments

On 1 May 2015, the Company entered into an Intercompany Loan Agreement (Agreement) with its 100% owned subsidiary Altech Chemicals Sdn Bhd (ATCSB).

Under the terms of the Agreement:

- The Company extends a loan facility up to the amount of \$100,000,000 to provide funding to enable ATCSB to advance the development of a high purity alumina manufacturing facility in Malaysia.
- Interest payable is nil for the period up to and preceding the date at which ATCSB commences commercial production from its proposed high purity alumina manufacturing facility.
- From the date at which ATCSB commences commercial production from its proposed high purity alumina manufacturing facility, interest shall be charged on the loan at an arms-length commercial rate of interest.

On 1 April 2020, the Company entered into a Shareholder Loan Agreement with its 75% owned subsidiary Altech Industries Germany GmbH (AIG). On 29 December 2020, the Shareholder Loan Agreement was amended to include the party Altech Advanced Materials AG (AAM), the holder of the remaining 25% in AIG.

Under the terms of the Shareholder Loan Agreement and as amended on 29 December 2020:

- The Company extends a loan facility up to the amount of EUR50,000,000 to provide funding to enable AIG to advance the development of its operations in Germany.
- AIG simultaneously and proportionally (75% to 25%) utilises the facility made available under the AAM Shareholder Loan Agreement. That is, funding to be provided to AIG is allocated in the proportions of 75% by the Company and 25% by AAM.
- Interest payable is nil for the period up to and preceding the date at which AIG commences commercial production from its proposed high purity alumina manufacturing facility.
- From the date at which AIG commences commercial production from its proposed high purity alumina manufacturing facility, interest shall be charged on the loan at an arms-length commercial rate of interest.

ALTECH CHEMICALS LTD
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Altech Chemicals Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Company; and
 - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (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.

On behalf of the Board



Ignatius Tan
Managing Director

Perth, Western Australia
9 March 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Altech Chemicals Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 10th day of March 2022.

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