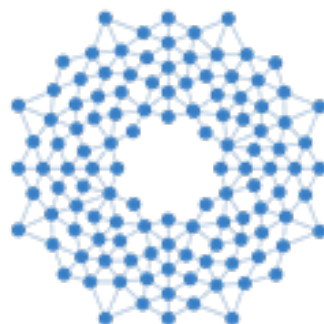


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Alpha **HPA**

ABN 79 106 879 690

Alpha HPA Limited
and its controlled entities
Interim Financial Report

for the half-year ended 31 December 2021

Corporate Information

ABN 79 106 879 690

Directors

Norman Seckold - Chairman

Rimas Kairaitis - Managing Director

Peter Nightingale - Director

Cameron Peacock - Non-Executive Director

Anthony Sgro - Non-Executive Director

Justin Werner - Non-Executive Director

Company Secretary

Richard Edwards

Principal Place of Business and Registered Office

Level 2, 66 Hunter Street

Sydney NSW 2000

Australia

Auditors

KPMG

Level 16, Riparian Plaza

71 Eagle Street

Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

SYDNEY NSW 2000

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Alpha HPA Limited and its controlled entities

Directors' Report

The Directors of Alpha HPA Limited ('Alpha' or 'the Company') and its subsidiaries ('the Group') submit their report for the half-year ended 31 December 2021 and the Auditor's Review report thereon.

Directors

The names of the Directors of the Company in office during the half-year period and until the date of this report were:

- Norman Seckold – Director since 30 November 2009
- Peter Nightingale – Director since 30 November 2009
- Justin Werner – Director since 23 December 2010
- Rimas Kairaitis – Director since 1 November 2017
- Anthony Sgro – Director since 1 November 2017
- Cameron Peacock – Director since 3 February 2021

Results

The loss of the Group for the half-year after providing for income tax amounted to \$7,209,605 (2020 - loss of \$7,718,783).

Company Overview

Alpha is an ASX-listed specialty metals and technology company focused on commercialising its proprietary licensed solvent extraction ('SX') and refining technology to produce High Purity Alumina ('HPA') and related products for use in the burgeoning lithium-ion battery 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.

HPA First Project – (Alpha - 100%)

The half-year saw a number of material achievements in advancing the HPA First Project. Highlights during the half included:

- Binding, definitive agreements signed with Orica Australia Pty Ltd ('Orica') for supply of chemical reagents and sale of by-products to/from HPA First Project in Gladstone. The agreement covers an initial 10-year term with optional 10-year term by mutual agreement.
- Term sheet executed for feedstock supply with Rio Tinto Aluminium ('RTA').
- NAIF Strategic Assessment Approval received and overall Project funding materially advanced.
- Amended Queensland State Government approval received for both the Stage 1 Precursor Production Facility ('PPF') and Stage 2 full-scale facility on the same site.
- FEED study progressed by Worley and multiple equipment supply contracts awarded.
- Land settlement for the HPA First Project finalised.
- Site clearance completed and civil earthworks underway for the Stage 1 PPF.
- Traxys marketing MOU extended.
- REACH registration process commenced for imports to the European Union.
- Multiple product orders received covering the full spectrum of the Company's high purity aluminium products.
- Multiple small-scale commercial sales orders received covering the full spectrum of the Company's high purity aluminium products.
- Reclassification approved to the 'Commodity Chemicals' Sub-industry subgroup of the broader ASX Materials Sector.
- Binding letter agreement with Helix Resources Ltd for divestment of the Company's interest in the Collerina Project, NSW.

Alpha HPA Limited and its controlled entities

Directors' Report

Review of Operations

During the half-year under review, Alpha remained strongly focused on the delivery of the HPA First Project in Gladstone, Queensland, which represents the commercialisation of the Company's proprietary aluminium purification and refining technology. The HPA First Project will deliver a range of ultra-high purity aluminium products that are critical materials to the supply chains of key de-carbonising technologies including:

- LED lighting, and
- Lithium-ion batteries.

Activities during the second half were highlighted by:

- Execution of definitive agreements with Orica for supply of reagents and sale of by-products to/from HPA First Project in Gladstone.
- Ongoing product marketing and product development activities based from the Company's continuously operating Brisbane plant, with a particular focus on the Company's precursor products.
- Engineering and procurement activities related to the construction and delivery of the Stage 1 Precursor Production Facility ('PPF'). The PPF represents the acceleration of commercial production and cashflows through the Company's ultra-high purity aluminium precursors.
- Activities related to the delivery of the conditions precedent to the Final Investment Decision ('FID') on the full-scale HPA First Project.

Further details on these developments are outlined below.



Aerial overview of HPA First Project Site, Gladstone – showing civil construction progress on left hand side.

Alpha HPA Limited and its controlled entities

Directors' Report

Definitive Agreements signed with Orica

In August 2021, 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.

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

Product Marketing

During the half-year, Alpha continued a highly active product marketing program with end-users, with a number of engagements continuing to mature to the commercial negotiation stage. In addition, Alpha extended its outreach to new markets and jurisdictions, as well as continuing to receive inbound product test orders and sales orders, with the Company calibrating the servicing of these orders according to capacity of its demonstration facility in Brisbane.

Key themes

A number of dominant themes have emerged from Alpha's market outreach and product marketing, which are considered highly constructive to securing product sales and offtake agreements. These include:

- Critical material supply chains are being re-organised in response to COVID-19 supply shocks, geo-political tensions, and a greater end-user focus on ethical and low-carbon supply.
- Alpha's products have been recognised by a number of end-users as the highest purity tested.
- Re-shoring of critical manufacturing, particularly electronics, semiconductors and lithium-ion battery manufacturing to the European Union and the USA.

Alpha HPA Limited and its controlled entities

Directors' Report

Product pricing and/or volume bids placed for multiple forward contracts

As at the end of the half-year, Alpha had submitted 12 bids with volume, price and freight terms across its range of high purity aluminium products.

Negotiations with end-users on these bids vary from early stage to mature with the Company confident on closing offtake supply agreements during 2022.

In addition, at the end of the half, a further 19 end-user and research organisations were actively testing and/or qualifying Alpha's high purity products (refer Table 2, following page).

Potential product supply contracts include:

- Supply of specialty HPA powders to a Netherlands based LED phosphor manufacturer.
- Supply of aluminium precursor to a German based global chemical company.
- Supply of aluminium precursor to a USA based global chemical company.
- Supply of HPA powder to a Japan based separator manufacturer.
- Supply of HPA powder for semiconductor wafer polishing.
- Supply of HPA, high purity boehmite and 5N aluminium-nitrate precursor to a German based LED manufacturer.
- Supply of aluminium-nitrate precursor to a Japanese chemical manufacturer.

Each of these bids remain active with the Company supplying additional information requests as they are received.

Ongoing Product Test Sample Orders

In addition to the abovementioned contract bids, the Company's Brisbane demonstration plant remained highly active, servicing ongoing product orders stemming from its marketing efforts, both direct and indirect via its marketing agents.

New product orders included:

- HPA powder sample to a Japanese ceramic business.
- Ultra-fine HPA powder delivered to a Japanese manufacturer of Chemical Mechanical Planarization slurries.
- 5 separate product orders, including HPA and aluminium precursors, to a very large, global materials company based in Japan for application including glass additives and CMP Slurries.
- Al-precursor sample to a German business unit of a global USA based chemical company.
- Ultra-fine, (sub 1 micron) high purity alumina powder for specialty LED phosphors.
- 5N aluminium-nitrate for synthesis of micro-LED phosphors.
- Ultra-fine, (sub 1 micron) high purity alumina powder for specialty ceramics.
- Various specification alumina and boehmite powders for transparent ceramic tape casting.
- 2 x 100kg HPA pellet orders for delivery to ALOX Technology in the USA for the manufacture of synthetic sapphire glass.

Alpha HPA Limited and its controlled entities

Directors' Report

Product Qualification

Following periods of extensive product evaluation and product qualification, the Company was pleased to advise that:

- Alpha's sintered HPA pellets had qualified for high quality sapphire glass production by ALOX Technology (USA).
- One of Alpha's specialty HPA powders had qualified with specialist German based LED phosphor manufacturer, Litec-LLL GmbH ('Litec'). Alpha has now commenced commercial product sales to Litec, up to the capacity of our existing facility in Brisbane.

Sales Orders

During the half-year, Alpha received and/or satisfied a number of product sales orders with each of these sales considered to be a potential lead order for future larger volume offtake contracts. These orders included:

- 100kg of a specialty HPA powder to Litec for LED phosphor synthesis. Alpha and Litec remain in discussions for potential larger volume product sales.
- 25kg of 5N aluminium-nitrate precursor (US\$50/kg) to clients of Rhineland Specialties, USA.
- 10kg Al-nitrate precursor (US\$310/kg) for sales into a global research chemical web catalogue. In reaching this arrangement, Alpha is now well placed to receive bulk orders generated from research work from this catalogue.
- 5kg spherical HPA (US\$50/kg) to a large Japanese materials company, which will be used for pilot evaluation. The customer has indicated that a successful pilot result is expected to generate a high value product order.
- 30kg ultrafine HPA powders (A\$40/kg) for an Australian domestic customer. A successful application of this order is also expected to generate longer term, high value product orders.

Overall observations and feedback from Alpha's product marketing program are summarised below:

- A number of end-users have acknowledged Alpha's products including Al-nitrate, Al-sulphate, Boehmites and HPA pellets for sapphire glass manufacture are "best-in-class" with respect to purity and application performance.
- Wider adoption of Al-nitrate precursors, particularly for micro-LED phosphors and lithium-ion battery particle coating, has been in part restricted by the availability of reliable, large volume, high purity manufacture, with Alpha's offering now addressing these limitations.

REACH Registration process commenced for imports to the EU

Alpha has commenced the REACH registration process required for the import of specialty chemicals, including aluminium precursors and alumina, into the European Union. The registration process is administered by the European Chemical Agency and is expected to take approximately 3 months to complete.

Alpha HPA Limited and its controlled entities

Directors' Report

Traxys marketing MOU extended

During the half-year, Alpha and Traxys North America ('Traxys') mutually agreed to extend their Memorandum of Understanding ('MOU') for a further 12 months. The MOU includes:

Product Marketing and Offtake: Joint engagement with respect to prospective customers, with a view to engaging in a long-term offtake and/or marketing agreements.

Finance and Logistics Support: To jointly develop credit and logistics solutions to assist in closing commercial agreements with Alpha's customers.

Working Capital Facilities: The provision of working capital and/or pre-payment facilities in consultation with, and in support of, potential senior lenders, including Australian Government and commercial lenders.

Direct Investment: The potential direct investment in Alpha by Traxys and/or its affiliates, including debt, equity or quasi-equity.

PRODUCT DEVELOPMENT

Throughout the period, Alpha continued to receive inbound end-user requests for new product development. Alpha's process flexibility and continuous operation of the Brisbane demonstration facility provides the opportunity to rapidly adjust process conditions to deliver new product specifications.

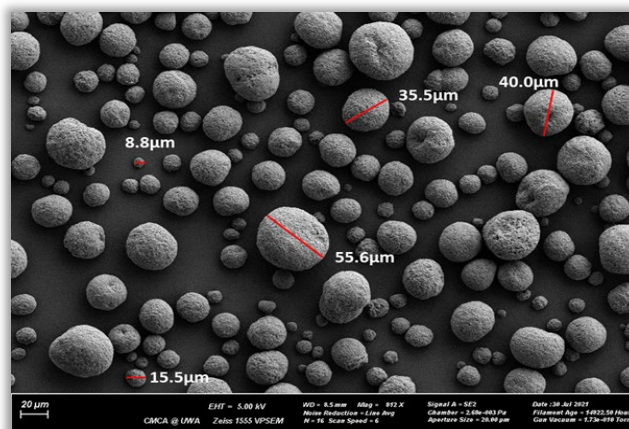
Alpha is very selective on new product development requests and is careful to allocate product development resources only in circumstances where there is a clear commercial benefit on a successful outcome.

New products developed

Alpha's technical team recently expanded its range of high purity aluminium products following a product development phase and interface with end-users and research groups. The expanded high purity offering is now forming part of the Company's continued market outreach and further demonstrates the capacity of Alpha's process flexibility.

Low surface area aluminas and boehmites

Alpha successfully developed low surface area (spherical) ultra-high purity boehmites following a high-volume inbound enquiry from a large European manufacturing business (see image below). Alpha has since translated this process to high purity alpha aluminas.



Scanning electron microscope ('SEM') image of spherical boehmite powder.

Alpha HPA Limited and its controlled entities

Directors' Report

Ultra-high purity, high dispersible boehmites

Alpha has now developed ultra-high purity (>99.995%) boehmites with very high dispersibility (>98%). This product has been developed from inbound demand from several potential customers.

High dispersible boehmites are used in sol-gel applications in the manufacture of high value, specialty aluminas, including nano-aluminas and alumina for translucent ceramics.

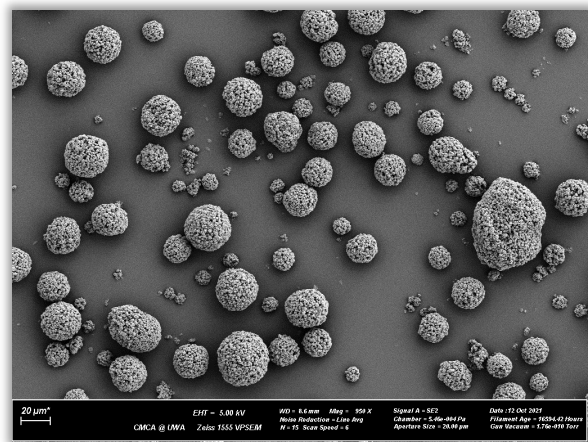


Sol-gel formation from high dispersible boehmite.

Spherical gamma alumina for catalysts

Alpha has developed a new spherical gamma alumina powder product in response to both inbound demand from a potential Japanese customer and a German based research organisation (FGK Keramik).

Gamma alumina is a very high surface area alumina used as a medical and petrochemical catalyst. Product test samples have been dispatched to Germany and Japan for test work. Like a number of other Alpha's product offerings, the Company is not aware of any higher purity gamma alumina products.



SEM image of Alpha's spherical gamma alumina.

Other ongoing product development work includes:

- High density (>3.6 t/m³) high purity alumina pellets.
- Nano-alumina.

Alpha HPA Limited and its controlled entities

Directors' Report

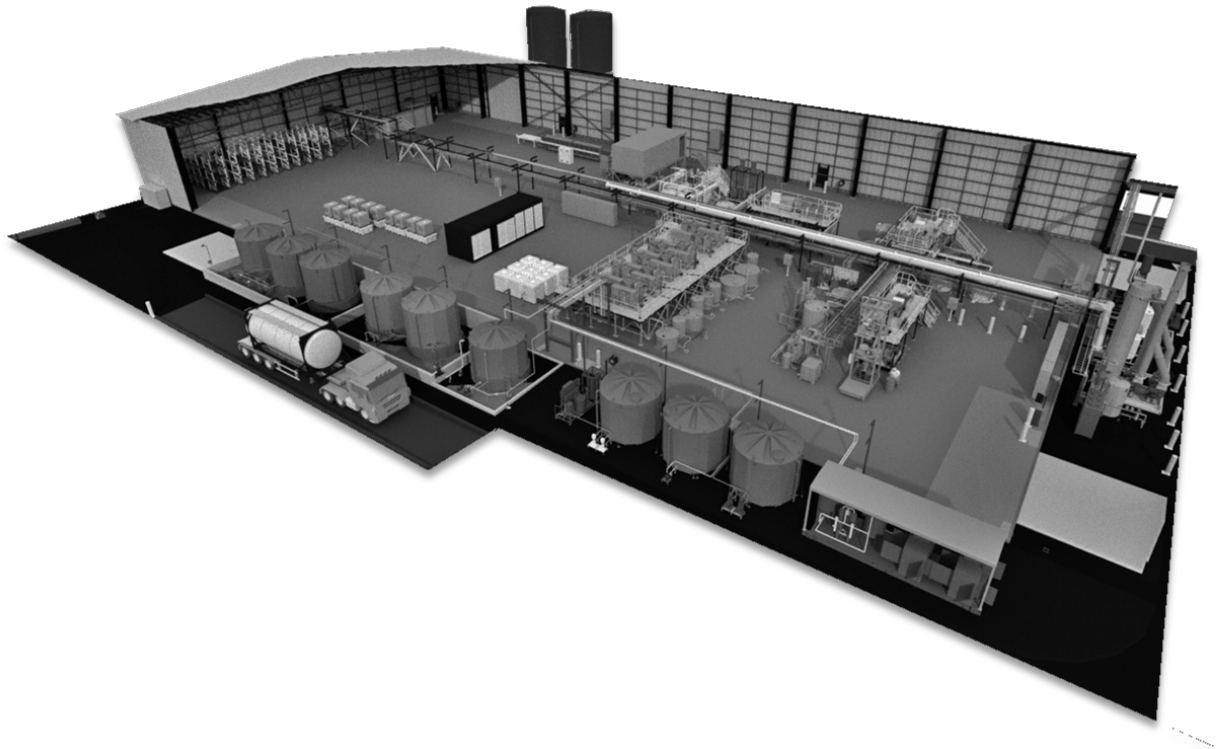
STAGE 1 – PPF

The second half saw the Company make substantial progress on the Stage 1, Precursor Production Facility ('PPF') component of the HPA First Project. The PPF is fully funded to production and represents the acceleration of commercial production and cashflows through the Company's ultra-high purity aluminium precursors.

During the half-year, the following workstreams were advanced.

Main facility building contract awarded

Alpha awarded the main facility building contract for the PPF. The ~40m x 80m building (see below) will fully internalise the PPF processes. Building erection commenced early in calendar 2022 on completion of site civils.



Amended State Govt Approval Received

In early November 2021, the Company received approval from the Queensland State Government for the change application on the HPA First Project site, within the Gladstone State Development Area ('GSDA'). This amended approval represents the State Government approval for both Stage 1 PPF and Stage 2 full-scale facility on the same site.

Land Settlement and Commencement of Earthworks

With the GSDA change approval received, Alpha and the Minister for Economic Development, Queensland ('MEDQ') satisfied or waived the remaining conditions precedent to the purchase and settlement of the HPA First Project site at 53 Reid Road, Yarwun.

Alpha subsequently took land possession on 5 November 2021, securing the land parcel for both the PPF and the full-scale HPA First Project.

Shortly after finalising land settlement, Alpha moved to commence earthworks ahead of site civils required for the PPF.

Alpha HPA Limited and its controlled entities

Directors' Report

Site Clearance Complete

Following mobilisation of earthmoving contractors in mid-November, PPF site clearance was expediently completed with excavations undertaken in preparation for concrete foundations and underground infrastructure (see below).



Looking west showing PPF site clearance complete (foreground), Orica (midground) and Rio Tinto Aluminium (background).

Over 80% of mechanical equipment contracts awarded

During the half-year, over 80% of the contracts for mechanical fabrication and process equipment for the PPF were awarded and are presently in fabrication. The remaining packages are expected to be awarded in early 2022.

Other

Early hiring of key employees is underway to support operations readiness for the PPF commissioning. Key utility agreements are in final draft.

PPF Procurement

The EPCM engineers (Prudentia Process Consultants) are strongly focused on equipment procurement to meet the August 2022 schedule for production commencement.

During the half-year Recommendations to Award ('RTA's') were issued for:

- Earthworks and civils.
- Process pumps.
- Air compressors.
- Heat exchangers.

Alpha HPA Limited and its controlled entities

Directors' Report

STAGE 2 – FULL-SCALE PROJECT

In parallel with the PPF, the Company maintained a number of workstreams directed at completing the remaining conditions precedent to the full-scale HPA First Project FID. These workstreams included:

Worley FEED Study

Worley further progressed the Front-End Engineering and Design ('FEED') process for the full-scale HPA First Project, with key tasks including:

- Risk assessment.
- CapEx review of Orica interface.
- Constructability review.
- Schedule review.
- Cost range and contingency analysis.
- Schedule risk analysis.
- Review of key equipment packages including crystallizer and dryer/calciner

The FEED Study based off the March 2021 Definitive Feasibility Study was received as an advanced draft during the December quarter. Alpha is now running a draft review and is completing the Project scenario modelling based on a range of updated product mixes informed by the Company's marketing activities. The re-configured HPA First Project product scenarios are expected to be completed in the March quarter of 2022.

Long lead items - Vendor Engineering

Alpha has progressed the commencement of vendor engineering with preferred vendors of the key long lead items with respect to the HPA First Project, namely:

- The Solvent Extraction (SX) area.
- The HPA drying and calcining package.
- The by-product concentration area.

Term sheet executed feedstock supply

Alpha signed a term sheet with Rio Tinto Aluminium ('RTA') for the supply of aluminium bearing feedstock to the HPA First Project from the RTA owned and operated Yarwun Alumina Refinery, Gladstone. Alpha and RTA are now working on the feedstock supply agreement for both the Stage 1 PPF and the full-scale HPA First Project.

NAIF Strategic Assessment Approval received

During the half the Northern Australia Infrastructure Facility ('NAIF') advised the HPA First Project had successfully completed the Strategic Assessment Phase. Accordingly, the NAIF has committed further resources to detailed Project due diligence with Alpha currently working with NAIF to provide the required information to complete this process.

Final draft ITE (Bankers Engineers) reports received

During November 2021, Alpha received final draft reports from the Independent Technical Expert ('ITE' or 'Bankers Engineers') as a key component to the lender due diligence.

Alpha HPA Limited and its controlled entities

Directors' Report

CORPORATE

Industry Reclassification

During the half-year, the Company was reclassified to sit within the 'Commodity Chemicals' Sub-industry subgroup of the broader ASX Materials Sector, changing its Industry classification within the Materials Industry Group from Metals and Mining to Chemicals.

Having announced the divestment of its interests in its Collerina Project tenements in NSW, and no longer having any metals or mining related business interests, the Company received approval from S&P Global Ratings for its revised reclassification. The ASX uses the Global Industry Classification Standard method of categorising companies.

FBICRC Cathode Precursor Pilot Plant

During the half-year, the Future Battery Industries Cooperative Research Centre ('FBICRC') announced that it had signed contracts with a consortium of leading local, national and international companies, the WA Government, contractors and academic institutions to design and commission a Cathode Precursor Production Pilot Plant in Western Australia.

The Company is extremely pleased to be one of 19 participant groups alongside internationally recognised names such as BASF, BHP and IGO to be working within the FBICRC program to advance the creation of the Australian lithium-ion battery materials industry.

Alpha is a financial participant as well as the supplier of high purity aluminium-sulphate precursors to the FBICRC Cathode Pilot Plant.

Statement of cooperation with the Queensland Government

In November 2021 the Company became a signatory to the Statement of Co-operation with respect to the Queensland Government and Central Queensland industries co-operating toward net zero emission manufacturing.

The Statement of Co-operation is designed to secure the future competitiveness of Queensland, adding value to a natural energy advantage to drive employment and economic outcomes for Queensland by focusing on three areas:

- Committing to industry by establishing certainty for current and future industry participants and growing demand.
- Delivering a globally competitive energy solution that is centred around firmed, low-carbon electricity for industry.
- Growing the industries of the future in Central Queensland by creating an enabling regulatory environment, strengthening regional skills and employment to lower capital intensity, and planning for the infrastructure to enable industry development.

Alpha joined existing industry signatory Rio Tinto, and new signatory Orica Australia on the Statement of Co-operation.

Alpha HPA Limited and its controlled entities

Directors' Report

Collerina Project Divestment

In September 2021, the Company signed a binding letter agreement with Helix Resources Ltd ('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 was:

- the issue to Alpha of 20 million Helix shares, following Helix shareholder approval, with the shares subject to a voluntary escrow of 12 months; and
- Helix granting Alpha a 1.0% Net Smelter Return 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 equity exposure to Helix's wider exploration portfolio; and
- simplifies Alpha's business focus on the successful delivery of the HPA First Project.

Subsequent to the end of the half-year, the conditions precedent to the divestment were completed, the Tenements were transferred to Helix and the Company was issued 20,000,000 Helix shares and the 1.0% Net Smelter Return Royalty.

Wonogiri Project

(45% Alpha, subject to Conditional Share Purchase Agreement)

During the half-year, the Company Far East Gold Limited ('FEG') took over the management and funding of the Wonogiri Project and is required to fulfil a number of conditions to satisfy completion of FEG's acquisition of Alpha's 45% interest in the project.

FEG is well advanced with its plans to IPO on the ASX. Subject to a minimum \$8M in subscriptions, FEG are to issue consideration shares to Alpha for the acquisition of Wonogiri Pty Ltd to the value of \$3.425M plus \$50,000 in cash.

Subsequent Events

Subsequent to the end of the interim financial period:

- The Company completed the divestment of the Collerina project, with the Company receiving 20,000,000 Helix shares and a 1.0% Net Smelter Return Royalty on all metals from the Tenements as consideration.
- In February 2022, the Company increased the throughput capacity of the PPF by approximately 75% and is expected to be in excess of 350tpa on an AL-nitrate basis, scaled up from 200tpa.
- Floods in Brisbane have impacted the Company's demonstration plant facility with an assessment of the impact being undertaken.
- In March 2022, the Company received notification from the Commonwealth Department of Industry, Science, Energy and Resources that its application for grant funding under the Modern Manufacturing Initiative - Collaboration Stream ('MMI-C') had been approved. The \$45 million grant will be applied toward the capital expenditure of the full-scale HPA First Project.

Alpha HPA Limited and its controlled entities

Directors' Report

Other than the matter 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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 17 as required under Section 307C of the Corporations Act 2001 is attached to and forms part of the Directors' Report for the half-year ended 31 December 2021.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman
Sydney, 16 March 2022



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 review of Alpha HPA Limited for the half-year ended 31 December 2021 there have been:

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

KPMG

Stephen Board
Partner

Brisbane
16 March 2022

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Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income
for the half-year ended 31 December 2021

		31 December 2021 \$	31 December 2020 \$
Continuing operations			
Other income	4	11,140	874,741
Administration and consultants' expenses		(1,241,133)	(635,887)
Audit, legal and other professional fees		(292,005)	(40,000)
Depreciation		(36,691)	(19,105)
Director and company secretarial fees		(187,599)	(343,667)
Share based payments	8	(684,057)	(3,041,380)
Research and development expenses		(4,817,164)	(3,834,270)
Exploration and evaluation expenses		(1,050)	(57,249)
Impairment loss on exploration and evaluation assets		(80,000)	-
Other expenses from ordinary activities		-	(45,427)
Loss on deconsolidation of Wonogiri project		-	(477,005)
Unrealised gain on investment	6	117,792	13,697
Operating loss before financing income		(7,210,767)	(7,605,552)
Finance income		19,527	6,250
Finance expense		(18,365)	(119,481)
Net finance income/(expense)		1,162	(113,231)
Loss before income tax		(7,209,605)	(7,718,783)
Income tax expense		-	-
Loss for the period		(7,209,605)	(7,718,783)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Movements in foreign currency translation reserve		-	(155,446)
Foreign currency translation reclassified on deconsolidation		-	144,988
Total other comprehensive income		-	(10,458)
Total comprehensive loss for the period		(7,209,605)	(7,729,241)
Loss attributable to:			
Owners of the Company		(7,209,605)	(7,676,424)
Non-controlling interest		-	(42,359)
Loss for the period		(7,209,605)	(7,718,783)
Total comprehensive loss attributable to:			
Owners of the Company		(7,209,605)	(7,682,682)
Non-controlling interest		-	(46,560)
Total comprehensive loss for the period		(7,209,605)	(7,729,242)
Earnings per share			
Basic and diluted loss per share attributable to ordinary equity holders (cents per share)		(0.91)	(1.12)

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Financial Position
as at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
Current assets			
Cash and cash equivalents		36,407,308	50,344,366
Trade and other receivables	5	798,503	538,888
Prepayments		330,512	122,127
Asset held for sale	3	300,000	-
Inventory – raw materials		9,975	-
Total current assets		37,846,298	51,005,381
Non-current assets			
Property, plant and equipment	9	8,420,742	293,916
Right-of-use-assets		137,415	52,949
Exploration and evaluation expenditure	3	-	380,000
Investments	6	155,230	37,438
Deposits		130,610	200,758
Total non-current assets		8,843,997	965,061
Total assets		46,690,295	51,970,442
Current liabilities			
Trade and other payables		1,896,029	1,630,479
Lease liability		82,497	54,243
Total current liabilities		1,978,526	1,684,722
Non-Current liabilities			
Lease liability		60,162	2,365
Total current liabilities		60,162	2,365
Total liabilities		2,038,688	1,687,087
Net assets		44,651,607	50,283,355
Equity			
Issued capital	7	100,928,249	99,799,748
Reserves		8,071,833	7,622,477
Accumulated losses		(64,348,475)	(57,138,870)
Total equity attributable to equity holders of the Company		44,651,607	50,283,355
Non-controlling interest		-	-
Total equity		44,651,607	50,283,355

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Cash Flows
for the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Cash payments in the course of operations		(1,691,509)	(1,035,988)
Interest received		19,527	6,250
Interest paid		(2,619)	(2,523)
Government grants and incentives		-	20,000
		<u>(1,674,601)</u>	<u>(1,012,261)</u>
Cash flows from investing activities			
Payments for exploration expenditure		(1,050)	(65,522)
Payments for research and development expenditure		(5,961,379)	(3,761,424)
Payments for plant and equipment		(4,499,517)	(1,252)
Payments for purchase of land		(2,648,851)	-
		<u>(13,110,797)</u>	<u>(3,828,198)</u>
Cash flows from financing activities			
Proceeds from the issue of shares	7	900,000	1,800,000
Transaction costs on the issue of shares	7	(6,200)	(8,220)
Repayment of lease liability		(29,714)	(15,810)
Contribution by non-controlling interest		-	17,098
		<u>864,086</u>	<u>1,793,068</u>
Net increase in cash and cash equivalents		(13,921,312)	(3,047,391)
Cash and cash equivalents at 1 July		50,344,366	7,984,529
Effect of exchange rate adjustments on cash held		(15,746)	(14,924)
		<u>36,407,308</u>	<u>4,922,214</u>
Cash and cash equivalents at 31 December		36,407,308	4,922,214

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Changes in Equity
for the half-year ended 31 December 2021

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$	Non- Controlling Interest \$	Total Equity \$
Balance as at 1 July 2020		48,038,551	3,807,438	(40,864,128)	10,981,861	(544,117)	10,437,744
Total comprehensive income for the period							
Loss for the period		-	-	(7,676,424)	(7,676,424)	(42,359)	(7,718,783)
Other comprehensive income/(loss)		-	(6,257)	-	(6,257)	(4,201)	(10,458)
Total comprehensive loss for the period		-	(6,257)	(7,676,424)	(7,682,681)	(46,560)	(7,729,241)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares	7	1,800,000	-	-	1,800,000	-	1,800,000
Cost of issue		(8,220)	-	-	(8,220)	-	(8,220)
Issue of options		-	3,041,380	-	3,041,380	-	3,041,380
Deconsolidation of PT Alexis		-	(31,288)	-	(31,288)	582,636	551,348
Fair value of options exercised during the period		530,600	(530,600)	-	-	-	-
Contribution from non-controlling interest		-	-	-	-	17,098	17,098
Total contributions by and distributions to owners		2,322,380	2,479,492	-	4,801,872	599,734	5,401,606
Balance at 31 December 2020		50,360,931	6,280,673	(48,540,552)	8,101,052	9,057	8,110,109
Balance as at 1 July 2021		99,799,748	7,622,477	(57,138,870)	50,283,355	-	50,283,355
Total comprehensive income for the period							
Loss for the period		-	-	(7,209,605)	(7,209,605)	-	(7,209,605)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares	7	900,000	-	-	900,000	-	900,000
Cost of issue	7	(6,200)	-	-	(6,200)	-	(6,200)
Fair value of options exercised during the period	7	234,701	(234,701)	-	-	-	-
Share based payments	8	-	684,057	-	684,057	-	684,057
Total contributions by and distributions to owners		1,128,501	449,356	-	1,577,857	-	1,577,857
Balance at 31 December 2021		100,928,249	8,071,833	(64,348,475)	44,651,607	-	44,651,607

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

Alpha HPA Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2021

1. REPORTING ENTITY

Alpha HPA Limited ('the Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2021 comprise the Company and its controlled entities (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 and the acquisition, exploration and development of mineral deposits in Australia and Indonesia. During the period, the Company signed a conditional divestment agreement for disposal of its interest in the Wonogiri project. Under the agreement the Company ceased management control of the Wonogiri project and consequently ceased consolidation of the associated controlled entity.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2021 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.alphaHPA.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 'Interim Financial Reporting'.

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

These condensed consolidated interim financial statements were authorised for issue by the Directors on 16 March 2022.

(b) Estimates

The preparation of the condensed consolidated interim 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 expense. Actual results may differ from these estimates.

The significant judgements made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the consolidated annual financial report for the year ended 30 June 2021. These were:

- Note 3 Exploration and Evaluation Expenditure.
- Note 8 Share Based Payments.
- Unrecognised Deferred Tax Assets.

(c) Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

	As at 31 December 2021 \$	As at 30 June 2021 \$
3. EXPLORATION AND EVALUATION EXPENDITURE		
<i>Current</i>		
New South Wales – Asset held for sale	300,000	-
<i>Non-Current</i>		
New South Wales	-	380,000

In September 2021, 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 of 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 at 30 June 2021 to the level of the Helix shares to be granted on the date of signing the agreement on 1 September 2021, given this was the best estimate of the recoverable amount of the project at 30 June 2021.

In November 2021, Helix shareholders approved the issuance of 20,000,000 Helix shares. At 31 December 2021, the Directors conducted impairment testing and recognised an \$80,000 impairment, based on the value of Helix shares at 31 December 2021. Subsequent to the end of the half-year, the conditions precedent to the divestment were completed, the tenements were transferred to Helix and the Company was issued 20,000,000 Helix shares.

	Six months to 31 December 2021 \$	Six months to 31 December 2020 \$
4. OTHER INCOME		
Government grants and incentives	-	872,266
Other income	11,140	2,475
	11,140	874,741

	As at 31 December 2021 \$	As at 30 June 2021 \$
5. TRADE AND OTHER RECEIVABLES		
<i>Current</i>		
GST receivable - Australia	788,884	502,189
Other receivables	9,619	36,699
	798,503	538,888

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

	As at 31 December 2021 \$	As at 30 June 2021 \$
6. INVESTMENTS		
<i>Current</i>		
Opening balance	37,438	63,918
Unrealised gain/(loss) on investment in Santana Minerals Limited	117,792	(26,480)
Closing balance	155,230	37,438

The Investments are shares held in ASX Listed Santana Minerals Limited, which are classified as a Level 1 financial instrument.

	As at 31 December 2021 \$	As at 31 December 2020 \$
7. ISSUED CAPITAL		
Issued and paid up capital		
793,284,971 ordinary shares fully paid (31 December 2020 – 692,375,880)	100,928,249	50,360,931

	N° of shares	\$	N° of shares	\$
Ordinary shares				
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at the beginning of the period	790,284,971	99,799,748	680,375,880	48,038,551
Options exercised during the period	3,000,000	1,134,701	12,000,000	2,330,600
Costs of issue	-	(6,200)	-	(8,220)
Balance at the end of the period	793,284,971	100,928,249	692,375,880	50,360,931

During the period ended 31 December 2021, the Company issued 3,000,000 shares at \$0.30 each for cash totalling \$900,000, following the exercise of 3,000,000 \$0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$234,701.

During the period ended 31 December 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.

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

8. SHARE BASED PAYMENTS

No options were issued during the half-year ended 31 December 2021.

During the half-year ended 31 December 2020, 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.
- 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 \$93,959 was taken up during the half-year ended 31 December 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 \$539,081 was taken up during the half-year ended 31 December 2021.

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

	As at 31 December 2021 \$	As at 30 June 2021 \$
9. PROPERTY, PLANT AND EQUIPMENT		
Construction in progress	5,742,508	280,650
Land	2,648,851	-
Office equipment	28,575	13,266
Furniture and fittings	808	-
	8,420,742	293,916

10. SEGMENT REPORTING

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 half-year ended 31 December 2021, the Group had two segments, being development of the HPA First Project and minerals exploration and evaluation.

The Group has two reportable segments, as described below:

	HPA First Project \$	Exploration and Evaluation \$	Total \$
31 December 2021			
Other income	11,140	-	11,140
Reportable segment loss before tax	(5,622,650)	(1,050)	(5,623,700)
Reportable segment assets	8,548,787	365,129	8,913,916
Reportable segment liabilities	1,837,321	-	1,837,321
31 December 2020			
Other income	854,741	-	854,741
Reportable segment loss before tax	(2,997,226)	(555,086)	(3,552,312)
Reportable segment assets	204,424	2,685,657	2,890,081
Reportable segment liabilities	676,581	926	677,507

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

10. SEGMENT REPORTING (continued)

	As at 31 December 2021	As at 31 December 2020
	\$	\$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total loss for reportable segments	(5,623,700)	(3,552,312)
Unallocated amounts:		
Interest income	19,527	6,250
Net other corporate expenses	(1,605,432)	(4,172,721)
Consolidated loss before tax	<u>(7,209,605)</u>	<u>(7,718,783)</u>
 Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	8,913,916	2,890,081
Unallocated corporate assets	37,776,379	6,104,230
Consolidated total assets	<u>46,690,295</u>	<u>8,994,311</u>
Liabilities		
Total liabilities for reportable segments	1,837,321	677,507
Unallocated corporate liabilities	201,367	206,695
Consolidated total liabilities	<u>2,038,688</u>	<u>884,202</u>

11. RELATED PARTIES

Key management personnel and Director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

These entities transacted with the Group during the half-year as follows:

- During the half-year year ended 31 December 2021, Norman Seckold and Peter Nightingale held a controlling interest in an entity, MIS Corporate Pty Ltd, which provided full administration services to the Group, including rental accommodation, administrative, accounting and investor relations staff both within Australia and Indonesia, services and supplies. Fees charged by MIS Corporate Pty Ltd during the half-year amounted to \$195,812 (31 December 2020 - \$194,375). At 31 December 2021 there was \$7,272 outstanding (31 December 2020 - \$6,875).

12. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial report as at and for the year ended 30 June 2021.

Carrying amounts versus fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2021

13. SUBSEQUENT EVENTS

Subsequent to the end of the interim financial period:

- The Company completed the divestment of the Collerina project, with the Company receiving 20,000,000 Helix shares and a 1.0% Net Smelter Return Royalty on all metals from the Tenements as consideration.
- In February 2022, the Company increased the throughput capacity of the PPF by approximately 75% and is expected to be in excess of 350tpa on an AL-nitrate basis, scaled up from 200tpa.
- Floods in Brisbane have impacted the Company's demonstration plant facility with an assessment of the impact being undertaken.
- In March 2022, the Company received notification from the Commonwealth Department of Industry, Science, Energy and Resources that its application for grant funding under the Modern Manufacturing Initiative - Collaboration Stream ('MMI-C') had been approved. The \$45 million grant will be applied toward the capital expenditure of the full-scale HPA First Project.

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.

Alpha HPA Limited and its controlled entities Directors' Declaration

In accordance with a resolution of the Directors of Alpha PHA Limited, I state that:

In the opinion of the Directors:

- (a) the interim financial report and notes set out on pages 18 to 28 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard 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.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman

Sydney, 16 March 2022

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Independent Auditor's Review Report

To the shareholders of Alpha HPA Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Alpha HPA Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Alpha HPA Limited does not comply with the *Corporations Act 2001*, including:

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

The **Interim Financial Report** comprises:

- Condensed consolidated interim statement of financial position as at 31 December 2021
- Condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Alpha HPA Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with 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 Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other 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.



KPMG



Stephen Board
Partner

Brisbane
16 March 2022