The Manager Companies - ASX Limited
20 Bridge Street
Sydney NSW 2000

ASX Announcement
27 October 2023
(91 pages)

# ANNUAL REPORT AND NOTICE OF AGM

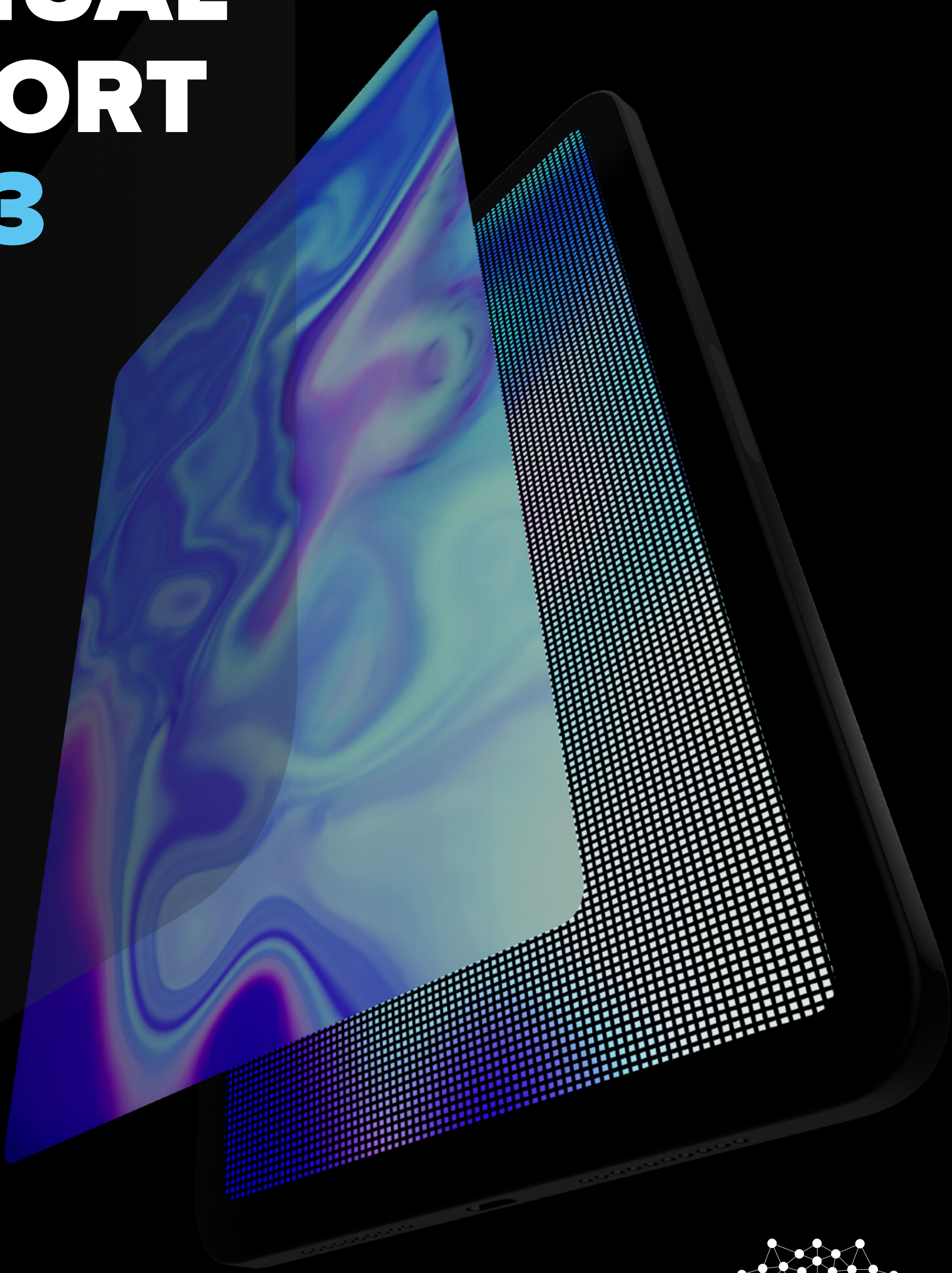
I attach the Company's Annual Report for the year ended 30 June 2023 and a copy of the Company's Notice of Annual General Meeting to be held on Tuesday, 28 November 2023 at 11.00am as being sent to shareholders today.

By the order of the Board.

Richard Edwards
Company Secretary

pjn11914

# ANNUAL REPORT 2023



Alpha HPA Limited
ABN 79 106 879 690

Alpha HPA

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# CHAIRMAN'S LETTER

**Dear Fellow Shareholders**

I am extremely pleased to present to you this year's Annual Report and to reflect on what has been a tremendous last 12 months for our Company.



While every year feels like a busy one this past year has been exceptionally so, with years of persistence, hard work and significant operational and technical progress now finally beginning to unlock the significant value we always knew was imbedded in our business.

In November 2022, little more than a year after breaking ground, our Stage 1 Precursor Production Facility (Stage 1) delivered maiden production. This facility is now a fully operational production centre having already produced cumulative Al-nitrate production of ~150 tonnes at target 5N (99.999%) purity and is now servicing the manufacture and delivery of our full suite of ultra-high purity aluminium product orders for advanced stage qualification testing to an array of global customers across the Li-ion battery, LED and semiconductor industries.

The rapid scale-up of the Company's activities has in no small part been assisted by the significant government grant funding it has attracted, with this support representing a clear government endorsement of our Company being a frontier player in Australia's push to bolster its Critical Minerals credentials on the global stage.

The construction and scale up of Stage 1 to handle commercial volume test orders has freed up our Brisbane facility to concentrate on product refinement and new product development. Pleasingly, this past year has seen several new additions to our product range including an anhydrous aluminium sulphate and an ultra-high purity alumina tri-hydrate (ATH), which in particular is showing enormous potential for large volume tonnages across multiple end use applications.

During the year we were extremely pleased to welcome our chemical counterparty Orica Australia Limited as a 5% shareholder in the Company. As a supplier of critical process reagents to our business, their investment into our Company and our mutual expansion plans into North America reflect their strong understanding of both the technical and commercial aspects of our business and how it is uniquely positioned to supply critical minerals into a decarbonising world. We very much look forward to expanding our collaborative partnership in the years ahead.

In an exciting development, this year also marked the establishment of our Alpha Sapphire business. Recognising a market opportunity bought about by the sanctioning of a leading Russian synthetic sapphire glass supplier, the arrival of micro-LED technology in consumer electronic displays along with several constructive geopolitical thematics, the Company, in partnership with Austrian manufacturing group Ebner Fametec, is now collaborating to make a staged entrance into the global synthetic sapphire market. The synergistic collaboration matches Ebner-Fametec's low-carbon sapphire growth technology with Alpha's custom HPA tablets as feedstock. This new business stream is an extension of our underlying aluminium products business and represents an opportunity to create tremendous additional value for our shareholders.

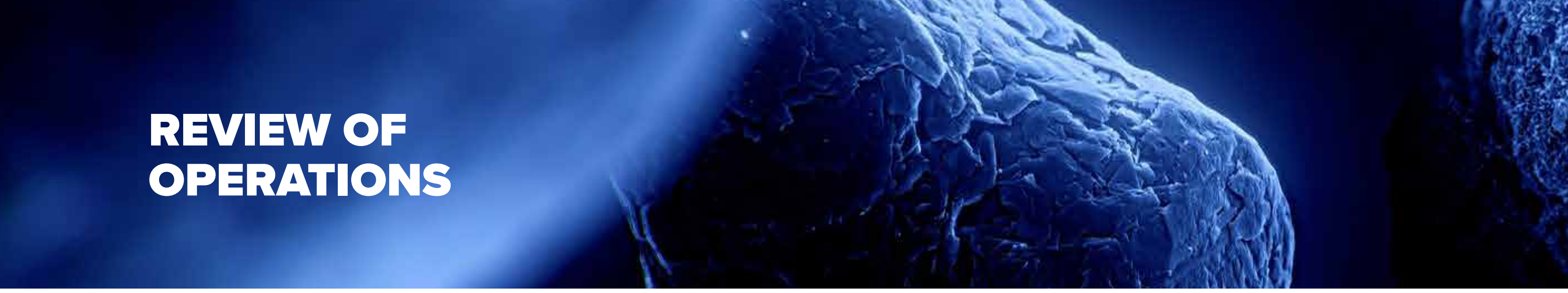
Looking ahead, the next 12 months will again be filled with numerous challenges but immense opportunities for the continued growth of our business. Progression of our project funding endeavours, a formal Final Investment Decision on our full-scale HPA First Plant and the continued pursuit of strategic partnerships and offtake arrangements for our growing suite of products all represent significant value catalysts for our Company.

On behalf of the entire Board, I would again like to acknowledge the unwavering commitment of our Managing Director Rimas Kairaitis and his team, including contractors, whose tireless efforts have now firmly laid the foundations for Alpha to become a world class manufacturer of high value critical minerals. I would also like to acknowledge the efforts of our Chief Operating Officer Rob Williamson and his growing operations team in Brisbane and Gladstone for their tremendous work in support of the Company's vision and for the delivery and immaculate presentation of our Stage 1 Facility in Gladstone. It is truly an asset we should all be proud of and an existing platform for the Company's near term expansion.

Finally, I would again like to thank all our loyal shareholders for their continuing support of the Company.

Yours sincerely

Norman A. Seckold
Chairman



# REVIEW OF OPERATIONS

## OVERVIEW

Alpha is an ASX-listed specialty metals and technology company 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 high-technology sectors including:

- LED lighting;
- Lithium-ion batteries; and
- Semi-conductors.

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

- Successful commissioning and first commercial production from the Stage 1 Precursor Production Facility, with cumulative Al-nitrate production of ~150 tonnes at target 5N (99.999%) purity;
- Alpha and Orica expanding their strategic partnership with the signing of a Memorandum of Understanding (**MoU**) to explore the technical and commercial feasibility of establishing a new manufacturing facility in North America in addition to Orica investing ~$19.8M to acquire a 5% equity interest in the Company;
- Federal Government Critical Minerals grant of $15.5M to fund Stage 1 expansion confirmed with $13.95M of funds drawn at year end, which has been deployed on design and procurement of major equipment required for the Stage 1 PPF's HPA circuit;
- Federal Government $45.0M MMI-C grant advanced for Stage 2 HPA First Project and initial payment of $2.25M received;
- Signing an MoU with Brenntag, the world's largest chemical distributor to develop end-user markets and logistics solutions to the battery chemical markets;
- Expanded product marketing and product development activities of the Company's suite of ultra high-purity precursor and alumina products;
- Continuing stream of advanced stage test orders and small-volume product sales from potential offtake partners across Li-ion battery, LED, semi-conductor and sapphire glass sectors;
- Successful product development of high purity (**5N**) alumina tri-hydroxide (**ATH**), alumina-hydrate and anhydrous aluminium-sulphate demonstrating the adaptability of the Company's process flow sheet; and
- Continuing to concurrently advance detailed engineering studies and Project Financing discussions with Government lending agencies to facilitate a Final Investment Decision for the full scale HPA First Project.

The year also saw the execution of agreements with Ebner Industrieofenbau GmbH (**Ebner**) and Ebner subsidiary Fametec GmbH (**Fametec**), to provide for the staged entry by Alpha into the production and sale of synthetic sapphire glass utilising Fametec's sapphire growth technology and Alpha's customised HPA "puck" tablets as feedstock.

This collaboration resulted in the establishment of Alpha Sapphire Pty Ltd (a wholly owned subsidiary of Alpha) as a special purpose, Australian domiciled company, dedicated to the growth, processing and sale of Net-Zero $CO_2$ synthetic sapphire.



# REVIEW OF OPERATIONS



## HPA FIRST PROJECT: STAGE 1 - PPF

The 2023 Financial Year saw the completion of construction, commissioning and first commercial production from the Stage 1, Precursor Production Facility (**PPF**) component of the HPA First Project.

### Commissioning Completion and ramp-up

Chemical commissioning of the aluminium nitrate circuit commenced in November 2022 and completed in December 2022.

By the end of the financial year cumulative Al-nitrate production had reached approximately 150 tonnes at the target 5N (99.999%) purity level. Production levels are being maintained at around 850kg per day, as the conversion of Al-nitrate into additional product lines ramps up.

The Stage 1 PPF is also at steady state for demonstration scale production of 4N purity gamma phase and alpha phase aluminas, as well as the production, on a 24 hour basis, of custom-shaped sintered HPA tablets for Ebner-Fametec (See Alpha Sapphire).

At year end, these production lines were servicing approximately 600kg of HPA product orders across a range of potential customers.

The Stage 1 PPF is also supplying Al-nitrate to the Brisbane facility to service end-user test orders for high purity boehmites (Al-O-OH), high purity alumina hydrate (ATH) and high purity nano-aluminas. Production capacity will be materially increased once the HPA circuit within the Stage 1 PPF is fully installed and commissioned.

### HPA circuit expansion

Over the second half of the year, the Company progressively deployed the $15.5 million grant awarded under the Critical Minerals Development Program (**CMDP**) to install a small-scale commercial HPA circuit within Stage 1 and expand the capability of the Stage 1 PPF to include Alpha's full high purity aluminium product range.

The HPA circuit design was slightly modified from its original design to accommodate small-scale commercial production of Alpha's high purity alumina-hydrate (ATH) to service the expanding end-user demand for this product.

Once fully deployed, the CMDP grant funding will have facilitated:

- the expansion of Stage 1 PPF production capacity of aluminium nitrate and aluminium sulphate;
- the capability to produce up to 15tpa of HPA production, including nano HPA production to service end-users in the (CMP) sector for Chemical Mechanical Polishing (**CMP**) of semi-conductor substrates.
- the capability to produce up to 10tpa of High Purity Boehmite;
- the production of HPA tablets for synthetic sapphire glass growth; and
- installation of a large rooftop solar array.

By year's end nearly all major equipment orders had been delivered and installed. Items under construction off-site and still due to be delivered include an HPA sinter oven, jet mill and rotary dryer. The Stage 1 PPF rooftop solar array contract had also been awarded, with installation now complete.

*Rooftop Solar Installation – Stage 1 PPF*

# REVIEW OF OPERATIONS


Aluminium Sulphate Centrifuge – delivered to site


Rotary HPA dryer/calciner – ready to ship


Automated HPA Ttablet press – delivered to site


HPA Tunnel Kiln – in place

*Major equipment deliveries – Stage 1 – HPA Circuit*

## HPA FIRST PROJECT: STAGE 2 - FULL SCALE PROJECT

In parallel with the Stage 1 PPF, the 2023 financial year saw the Company progress a number of workstreams directed at completing the remaining conditions precedent to the full scale HPA First Project final investment decision.

Material developments to the advancement of the full scale project are outlined below.

**Multi-product engineering advanced**

The Company continued to work on updating the Definitive Feasibility Study (DFS) for the full scale Stage 2 HPA First Project, which will include an expanded array of product lines. Discussions with key execution consultants and construction contractors have commenced to further the execution model. The major Structural, Mechanical, Piping (**SMP**) contractor under consideration submitted a competitive proposal for a large portion of the facility enabling a strong basis for cost estimation for the balance of the plant.

Focus on de-risking the schedule of works continued with a major milestone of signing the 'Offer to Connect' from Ergon, the electrical energy transmission corporation for Central Queensland. This has the benefit of locking in the timing for energisation of the facility. Other vendor engineering packages have also been reviewed and updated as part of the DFS update.

**Final Stage Independent Technical Engineers' (ITE) review underway**

Alpha has commenced the final stage ITE review process as will be required by project financiers, including a review of new products added since their prior engagement. The ITE will cover capital expenditure, project schedule and execution strategy in support of project financing timelines.

**Project financing negotiations advanced**

In the context of the multi-product engineering and the ITE process described above, project financing negotiations continued to be advanced with project financiers including industry participants and the Australian and Queensland Governments, with a view to finalising a financing package for the construction of the full-scale Stage 2 HPA First Project.

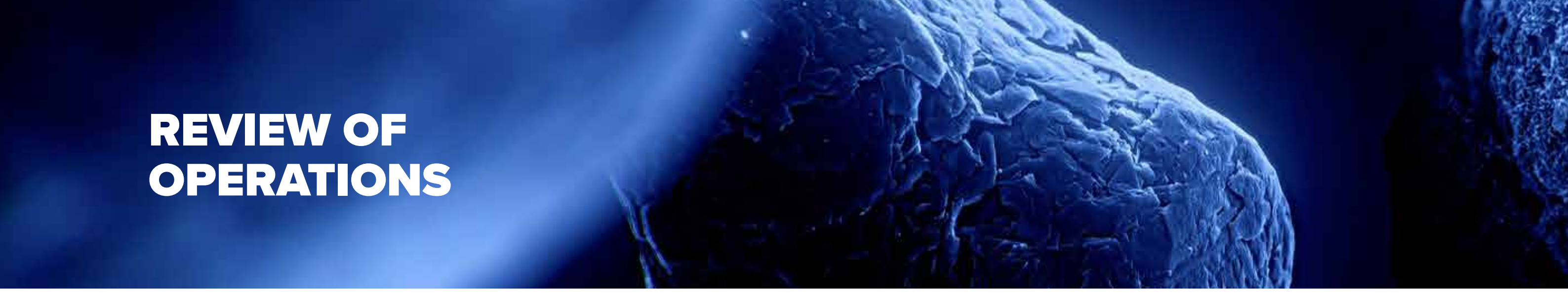
**Modern Manufacturing Initiative - receipt of initial payment of Federal Government grant**

In June 2023 the Company received an initial payment of $2.475 million (including GST) under the $45 million Modern Manufacturing Initiative - Collaboration Stream (**MMI-C**) grant from the Commonwealth Department of Industry, Science and Resources.

The $45 million MMI-C grant will be applied toward the capital expenditure of the full-scale Stage 2 HPA First Project. Alpha was the lead applicant, with the grant application supported by Orica Ltd (**Orica**) as joint applicant and 10% of the grant proceeds will flow to Orica to offset their capital expenditure required to support the HPA First Project.

The grant is anticipated to be paid as per the following schedule, subject to the completion of activity schedule milestones by the Company, summarised below:

| Payment event | Payment amount (GST exc.) | Anticipated payment date |
|---|---|---|
| Initial payment | $2,250,000 | (payment received) |
| Progress payment | $4,500,000 | 31 January 2024 |
| Progress payment | $13,500,000 | 31 July 2024 |
| Progress payment | $13,500,000 | 31 January 2025 |
| Final payment | $11,250,000 | 29 August 2025 |
| Total | **$45,000,000** | |



# REVIEW OF OPERATIONS

## QUEENSLAND GOVERNMENT GRANT – ALPHA AWARDED UP TO $21.7M

In April 2023 the Company executed a funding agreement with the Queensland Department of State Development, Infrastructure, Local Government and Planning to provide grant funding of up to $21.7 million. The funding assistance is to be provided in support of capital expenditure for the Stage 2 (full scale) HPA First Project.

With respect to the provision of grant funding from the Queensland Government, the following is noted:

- The grant is made to the Company by the State of Queensland (acting through the Department of State Development, Infrastructure, Local Government and Planning) (**the State**) under the Industry Partnership Program.
- The grant is to assist the Company in the construction, commissioning and operation of the Company's HPA First Project (**the Project**) at Gladstone, Queensland.
- Material preconditions to the grant include:
  - the Company provides reasonable evidence to the State that the Company has finance approval to undertake the Project;
  - the Company provides security in the form of a bank guarantee from proceeds at the time of receipt of the first milestone payment;
  - the Company has feedstock and offtake agreements in place for the Project;
  - the State approves the Project Plan which details the Project's construction milestones.
- The grant is payable to the Company as reimbursement of Project expenditures over seven milestones within the agreement term of six years to 31 March 2029, subject to the Company satisfying performance requirements including:
  - entering into contracts for construction, purchase and commissioning of plant and equipment and commencement of operations in accordance with the Project Plan;
  - payment of a total of $367.5 million in project expenditure;
  - employing and maintaining an average of 151 full time equivalent employees;
  - incurring $58.2 million in Queensland supply chain expenditure; and
  - scaling to a minimum production of 10,640 tonnes per annum of products per annum.

Failure to satisfy the preconditions or milestone conditions may result in the State terminating the grant.

## PRODUCT DEVELOPMENT

**Successful development of high purity alumina trihydrate (ATH)**

Following interactions with several significant lithium-ion cathode manufacturers and a global advanced materials company, Alpha's product development team successfully developed a 4N-5N purity $Al(OH)_3$ (ATH) product with numerous sample products having now been shipped and under qualification testing.

This product is a potential high volume product across a diverse spectrum of applications including lithium refining, catalysts and as a dopant in cathode and speciality glass manufacture.

At year end the end user demand for Alpha's ATH had built strong momentum, with test orders for ATH representing approximately 30% of test orders by volume. End user demand applications include:

- Li-B cathode doping; a precursor to nano alumina for CMP polishing;
- a low carbon precursor to existing HPA production;
- a precursor to gamma alumina catalysts;
- a dopant for aluminium into alumina-silicate glass.

External, third party assays on Alpha's recent ATH production has formally confirmed 5N (>99.999%) purity. Purity levels were confirmed by the industry standard glow discharge mass spectroscopy (GDMS) technique, with a total of 73 metals assayed totalling 6 parts per million metal impurities. This is potentially very significant in marketing to end-users utilising ATH as a precursor for specialty HPA product lines.

**Successful development of 5N purity anhydrous Al-sulphate precursor**

Following interaction with a significant lithium-ion cathode manufacturer, Alpha's product development team successfully developed an anhydrous form of its aluminium sulphate precursor at 5N purity.

Alpha is now marketing both anhydrous and hydrated aluminium sulphate precursors, per below:

- Hydrous Al-sulphate >> $Al_2(SO_4)_3.16H_2O$
- Anhydrous Al-sulphate >> $Al_2(SO_4)_3$

Test samples of anhydrous aluminium sulphate have now been delivered to two cathode manufacturers.

## PRODUCT MARKETING AND TESTWORK

## LI-ION BATTERY SECTOR

Over the course of the financial year Alpha's global marketing effort continued to gather momentum with a series of positive qualification test results and a number of significant global brands, particular in the lithium-ion (Li-ion) battery cathode sector, now working with the Company on expanded test work on Alpha's materials as cathode dopants.

A detailed matrix of advanced qualification test work is underway with these counterparties, including for the following products as cathode dopants*:

- aluminium sulphate;
- gamma phase high purity alumina; and
- high purity alumina-trihydrate (ATH).

Key drivers in this expanded engagement with cathode OEMs has been interest in Alpha's high purity, low-carbon materials as well as supply chain compliance with the US Inflation Reduction Act (IRA).

** Cathode dopant refers to the addition of aluminium bearing compounds into or onto the cathode to stabilise the cathode active material.*

Inbound enquiries on the Company's high purity alumina tri-hydrate (ATH) and high purity nano-aluminas have also expanded.

At the time of this report the Company was servicing over 40 product test orders from both the Stage 1 PPF and the Product Development Centre in Brisbane.

**European marketing trip scales up end-user engagement**

From late May to mid-June 2023, Alpha completed a comprehensive marketing trip within the EU, with a focus on:

- engaging new Li-B sector end-users through exhibiting at the Stuttgart Battery Show;
- consolidating existing end-user relationships;
- in-person site visits to potential strategic counterparties; and
- site visit to Ebner-Fametec (see Alpha Sapphire update below).

The Company was highly encouraged by the response from the various marketing efforts, with multiple new test work programs initiated and existing engagements materially advanced.

**Korean Battery Show**

In March 2023 Alpha attended the Inter Battery Show in Seoul, South Korea. Contact with a number of target end-users and industry intermediaries resulted in 14 new product test orders, which have been partly fulfilled.

The sentiment amongst participants and agents at the Show confirmed an industry consensus of the tightening supply of the 4N+ HPA sector.

**Expansion of Al-oxide coating of Li-B anode materials**

Alpha is presently engaged at various stages of testwork and analysis with over 10 separate battery makers, manufacturers and developers on the application of aluminium oxide coating onto anode active materials (**AAM**) for use in lithium-ion batteries. The Al-oxide coating process (Alpha's 'UltraCoat' Process), uses Alpha's high purity Al-nitrate as a precursor and provides for a rapid, uniform coat of Al-oxide onto AAM particles, which provides a number of performance and safety benefits. This process has resulted in expanded test work, including small scale commercial coatings for a Japanese based battery manufacturer.

First stage testing by a major EU based developer has confirmed significant technical benefits of the Al-oxide coating on carbon and moved to second stage test work.

Post year end, Alpha was further notified that the Ultra Coat process had passed first round qualification with a US based battery developer.

**Orders received for testwork in HPA bearing solid state batteries**

Subsequent to year end the Company received testwork orders for application within high-purity alumina-bearing solid state electrolytes for next generation all solid-state batteries (**ASSB**).

Alpha has been monitoring technology developments in this sector, noting a number of ASSB electrolytes are utilising alumina, or alumina derived secondary materials in their formulations. Although early stage, this application is considered of considerable future interest, as alumina content for a number of ASSB electrolytes are above the levels utilised in existing Li-B chemistries.

# REVIEW OF OPERATIONS



## SEMI-CONDUCTOR SECTOR

During the financial year Alpha serviced a range of sample requests for product applications withing the semiconductor sector.

These include:

- Alpha's nano-HPA powder as abrasives and Alphas al-nitrate oxidants in the formulation of Chemical-Mechanical Polishing (**CMP**) slurries. CMP slurries are used in the polishing of semi-conductor substrates, particularly silicon-carbide substrates, and:
- Bespoke high purity aluminas for application in thermal interface semiconductor housings, for the use of ceramic capacitors and also for the manufacture of aluminium nitride (alN)

End-users requesting Alpha's materials are dominantly US based, with two end-users based in Japan and one in South Korea.

### Collaborative slurry test work with major CMP counterparty

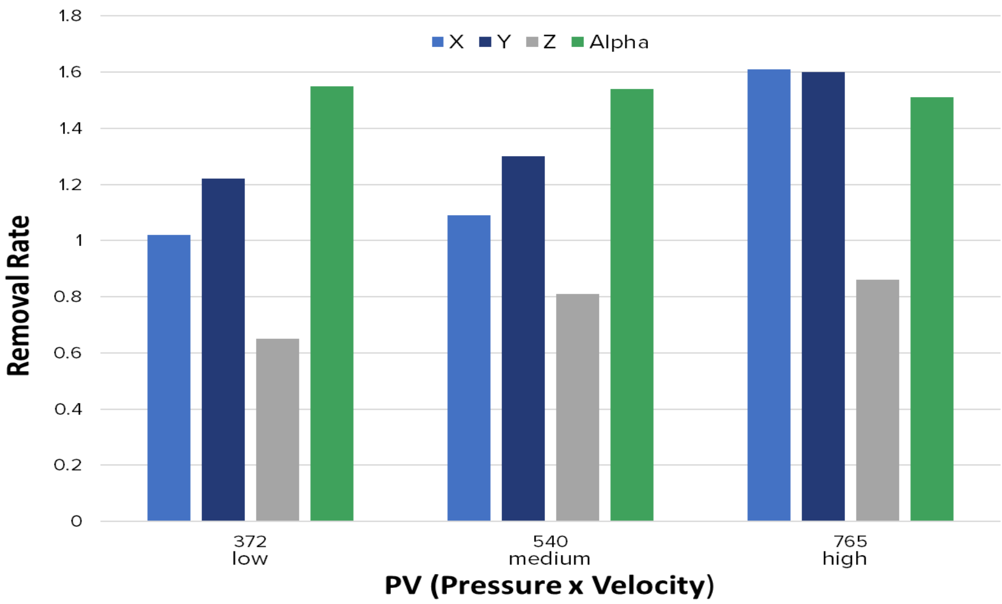
As a component of Alpha's engagement with CMP end-users the Company commenced a program of collaborative slurry testwork with a world leading supplier of CMP slurries to the semiconductor sector. This work includes formulation and testwork of a range of nano-HPA based slurries.

### Semiconductor CMP test work on Alpha's nano HPA shows outperformance

As part of Alpha's wider engagement with the semiconductor sector on the application of its nano-HPA in CMP slurries, the Company commissioned specialist third party test work to understand the performance of its materials in this high-value application. The test work was conducted both to educate the Company's internal technical and sales team on Alpha's product offering and as a sales tool to assist in marketing to this sector.

Controlled test work assessing the performance of Alpha's nano-HPA as a CMP abrasive on silicon-carbide (SiC) substrates, confirmed outperformance when measured against industry incumbent slurries (shown as X, Y & Z in the graph below).

Summary results are shown below, confirming CMP slurries made with Alpha's material showed highest removal rates at the lowest PV values. PV values represent pressure multiplied by velocity of the polishing conditions, with performance at low PV's strongly preferred by the industry as this affords lower operating temperatures to minimise deformation of the substrate.




*Removal rates of SiC substrates by CMP slurries at different PVs. Alumina based CMP Slurries made with Alpha's HPA (in green) is compared against industry incumbent alumina based slurries (X, Y & Z)*

**LOI for up to 1,000tpa of HPA to supply South Korean semiconductor sector**

Subsequent to the end of the year Alpha received a non-binding LOI from a South Korean (SK) based manufacturer of specialty materials for the semiconductor sector. The LOI followed an initial 2 x 50kg sales of bespoke HPA powder and successful product testing.

The LOI confirmed the manufacturer's interest in:

- the purchase of 1 metric tonne per month of the bespoke HPA powder from January 2024, to be serviced from Stage 1 PPF; and
- the purchase of up to 1,000 metric tonnes per year of the bespoke HPA powder from March 2026, to be serviced from the full scale Stage 2 HPA First Project.

Prior to January 2024, Alpha will continue sales to the manufacturer of 40-50kg per month. The pricing terms discussed in the LOI are confidential, however Alpha can confirm a price range above US$30/kg.

## LED LIGHTING SECTOR

**Alpha's 5N Al-nitrate outperforms in next generation micro-LED phosphor testwork**

Alpha received test results for its Al-nitrate from advanced LED research group, Seaborough, based in the Netherlands. Seaborough are developing the next-generation euro-LED technology, which uses nano-phosphors to retain high efficiency in 'warm' LED illumination lighting. Alpha's 5N purity Al-Nitrate was used to synthesis the YAG:Ce nano-phosphors uses in the euro-LED and showed superior performance (higher quantum yield) compared to alternative materials. Seaborough is in the process of commercialising the technology through licensing arrangements with established LED manufacturers.


*YAG:Ce nano-phosphors made with Alpha's 5N Al-Nitrate (left photo). The same phosphors emitting on top of a mid-power LED chip, showing close to 100% quantum yield (right photo)*

**Letter of Intent received from Litec-LLL for HPA supply**

In October 2022 Alpha received an LOI from German based LED phosphor manufacturer Litec-LLL. The LOI follows multiple successful test orders and small volume sales to Litec-LLL and sets out intent for Alpha to supply small commercial volumes of HPA (up to 500kg) during 2023.

**First nano-HPA sale order for Lumileds**

After multiple rounds of sample product testing with leading global LED manufacturer Lumileds, Alpha received its first minor sale order of nano HPA (5kg). A successful production run of this order by Lumileds is expected to lead to substantially larger productions orders in late 2023.

## ALPHA SAPPHIRE

Alpha **SAPPHIRE**

**Agreements to enter Sapphire Glass production with Ebner Group**

In March 2023 Alpha announced it had reached agreement with Ebner Industrieofenbau GmbH and Ebner subsidiary Fametec GmbH, (**Ebner-Fametec**) on potential co-operation between the companies on the commercial roll-out of Ebner-Fametec's sapphire growth technology utilising HPA feedstock material from Alpha.

Having commenced discussions in mid-2022, and following a process of mutual due diligence, mutual site visits and production testing of sapphire glass growth utilising Alpha's custom HPA tablets in Ebner-Fametec's sapphire growth units, the parties signed a series of agreements providing for a staged entry by Alpha into the production of synthetic sapphire using Alpha's HPA feed material, with a specific focus on supplying the LED lighting sector.

The agreements include the following:

- Commercial and Technical proposals;
- Technology Licence Agreement; and
- Letter of Intent (LOI).

Together the agreements provide for the purchase by Alpha of an initial 2 crystal growth units for installation into the Stage 1 PPF in Gladstone (**Phase A**). With assistance from Ebner-Fametec, these units will be used to qualify Alpha's sapphire with selected end-users, in addition to establishing its ultra-high purity HPA tablets as a premium raw material feed to downstream end-user markets.

The Phase A investment for the purchase, installation and commissioning of the initial 2 growth units including supporting utility connection costs (water, gas, E&I) is estimated at ~A$3.4M.

Delivery of the initial growth units is expected in January 2024, with sapphire qualification anticipated by July 2024. Under the Licensing Agreement and LOI, Ebner-Fametec will provide technical oversight during the installation, commissioning and qualification phase.

On successful qualification under Phase A and subject to approval by Alpha's Board, the LOI also contemplates an expansion to up to 100 growth units by the end of 2025 in two further stages (**Phase B** and **Phase C**).

# REVIEW OF OPERATIONS

Phase B consists of a further 48 growth units and Phase C consists of a further 50 growth units on commercially agreed terms. The investment will be made by an Alpha 100% owned subsidiary, with the location of the Phases B and C roll-out to be determined, based on an assessment of the most favourable logistics, including access to renewable energy.

Following expanded engineering and commercial interaction between Alpha and Ebner-Fametec, as well as broader engagement with potential customers, Government, potential strategic investors, and renewable energy providers, Alpha and Ebner-Fametec subsequently elected to expand the existing LOI to include:

- an agreement to work co-operatively on an additional, large-scale expansion of the Australia based sapphire growth installation, to be referred to as the '**Nova Phase**'. The Nova Phase will contemplate the purchase, construction, installation and operation of up to an additional 1,000 synthetic sapphire growth units;

and:

- agreement to work co-operatively on the research and market outreach activities related to expanding the customer base for sapphire products, including;
  - cost sharing of market research;
  - provision of market intelligence;
  - co-ordinated identification of potential end-users and customers;
  - co-ordinated market outreach; and
  - potential establishment of a dedicated marketing entity.

The commercial premise for the addition of the Nova Phase is underpinned by the notion that once an expansion from Phase B to C (50 to 100) has been elected, the essential components of a successful business would have been firmly established and would be readily expandable.

The joint marketing arrangements will operate between the following counterparties:

- Alpha Sapphire Pty Ltd (a wholly owned subsidiary of Alpha) as a special purpose, Australian domiciled company, dedicated to the growth, processing and sale of Net-Zero $CO_2$ synthetic sapphire, and
- Arctic Sapphire AS, a wholly owned subsidiary of Fametec, as a special purpose, Norway domiciled company, dedicated to the growth, processing and sale of Net-Zero $CO_2$ synthetic sapphire.

**Synthetic Sapphire Growth and Markets**

Sapphire glass is the crystalline form of high purity alumina (HPA or $Al_2O_3$). It is grown in specialised growth units, which melts raw material (HPA) at +2,000°C and then crystallises the melt as a single crystal known as a sapphire 'boule'. The process is technically specialised, but also highly repeatable.

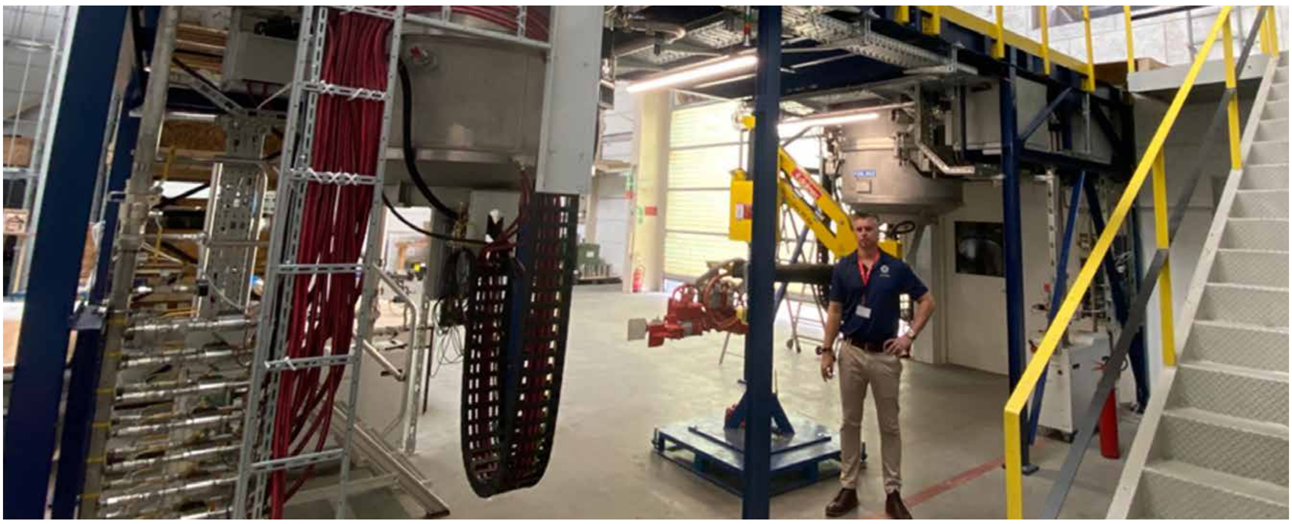
The process is energy intensive, so access to a low-cost, firm-supply of renewable Net-Zero $CO_2$ electricity is a key consideration.

Major synthetic sapphire applications include:

'**Optics**' - Optics is a group term including watch faces, sapphire windows, phone lens covers, specialised medical applications and also defence applications.

'**LED/Semiconductors**' - Sapphire wafers are cut along the c-axis plane from a c-axis grown ingot where they are polished, patterned and ultimately presented to LED manufacturers for 'epitaxy', being the growth of the LED circuitry onto the wafer substrate.

'**Power Electronics (PE) /Semiconductors**' - Sapphire wafers are cut along the c-axis plane from a c-axis grown ingot where they are polished, patterned and ultimately presented to PE manufacturers for 'epitaxy', being the growth of the PE chips onto the wafer substrate.



*Synthetic sapphire growth units operating at Ebner-Fametec, Austria. These units are identical to those under construction for Alpha Sapphire and are currently being used to qualify Alpha's HPA feedstock*



**Alpha estimates the adoption of the Ebner-Fametec technology for the conversion of HPA to sapphire glass represents a net revenue uplift of ~10x per unit of alumina**

Alpha's view is that there are **three key disruptions** within the synthetic sapphire market which combined provide a unique opportunity to enter the synthetic sapphire market, being:

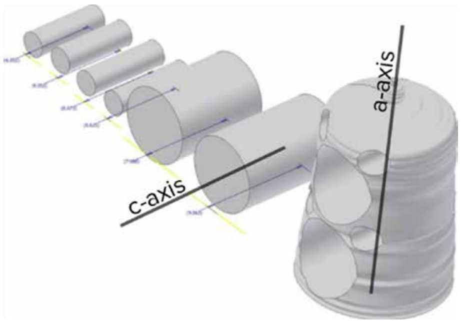
1. **Technological disruption: The Fametec McSAP technology**

To date, the most proven and reliable growth method for high quality synthetic sapphire growth has been the Kyropolous or KY method.

The KY method grows large boules (90-120kg), however the KY method is only proven for a-axis growth, which provides low utilisation rates of ~35-40% of sapphire per boule and high rates of energy consumed per kg of usable sapphire. The remaining 'crackle' is recycled or sold.

Fametec's crystal growth process, known as the McSAP (Multi c-Axis Sapphire) method has been developed over 10 years and with estimated R&D expenditure of over €20M.

C-axis sapphire crystal growth achieves +60% utilisation of the crystal boule (compared to ~35-40% for current industry standard a-axis crystals), with ~50% power saving (per kilogram of grown crystal) realised through greater utilisation per crystal boule and growth of multiple boules per production run, realising a significantly lower energy production. This combines to realise a materially lower carbon footprint than other crystal growth processes. The McSAP process is accordingly considered a well-suited complement to Alpha's low carbon HPA feedstock.

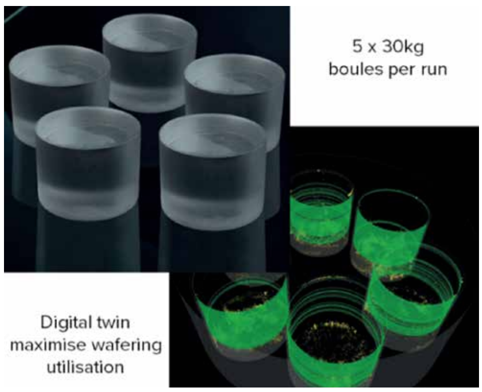


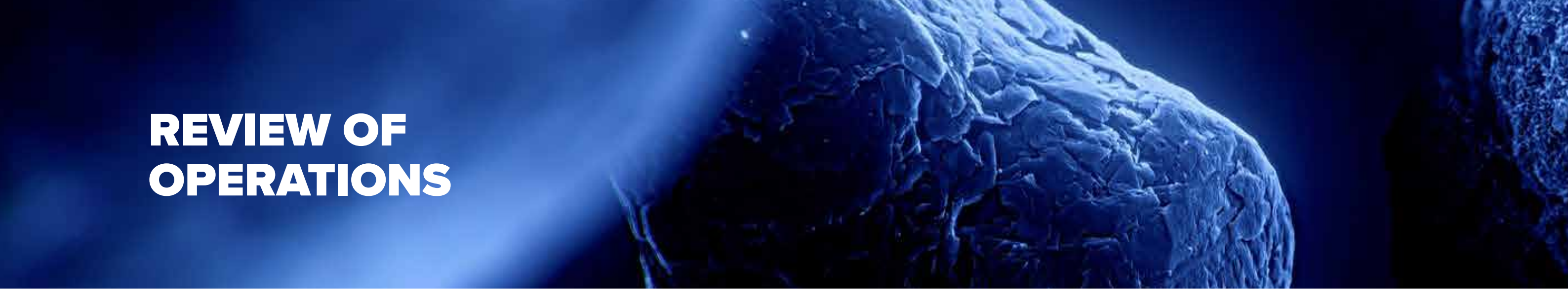

*C-axis ingots produced from an a-axis Kyropolous sapphire boule showing low utilisation*


*C-axis ingots produced from an c-axis grown McSAP sapphire boule showing high utilisation*

*Alpha estimates each growth unit will be capable of circa 4,000 kg (4 metric tonnes) of synthetic sapphire per annum*

In addition to higher utilisation rates in the production of sapphire ingots, Ebner-Fametec technology employs optical scanning to produce a unique 'digital twin' of each sapphire boule to ensure maximised utilisation during wafering (see below).





# REVIEW OF OPERATIONS



### 2. Supply concerns

Globally, high technology sectors are experiencing an intensifying global trend towards de-risking/re-shoring and friend-shoring supply chains.

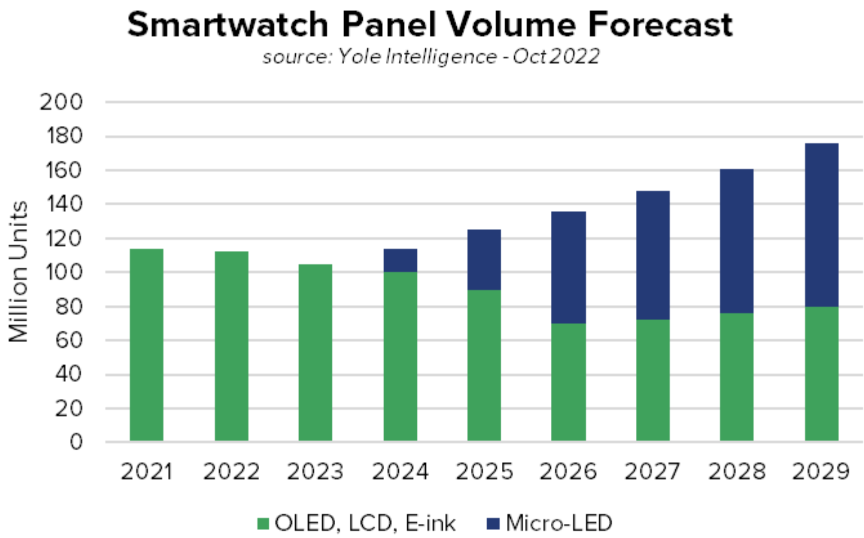
Traditionally, Russian and Chinese companies have dominated synthetics sapphire growth, accounting for >80% market share. However, there is now growing thematic amongst end-users to diversify supply to be sourced from preferred jurisdictions.

In addition, the end-user sectors are placing stronger emphasis to decarbonise supply chains to meet emission targets. With sapphire growth being an energy intensive process, the Ebner-Fametec lower energy technology, combined with Alpha's ability to access renewable energy provides an attractive alternative to the higher carbon intensity of the current global sapphire glass producers.

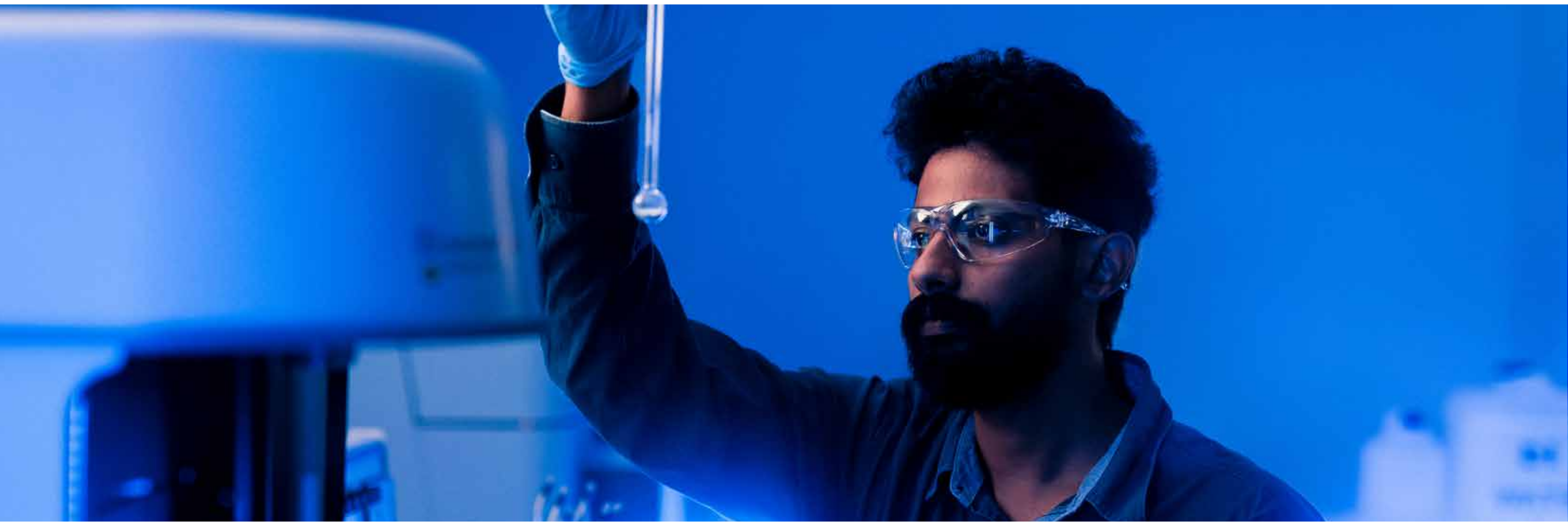
### 3. New demand drivers

Synthetic sapphire wafers are the dominant substrate in LED lighting. The increasing adoption of mini LEDs and micro LEDs, in particular within smartwatch displays is predicted to grow to US$17B by 2026, with wafer demand for micro LEDs forecast to grow at a CAGR >500% between 2023-2027 (source MarketWatch Inc).

The adoption is driven by significant reduction in power draw and an improved user experience. As an example, the forecast adoption of micro LEDs into smartwatch displays is presented below.




*Forecast adoption of micro-LEDs into smartwatch panel displays (Source: Yole Intelligence – Oct 2022)*



**Construction of first sapphire growth units on schedule**

The joint engineering team of Alpha and Ebner-Fametec are co-ordinating the construction and installation layout for the first two sapphire growth units purchased by the wholly owned Alpha subsidiary, Alpha Sapphire Pty Ltd, as per Phase A of the agreement with Ebner-Fametec.

The construction of the units remains on schedule, with first equipment deliveries due late 2023, for installation and commissioning targeted for early 2024.

Alpha representatives completed a site visit to Ebner-Fametec in June to view synthetic sapphire growth in operation with Alpha's feedstock materials and to conference on sapphire marketing strategies.

**Assessment of site locations and renewable energy options underway**

Alpha has commenced a process of engaging with the market on renewable energy supply for the Alpha Sapphire Phase B/C Fab (100 units). This work will heavily influence site location, with the synthetic sapphire growth facility having the flexibility to be located for convenient access to reliable and competitively priced renewable energy. Space for expansion to the Nova phase (up to 1,000 additional units) in the same location is also a consideration in the assessment.

**Joint marketing activities with Ebner-Fametec commenced**

Alpha and Ebner-Fametec have commenced activities under the joint marketing arrangement agreed under the recently agreed LOI.

Activities have included site visits to target customers in the EU with upcoming marketing to the LED and semiconductor end-user sectors in the Bay Area, California at Semi-Con West. Marketing activities have already generated requests for quotations to supply synthetic sapphire to the optics sector.

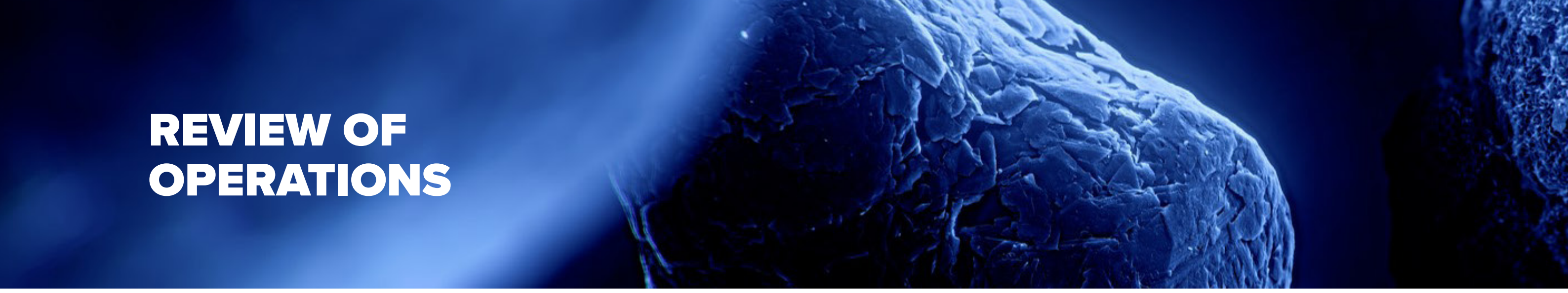
**About Ebner-Fametec**

Fametec is a private Austrian based subsidiary of the Ebner Group that has developed a proprietary crystal growth technology to produce sapphire crystals in multiple shapes, with a special focus on larger-sized sapphire crystals.

Fametec's crystal growth process, known as the McSAP (Multi c-Axis Sapphire) method has been developed over 10 years and with estimated R&D expenditure of over €20M. C-axis sapphire crystal growth is able to achieve ~80% utilisation of the crystal boule (compared to ~35-40% for current industry standard A-axis crystals) with ~50% power saving (per kilogram of utilised crystal) realised through greater utilisation per crystal boule and growth of multiple boules per production run, realising a materially lower carbon footprint than other crystal growth processes.

Fametec's vision is to supply large-size sapphire substrates that are 'green' sapphire, grown using 100% sustainable energy sources. Fametech's 'green' sapphire is significantly more energy-efficient, of higher quality, and priced more competitively for use in micro-LED, power and optical applications.

Ebner' Group is a large privately owned Austrian manufacturer with over 70 year history in the design and construction of industrial furnaces for the heat treatment of metals. Ebner is a global market leader in numerous application areas and has over 1,400 employees with production sites in Europe, Asia and USA. Ebner has been active in R&D development and commercialisation activities in the field of LED's and semiconductor materials since 2005.



# REVIEW OF OPERATIONS



## CORPORATE ACTIVITIES

### Strategic equity placement with Orica

In November 2022, the Company executed a Subscription Agreement whereby Orica acquired a 5% equity interest in the Company.

The funds are being used to accelerate final engineering and product marketing for the full-scale HPA First Project at Gladstone and to advance feasibility studies on the potential of an additional HPA manufacturing facility in North America, with the remaining funds used for general working capital. Under the Subscription Agreement, Orica subscribed for 44,982,980 ordinary shares at $0.44 per share to raise ~$19.8M.

### North American Memorandum of Understanding

At the same time as executing the strategic placement with Orica, Alpha signed a non-binding MoU with Orica to mutually investigate the technical and commercial feasibility of establishing a new manufacturing facility in North America to produce high-purity aluminium products for the rapidly expanding future-facing industries in the region.

The facility would seek to leverage and replicate the chemical process synergies that have been successfully established between Orica and Alpha in the development of the HPA First Project at Gladstone, Queensland. This would include the supply of process reagents and the offtake of process by-products to/from Alpha's and Orica's manufacturing facility, supporting circularity between the two parties.

The rationale for exploring an operational footprint in North America for Alpha is to provide a local production source to supply and capitalise on the rapidly expanding manufacturing capacity across future-facing industries in the region, including the lithium-ion battery sector, and re-shoring of supply chains into the semiconductor sector. Both sectors are key markets for Alpha's high-purity aluminium products, and both are being stimulated by key legislative initiatives including the US Inflation Reduction Act and the US CHIPS Act.

Alpha and Orica will initially focus on the technical and commercial feasibility through 2023 of a new manufacturing facility to produce high-purity aluminium products near Orica's Carseland manufacturing centre in Alberta, Canada.

### Appointment of Directors

In September 2022, the Company appointed Dr Regan Crooks as a Non-Executive Director. Regan is a Chemical Engineer who brings a wealth of experience in technology commercialisation and corporate strategy at a critical time in Alpha's development as a world class industrial chemical company.

Working in senior executive and consulting roles over the last 20 years, Regan has supported numerous multinationals, start-ups, research and venture capital groups to develop innovative products and to rapidly scale and enter global markets. As consulting CEO for private companies including Future Feed Pty Ltd and Growave Pty Ltd, Regan has been directly involved and responsible for securing numerous international licensing and collaboration partnerships and bringing new technologies to market.

Regan also has direct experience in the chemicals market having spent 7 years as R&D Manager at Solvay, a leading multinational chemical company, where she was a part of a senior management team developing and commercialising new products.

In May 2023 the Company appointed Rob Williamson as an Executive Director of the Company. Rob has been the Company's Chief Operating Officer since June 2020, successfully overseeing the construction and commissioning of Stage 1 of the HPA First Project and building an operations and senior management team ahead of the Stage 2, full-scale implementation of the Project. Rob is a mechanical engineer and prior to joining the Company rebuilt and started up a new 155ktpa SX zinc refinery in the USA in the capacity of Vice President and GM of the facility. Rob has over 20 years of experience in large facility operations with his appointment reflecting his increasing contribution to key corporate and commercial elements of the business.

### FY22 R&D rebate of $1.6 million received

In June 2023 the Company received a $1.6 million R&D rebate, for activities related to the HPA First Project in the 2022 financial year.

### EcoVadis Sustainability Rating – Silver rating status

In May 2023 the Company received a Bronze Medal sustainability rating following an initial ratings process from independent sustainably ratings agency, EcoVadis.

Subsequent to the end of the year the Company was advised that the Company's rating had been upgraded to Silver, placing Alpha in the 91st percentile range of companies rated by EcoVadis.

The rating follows a detailed review of the Company's key sustainability policies and practises including in relation to the following fields:

- environment;
- labour and human rights;
- ethics; and
- sustainable procurement.

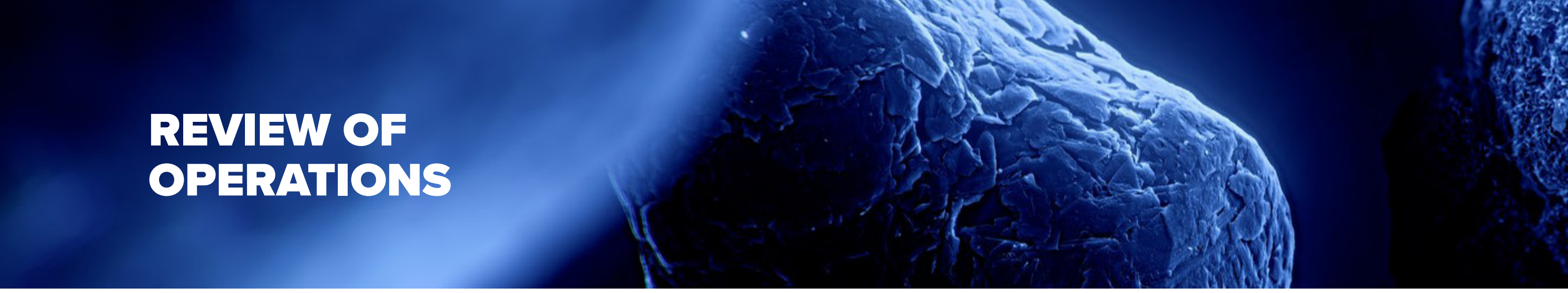
A Silver Medal rating is considered a very strong result for a Company of Alpha's size and growth stage.

The rating was initiated as a pre-condition to finalising supply contracts with a key target customer within the EU. An independent sustainability rating has also been flagged as a pre-condition to two additional target customers with which Alpha is in advanced product qualification.

**Successful REACH registration for Al-nitrate export to the EU**

Alpha has now successfully completed its REACH registration with the European Chemicals Agency (ECHA) for the import of aluminium nitrate into the EU.

Successful REACH registration is a pre-condition for a significant supply contract with a major EU based end-user.



# REVIEW OF OPERATIONS

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Alpha accepts the science of climate change and are committed to contributing to the decarbonisation of the Australian/Global economy. The technologies underwriting demand for Alpha's products will be key contributors to decarbonisation, with demand expected to build as global governments and industries increasingly recognise climate risks and support for Paris Agreement emission targets.

Our business model and the demand for our product is complementary to the global movement toward decarbonisation. As such, consideration of climate change has driven the development of our business model. We have a heightened awareness of the climate risks and opportunities which are central to our business case and will report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**).

To support the ongoing development of our TCFD disclosures, we have completed a high level review of our practices and the current alignment of disclosures with the TCFD recommendations. Our approach includes benchmarking using high level risk assessment and management review and identification of potential climate related risks and opportunities.

We understand, as we begin our journey to better assess and integrate climate related risk that this is a dynamic process, requiring evolution and re-iteration. This initial, high level review has identified a range of opportunities to further develop and strengthen our approach to climate change risks in going forward.

The Company also acknowledges energy pricing a material financial risk and is continually assessing the potential impact of changing government regulations, emission targets and carbon pricing on its operations.

### Strategy

To further understand the impact that climate change could have on our business, we have performed a high level assessment of the impact of 2°C and 4°C global warming scenarios on our current business model.

Under a 2°C scenario, our key risks include reputational and legal risks associated with a lack of climate risk disclosure, as well as financial risks due to energy use and carbon pricing.

Under a 4°C scenario, key aspects of the risks relate to impacts on key suppliers, supply chain disruptions and health impacts on our staff.

In response, Alpha has already moved proactively to secure an MOU with renewable energy provider CleanCo, to secure up to 100% renewable energy supply to both the Stage 1 PPF and the Stage 2 full scale Project.

### Risk Management

We aim to ensure that our risk management process is dynamic and that the top climate change risks and emerging risks, as they evolve, are identified, managed and incorporated into our existing risk management processes.

Alpha recognises the risk of climate change to society and the inherent need to decarbonise the economy as a key step to mitigating its worst impacts.

Our risk management process and governance appropriately consider these risks and informs the Company's decarbonisation strategy.



### Metrics and Targets

Using external consultants, Alpha has completed a detailed assessment of the $CO_2$ emissions profile of the HPA First Project, incorporating the terms of a Memorandum of Understanding with CleanCo in which up to 100% of renewable energy supply will be provided to Alpha.

The carbon footprint for the HPA First Project - process baseline is 9.54t $CO_2$ per tonne of HPA produced, representing a 45% reduction in $CO_2$ emissions per tonne of HPA produced compared to the incumbent HPA manufacturing process (Alkoxide process) which emits 17.13t $CO_2$ per tonne of HPA produced.

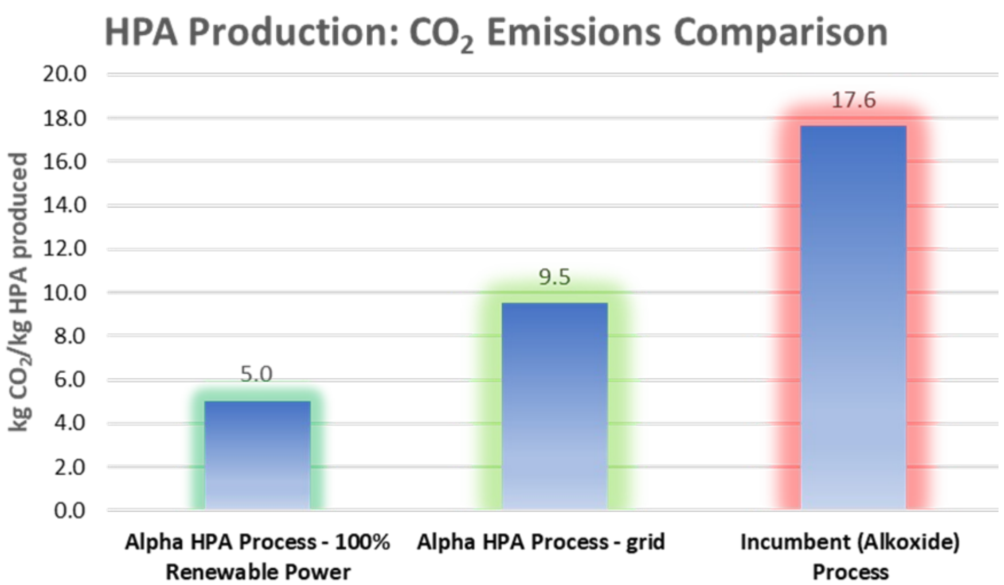
Using 100% renewable energy, the HPA First Project is 5.04t $CO_2$ per tonne of HPA produced, representing a 70.5% reduction in CO2 emissions per tonne of HPA produced compared to the incumbent HPA manufacturing process (Alkoxide process) which emits 17.13t $CO_2$e per tonne of HPA produced.

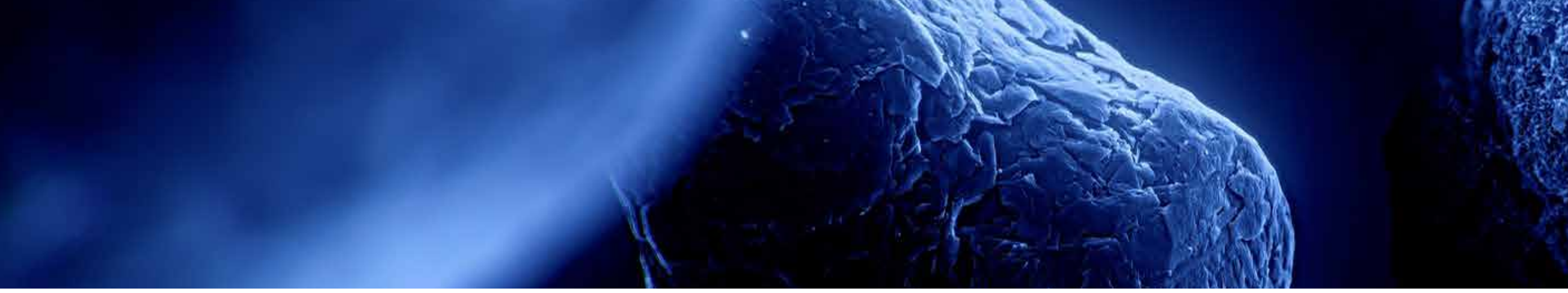
The Company has also mapped a future pathway to net zero emissions through the adoption of H2 drying and calcination.

During the year the Company also commenced engagement with CarbonChain Limited, a global emissions tracking and reporting company with the objective of attaining clear protocols for the assessment and calculation of the carbon emissions of each of its main product lines, namely aluminium oxide, aluminium nitrate, aluminium sulphate, aluminium Tri-hydroxide and Boehmite.

CarbonChain equips companies with the tools, data and insights they need to manage carbon emissions, meet regulatory requirements, and accelerate the transition to a net-zero economy. Their carbon accounting platform will enable Alpha to monitor, calculate and report carbon emissions for individual products and production runs along the entire production supply chain with the ability to provide this information being a critical audit component as the Company reaches the advanced stages of numerous offtake negotiations.

**~70% LOWER TOTAL $CO_2$ EMISSIONS**



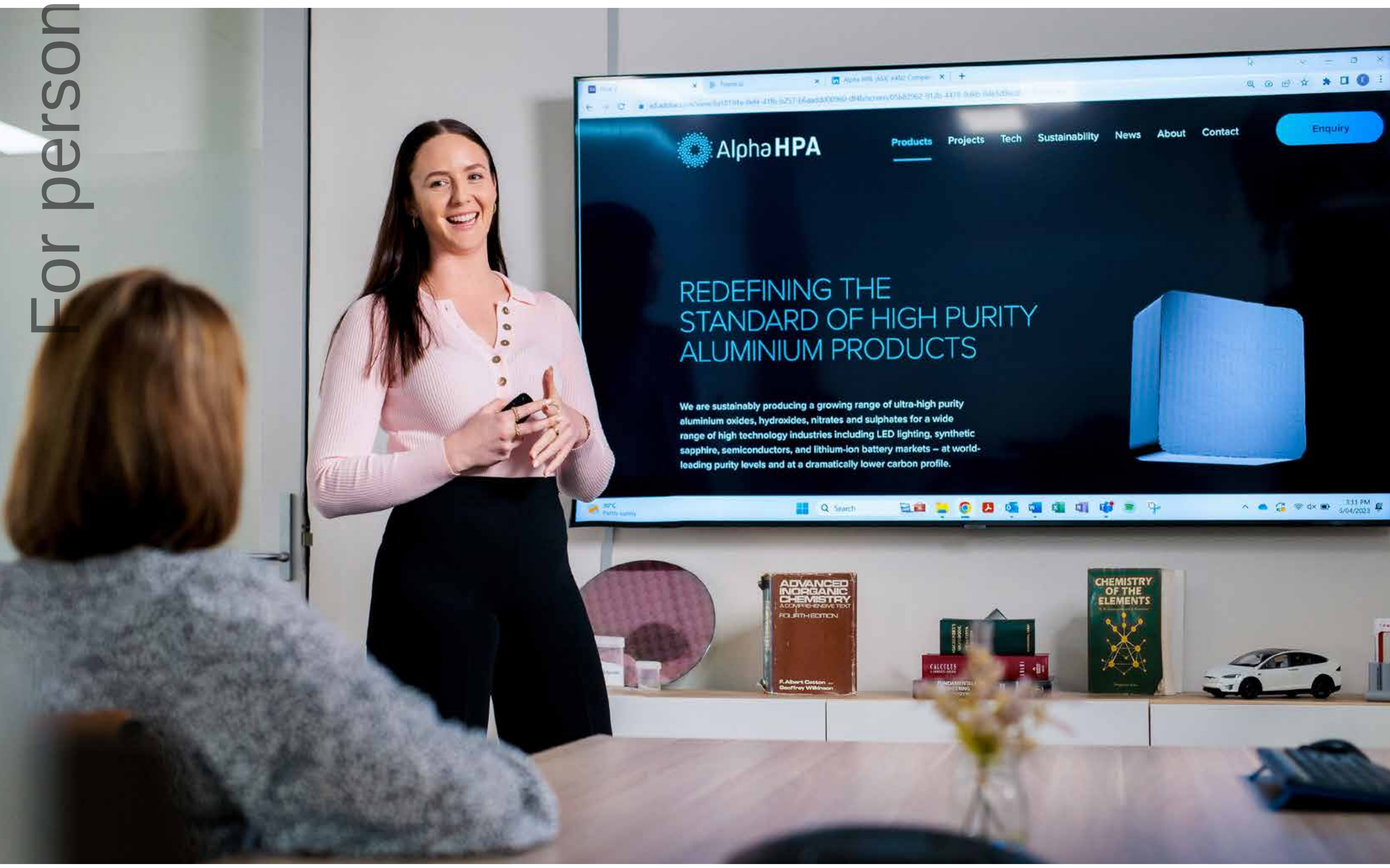


## CORPORATE GOVERNANCE STATEMENT

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

The 2023 Corporate Governance Statement is dated as at 31 August 2023 and reflects the corporate governance practises throughout the 2023 financial year. The 2023 Corporate Governance Statement was approved by the Board on 31 August 2023. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at https://alphahpa.com.au/asx-compliance-information/.





# DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Alpha HPA Limited (**Alpha** or **the Company**), and its controlled entities for the financial year ended 30 June 2023 and the Auditor's report thereon.

## Directors

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

| | | |
|---|---|---|
| Norman Seckold | - | Chairman |
| Rimas Kairaitis | - | Managing Director |
| Peter Nightingale | - | Director and CFO |
| Robert Williamson | - | Director and COO (appointed Director 1 May 2023) |
| Dr Regan Crooks | - | Non-Executive Director (appointed 6 September 2022) |
| Cameron Peacock | - | Non-Executive Director |
| Anthony Sgro | - | Non-Executive Director |
| Justin Werner | - | Non-Executive Director |

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

## Company Secretary

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

## Principal Activities

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

During the 12 months, a significant change in the nature of these activities was the successful commissioning and commercial production of Al-nitrate from the Precursor Production Facility. Additionally, the Company executed agreements with Ebner-Fametec, to provide for the staged entry by Alpha into the production and sale of synthetic sapphire glass.

## Financial Results

The loss of the Group for the financial year after providing for income tax amounted to $15,680,708 (2022 - $7,359,124 loss).

## Review of Operations

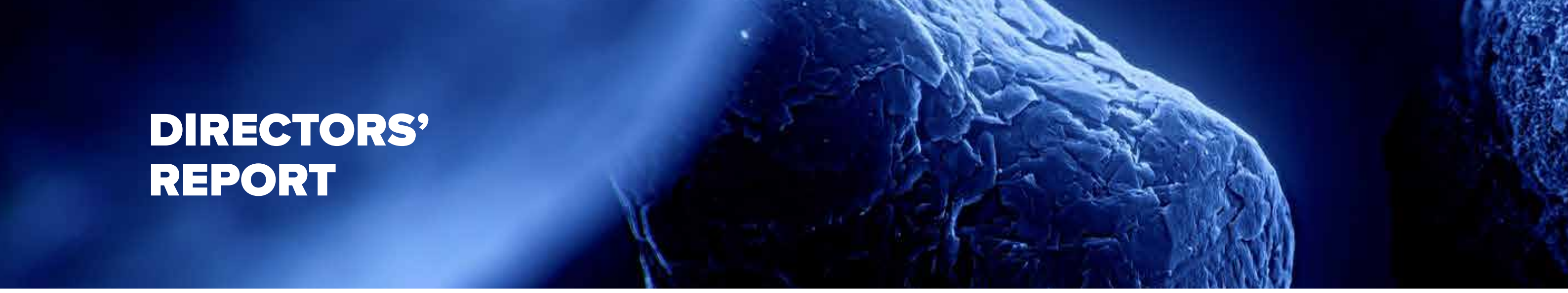
A review of the Group's operations for the year ended 30 June 2023 is set out in the Review of Operations.

## Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2023. No dividends have been paid or declared during the financial year (2022 - $nil).

## Environmental Regulations

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



# DIRECTORS' REPORT



**Significant Changes in State of Affairs**

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2023 were as follows:

- successful commissioning and first commercial production from the Stage 1 Precursor Production Facility;
- expansion of strategic partnership with Orica with signing of an MoU to explore technical and commercial feasibility of establishing a new manufacturing facility in North America, additionally Orica acquiring a 5% equity interest in the Company;
- Government grant support – (i) confirmation and deployment of $13.95M of the Federal Government Critical Minerals grant of $15.5M to fund Stage 1 expansion (ii) initial payment of $2.25M received from Federal Government $45.0M MMI-C grant for Stage 2 HPA First Project and (iii) execution of a funding agreement with the Queensland Department of State Development, Infrastructure, Local Government and Planning to provide grant funding of up to $21.7 million for the Stage 2 HPA First Project; and
- execution of agreements with Ebner-Fametec, to provide for the staged entry by Alpha into the production and sale of synthetic sapphire glass utilising Fametec's sapphire growth technology and Alpha's customised HPA "puck" tablets as feedstock.

**After Balance Date Events**

In July 2023 the Company reached agreement with its Licensor to expand and consolidate Alpha's process Intellectual Property (IP) rights to the aluminium extraction and refining technology on which the HPA First Project process flow sheet has been developed. Under the terms of the agreement the Company paid the Licensor $2.0M cash plus issued it 971,217 shares based on a 5-day VWAP price of $1.1326 per share.

In July 2023 the Company issued 20,227,273 fully paid ordinary shares following the conversion of 31 July 2023 $0.35 options.

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

### Information on Directors

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

Director since 30 November 2009.

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

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

**Other current listed company directorships:** Deputy Chairman of Nickel Industries Limited (Director since 2007) and Chairman of Sky Metals Limited (since 2001).
**Former directorships in the last three years:** Santana Minerals Ltd.
**Interests in shares and options:** 67,291,194 shares indirectly held as at the date of this report.

**Rimas Kairaitis**
**Managing Director**

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

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

Mr Kairaitis is a member of the Nomination Committee and the Remuneration Committee.

**Other current listed company directorships:** Sky Metals Limited (since 2019).
**Former directorships in the last three years:** None.
**Interests in shares and options:** 15,200,000 shares directly held and 660,000 shares indirectly held at the date of this report.

# DIRECTORS' REPORT

**Peter James Nightingale**
**Director and Chief Financial Officer**

Director since 30 November 2009.

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

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the USA including Bolnisi Gold N.L. and Nickel Industries Limited.

**Other current listed company directorships:** Prospech Limited (since 2014).
**Former directorships in the last three years:** Nickel Industries Limited.
**Interests in shares and options:** 2,045,455 shares directly held and 18,487,500 shares indirectly held at the date of this report.

**Robert Williamson**
**Director and Chief Operating Officer**

Director since 1 May 2023.

Rob Williamson is a mechanical engineer and joined the Company in June 2020 having recently rebuilt and started up a new 155ktpa SX zinc refinery in the USA in the capacity of Vice President and GM of the facility. Rob brings 20 years of experience in large facility operations to Alpha HPA. Rob is responsible for building a Project delivery team for our HPA project in Gladstone. Rob was appointed to the Company's Board in May 2023.

**Other current listed company directorships:** None.
**Former directorships in the last three years:** None.
**Interests in shares and options:** 1,331,036 directly held and 2,040,000 $0.90 30 April 2025 unlisted options held directly at the date of this report.

**Dr Regan Crooks**
**Non-Executive Director**

Director since 6 September 2022.

Regan is a Chemical Engineer who brings a wealth of experience in technology commercialisation and corporate strategy at a critical time in Alpha's development as a world class industrial chemical company.

Working in senior executive and consulting roles over the last 20 years, Regan has supported numerous multinationals, start-ups, research and venture capital groups to develop innovative products and to rapidly scale and enter global markets. As consulting CEO for private companies including Future Feed Pty Ltd and Growave Pty Ltd, Regan has been directly involved and responsible for securing numerous international licensing and collaboration partnerships and bringing new technologies to market.

Regan also has direct experience in the chemicals market having spent 7 years as R&D Manager at Solvay, a leading multinational chemical company, where she was a part of a senior management team developing and commercialising new products.

Regan is a member of the Remuneration Committee.

**Other current listed company directorships:** None.
**Former listed directorships in the last three years:** None.
**Interests in shares and options:** 3,000,000 $0.90 31 August 2025 unlisted options held directly at the date of this report.

**Anthony Sgro**
**Non-Executive Director**

Director since 1 November 2017.

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

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

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

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

Mr Sgro serves as Chair of the Nomination and Remuneration Committees and is a member of the Audit and Risk Committee.

**Other current listed company directorships:** None.
**Former directorships in the last three years:** None.
**Interests in shares and options:** 5,795,455 shares directly held and 155,297 shares indirectly held at the date of this report.

# DIRECTORS' REPORT

**Justin Charles Werner**
**Non-Executive Director**

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

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

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

Mr Werner is a member of the Audit and Risk Committee.

**Other current listed company directorships:** Non- Executive Director of Far East Gold Limited (since 2020) and Managing Director of Nickel Industries Limited (since 2012).
**Former directorships in the last three years:** None.
**Interests in shares and options:** 2,045,455 shares directly held shares and 13,816,835 shares indirectly held at the date of this report.

**Cameron Peacock**
**Non-Executive Director**

Director since 3 February 2021.

Cameron Peacock holds a Bachelor of Commerce Degree from the University of Western Australia, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and a Masters of Applied Finance from the University of Melbourne. Mr Peacock has more than 20 years' experience in numerous finance focused roles across banking, private equity and equity capital markets. In his more recent roles as an Investor Relations and Business Development executive across several resource companies, he has been deeply involved in the preparation and execution of numerous large scale primary and secondary capital market transactions. He has an established network across the global resources and generalist investment funds and a well-established track record in assisting companies build and manage their institutional and retail investor bases.

Mr Peacock serves as Chair of the Audit and Risk Committee and is a member of the Nomination and Remuneration Committees.

**Other current listed company directorships:** None.
**Former directorships in the last three years:** None.
**Interests in shares and options:** 8,000,000 shares indirectly held at the date of this report.

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

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

**Meetings of Directors**

| | Directors' Meetings | | Audit and Risk Committee Meetings | | Nomination Committee Meetings | | Remuneration Committee Meetings | |
|---|---|---|---|---|---|---|---|---|
| **Directors** | **Nº eligible to attend** | **Attended** | **Nº eligible to attend** | **Attended** | **Nº eligible to attend** | **Attended** | **Nº eligible to attend** | **Attended** |
| Norman Seckold | 11 | 11 | - | - | - | - | - | - |
| Rimas Kairaitis | 11 | 11 | - | - | 2 | 2 | - | - |
| Peter Nightingale | 11 | 11 | - | - | - | - | - | - |
| Robert Williamson | - | - | - | - | - | - | - | - |
| Regan Crooks | 7 | 6 | - | - | - | - | 2 | 2 |
| Cameron Peacock | 11 | 11 | 2 | 2 | 2 | 2 | 2 | 2 |
| Anthony Sgro | 11 | 11 | 2 | 2 | 2 | 2 | 2 | 2 |
| Justin Werner | 11 | 11 | 2 | 2 | - | - | - | - |

**Directors' Interests**

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

| | **Directly held** | **Indirectly held** |
|---|---|---|
| Norman Seckold | - | 67,291,194 |
| Rimas Kairaitis | 15,200,000 | 660,000 |
| Peter Nightingale | 2,045,455 | 18,487,500 |
| Robert Williamson | 1,331,036 | - |
| Regan Crooks | - | - |
| Cameron Peacock | - | 8,000,000 |
| Anthony Sgro | 5,795,455 | 155,297 |
| Justin Werner | 2,045,455 | 13,816,835 |
| **Total** | **26,417,401** | **108,410,826** |

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

| | Directly held | Indirectly held |
|---|---|---|
| Norman Seckold | - | - |
| Rimas Kairaitis | - | - |
| Peter Nightingale | - | - |
| Robert Williamson | 2,040,000 | - |
| Regan Crooks | 3,000,000 | - |
| Cameron Peacock | - | - |
| Anthony Sgro | - | - |
| Justin Werner | - | - |
| **Total** | **5,040,000** | **-** |

**Unissued Shares Under Option**

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

| Number of options | Exercise price | Expiry date |
|---|---|---|
| 5,000,000 | $0.35 | 30 September 2023 |
| 9,120,000 | $0.90 | 30 April 2025 |
| 3,000,000 | $0.90 | 31 August 2025 |

**Shares Issued on Exercise of Options**

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

| Number of Shares | Amount paid on each share |
|---|---|
| 11,800,000 | $0.30 |
| 10,428,571 | $0.35 |

In addition, a further 4,950,000 shares were issued in July 2022 and 511,475 issued in February 2023 following share based payment modifications through the cashless conversion of options and subsequent to the end of the financial year a further 9,798,701 shares were issued in a further share based modification through a cashless conversion of options. The number of shares issued under a cashless conversion of options is equal in value to the difference between the exercise price payable in relation to the options and the market value of the Company shares on closing the day prior to the notice of exercise being lodged.

**Indemnification of Officers and Auditor**

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

**Proceedings on Behalf of the Company**

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

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

**Non-audit Services**

During the year ended 30 June 2023 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

| | **2023 $** | **2022 $** |
|---|---|---|
| Auditors of the Company - KPMG: | | |
| Audit of annual and review of interim financial reports - KPMG | 101,521 | 137,614 |
| R&D incentive claim services | 38,143 | 36,225 |
| Debt advisory services | 197,112 | 193,277 |
| Other services fees | 22,266 | 133,316 |
| | 359,042 | 500,432 |

The Directors are satisfied that the provision of non-audit services, during the 2023 year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*.

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

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

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

The lead auditor's independence declaration is set out on page 37 as required under section 307C of the *Corporations Act 2001 (Cth)*.

**Business Risk Disclosures**

| Risk | Description | Mitigant |
|---|---|---|
| **Environmental, social and governance risk** | Stakeholders require proactive environmental, social and governance (ESG) management. Failure to consider and adequately implement effective ESG measures and provide adequate disclosures may result in reduced investments, delays in approvals, regulatory intervention, community action, increased operating and insurance costs, damaged reputation and impacts to talent attraction and retention. | The Company's operations are growing and the Company has put in place ESG policies and procedures that are appropriate for an entity of its size and scale.<br><br>The Company works to conduct its activities (including operating entities within its control) in an environmentally responsible manner, in accordance with applicable laws and regulations.<br><br>The Company maintains strong community relations to ensure that the local stakeholders are supportive of the Company's operations. |
| **Management and key personnel risk** | The Company's business and future success depends heavily on the continued services of a small group of executive management and other key personnel. If one or more of the Company's management or key personnel were unable to (or unwilling to) continue in their present positions, the Company might not be able to replace them easily or at all.<br><br>As a result, the Company's business may be severely disrupted, materially adversely affecting its financial condition and operational results. The Company may also incur additional expenses to recruit, train and retain new or existing personnel. | To mitigate, the Company [has increased/ is increasing] the number of its technical and management workforce.<br><br>The Company also seeks to mitigate the risk of attrition of key personnel by offering attractive remuneration packages and has put in place an both an Option Incentive Plan and a Performance Rights Plan.<br><br>The Company is developing succession strategies for key positions and has adopted change management procedures and systems to reflect organisational changes (system, processes and people) that may occur. |
| **Climate risk** | Climate change may cause certain physical and environmental risks that cannot be reasonably predicted by the Company. These risks include events such as increased severity of weather patterns and incidence of extreme weather events such as cyclones.<br><br>Further, changes in laws and policies, including in relation to carbon pricing, greenhouse gas emissions and energy efficiency, may adversely impact operations. | For a discussion on the Company's current strategy to mitigate these risks, please refer to 'TCFD section' of this report. |
| **Cyber risk** | The Company and its Group Entities rely on IT infrastructure and systems. The Company's IT infrastructure, systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. Interruptions would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue and damaged reputation. | The Company engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.<br><br>Employees undertake compulsory cyber awareness training, including how to identify phishing emails and how to keep data safe, and are subject to a regular program of testing. |

| Risk | Description | Mitigant |
|---|---|---|
| **Competition** | The Company participates in the developing ultra-high purity aluminum market using its proprietary solvent extraction and refining technology.<br><br>While the Company is of the view that there are currently no identified technologies which directly compete with its proprietary process there are a range of other technologies currently available and in development which offer potential alternatives, in some of the products the Company produces, e.g. High Purity Alumina from hydrochloric acid digestion of kaolin clay.<br><br>It is conceivable, that in the future the market may be entered by globally focused competitors with significantly more access to capital and resources. Should any of the Company's competitors participate more aggressively on price, product, innovation or other means this could have a material adverse impact on the Company's business. | To mitigate, the Company expanded and consolidated its process IP rights to the aluminium extraction and refining technology (refer to ASX announcement dated 26 July 2023).<br><br>The Company maintains a comprehensive array of document and procedure based protections of it proprietary process.<br><br>The Company intends to continue to invest in R&D to maintain its competitive lead. |
| **Technological developments / disruption** | The Company has developed a novel technology with limited operating history. There is no guarantee that the Company will [successfully commission its Stage 1 HPA circuit expansion nor the full scale Stage 2 HPA First Project, and there is uncertainty surrounding the rate of growth and prospects for the Company. | The Company has significant engineering expertise that it will draw upon in order to commission the Stage 1 HPA circuit expansion and the Stage 2 HPA First Project. |
| **Commodity pricing** | The Company generates revenue primarily from the sale of HPA, aluminium salts and other high purity aluminium materials. The price of the inputs used to produce our products, as well as the products sold by the Company, are determined by external markets which are outside the Company's control, making it susceptible to adverse price movements. | The Company continues to focus on minimising the cost of production and monitors historical and forecast price information from a range of sources to support its planning and decision-making processes. |
| **Liquidity and access to capital** | Although the Company believes that it has sufficient capital to commission the Stage 1 HPA circuit and meet its business objectives], there can be no assurance that these objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all. | The Company actively monitors and manages its liquidity position through cash flow forecasting to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due, under both normal and stressed conditions. |

| Risk | Description | Mitigant |
| --- | --- | --- |
| **Intellectual Property** | The Company's ability to leverage its innovations and know-how is contingent on its capacity to protect its intellectual property and associated improvements and developments.<br><br>The Company may be required to incur significant expenses in establishing, protecting, and monitoring its intellectual property rights, including by engaging in litigation to enforce or vindicate its rights.<br><br>Unauthorised use of the Company's intellectual property by third parties, including potential or actual competitors of the Company, may have adverse effect on the Company. | To mitigate, the Company expanded and consolidated its process IP rights to the aluminium extraction and refining technology (refer to ASX announcement dated 26 July 2023).<br><br>In addition, the Company has implemented policies, procedures and practices to protect its intellectual property. |
| **Materials handling** | The Company's business involves the controlled use of chemicals and is therefore subject to environmental and health and safety laws and regulations.<br><br>There is a risk that the Company will not comply with these laws and regulations, or, despite its compliance, will nonetheless be exposed to industrial incidents relating to potentially hazardous materials. Such incidents may result in liability for contamination, compensation to individuals exposed to harm and remediation for damage caused. The Company may also be liable for fines imposed under applicable laws and regulations. | The Company has implemented a variety of employee training programs on handling hazardous materials and risk management.<br><br>Further, the Company maintains policy and procedural documentation designed to comply with health and safety laws and regulations. |

## REMUNERATION REPORT - (AUDITED)

### Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. Key management personnel remuneration levels are determined by the remuneration committee, based on the nature of the role, market rates and the skills and experience of the key management personnel and then ratified by the Board of Directors. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

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

There were no remuneration consultants used by the Group during the year ended 30 June 2023, or in the prior year.

### Consultancy Agreements with key management personnel

The Company has entered into an executive consultancy agreement with a company associated with Norman Seckold. Under this executive consultancy agreement, the consultancy company of Mr Seckold agrees to make Mr Seckold available to perform the duties and responsibilities of the position of Executive Chairman. During the period from 1 July 2022 to 31 August 2022 the Company received a fee of $7,500 per month, equating to $90,000 per annum. From 1 September 2022 this amount was increased to a fee of $13,333 per month, equating to $160,000 per annum.

The Company has entered into an executive consultancy agreement with a company associated with Rimas Kairaitis. Under this executive consultancy agreement, the consultancy company of Mr Kairaitis agrees to make Mr Kairaitis available to perform the duties and responsibilities of the position of Managing Director. During the year the consultancy company received a fee of $2,000 per day.

The Company has entered into an executive consultancy agreement with a company associated with Peter Nightingale. Under this executive consultancy agreement, the consultancy company of Mr Nightingale agrees to make Mr Nightingale available to perform the duties and responsibilities of the position of Director and Chief Financial Officer. During the period from 1 July 2022 to 31 August 2022 the Company received a fee of $7,500 per month, equating to $90,000 per annum. From 1 September 2022 this amount was increased to a fee of $25,000 per month, equating to $300,000 per annum.

Each of the Company's Non-Executive Directors have entered into Letters of Appointment with the Company to serve as Non-Executive Directors. During the period from 1 July 2022 to 31 August 2022, each of the Non-Executive Directors Cameron Peacock, Tony Sgro and Justin Werner received a fee of $3,333 per month, equating to $40,000 per annum. From 1 September 2022 this amount was increased to a fee of $7,083 per month, equating to $85,000 per annum. Dr Regan Crooks received a fee of $7,083 per month, equating to $85,000 per annum, following her appointment to the Board.

Robert Williamson is employed by the Company under an employment contract. Following his appointment as a Director in May 2023 his annual fixed remuneration was increased to $443,250 per annum including superannuation contributions. Under the terms of his contract the Company may at any time pay, following consideration of key performance indicators for both employee and the Company, pay a performance based bonus not exceeding 25% of the fixed remuneration. Under the contract if terminating the employment without notice the Company must give one month's written notice and make payment of six months' salary, three months written notice if the employee becomes incapacitated and unable to perform his duties or one month notice in the case of serious or persistent breaches of the contract. Mr Williamson may terminate the employment by giving two months written notice to the Company.

**Details of Remuneration for the Year Ended 30 June 2023 - (Audited)**

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

| | | Short term | Post-employment | | | Share based payments | | | |
|---|---|---|---|---|---|---|---|---|---|
| Key management personnel | Year | Salary and fees $ | Super-annuation $ | Annual Leave $ | Termination benefit $ | Options $ | Total $ | Proportion of remuneration performance related % | Value of options as a % of remuneration |
| *Executive Directors* | | | | | | | | | |
| Norman Seckold | **2023** | **148,000** | **-** | **-** | **-** | **-** | **148,000** | **-** | **-** |
| | 2022 | 90,000 | - | - | - | - | 90,000 | - | - |
| Rimas Kairaitis | **2023** | **512,600** | **-** | **-** | **-** | **33,888** | **546,488** | **-** | **6.20** |
| | 2022 | 492,000 | - | - | - | 495,571 | 987,571 | - | 50.18 |
| Peter Nightingale | **2023** | **265,000** | **-** | **-** | **-** | **10,166** | **275,166** | **-** | **3.69** |
| | 2022 | 90,000 | - | - | - | 148,671 | 238,671 | - | 62.29 |
| Robert Williamson | **2023** | **414,772** | **38,301** | **30,572** | **-** | **252,948** | **736,593** | **-** | **34.34** |
| | 2022 | 315,833 | 31,583 | 48,244 | - | 295,375 | 691,035 | - | 42.74 |
| *Non-Executive Directors* | | | | | | | | | |
| Dr Regan Crooks | **2023** | **69,653** | **-** | **-** | **-** | **556,993** | **626,646** | **-** | **88.88** |
| | 2022 | - | - | - | - | - | - | - | - |
| Cameron Peacock | **2023** | **77,500** | **-** | | **-** | **3,362** | **80,862** | **-** | **4.16** |
| | 2022 | 40,000 | - | - | - | 48,669 | 88,669 | - | 54.89 |
| Anthony Sgro | **2023** | **77,500** | **-** | **-** | **-** | **10,166** | **87,666** | **-** | **11.60** |
| | 2022 | 40,000 | - | - | - | 148,671 | 188,671 | - | 78.80 |
| Justin Werner | **2023** | **77,500** | **-** | **-** | **-** | **10,166** | **87,666** | **-** | **11.60** |
| | 2022 | 40,000 | - | - | - | 148,671 | 188,671 | - | 78.80 |
| Total | **2023** | **1,642,525** | **38,301** | **30,572** | **-** | **877,689** | **2,589,087** | **-** | **33.90** |
| | 2022 | 1,107,833 | 31,583 | 48,244 | - | 1,285,628 | 2,473,288 | - | 51.98 |

The remuneration of Robert Williamson includes a discretionary bonus payment of $50,000, awarded in relation to the successful commissioning of the Precursor Production Facility. Other than this and the share based payments outlined above, no bonuses were paid during the financial year and no performance based components of remuneration exist.

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Loss attributable to owners of the Company | $15,680,708 | $7,359,124 | $16,274,742 | $9,345,494 | $10,054,498 |
| Dividends paid | Nil | Nil | Nil | Nil | Nil |
| Change in share price | $0.595 | ($0.140) | $0.380 | $0.060 | $0.016 |
| Return on capital employed[1] | (28%) | (15%) | (32%) | (90%) | (242%) |

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

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

**Movement in Shares - (Audited)**

No shares were granted to key management personnel during the reporting period as compensation in 2023 or 2022. The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Key management personnel | Held at 1 July 2022 | Option Conversion | Sales | Held at 30 June 2023 |
|---|---|---|---|---|
| Norman Seckold | 67,291,194 | - | - | 67,291,194 |
| Rimas Kairaitis | 7,160,000 | 2,700,000 | - | 9,860,000 |
| Peter Nightingale | 16,612,500 | 1,875,000 | - | 18,487,500 |
| Robert Williamson | 92,288 | 511,475 | (500,000) | 103,763 |
| Regan Crooks | - | - | - | - |
| Cameron Peacock | 5,600,000 | 900,000 | - | 6,500,000 |
| Anthony Sgro | 3,155,297 | 750,000 | - | 3,905,297 |
| Justin Werner | 12,316,835 | 1,500,000 | - | 13,816,835 |

| Key management personnel | Held at 1 July 2021 | Purchased | Sales | Held at 30 June 2022 |
|---|---|---|---|---|
| Norman Seckold | 67,291,194 | - | - | 67,291,194 |
| Rimas Kairaitis | 7,160,000 | - | - | 7,160,000 |
| Peter Nightingale | 16,612,500 | - | - | 16,612,500 |
| Robert Williamson | 92,288 | - | - | 92,288 |
| Cameron Peacock | 5,400,000 | 200,000 | - | 5,600,000 |
| Anthony Sgro | 3,155,297 | - | - | 3,155,297 |
| Justin Werner | 12,316,835 | - | - | 12,316,835 |

Option conversion includes shares issued for cash consideration as well as cashless conversions where the number of shares issued is based on the fair value of the options exercised. Cashless conversions result in no additional expense arising for the Company.

In July 2022, the Company issued 3,300,000 shares to key management personnel at $0.30 each for cash totalling $990,000, following the exercise of 3,300,000 $0.30 options.

Additionally, the Company issued 4,425,000 shares to key management personnel at $0.40 each as a cashless conversion of 17,700,000 $0.30 options and 511,475 shares at $0.61 each as a cashless conversion of 1,200,000 $0.35 options.

**Movement in Options - (Audited)**

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

| | Held at 1 July 2022 | Granted | Exercised | Expired | Held at 30 June 2023 | Vested and exercisable at 30 June 2023 |
|---|---|---|---|---|---|---|
| Rimas Kairaitis | 20,000,000 | - | (10,000,000) | - | 10,000,000 | 10,000,000 |
| Peter Nightingale | 6,000,000 | - | (3,000,000) | - | 3,000,000 | 3,000,000 |
| Robert Williamson | 5,040,000 | - | (1,200,000) | - | 3,840,000 | 3,160,000 |
| Dr Regan Crooks | - | 3,000,000 | - | - | 3,000,000 | 1,000,000 |
| Cameron Peacock | 4,000,000 | - | (2,000,000) | - | 2,000,000 | 2,000,000 |
| Anthony Sgro | 6,000,000 | - | (3,000,000) | - | 3,000,000 | 3,000,000 |
| Justin Werner | 6,000,000 | - | (3,000,000) | - | 3,000,000 | 3,000,000 |

| | Held at 1 July 2021 | Granted | Exercised | Expired | Held at 30 June 2022 | Vested and exercisable at 30 June 2022 |
|---|---|---|---|---|---|---|
| Rimas Kairaitis | 20,000,000 | - | - | - | 20,000,000 | 16,666,667 |
| Peter Nightingale | 6,000,000 | - | - | - | 6,000,000 | 5,000,000 |
| Cameron Peacock | 4,000,000 | - | - | - | 4,000,000 | 3,333,333 |
| Anthony Sgro | 6,000,000 | - | - | - | 6,000,000 | 5,000,000 |
| Justin Werner | 6,000,000 | - | - | - | 6,000,000 | 5,000,000 |
| Robert Williamson | 3,000,000 | 2,040,000 | - | - | 5,040,000 | 2,680,000 |

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

Details of options granted as compensation to each key management person during the year ended 30 June 2023:

| Key Management Person | Grant Date | Number of Options Granted | Total Fair Value at Grant Date | Option Terms (Exercise Price and Term) |
|---|---|---|---|---|
| Dr Regan Crooks | 23/11/2022 | 3,000,000 | $789,000 | $0.90 at any time post vesting to 31/08/2025 |

The Company issued 3,000,000 $0.90 options for no consideration with a grant date of 23 November 2022 and an expiry date of 31 August 2025 to Director Dr Regan Crooks. The fair value of the options granted was measured using a Black-Scholes formula and was $0.263 per option. The model inputs of the options issued were the Company's share price of $0.595 at the grant date, a volatility factor of 85% based on historical share price performance, a risk-free interest rate of 3.27% and no dividends paid. One third of the options vested on grant date, 1/3 vest on 31 August 2023 and 1/3 vest on 31 August 2024. There are no performance conditions attached to the options, subject to her remaining in her role as a director.

The number of options that vested to key management personnel during the year ended 30 June 2023 is 9,680,000 (2022 – 15,680,000). No options held by key management personnel lapsed during 2023 financial year (2022 - nil). Options issued to date at the discretion of the Board that have not yet vested have service conditions attached to them, which can be waived at the discretion of the Board.

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

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the 2023 financial year.

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

There were no loans made to key management personnel or their related parties during the 2023 and 2022 financial years and no amounts were outstanding at 30 June 2023 (2022 - $nil).

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

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

| | Options granted | | % | % | % | |
|---|---|---|---|---|---|---|
| **Director** | **Number** | **Date** | **vested at year end** | **vested during the year** | **forfeited at year end** | **Financial year in which grant vests** |
| Rimas Kairaitis | 10,000,000 | 19 November 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |
| Peter Nightingale | 3,000,000 | 19 November 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |
| Robert Williamson | 1,800,000 | 17 August 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |
| | 2,040,000 | 6 May 2022 | 66.67% | 33.33% | - | 1/3 in years 2022, 2023 and 2024 |
| Dr Regan Crooks | 3,000,000 | 23 November 2022 | 33.33% | 33.33% | - | 1/3 in years 2022, 2023 and 2024 |
| Cameron Peacock | 2,000,000 | 17 August 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |
| Anthony Sgro | 3,000,000 | 19 November 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |
| Justin Werner | 3,000,000 | 19 November 2020 | 100% | 33.33% | - | 1/3 in years 2021, 2022 and 2023 |

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

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

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited (**MIS**), which provided full administrative services, including administrative, accounting and investor relations staff, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS during the year amounted to $388,000 (2022 - $393,375) which includes a monthly fee of $25,000 and reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2023, $37,500 (2022 - $8,500) was outstanding.

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

Signed at Sydney this 31st day of August 2023 in accordance with a resolution of the Board of Directors.

Rimas Kairaitis
Managing Director

KPMG

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

## To the Directors of Alpha HPA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stephen Board
Partner

Brisbane
31 August 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

For personal use only

| | NOTES | CONSOLIDATED 2023 $ | 2022 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Sales revenue | | **16,148** | 38,739 |
| Cost of sales | | **(13,044)** | (25,773) |
| Other income | 5 | **1,606,414** | 2,001,120 |
| Gain on disposal of exploration projects | | **-** | 3,475,000 |
| Gain/(loss) on investments | 13 | **(25,142)** | 1,526,364 |
| Administration and consultant expenses | | **(8,438,599)** | (3,203,236) |
| Audit and legal fees | 7 | **(208,149)** | (341,367) |
| Depreciation expenses | 7 | **(986,668)** | (152,659) |
| Directors' and company secretarial fees | | **(902,819)** | (393,333) |
| Share based payments | 16 | **(1,477,377)** | (2,456,097) |
| Research and development expenses | | **(869,280)** | (7,740,653) |
| Marketing and market outreach costs | | **(1,157,649)** | (62,264) |
| Project operational expenses | | **(3,652,271)** | - |
| Exploration and evaluation expenditure | | **-** | (1,575) |
| Impairment losses - exploration and evaluation expenditure | | **-** | (40,000) |
| **Operating loss before financing income** | | **(16,108,436)** | (7,375,734) |
| Finance income | 6 | **477,983** | 37,939 |
| Finance expense | 6 | **(50,255)** | (21,329) |
| Net financing income | | **427,728** | 16,610 |
| **Loss before income tax expense** | | **(15,680,708)** | (7,359,124) |
| Income tax expense | 8 | **-** | - |
| **Loss after income tax expense** | | **(15,680,708)** | (7,359,124) |
| **Total comprehensive loss for the year** | | **(15,680,708)** | (7,359,124) |
| **Earnings per share** | | | |
| **Basic and diluted loss per share (cents)** | 9 | **(1.87)** | (0.93) |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | NOTES | CONSOLIDATED 2023 $ | 2022 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 10 | **20,588,748** | 16,831,134 |
| Trade and other receivables | 11 | **1,582,127** | 3,153,883 |
| Prepayments | | **412,758** | 241,959 |
| Inventory | | **1,109,636** | 10,935 |
| **Total current assets** | | **23,693,269** | 20,237,911 |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **37,545,020** | 28,295,635 |
| Right-of-use-assets | 12 | **290,197** | 493,946 |
| Investments | 13 | **5,303,660** | 5,328,802 |
| Deposits | | **279,557** | 205,482 |
| **Total non-current assets** | | **43,418,434** | 34,323,865 |
| **Total assets** | | **67,111,703** | 54,561,776 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **5,392,579** | 7,155,272 |
| Deferred grant recognition | | **5,364,668** | - |
| Lease liability | 12 | **206,434** | 213,573 |
| **Total current liabilities** | | **10,963,681** | 7,368,845 |
| **Non-Current liabilities** | | | |
| Lease liability | 12 | **132,381** | 324,018 |
| **Total non-current liabilities** | | **132,381** | 324,018 |
| **Total liabilities** | | **11,096,062** | 7,692,863 |
| **Net assets** | | **56,015,641** | 46,868,913 |
| **Equity** | | | |
| Issued capital | 15 | **127,756,651** | 101,716,126 |
| Reserves | 15 | **8,437,692** | 9,650,781 |
| Accumulated losses | | **(80,178,702)** | (64,497,994) |
| **Total equity** | | **56,015,641** | 46,868,913 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

| Attributable to equity holders of the Group | Notes | Issued capital $ | Reserves $ | Accumulated losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2021** | | 99,799,748 | 7,622,477 | (57,138,870) | 50,283,355 |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | | - | - | (7,359,124) | (7,359,124) |
| Total comprehensive loss for the year | | - | - | (7,359,124) | (7,359,124) |
| **Transactions with owners recorded directly in equity** | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | |
| Issue of shares | 15 | 1,500,000 | - | - | 1,500,000 |
| Costs of issue | 15 | (11,415) | - | - | (11,415) |
| Fair value of options exercised during the period | | 427,793 | (427,793) | - | - |
| Share based payments | 16 | - | 2,456,097 | - | 2,456,097 |
| **Balance at 30 June 2022** | | 101,716,126 | 9,650,781 | (64,497,994) | 46,868,913 |
| **Balance at 1 July 2022** | | **101,716,126** | **9,650,781** | **(64,497,994)** | **46,868,913** |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | | **-** | **-** | **(15,680,708)** | **(15,680,708)** |
| Total comprehensive loss for the year | | **-** | **-** | **(15,680,708)** | **(15,680,708)** |
| **Transactions with owners recorded directly in equity** | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | |
| Issue of shares | 15 | **23,403,011** | **-** | **-** | **23,403,011** |
| Costs of issue | 15 | **(52,952)** | **-** | **-** | **(52,952)** |
| Fair value of options exercised during the period | 15 | **2,690,466** | **(2,690,466)** | **-** | **-** |
| Share based payments | 16 | **-** | **1,477,377** | **-** | **1,477,377** |
| **Balance at 30 June 2023** | | **127,756,651** | **8,437,692** | **(80,178,702)** | **56,015,641** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

| | NOTES | CONSOLIDATED 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | **22,908** | - |
| Cash payments in the course of operations | | **(15,364,590)** | (3,780,430) |
| Interest received | | **477,983** | 37,939 |
| Interest paid | | **(38,247)** | (20,612) |
| R&D tax incentive | | **3,607,534** | - |
| **Net cash used in operating activities** | 17 | **(11,294,412)** | (3,763,103) |
| **Cash flows from investing activities** | | | |
| Payments for capital works in progress | | **(6,627,198)** | (19,663,051) |
| Payments for research and development | | **(3,515,384)** | (8,849,040) |
| Payments for property, plant and equipment | | **(14,060,415)** | (28,834) |
| Government grants | | **16,200,000** | - |
| Payments for purchase of land | | **-** | (2,648,851) |
| Proceeds from sale of Wonogiri Project | | **-** | 50,000 |
| **Net cash used in investing activities** | | **(8,002,997)** | (31,139,776) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 15 | **23,332,511** | 1,500,000 |
| Transaction costs on share issue | | **(52,952)** | (11,415) |
| Repayment of lease liabilities | | **(212,528)** | (98,221) |
| **Net cash from financing activities** | | **23,067,031** | 1,390,364 |
| **Net (decrease)/increase in cash held** | | **3,769,622** | (33,512,515) |
| **Cash and cash equivalents at 1 July** | | **16,831,134** | 50,344,366 |
| **Effect of exchange rate adjustments on cash held** | | **(12,008)** | (717) |
| **Cash and cash equivalents at 30 June** | 10 | **20,588,748** | 16,831,134 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 1 REPORTING ENTITY

Alpha HPA Limited (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

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

## 2 BASIS OF PREPARATION

### Statement of compliance

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

The consolidated financial statements were authorised for issue by the Directors on 31 August 2023.

### Basis of measurement

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

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

### Functional and presentation currency

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

### Use of estimates and judgements

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

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

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

- Note 2 — Accounting for research and development activities, which involves distinguishing between research and development activities in accordance with AASB 138. Management have determined that the criteria to capitalise development costs have not been met during the 2023 financial year.
- Note 8 — Unrecognised deferred tax assets.
- Note 16 — Share Based Payments.

## 2 BASIS OF PREPARATION (CONT.)

**Going concern**

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss after tax of $15,680,708 (2022 - $7,359,124), and had net cash outflows from operating activities, research and development activities and construction of the precursor plant facility $35,497,409 (2022 - $32,275,195) for the year ended 30 June 2023.

The Group's main activity is development of the HPA First Project and as such it has minimal operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

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

Accordingly, the consolidated financial statements for the year ended 30 June 2023 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its planned activities and operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

**Basis of consolidation**

*Subsidiaries*

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

*Transactions eliminated on consolidation*

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

**Finance income and finance costs**

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

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

**Research and development expenditure**

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Property, plant and equipment**

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

***Depreciation***

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

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

| Class of fixed asset | Depreciation rate | Depreciation basis |
|---|---|---|
| Building | 5% | Straight line |
| Furniture and fittings | 10% | Straight line |
| Lab equipment | 10% | Straight line |
| Motor vehicles | 20% | Straight line |
| Office equipment | 20% to 50% | Straight line |
| Plant and equipment | 5% to 50% | Straight line |

***Construction in progress***

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

**Government grants**

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

**Leases**

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

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

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

***Lease liabilities***

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

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

**Financial instruments**

***Non-derivative financial assets***

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

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

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

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

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Financial instruments (Cont.)**

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

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

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

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

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

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

***Non-derivative financial liabilities***

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

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

Other financial liabilities comprise trade and other payables.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### Tax

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

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

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

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

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

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

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

### Cash and cash equivalents

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### Goods and services tax (GST)

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

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

### Impairment

### Financial instruments

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

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs.

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

### Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

### Foreign currency transactions

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

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

### Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### Employee benefits

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

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

### Provisions

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

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

### New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, is that there would be no material impact.

## 4 DETERMINATION OF FAIR VALUES

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

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

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

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| **5 OTHER INCOME** | | |
| R&D tax rebate | **1,606,414** | 2,001,120 |
| **6 FINANCE INCOME AND FINANCE COSTS** | | |
| **Recognised in profit or loss** | | |
| Interest income on cash deposits | **477,983** | 37,939 |
| Interest expense – lease liability | **(38,247)** | (20,612) |
| Foreign exchange loss | **(12,008)** | (717) |
| Net finance income recognised in profit or loss | **427,728** | 16,610 |
| **7 LOSS FOR THE YEAR** | | |
| **Loss before income tax expense has been determined after:** | | |
| Depreciation of non-current assets | | |
| - Plant and equipment | **769,167** | 14,452 |
| - Right of use asset | **217,501** | 138,207 |
| Depreciation expense | **986,668** | 152,659 |
| Audit of annual and review of interim financial statements | **101,521** | 137,614 |
| Legal fees | **106,628** | 203,753 |
| Audit and legal fees | **208,149** | 341,367 |
| Total employee remuneration | **4,889,897** | 1,487,884 |
| Superannuation expense | **504,811** | 148,790 |
| Total employment expenses | **5,394,708** | 1,636,674 |

| | CONSOLIDATED | |
|---|---|---|
| | 2023 $ | 2022 $ |

## 8 INCOME TAX

**Current tax expense**

| | 2023 $ | 2022 $ |
|---|---|---|
| Current year | **(3,856,176)** | (1,163,792) |
| Tax losses not recognised | **3,856,176** | 1,163,792 |
| | **-** | - |

**Numerical reconciliation of income tax expense to prima facie tax payable:**

| | 2023 $ | 2022 $ |
|---|---|---|
| Loss before tax | **(15,680,708)** | (7,359,124) |
| Prima facie income tax benefit at the Australian tax rate of 25%(2022- 25%) | **(3,920,177)** | (1,839,781) |
| Increase in income tax expense due to: | | |
| Non-deductible expenses | **(12,758)** | 115,720 |
| Tax losses not recognised | **3,856,176** | 1,163,792 |
| Effect of net deferred tax assets not brought to account | **76,759** | 560,269 |
| Income tax expense | **-** | - |

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

| | 2023 $ | 2022 $ |
|---|---|---|
| Taxable temporary differences (net) | **585,958** | 2,081,875 |
| Tax losses | **9,339,793** | 5,669,233 |
| Net | **9,925,751** | 7,751,108 |

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

## 9 LOSS PER SHARE

| | CONSOLIDATED | |
|---|---|---|
| | 2023 $ | 2022 $ |
| **Basic and diluted loss per share have been calculated using:** | | |
| Net loss for the year attributable to equity holders of the Company | **(15,680,708)** | (7,359,124) |
| | **Nº OF SHARES** | **Nº OF SHARES** |
| Weighted average number of ordinary shares (basic and diluted) | | |
| - Issued ordinary shares at the beginning of the year | **795,486,624** | 790,284,971 |
| - Effect of shares issued on 13 July 2021 | **-** | 1,934,247 |
| - Effect of shares issued on 29 September 2021 | **-** | 753,425 |
| - Effect of shares issued on 4 January 2022 | **-** | 98,340 |
| - Effect of shares issued on 6 January 2022 | **-** | 964,384 |
| - Effect of shares issued on 29 July 2022 | **15,465,069** | - |
| - Effect of shares issued on 14 November 2022 | **28,222,198** | - |
| - Effect of shares issued on 2 February 2023 | **208,794** | - |
| - Effect of shares issued on 5 May 2023 | **11,712** | - |
| Weighted average number of shares at the end of the year | **839,394,397** | 794,035,366 |

As the Group is loss making, none of the potentially dilutive securities are currently dilutive. Details on the 41,920,000 options on issue are set out in Note 16.

## 10 CASH AND CASH EQUIVALENTS

| | CONSOLIDATED | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Cash at bank | **20,588,748** | 16,831,134 |
| Cash and cash equivalents in the statement of cash flows | **20,588,748** | 16,831,134 |

## 11 TRADE AND OTHER RECEIVABLES

| | 2023 $ | 2022 $ |
|---|---|---|
| **Current** | | |
| GST receivable | **-** | 1,113,876 |
| R&D rebate receivable | **-** | 2,001,120 |
| Government grant receivable* | **1,550,000** | - |
| Other receivables | **32,127** | 38,887 |
| | **1,582,127** | 3,153,883 |

* Relates to Federal Government grant funding of $15.5 million under the Critical Minerals Development Program (CMDP), of which $13.95M was received during the period.

## 12 PROPERTY, PLANT AND EQUIPMENT & LEASE

| | CONSOLIDATED 2023 $ | CONSOLIDATED 2022 $ |
|---|---|---|
| **PROPERTY, PLANT AND EQUIPMENT** | | |
| **Furniture and fittings** | | |
| Furniture and fittings - cost | **6,487** | 3,611 |
| Accumulated depreciation | **(530)** | (165) |
| Net book value | **5,957** | 3,446 |
| **Office equipment** | | |
| Office equipment - cost | **61,784** | 42,990 |
| Accumulated depreciation | **(36,360)** | (18,788) |
| Net book value | **25,424** | 24,202 |
| **Plant and equipment** | | |
| Plant and equipment - cost | **24,876,314** | - |
| Government grant recognition - cost | **(8,896,491)** | - |
| Accumulated depreciation | **(328,109)** | - |
| Net book value | **15,651,714** | - |
| **Building** | | |
| Building - cost | **13,825,472** | - |
| Accumulated depreciation | **(399,614)** | - |
| Net book value | **13,425,858** | - |
| **Lab equipment** | | |
| Lab equipment - cost | **250,000** | - |
| Accumulated depreciation | **(14,583)** | - |
| Net book value | **235,417** | - |
| **Motor vehicles** | | |
| Motor vehicles - cost | **46,193** | - |
| Accumulated depreciation | **(7,673)** | - |
| Net book value | **38,520** | - |
| **Construction in progress** | | |
| Construction in progress - cost | **47,691,478** | 25,619,136 |
| Transfer to fixed assets | **(38,689,358)** | - |
| Government grant recognition | **(3,488,841)** | - |
| Net book value | **5,513,279** | 25,619,136 |
| **Land** | | |
| Land - cost | **2,648,851** | 2,648,851 |
| Net book value | **2,648,851** | 2,648,851 |
| **Total property, plant and equipment** | **37,545,020** | 28,295,635 |

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

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| **12 PROPERTY, PLANT AND EQUIPMENT & LEASE (CONT.)** | | |
| **Furniture and fittings** | | |
| Carrying amount at the beginning of the year | **3,446** | - |
| Additions | **2,876** | 3,611 |
| Depreciation | **(365)** | (165)) |
| Net book value | **5,957** | 3,446 |
| **Office equipment** | | |
| Carrying amount at the beginning of the year | **24,202** | 13,266 |
| Additions | **20,045** | 25,223 |
| Depreciation | **(18,823)** | (14,287) |
| Net book value | **25,424** | 24,202 |
| **Plant and equipment** | | |
| Carrying amount at the beginning of the year | **-** | - |
| Additions | **138,004** | - |
| Additions – transferred from CIP | **24,738,310** | |
| Government grant recognition | **(8,896,491)** | - |
| Depreciation | **(328,109)** | - |
| Net book value | **15,651,714** | - |

Upon confirmation of $15.5 million of grant funding under the Federal Government's Critical Minerals Development Program (CMDP) the Company recognised this amount as a deferred government grant. Eligible expenditure under the grant agreement has been undertaken by the Company to expand the production capability of the Precursor Production Facility (PPF). In accordance with AASB 120 – Accounting for Government Grants and Disclosure of Government Assistance, the Company has recognised $12,385,332 of total eligible government grant income earned for the period and has reduced the carrying value of the PPF by the same amount.

In addition during the year the Group received $2.25M of the Federal Government Modern Manufacturing Initiative-Collaboration Stream grant which is include in deferred grants at 30 June 2023.

| | CONSOLIDATED | |
|---|---|---|
| | 2023 $ | 2022 $ |
| **12 PROPERTY, PLANT AND EQUIPMENT & LEASE (CONT.)** | | |
| **Building** | | |
| Carrying amount at the beginning of the year | **124,424** | - |
| Additions | **13,701,048** | - |
| Additions – transferred from CIP | | |
| Depreciation | **(399,614)** | - |
| Net book value | **13,425,858** | - |
| **Lab equipment** | | |
| Carrying amount at the beginning of the year | **-** | - |
| Additions | **250,000** | - |
| Depreciation | **(14,583)** | - |
| Net book value | **235,417** | - |
| **Motor vehicles** | | |
| Carrying amount at the beginning of the year | **-** | - |
| Additions | **46,193** | - |
| Depreciation | **(7,673)** | - |
| Net book value | **38,520** | - |
| **Construction in progress** | | |
| Carrying amount at the beginning of the year | **25,619,136** | 280,650 |
| Additions | **22,072,342** | 25,338,486 |
| Transfer to fixed asset | **(38,689,358)** | |
| Government grant recognition | **(3,488,841)** | |
| Net book value | **5,513,279** | 25,619,136 |

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

| | | |
|---|---|---|
| **Land** | | |
| Carrying amount at the beginning of the year | **2,648,851** | - |
| Additions | **-** | 2,648,851 |
| Net book value | **2,648,851** | 2,648,851 |

| | CONSOLIDATED 2023 $ | CONSOLIDATED 2022 $ |
|---|---|---|
| **12 PROPERTY, PLANT AND EQUIPMENT & LEASE (CONT.)** | | |
| **LEASE** | | |
| **Right of use assets – office space and warehouses** | | |
| Right of use assets | | |
| Right of use assets - cost | **690,029** | 676,277 |
| Accumulated depreciation | **(399,832)** | (182,331) |
| Net book value | **290,197** | 493,946 |
| **Right of use assets** | | |
| Carrying amount at the beginning of the year | **493,946** | 52,949 |
| Additions | **13,752** | 579,204 |
| Depreciation | **(217,501)** | (138,207) |
| Net book value | **290,197** | 493,946 |
| **Lease liability** | | |
| Current | **206,434** | 213,573 |
| Non-current | **132,381** | 324,018 |
| Total lease liability | **338,815** | 537,591 |

## 13 INVESTMENTS - SHARES AT FAIR VALUE

| | 2023 $ | 2022 $ |
|---|---|---|
| Opening balance | **5,328,802** | 37,438 |
| Share consideration received for disposal of the Collerina Project | **-** | 340,000 |
| Share consideration received for disposal of the Wonogiri Project | **-** | 3,425,000 |
| Unrealised gain/(loss) | **(25,142)** | 1,526,364 |
| Closing balance | **5,303,660** | 5,328,802 |

At 30 June 2023 the Company held the following shares in ASX listed entities:

- 17,125,000 shares in Far East Gold Limited, the fair value of which was $4,966,250;
- 20,000,000 shares in Helix Resources Limited the fair value of which was $100,000; and
- 456,558 shares in Santana Minerals Limited, the fair value of which was $237,410.

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| **14 TRADE AND OTHER PAYABLES** | | |
| **Current** | | |
| Trade creditors | **3,418,040** | 4,969,956 |
| Sundry creditors and accruals | **1,974,539** | 2,185,316 |
| | **5,392,579** | 7,155,272 |
| **15 CAPITAL AND RESERVES** | | |
| **Share capital** | | |
| 857,806,079 (2022 - 795,486,624) fully paid ordinary shares | **127,756,651** | 101,716,126 |

| | 2023 | | 2022 | |
|---|---|---|---|---|
| **Ordinary shares** | **Nº of shares** | **$** | **Nº of shares** | **$** |
| Balance at the beginning of the year | **795,486,624** | **101,716,126** | 790,284,971 | 99,799,748 |
| Issue of shares | **45,057,980** | **19,863,011** | - | - |
| Exercise of options | **17,261,475** | **6,230,466** | 5,201,653 | 1,927,793 |
| Costs of issue | **-** | **(52,952)** | - | (11,415) |
| Balance at the end of the year | **857,806,079** | **127,756,651** | 795,486,624 | 101,716,126 |

## 15 CAPITAL AND RESERVES (CONT.)

**2022/2023**

In July 2022, the Company issued 11,800,000 shares at $0.30 each for cash totalling $3,540,000, following the exercise of 11,800,000 $0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was $1,268,289. Share costs totalled $18,281.

Additionally, the Company issued 4,950,000 shares following the cashless conversion of 19,800,000 $0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was $1,282,977.

In November 2022 the Company issued 44,982,980 shares at $0.44 each, to Orica Investments Pty Ltd, for cash totalling $19,792,511. Share costs totalled $30,925.

In February 2023 the Company issued 511,475 shares following the cashless conversion of 1,200,000 $0.35 options. The grant date fair value of the share options exercised transferred from reserves to share capital was $139,200. Share issue costs totalled $2,496.

In May 2023 the Company issued 75,000 shares to Technologica at $0.94 each, equivalent to $70,500, for services rendered. Share costs totalled $1,250. A share based payment of $70,500 was recognised.

**2021/2022**

During the year ended, the Company issued 5,000,000 shares at $0.30 each for cash totalling $1,500,000, following the exercise of 5,000,000 $0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was $400,054. Share issue costs totalled $10,024.

Additionally the Company issued 201,653 shares following the cashless conversion of 400,000 $0.30 options. The grant date fair value of the share options exercised transferred from reserves to share capital was $27,739. Share issue costs totalled $1,391.

***Terms and conditions - shares***

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

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

## 15 CAPITAL AND RESERVES (CONT.)

**Nature and purpose of reserves**

***Option premium reserve***

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

***Foreign currency translation reserve***

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

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| Option premium reserve | **8,418,412** | 9,631,502 |
| Foreign currency translation reserve | **19,279** | 19,279 |
| | **8,437,691** | 9,650,781 |

| | | |
|---|---|---|
| **Movements during the period** | | |
| ***Option premium reserve*** | | |
| Balance at beginning of period | **9,631,502** | 7,603,198 |
| Share options issued – share based payments | **1,477,377** | 2,456,097 |
| Exercise of options | **(2,690,466)** | (427,793) |
| Balance at end of period | **8,418,412** | 9,631,502 |
| ***Foreign currency translation reserve*** | | |
| Balance at beginning of period | **19,279** | 19,279 |
| Balance at end of period | **19,279** | 19,279 |

## 15 CAPITAL AND RESERVES (CONT.)

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

| Exercise Period | Exercise Price | Opening Balance 1 July 2022 Number | Options Issued Number | Options Exercised Number | Options Expired Number | Closing Balance 30 June 2023 Number |
|---|---|---|---|---|---|---|
| On or before 31 July 2022 | $0.20 | **4,600,000** | **-** | **(4,600,000)** | **-** | **-** |
| On or before 31 July 2022 | $0.30 | **37,000,000** | **-** | **(27,000,000)** | **(10,000,000)** | **-** |
| On or before 31 July 2023 | $0.35 | **26,000,000** | **-** | **(1,200,000)** | **-** | **24,800,000** |
| On or before 30 September 2023 | $0.35 | **5,000,000** | **-** | **-** | **-** | **5,000,000** |
| On or before 30 April 2025 | $0.90 | **12,000,000** | **-** | **-** | **(2,880,000)** | **9,120,000** |
| On or before 31 August 2025 | $0.90 | **-** | **3,000,000** | **-** | **-** | **3,000,000** |

| Exercise Period | Exercise Price | Opening Balance 1 July 2021 Number | Options Issued Number | Options Exercised Number | Options Expired Number | Closing Balance 30 June 2022 Number |
|---|---|---|---|---|---|---|
| On or before 31 July 2022 | $0.20 | 10,000,000 | - | (5,400,000) | - | 4,600,000 |
| On or before 31 July 2022 | $0.30 | 37,000,000 | - | - | - | 37,000,000 |
| On or before 31 July 2023 | $0.35 | 26,000,000 | - | - | - | 26,000,000 |
| On or before 30 September 2023 | $0.35 | 5,000,000 | - | - | - | 5,000,000 |
| On or before 30 April 2025 | $0.90 | - | 12,000,000 | - | - | 12,000,000 |

At 30 June 2023 the following options were vested and exercisable:

| Number of options | Exercise price | Expiry date |
|---|---|---|
| 24,800,000 | $0.35 | 31 July 2023 |
| 5,000,000 | $0.35 | 30 September 2023 |
| 6,080,000 | $0.90 | 30 April 2025 |
| 1,000,000 | $0.90 | 31 August 2025 |

## 16 SHARE BASED PAYMENTS

During the year ended 30 June 2023, 32,800,000 $0.30 options were exercised or cashless converted. In addition, the following options were issued:

- The Company issued 3,000,000 $0.90 options for no consideration with a grant date of 23 November 2022 and an expiry date of 31 August 2025, to Director Dr Regan Crooks. 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 $0.263 per share, totalling $789,000. The Black-Scholes formula model inputs were the Company's share price of $0.595 at the grant date, a volatility factor of 85% (based on historical share price performance), a risk-free interest rate of 3.27% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 August 2023 and 1/3 vest on 31 August 2024. A share based payment expense of $556,993 was taken up during the year ended 30 June 2023.

The following share based payment expenses were recognised during the year ended 30 June 2023.

| Number of options | Exercise price | Expiry date | Expense recognised during current period |
|---|---|---|---|
| 26,000,000 | $0.35 | 31 July 2023 | $76,155 |
| 5,000,000 | $0.35 | 30 September 2023 | - |
| 11,440,000 | $0.90 | 30 April 2025 | $844,229 |
| 3,000,000 | $0.90 | 31 August 2025 | $556,993 |

During the year ended 30 June 2022, 5,400,000 $0.30 options were exercised. In addition, the following options were issued:

- The Company issued 12,000,000 $0.90 options for no consideration with a grant date of 6 May 2022 and an expiry date of 30 April 2025, to 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 $3,240,000. The Black-Scholes formula model inputs were the Company's share price of $0.60 at the grant date, a volatility factor of 82.66% (based on historical share price performance), a risk-free interest rate of 3.02% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 30 April 2023 and 1/3 vest on 30 April 2024. A share based payment expense of $1,330,391 was taken up during the year ended 30 June 2022.

## 17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | CONSOLIDATED 2023 $ | CONSOLIDATED 2022 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss from ordinary activities after income tax | **(15,680,708)** | (7,359,124) |
| Adjustments for: | | |
| Depreciation | **986,668** | 152,659 |
| Exploration & evaluation expenses | **-** | 1,575 |
| Revaluation of investment | **25,142** | (1,526,364) |
| Impairment losses – E&E | **-** | 40,000 |
| Gain on disposal of projects | **-** | (3,475,000) |
| Share based payments and non cash marketing expense | **1,547,877** | 2,456,097 |
| Development expenses | **869,280** | 7,740,653 |
| Effect of exchange rate adjustments | **12,008** | 716 |
| Changes in assets and liabilities: | | |
| Trade and other receivables | **423,452** | (2,619,718) |
| Prepayments | **(170,800)** | (60,717) |
| Trade and other payables | **692,669** | 886,120 |
| Net cash used in operating activities | **(11,294,412)** | (3,763,103) |

## 18 AUDITOR'S REMUNERATION

| | 2023 $ | 2022 $ |
|---|---|---|
| Auditors of the Company - KPMG: | | |
| Audit of annual and review of interim financial reports - KPMG | **101,521** | 137,614 |
| R&D incentive claim services | **38,143** | 36,225 |
| Debt advisory services | **197,112** | 193,277 |
| Other services fees | **22,266** | 133,316 |
| | **359,042** | 500,432 |

## 19 FINANCIAL INSTRUMENTS

**Financial risk management objectives and policies**

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

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

**Risk management framework**

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

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

**Climate related risks**

Alpha acknowledges that climate related risks have the potential to impact existing and proposed business operations of the Company. These risks include energy pricing risks, related to energy transition, and the input costs of key materials and labour related to climate impacts in key suppliers.

**Market risks**

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

***Interest rate risk***

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

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

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| ***Financial assets*** | | |
| Cash and cash equivalents | **20,588,748** | 16,831,134 |

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

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

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

For the year ended 30 June 2023, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

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## 19 FINANCIAL INSTRUMENTS (CONT.)

| | Post tax loss (Higher)/ Lower 2023 $ | Post tax loss (Higher)/ Lower 2022 $ | Total equity (Higher)/ Lower 2023 $ | Total equity (Higher)/ Lower 2022 $ |
|---|---|---|---|---|
| + 1% higher interest rate | **187,099** | 335,877 | **187,099** | 335,877 |
| - 0.5% lower interest rate | **(93,550)** | (167,939) | **(93,550)** | (167,939) |

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

***Currency risk***
The Groups functional currency is Australian dollars. The Group holds some cash in US$ and some trade receivables/ payables denominated in US$.

The Group's gross financial position exposure to foreign currency risk at 30 June 2023 is as follows:

- US$95,292 (A$143,728) cash at bank;
- US$28,417 (A$42,862) of trade and other receivables/payables.

The Group's gross financial position exposure to foreign currency risk at 30 June 2022 is as follows:

- US$149,446 (A$216,902) cash at bank;
- US$12,982 (A$18,842) of trade and other receivables/payables.

The following significant exchange rates applied during the year:

| | Average rate | | Reporting date spot rate | |
|---|---|---|---|---|
| A$ | **2023** | **2022** | **2023** | **2022** |
| US$ | **0.6764** | 0.7226 | **0.6630** | 0.6890 |

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

For the year ended 30 June 2023, if the exchange rate between the Australian dollar to the United States dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

| | Post tax loss (Higher)/ Lower 2023 $ | Post tax loss (Higher)/ Lower 2022 $ | Total equity (Higher)/ Lower 2023 $ | Total equity (Higher)/ Lower 2022 $ |
|---|---|---|---|---|
| + 10% higher AUD to USD exchange rate | **121,493** | (23,029) | **121,493** | (23,029) |
| + 5% higher AUD to USD exchange rate | **60,746** | (11,514) | **60,746** | (11,514) |

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

## 19 FINANCIAL INSTRUMENTS (CONT.)

***Price risk***

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

| | Post tax loss (Higher)/ Lower 2023 $ | Post tax loss (Higher)/ Lower 2022 $ | Total equity (Higher)/ Lower 2023 $ | Total equity (Higher)/ Lower 2022 $ |
|---|---|---|---|---|
| + 10% higher of the share price | **530,366** | 532,880 | **530,366** | 532,880 |

***Liquidity risk***

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

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

At balance date, the Group has available funds of $20,588,748 for its immediate use.

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

| Financial liabilities | Carrying amount $ | Contractual cash flows $ | Less than 6 months $ | 6 to 12 months $ | 1 to 5 years $ | More than 5 years $ |
|---|---|---|---|---|---|---|
| **30 June 2023** | | | | | | |
| Trade and other payables | **5,392,579** | **5,392,579** | **5,392,579** | **-** | **-** | **-** |
| Lease liabilities | **338,815** | **361,279** | **125,307** | **100,207** | **135,765** | **-** |
| | **5,731,394** | **5,753,858** | **5,517,886** | **100,207** | **135,765** | **-** |

| Financial liabilities | Carrying amount $ | Contractual cash flows $ | Less than 6 months $ | 6 to 12 months $ | 1 to 5 years $ | More than 5 years $ |
|---|---|---|---|---|---|---|
| **30 June 2022** | | | | | | |
| Trade and other payables | 7,155,272 | 7,155,272 | 7,155,272 | - | - | - |
| Lease liabilities | 537,591 | 595,331 | 123,877 | 126,100 | 345,354 | - |
| | 7,692,863 | 7,750,603 | 7,279,149 | 126,100 | 345,354 | - |

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

## 19 FINANCIAL INSTRUMENTS (CONT.)

### Credit risk

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

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| Cash and cash equivalents | **20,588,748** | 16,831,134 |
| Trade and other receivables | **1,582,127** | 3,153,883 |
| Other financial assets | **279,557** | 205,482 |
| | **22,450,432** | 20,190,499 |

Other financial assets for the year ended 30 June 2023 and 30 June 2022 represent bank guarantees and environmental bonds held with Government Departments.

All financial assets and liabilities are current, with the exception of bonds totalling $279,557. The receivables primarily relate to the remaining balance of the CMDP government grant which represents minimal credit risk. All other financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except for the cash and cash equivalents described below.

The cash and cash equivalents are held with Australian banks, which are rated A+, based on rating agency Fitch's ratings.

### Capital management

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

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

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

## 20 RELATED PARTIES

**Parent and ultimate controlling party**

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

**Key management personnel compensation**

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the *Corporations Act* and *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2023 there were $102,350 of fees outstanding (2022 - $76,833).

| | 2023 $ | 2022 $ |
|---|---|---|
| Primary fees/salary | **1,642,525** | 1,107,833 |
| Share based payments | **877,689** | 1,285,628 |
| Superannuation | **38,301** | 31,583 |
| Other benefit | **30,572** | 48,244 |
| | **2,589,087** | 2,473,288 |

**Key management personnel and Director transactions**

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

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited (**MIS**), which provided full administrative services, including administrative, accounting and investor relations staff, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS during the year amounted to $388,000 (2022 - $393,375) which includes a monthly fee of $25,000 per month and reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2023, $37,500 (2022 - $8,500) remained outstanding and was included in the creditor's balance.

## 21 SEGMENT INFORMATION

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

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

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

For the year ended 30 June 2023, the Group had one segment, being development of the HPA First Project.

## 21 SEGMENT INFORMATION (CONT.)

The Group has one reportable segment as follows:

| | HPA First Project $ | Exploration and Evaluation $ | Total $ |
|---|---|---|---|
| **30 June 2023** | | | |
| Revenue | **16,148** | **-** | **16,148** |
| Other income | **2,084,396** | **-** | **2,084,396** |
| Reportable segment loss before tax | **(13,362,396)** | **-** | **(13,362,396)** |
| Depreciation and amortisation | **(981,149)** | **-** | **(981,149)** |
| Reportable segment assets | **39,162,484** | **-** | **39,162,484** |
| Reportable segment liabilities | **8,907,519** | **-** | **8,907,519** |
| **30 June 2022** | | | |
| Revenue | 38,739 | - | 38,739 |
| Other income | 2,039,859 | - | 2,039,859 |
| Reportable segment loss before tax | (9,830,805) | (17,654) | (9,848,459) |
| Depreciation and amortisation | (144,912) | - | (144,912) |
| Reportable segment assets | 28,980,400 | - | 28,980,400 |
| Reportable segment liabilities | 6,934,318 | - | 6,934,318 |

## 21 SEGMENT INFORMATION (CONT.)

| | CONSOLIDATED | |
|---|---|---|
| | **2023 $** | **2022 $** |
| **Reconciliations of reportable segment revenues and profit or loss** | | |
| **Profit or loss** | | |
| Total loss for reportable segments | **(13,362,396)** | (9,848,459) |
| Unallocated amounts: | | |
| Interest income | **477,983** | 37,939 |
| Other income | | - |
| Depreciation | **(5,519)** | (7,747) |
| Net other corporate income/(expenses) | **(2,790,776)** | 2,459,143 |
| Consolidated loss before tax | **(15,680,708)** | (7,359,124) |
| **Reconciliations of reportable assets and liabilities** | | |
| **Assets** | | |
| Total assets for reportable segments | **39,162,484** | 28,980,400 |
| Unallocated corporate assets | **27,949,219** | 25,581,376 |
| Consolidated total assets | **67,111,103** | 54,561,776 |
| **Liabilities** | | |
| Total liabilities for reportable segments | **8,907,519** | 6,934,318 |
| Unallocated corporate liabilities | **2,188,543** | 758,545 |
| Consolidated total liabilities | **11,096,062** | 7,692,863 |

## 22 COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities as at the date of this financial report.

At balance date the Group had capital commitments of $8,246,811.

The Group may have an obligation to decommission the site of its Precursor Production Facility and restore the site at the end of the assets useful lite. Management have assessed what obligations may exist and concluded that any liability would not be material.

## 23 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2023 the parent and ultimate controlling entity of the Group was Alpha HPA Limited.

| | 2023 $ | 2022 $ |
|---|---|---|
| **Result of the parent entity:** | | |
| Net loss | **(15,859,467)** | (6,803,250) |
| Other comprehensive loss | **-** | - |
| Total comprehensive loss | **(15,859,467)** | (6,802,250) |
| **Financial position of the parent entity:** | | |
| Current assets | **18,966,186** | 18,755,967 |
| Non-current assets | **38,396,845** | 28,644,690 |
| Total assets | **57,363,031** | 47,400,657 |
| **Current liabilities** | **1,326,440** | 332,034 |
| Total non-current liabilities | | - |
| Total liabilities | **1,326,440** | 332,034 |
| Net assets | **56,036,591** | 47,068,623 |
| **Total equity of the parent entity:** | | |
| Share capital | **127,756,650** | 101,716,126 |
| Option premium reserve | **8,418,412** | 9,631,501 |
| Accumulated losses | **(80,138,471)** | (64,279,004) |
| Total equity | **56,036,591** | 47,068,623 |

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

The Company had no capital commitments at the balance date.

## 24 EVENTS SUBSEQUENT TO REPORTING DATE

In July 2023 the Company reached agreement with its Licensor to expand and consolidate Alpha's process Intellectual Property (IP) rights to the aluminium extraction and refining technology on which the HPA First Project process flow sheet has been developed. Under the terms of the agreement the Company paid the Licensor $2.0M cash plus issued it 971,217 shares based on a 5-day VWAP price of $1.1326 per share.

In July 2023 the Company issued 20,227,273 fully paid ordinary shares following the conversion of 31 July 2023 $0.35 options.

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

## 25 GROUP ENTITIES

Particulars in relation to material controlled entities:

| | | Company interest in ordinary shares | |
|---|---|---|---|
| | **Country of incorporation** | **2023 %** | **2022 %** |
| **Parent entity** | | | |
| Alpha HPA Limited | Australia | | |
| **Controlled entities** | | | |
| Augur Investments Pty Limited | Australia | 100 | 100 |
| Bugis Pty Ltd | Australia | 100 | 100 |
| Alpha Sapphire Pty Ltd (former name: Goron Pty Ltd) | Australia | 100 | 100 |
| Solindo Pty Ltd | Australia | 100 | 100 |

# DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alpha HPA Limited (the Company):

   (a) the consolidated financial statements and notes thereto, set out on pages 38 to 71, and the Remuneration Report in the Directors Report, as set out on pages 31 to 36, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2023.

Signed at Sydney this 31st day of August 2023 in accordance with a resolution of the Board of Directors.

Rimas Kairaitis
Managing Director

# Independent Auditor's Report

To the shareholders of Alpha HPA Limited

## Report on the audit of the Financial Report

### Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

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

### Basis for opinion

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

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

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

KPMG

# Independent Auditor's Report

To the shareholders of Alpha HPA Limited

## Report on the audit of the Financial Report

### Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

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

### Basis for opinion

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

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

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

KPMG



## Key Audit Matters

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

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

| **Property, plant and equipment - $37,545,020** | |
|---|---|
| Refer to Note 3 and Note 12 | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| Property, plant and equipment is a key audit matter due to the significance of the amount (being 54% of total assets) and the audit effort associated with assessing the completeness, existence, accuracy and classification of the amounts recorded by the Group.<br><br>The balance of property, plant and equipment mainly represents the costs the group has capitalised for the construction of the Stage 1 Precursor Production Facility ("PPF"), and the Group's recognition of the capital portion of a government grant received in relation to the construction of the PPF as a reduction to its carrying value. | Our procedures included:<br><br>• Assessing the Group's accounting policy for property, plant and equipment against the requirements of the accounting standards.<br><br>• For a statistical sample of items recorded as property, plant and equipment, checking the:<br>    • Expenditure amount recorded for consistency to invoices from third parties or other underlying documentation;<br>    • Classification of the expenditure as property plant and equipment for consistency with its nature, by inspecting invoices from third parties or other underlying documentation and considering the Group's accounting policy.<br><br>• Testing the completeness of property plant and equipment expenditure recorded in the year by inspecting the underlying documentation for a sample of payments recorded by the Group after year end and unprocessed invoices at year end for evidence of the timing of the related expenditure.<br><br>• Reading the executed government grant agreement to understand the key terms of the agreement.<br><br>• Evaluating the appropriateness of the Group's accounting policies for recognition of government grants against the requirements of the accounting standards and our understanding of the business. |

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| | |
|---|---|
| | • Evaluating the recognition of the government grant as a reduction in the carrying value of property, plant and equipment by considering the terms of the grant and the percentage completion of the PPF.<br>• Evaluating the disclosures made in the financial statements against the requirements of the accounting standards. |

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

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

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

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- to issue an Auditor's Report that includes our opinion.

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Alpha HPA Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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

### Our responsibilities

We have audited the Remuneration Report included in pages 31 to 36 of the Directors' report for the year ended 30 June 2023.

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

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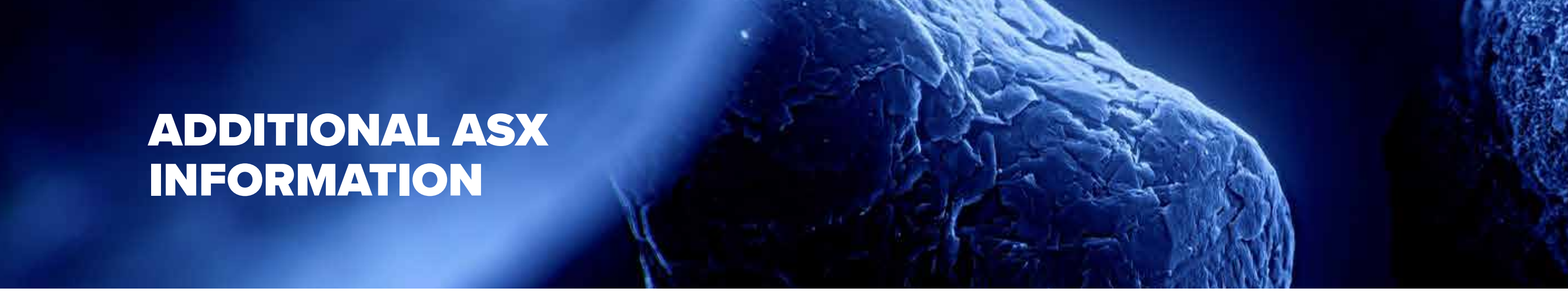
SBoard

Stephen Board
*Partner*

Brisbane
31 August 2023



# ADDITIONAL ASX INFORMATION



Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2023.

**Distribution of Equity Securities**

| ORDINARY SHARES | | |
|---|---|---|
| **Range** | **Number of Holders** | **Number of Shares** |
| 1 - 1,000 | 521 | 326,528 |
| 1,001 - 5,000 | 1,267 | 3,614,396 |
| 5,001 - 10,000 | 704 | 5,779,517 |
| 10,001 - 100,000 | 1,393 | 52,034,881 |
| 100,001 - 9,999,999 | 444 | 817,249,247 |
| **Total** | **4,329** | **879,004,569** |

The number of shareholders holding less than a marketable parcel is 141.

**Twenty Largest Shareholders**

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

| Nº | ORDINARY SHARES SHAREHOLDER | Nº OF SHARES | TOTAL % |
|---|---|---|---|
| 1 | Citicorp Nominees Pty Limited | 113,345,577 | 12.89 |
| 2 | Permgold Pty Ltd | 67,291,194 | 7.66 |
| 3 | Orica Investments Pty Ltd | 44,982,980 | 5.12 |
| 4 | Palmer Bookmaking Pty Limited | 40,601,622 | 4.62 |
| 5 | BT Portfolio Services Limited <Warrell Holdings S/F A/C> | 39,300,000 | 4.47 |
| 6 | UBS Nominees Pty Ltd | 28,955,071 | 3.29 |
| 7 | HSBC Custody Nominees (Australia) Limited – A/C 2 | 21,961,077 | 2.50 |
| 8 | JP Morgan Nominees Australia Pty Ltd | 19,388,715 | 2.21 |
| 9 | HSBC Custody Nominees (Australia) Limited | 18,163,070 | 2.07 |
| 10 | Budworth Capital Pty Ltd <Rolling Hills Capital A/C> | 15,000,000 | 1.71 |
| 11 | Rosignol Pty Ltd <Nightingale Family A/C> | 13,612,500 | 1.55 |
| 12 | Ninan Pty Ltd | 12,171,678 | 1.38 |
| 13 | Mr Robert Simeon Lord | 11,000,000 | 1.25 |
| 14 | All-States Finance Pty Limited | 10,704,545 | 1.22 |
| 15 | AMP Racing Pty Limited <AMP Racing A/C> | 10,392,341 | 1.18 |
| 16 | MRP Racing Pty Limited <MRP Racing A/C> | 10,391,776 | 1.18 |
| 17 | GAP Bookmaking Pty Limited <GAP Racing A/C> | 10,391,767 | 1.18 |
| 18 | Rimas Kairaitis | 8,700,000 | 0.99 |
| 19 | HSBC Custody Nominees (Australia) Limited – GSCO EDA | 8,000,000 | 0.91 |
| 20 | Neweconomy Com Au Nominees Pty Limited <900 Account> | 7,673,954 | 0.87 |
| **Total** | | **512,027,867** | **58.25** |

There are no current on-market buy backs.

# ADDITIONAL ASX INFORMATION

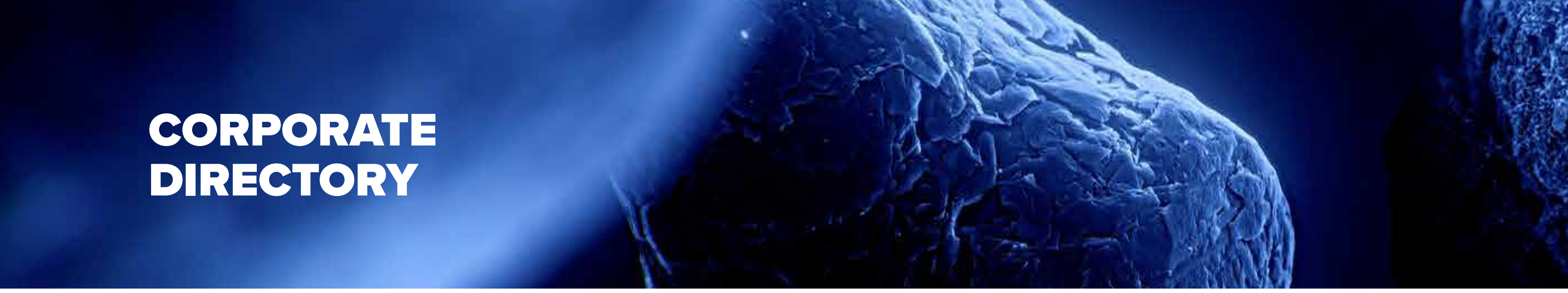
**Substantial Shareholders**

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

| Shareholder | Nº of Shares Held |
|---|---|
| Regal Funds Management Pty Ltd (RFM) | 70,916,053 |
| Permgold Pty Ltd | 67,291,194 |
| Macquarie Group Limited | 51,932,141 |
| Orica Limited and Orica Investments Pty Ltd | 44,982,980 |

**Class of Shares and Voting Rights**

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



# CORPORATE DIRECTORY

**Directors:**

Mr Norman Seckold (Chairman)
Mr Rimas Kairaitis (Managing Director)
Dr Regan Crooks
Mr Peter Nightingale
Mr Cameron Peacock
Mr Anthony Sgro
Mr Justin Werner
Mr Robert Williamson

**Company Secretary:**

Mr Richard Edwards

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

Level 2, 66 Hunter Street
SYDNEY NSW 2000

| | |
|---|---|
| Phone: | 61-2 9300 3310 |
| Fax: | 61-2 9221 6333 |
| Homepage: | www.alphahpa.com.au |

**Auditors:**

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

**Share Registrar:**

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
SYDNEY NSW 2000

| | |
|---|---|
| Phone: | 1300 787 272 |
| Overseas Callers: | 61-3 9415 4000 |
| Fax: | 61-3 9473 2500 |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Alpha HPA

Alpha HPA Limited
alphahpa.com.au

# Notice of Annual General Meeting

Notice is given that the 2023 Annual General Meeting of Alpha HPA Limited (the 'Company') will be held at Computershare Investor Services Pty Ltd, Level 3, 60 Carrington Street, Sydney, NSW, on Tuesday, 28 November 2023 at 11.00am Australia Eastern Daylight Saving Time (AEDT).

Shareholders unable to attend the AGM in person will be able to view a webcast of the meeting at: https://webcast.openbriefing.com/a4n-agm-2023/

Shareholders are encouraged to lodge a directed proxy and submit written questions in advance of the meeting. Instructions on doing so are set out in the Notice and Access Letter sent to Shareholders along with the Notice of Meeting.

## AGENDA

**Financial Statements**

To receive and consider the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2023.

To consider and, if thought fit, to pass the following resolutions, with or without amendment:

**Ordinary Resolution 1. Approval of Remuneration Report**

'That the Remuneration Report for the year ended 30 June 2023 be and is hereby adopted.'

**Ordinary Resolution 2. Re-election of Mr Peter Nightingale as a Director**

'That Mr Peter Nightingale be and is hereby re-elected as a Director.'

**Ordinary Resolution 3. Re-election of Mr Anthony Sgro as a Director**

'That Mr Anthony Sgro be and is hereby re-elected as a Director.'

**Ordinary Resolution 4. Re-election of Mr Robert Williamson as a Director**

'That Mr Robert Williamson be and is hereby re-elected as a Director.'

To transact any other business that may be brought forward in accordance with the Company's Constitution.

By order of the Board

Richard Edwards
Company Secretary

20 October 2023

pjn11867

# Explanatory Memorandum
# to the Notice of Annual General Meeting
# to be held on 28 November 2023

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at the Annual General Meeting to be held at Level 3, 60 Carrington Street, Sydney, NSW, on Tuesday, 28 November 2023 at 11.00am (AEDT).

**Financial Report**

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2023 will be laid before the meeting. There is no requirement for shareholders to approve these reports, however, the Chairman of the meeting will allow a reasonable opportunity to ask about the content of the Annual Report.

**Resolution 1**

The Remuneration Report, which can be found as part of the Directors' Report in the Company's 2023 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to key management personnel, Directors and senior executives.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This resolution is advisory only and does not bind Directors.

The Chairman will allow a reasonable opportunity for shareholders as a whole to ask about or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company's consolidated group (at the date of the meeting or whose remuneration is disclosed in the remuneration report) (**KMP**) and their closely related parties (such as close family members and controlled companies), unless the vote is cast:

- as a proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or
- by the Chairman of the Meeting as a proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

**The Directors recommend that you vote IN FAVOUR of advisory Resolution 1.**
**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.**

**Resolution 2**

Pursuant to Article 10.1(c) of the Company's Constitution and the Corporations Act, Peter Nightingale retires by rotation and being eligible, offers himself for re-election.

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

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the USA including Bolnisi Gold N.L. and Nickel Industries Limited.

Mr Nightingale is an executive, non-independent director.

**Date appointed Director:** 30 November 2009.
**Other current listed company directorships:** Prospech Limited.
**Former listed directorships in the last three years:** None.
**Interests in shares and options:** 2,045,455 shares directly held and 18,487,500 shares indirectly held.

**The Directors recommend that you vote IN FAVOUR of Resolution 2.**
**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.**

**Resolution 3**

Pursuant to Article 10.1(c) of the Company's Constitution and the Corporations Act, Anthony Sgro retires by rotation and being eligible, offers himself for re-election.

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

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

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

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

Mr Sgro serves as Chair of the Nomination and Remuneration Committees and is a member of the Audit Committee.

**Date appointed Director:** 1 November 2017.
**Other current listed company directorships:** None.
**Former listed directorships in the last three years:** None
**Interests in shares and options:** 5,345,455 shares directly held and 155,297 shares indirectly held at the date of this report.

**The Directors recommend that you vote IN FAVOUR of Resolution 3.**
**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 3.**

**Resolution 4**

Pursuant to Article 10.5(b) of the Company's Constitution and the Corporations Act, Mr Robert Williamson, who was appointed as a Director on 1 May 2023, is required to retire as a Director and, being eligible, offers himself for re-election.

Rob Williamson is a mechanical engineer and joined the Company in June 2020 having recently rebuilt and started up a new 155ktpa SX zinc refinery in the USA in the capacity of Vice President and GM of the facility. Rob brings nearly 25 years of experience in large facility operations to Alpha HPA. Rob is responsible for building a Project delivery team for our HPA project in Gladstone.

Appropriate background checks were completed before Mr Williamson was appointed as Chief Operating Officer. Mr Williamson is an executive, non-independent director.

Mr Williamson is a member of the Risk and Sustainability Committee.

**Date appointed Director:** 1 May 2023.
**Other current listed company directorships:** None.
**Former listed directorships in the last three years:** None.
**Interests in shares and options:** 1,331,036 directly held and 2,040,000 $0.90 30 April 2025 unlisted options held directly at the date of this report.

**The Directors recommend that you vote IN FAVOUR of Resolution 4.**
**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 4.**

Alpha HPA
ACN 106 879 690

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

## Need assistance?

**Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

**Online:**
www.investorcentre.com/contact

### YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEDT) on Sunday, 26 November 2023.**

For personal use only

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

**Corporate Representative**
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate “Appointment of Corporate Representative”. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

## Lodge your Proxy Form:

XX

### Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 999999**
**SRN/HIN: I9999999999**
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

### By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

### By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

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# Proxy Form

**Please mark X to indicate your directions**

## Step 1 Appoint a Proxy to Vote on Your Behalf

**XX**

**I/We being a member/s of Alpha HPA Limited hereby appoint**

**the Chairman of the Meeting** **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Alpha HPA Limited to be held at Computershare Investor Services Pty Ltd, Level 3, 60 Carrington Street, Sydney, NSW on Tuesday, 28 November 2023 at 11:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.



## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain |
|---|---|---|---|---|
| Resolution 1 | Approval of Remuneration Report | | | |
| Resolution 2 | Re-election of Mr Peter Nightingale as a Director | | | |
| Resolution 3 | Re-election of Mr Anthony Sgro as a Director | | | |
| Resolution 4 | Re-election of Mr Robert Williamson as a Director | | | |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s)

*This section must be completed.*

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 | |
|---|---|---|---|
| | | | / / |
| Sole Director & Sole Company Secretary | Director | Director/Company Secretary | Date |

**Update your communication details** *(Optional)*

**Mobile Number**

**Email Address**

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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computershare