EUROZ HARTLEYS

VALUATION UPDATE | PUBLISHED ON 06 SEPTEMBER 2024

Stage 2 Build Underway; Valuation Refresh

A4N.ASX | ALPHA HPA LIMITED | MATERIALS | HIGH PURITY ALUMINA

PRICE	TARGET PRICE	RECOMMENDATION
A$0.85/sh	**A$1.60/sh** (FROM A$1.50/sh)	**SPECULATIVE BUY** (UNCHANGED)

Event

We have updated our valuation of the HPA First Project to incorporate 1) revised DFS parameters, 2) refreshed product mix and pricing assumptions and 3) A4N's post-placement capital structure. A4N is fully funded for the construction of the full-scale Stage 2 plant, which is currently underway following the recent commencement of earthworks.

Impact

Stage 2 re-cut: As we expected following the advancement of both A4N's product suite and marketing efforts, the May'24 DFS release outlines a new-look HPA First Project with vastly improved economics. The revised DFS contemplates HPA equivalent production capacity of ~10.4ktpa (prev. 10.0ktpa), incorporating an expanded product mix featuring higher value 5N+ products. An assumed weighted average selling price of US$29.6/kg and net unit operating costs of US$6.7/kg (inclusive of undisclosed Orica by-product credits) delivers steady-state EBITDA of A$320m (77% EBITDA margins vs. 70% under the prior DFS base case), with higher modelled average selling prices more than offsetting the impact of subsequent cost inflation since the Mar'20 DFS. CapEx for the Stage 2 facility came in ahead of our prior inflated estimate at A$553m incl. A$79m contingency (EHe prev: A$500m incl. contingency), which A4N is now fully funded for with a funding stack comprising A$320m in concessional debt (NAIF & EFA), previously awarded government grants (A$63m) and recent placement and SPP proceeds of A$180m. An A$80m cost overrun facility secured from NAIF and EFA protects from immediate capital cost overruns. On a standalone basis, our updated risked $NPV_{10\%}$ valuation of the Gladstone Stage 1 & 2 facilities stands at A$0.83/sh, implying free optionality on the complementary downstream Alpha Sapphire segment.

UltraCoat is a key upside driver: A4N has recently flagged its patented UltraCoat battery safety process, which utilises AN4's 5N+ Al-nitrate precursor to apply controlled thickness high purity aluminium oxide and high purity aluminium hydroxide coating to a range of surfaces within the Li-B cell environment, namely including cell casings and the anode. The adoption of this coating technology is asserted to provide material safety benefits in the protection of thermal runaway preventing Li-ion battery fires, effectively serving as an ultra-pure and instantaneous fire retardant. We see the potential for these applications to materially lift Al-nitrate demand, with A4N currently in the mature phase of product development and end-user engagement (+15 anode developers, battery makers and cell casing manufacturers are currently engaged). We highlight that configured Stage 2 Al-nitrate material handling capacity of 3.5ktpa is able to be increased without process changes or a significant impact on downstream volumes, with a higher blend of Al-nitrate production presenting meaningful upside to project economics (see our NAV and EBITDA sensitivities to higher ASP scenarios in Fig. 4). We note that anode market leader BTR New Material Group (+60% of ex-China anode market share) previously confirmed in literature the low-cost safety benefits of Al_2O_3-coated natural graphite as anode material using high purity Al-nitrate as a precursor material.

Action

Speculative Buy maintained, PT lifted to A$1.60/sh at 1.0x NAV (prev. A$1.50/sh). Outside of revised core Stage 2 assumptions (Figs. 1-5), we have adjusted our sapphire growth rollout assumptions, updated A4N's capital structure, revised FY25/26E Stage 1 revenue forecasts, lifted Stage 2 risk weighting to 90% (prev. 85%) and rolled our model forward to DecQ'24. We view A4N favourably at current levels, particularly with funding risk for Stage 2 now assuaged and recent validation provided by government funding agencies in the absence of binding offtake agreements.

Analyst

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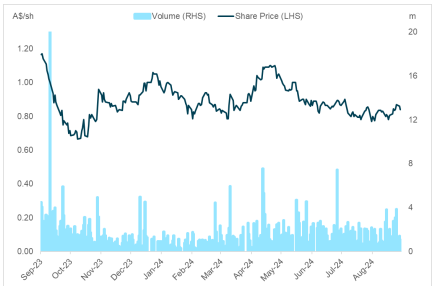
A4N-AU		
Share Price	**0.85**	**A$/sh**
Price Target	**1.60**	**A$/sh**
Valuation	**1.58**	**A$/sh**
P/NAV multiple	0.54x	
Target P/NAV	1.01x	
TSR	88%	
52-week low	0.67	A$/sh
52-week high	1.17	A$/sh
Capital Structure		
Fully Paid Ordinary	1,135	m
Options (ex. $0.90/sh)	12	m
Performance Rights	6	m
SOI (diluted)	**1,152**	**m**
Market Capitalisation	979	A$m
Enterprise Value	790	A$m
Cash (Jun-23)	190	A$m
Debt	Nil	A$m

Model Assumptions	FY25E	FY26E	FY27E
HPA Eq prod. (kt)	-	-	2.4
ASP (US$/kg)	-	-	29.6
OpEx (US$/kg)	-	-	17.3
AUD/USD (x)	0.69	0.72	0.72

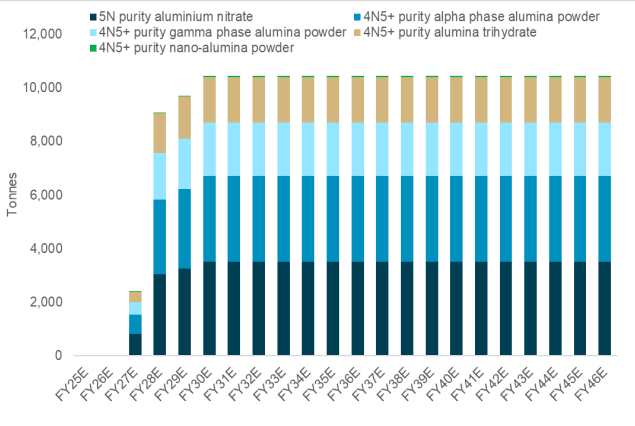
Key Financials	FY25E	FY26E	FY27E
Revenue (A$m)	3	63	241
EBITDA (A$m)	(21)	14	124
NPAT (A$m)	(43)	(28)	67
Operating CF (A$m)	(35)	(20)	81
EPS (A$/sh)	(0.04)	(0.02)	0.06
EV/EBITDA (x)	-48.6x	92.2x	10.4x
EV/EBIT (x)	-35.2x	212x	11.8x

Performance



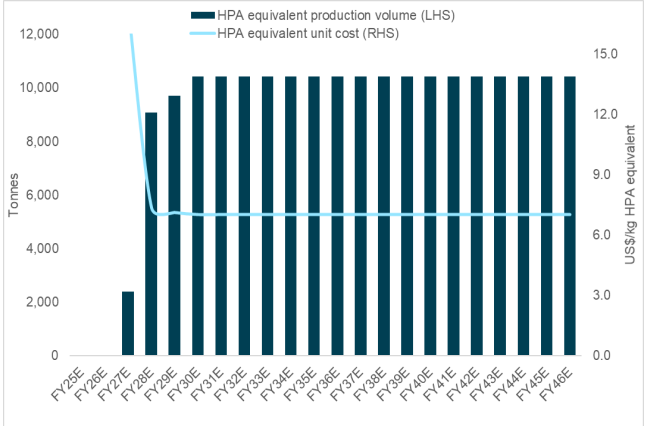
Source: IRESS

Figure 1: Modelled production by product classification



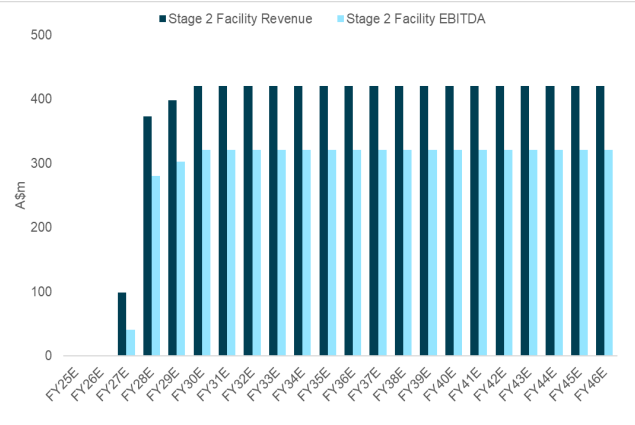
Source: Euroz Hartleys estimates

Figure 2: HPA equivalent production and unit costs



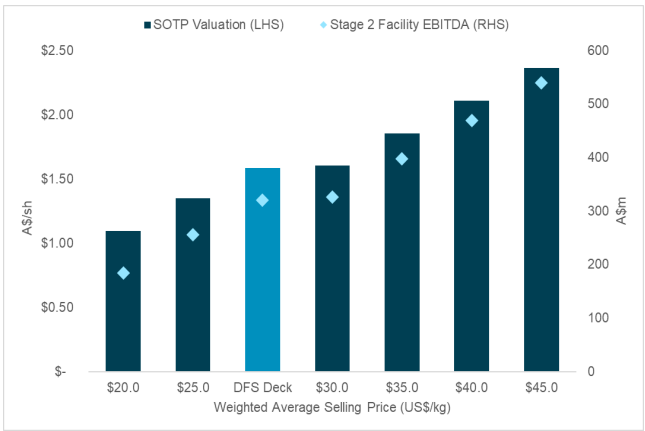
Source: Euroz Hartleys estimates

Figure 3: Revised Stage 2 facility revenue and EBITDA forecasts



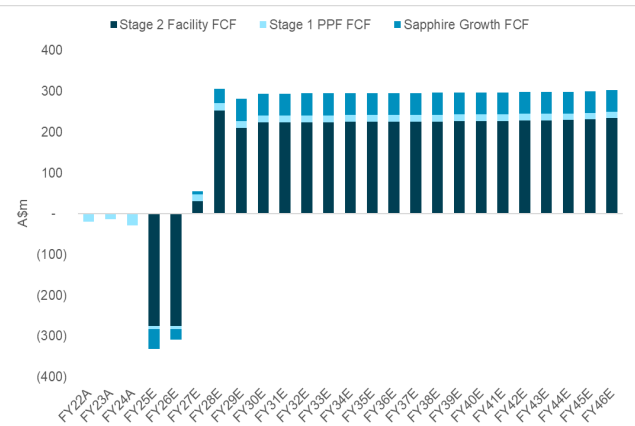
Source: Euroz Hartleys estimates

Figure 4: NAV and steady-state EBITDA sensitivity to weighted average selling price



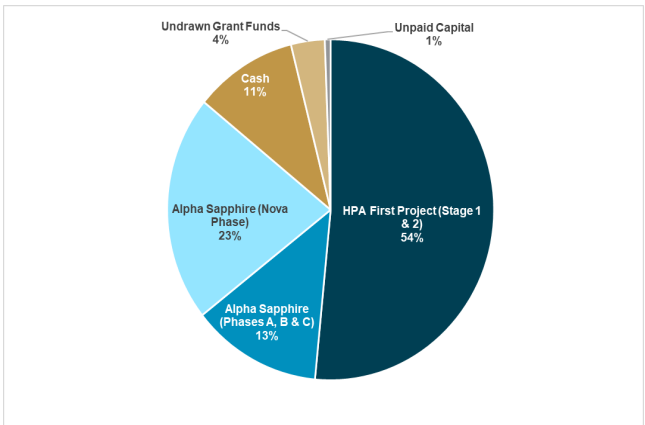
Source: Euroz Hartleys estimates

Figure 5: EHe FCF forecasts by facility; Gladstone Stage 2 accounts for +75% of our longer dated FCF forecasts



Source: Euroz Hartleys estimates

Figure 6: Alpha Sapphire comprises ~36% of our SOTP valuation, owing to high EBITDA margins and low capital intensity



Source: Euroz Hartleys estimates

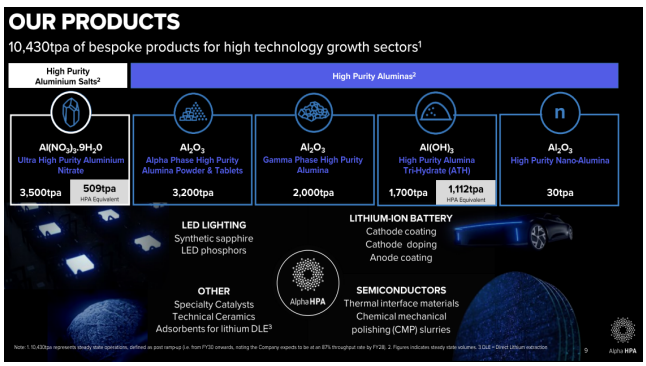
HPA First Project Update

A4N released an updated DFS for the HPA First Project on May 20th, 2024 alongside an A$175m equity raising to take FID. The May'24 DFS is the first formal re-cut of project economics since Mar'20, at which point in time A4N originally contemplated the production of a generic 4N HPA offering (10ktpa HPA equivalent capacity). Since then, both A4N's flowsheet and product offering across a diversity of end-use applications have significantly evolved to now include a suite of bespoke high purity 5N+ products, headlined by an ultra high purity (and high margin) 5N+ purity Al-nitrate offering, with key applications including LED lighting, LiBs and semiconductors.

The Stage 1 production facility at the site of the HPA First Project (Fig. 8) has now been operational for +18 months having successfully ramped up and exceeded design capacity (+450tpa) at targeted purity levels, with production runs exclusively focused on servicing customer qualification test and sales orders for A4N's expanded product offering (with production capability now extending from high purity aluminium salts through to HPA pucks). Encouragingly, Stage 1 production is fully allocated for the next two months, servicing orders for A4N's product suite for applications across the semiconductor and direct lithium extraction sectors, as well as sapphire glass production.

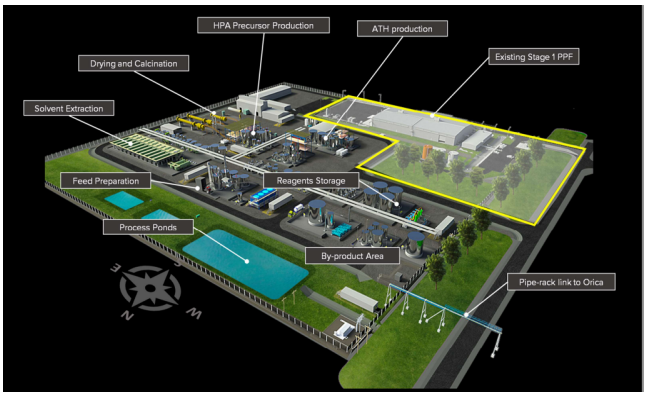
While the Stage 1 production facility will inevitably be incorporated into the broader project as a dedicated manufacturing unit alongside Stage 2 capacity, noting the continued evolution of the HPA First Process flowsheet and market outreach efforts (Fig. 10 and Fig. 14), we now expect the Stage 1 facility to dominantly service product qualification testwork for the foreseeable future (rather than serve as a dedicated profit center). We have accordingly pulled our FY25/26E Stage 1 revenue forecasts in recognition of this. Further, noting the rapid evolution of A4N's product offering, we speculate that Stage 1 capacity may ultimately be allocated differently to previous PPF guidance (i.e. serving as a dedicated Al-nitrate production unit to serve expanded demand, see below).

Figure 7: Simplified product mix



Source: Company reports

Figure 8: 3D Schematic of HPA First Project showing Stage 1 (as built) and Stage 2



Source: Company reports

The refreshed DFS for the HPA First Project contemplates the production of 10.4ktpa of high purity aluminium products, with production and unit pricing expressed in terms of individual high purity aluminium products. Once expressed on a 'HPA equivalent' basis (i.e. providing a like-for-like comparison to the original DFS volumes of 10.0ktpa at three separate (US$15/20/25/kg) pricing scenarios), assumed production and unit pricing is 6.85ktpa at an average selling price of US$52-74/kg.

Put simply, the re-cut HPA First Project Stage 2 outlines a closer focus on lower volume, high purity and high margin aluminium products. All pricing scenarios point to robust project economics, with the most conservative price deck (being the Alpha HPA Price Discovery Case) capable of EBITDA margins of ~72% for steady state EBITDA of +A$250m per annum. At the highest pricing case, being that adopted from independent third-party assessments undertaken by CM Group and GLG, steady state EBITDA margins and EBITDA lift to a compelling +80% and +A$400m pa respectively.

We have revised our $NPV_{10\%}$ valuation (20-year DCF) to adopt mid-case economics, while lifting our model risk-weighting factor to 90% (prev. 85%) on achievement of FID and project financing. The material uplift in valuation from higher product margins has been partially offset by higher CapEx and a slower ramp-up to nameplate capacity than previously expected under the Mar'20 DFS (our ramp-up is aligned with the revised DFS as shown in Fig. 1 above). We have summarised modelled products, applications, and various pricing assumptions adopted in the DFS below in Fig. 14.

Figure 9: Key HPA First Project Stage 2 metrics under various price decks

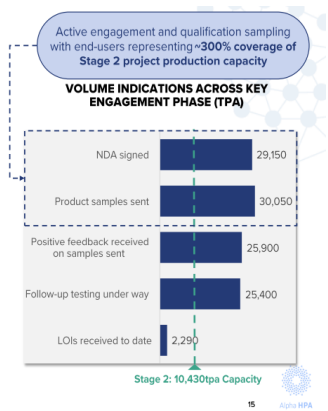
	Product Pricing Scenarios		
Key Project Metrics at Steady State[1]	**Alpha HPA Price Discovery Case**	**Mid Case**	**Independent Pricing Case**
	A$	A$	A$
Annual Revenue @ 10,430tpa high purity Aluminium products	$359M	$442M	$509M
Annual Operating Costs (after by-product credits)[2]	$100M	$100M	$100M
EBITDA (after Payroll Tax & Royalty)[3]	$255M	$336M	$403M
Pre-Tax Free Cash Flows[4]	$251M	$333M	$399M
Unit Cash Cost (A$/kg of aluminium product after by-products credits)	$9.58	$9.58	$9.58
Weighted Average Product Sales Price (A$/kg)	$34.44	$42.34	$48.77
	US$	US$	US$
Unit Cash Cost (US$/kg of aluminium product after by-products credits)	$6.70	$6.70	$6.70
Weighted Average Product Sales Price (US$/kg)	$24.11	$29.64	$34.14
Payback period from first production (years)	4.4	3.7	3.4

HPA Equivalents	**Alpha HPA Price Discovery Case**	**Mid Case**	**Independent Pricing Case**
HPA Eq Volume (tpa)	6,850	6,850	6,850
HPA Eq. Sales Price (A$/kg)	$52.44	$64.47	$74.26

Source: Company reports

The Stage 2 DFS and FID rest on an extensive 4+ year product marketing campaign to more than 200 end users and parallel to product development and qualification testwork on Stage 1 plant output. At the time of the DFS release, A4N had signed NDAs and provided product samples for ~3x Stage 2 capacity, with LOIs received for ~0.2x nameplate capacity. We envision binding offtake agreements and/or LOIs for ~60% of Stage 2 production capability in line with project gearing levels, with further validation beyond the significant concessional government funding package with NAIF/EFA expected in the form of binding offtake agreements. A4N has secured sufficient liquidity for the Stage 2 build (Fig. 11), with an additional A$80m cost overrun facility also available.

Figure 10: Volume indications at the time of A4N's May'24 DFS release



Source: Company reports

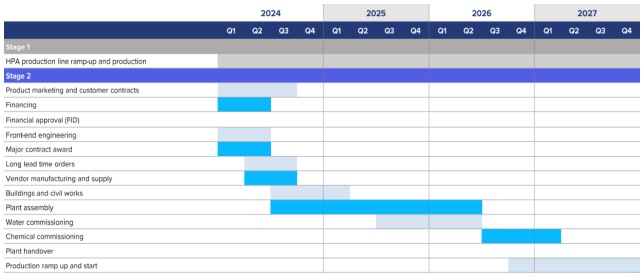
Figure 11: Funding stack for Stage 2 build post-placement and SPP completion

Stage 2 Funding Mix (A4N attrib.)	**A$m**
Available liquidity	
Cash at 30 June (incl. placement and SPP proceeds)	190
NAIF & EFA debt funding	320
MMI-C Grant	41
IPP Grant	22
Total (excluding A$80m NAIF & EFA overrun facility)	**572**
Uses	
Stage 2 CapEx incl. contingency	553
Working capital	5
Placement fees	5
Total	**563**

Source: Company reports, Euroz Hartleys edits

Earthworks and civil contractors have now commenced site establishment activities, mobilising equipment and support infrastructure (Fig. 13). The final process area design is currently being accelerated, while multiple long lead critical path packages (i.e. solvent extraction, pressure filters, cooling towers and centrifuges) have already been awarded. We broadly align our modelled timelines with the below schedule, with commissioning expected in mid-CY26 for first production in H1 FY27.

Figure 12: Recently guided HPA First Project (Stage 2) construction and development timelines



Source: Company reports

Figure 13: Earthworks recently commenced on Stage 2 of the HPA First Project (below image is as of 15th August 2024)

Source: Company reports

Figure 14: A4N's expanded product suite, allocated Stage 2 capacity and pricing references

Product	Chemical Formula	Allocated Stage 2 Production Capacity (tpa)	Identified end use markets	Real Product Pricing (US$/kg)						
				A4N Market Discovery				Independent Consultants		
				Low	High	Demand Vol Weighted Avg	HPA Equivalent	CM Group (CY27)	GLG	HPA Eq
5N Purity Aluminium Nitrate	$Al(NO_3)_3$ $9H_2O$	3,500	Li-B electrode coatings, catalysts and micro-LED phosphors	15.0	350.0	18.5	123.3	n/a	20 - 30	125.0
4N5+ Purity Alpha Phase Alumina Powder	Al_2O_3	3,200	Semiconductors (thermal interface and CMP), LED phosphors, technical ceramics and Li-B cathode doping. This includes HPA for tablets as feedstock for synthetic sapphire (LED and Optics)	20.0	68.5	32.0	32.0	39.3	n/a	39.3
4N5+ Purity Gamma Phase Alumina Powder	Al_2O_3	2,000	Li-B cathode doping and coating, semiconductors (CMP), specialty catalysts	13.0	30.0	20.3	20.3	27.5	n/a	27.5
4N5+ Purity Alumina Trihydrate	$Al(OH)_3$	1,700	As seeded powders for nano-alumina for semiconductor CMP, Li-B cathode dopants, specialty catalysts, adsorbent precursors, HPA precursors and glass dopants	12.5	20.0	15.0	23.1	19.4	n/a	29.8
4N5+ Purity Nano-Alumina Powder	Al_2O_3	30	Semiconductors (CMP) and Li-B cathode coating/doping	33.0	44.0	43.0	43.0	50.0	n/a	50.0

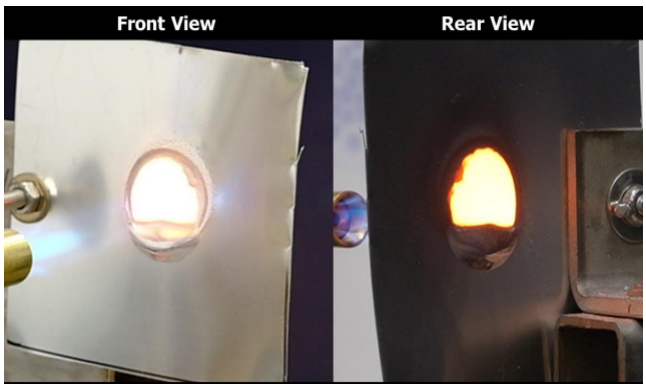
Source: Company reports, Euroz Hartleys edits

The UltraCoat Process

The patented UltraCoat process utilises A4N's high purity Al-nitrate precursor to apply controlled thickness high purity aluminium oxide and hydroxide coatings to a range of surfaces within the Li-B cell environment. UltraCoat can be applied to chemically coat anode and cathode active materials, battery cell casings and electrode sheets. A4N has recently confirmed via flame testing that aluminium Li-ion cell casings utilising the UltraCoat process can withstand >1,000°C thermal runaway conditions for >9 minutes, in contrast to <15 seconds on uncoated aluminium cell casings (see Fig. 15 and Fig. 16 below). This chemical coating provides a major safety advantage, preventing battery fires in the first instance, importantly amidst a heightened regulatory and OEM focus on battery safety.

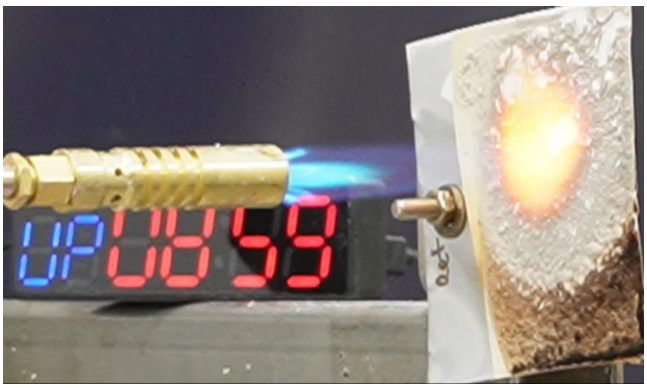
We take this opportunity to highlight a 2019 study completed by BTR New Energy Materials (Chin. J Chem, 2019, 37, 342 - 346) investigating the synthesis of alumina-coated natural graphite using high purity aluminium nitrate as a precursor for high cycling stability and safety of Li-ion batteries, which corroborates A4N's findings for cell casings with aluminum hydroxide coated natural graphite as anode material.

Figure 15: Uncoated aluminum after 15 seconds under butane flame



Source: Alpha HPA

Figure 16: Ultra-coated aluminium after 9 minutes under butane flame



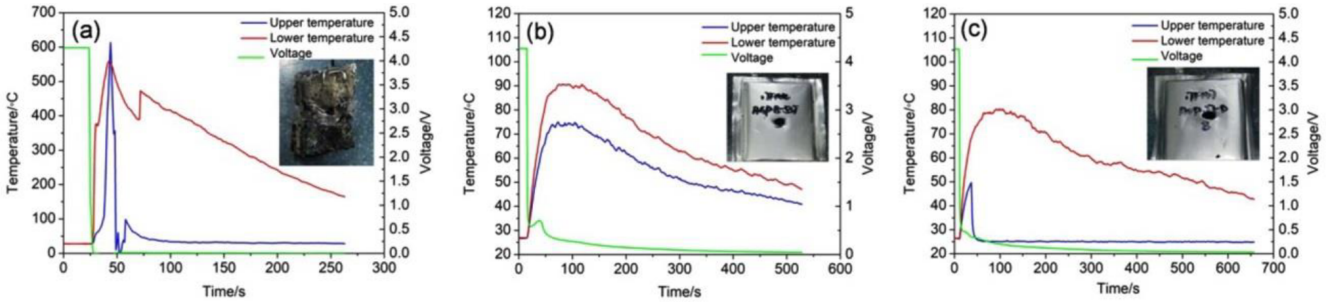
Source: Alpha HPA

For reference, BTR is the global leading supplier of both synthetic and natural graphite anode active materials (AAM) and a top 5 supplier of cathode active materials (CAM). BTR accounts for +60% of ex-China anode market share. BTR's customers not only include Chinese domestic lithium-ion battery manufacturers such as CATL, BYD, EVE, Gotion High-Tech and REPT, but also include international Tier 1 customers such as Ford, SK, Samsung, LG, muRata and Panasonic.

To investigate the influence of Al_2O_3 coating on the safety performance of LiBs, nail penetration tests of fresh cells were performed in an open system. Ten sets of soft-packed batteries using natural graphite as anode were subjected to nail penetration tests, with the temperature of upper and lower surfaces of LiBs tested during nail penetration tests. As shown below in Fig. 17, testing showed that all nailed cells without Al_2O_3 coating were ignited, and the nail penetration success rate was 0%.

The nail penetration success rates of Al_2O_3-coated samples were 100% at the same test conditions. As shown below, the surface temperature of natural graphite without Al_2O_3 coating reaches as high as 600°C during nail penetration, while the surface temperature of Al_2O_3-coated samples was lower than 100°C during nail penetration. It was inferred from the test results that the Al_2O_3 coating could act as a solid electrolyte to suppress side reactions, improve cycle stability, and prevent a thermal runaway under mechanical abuse.

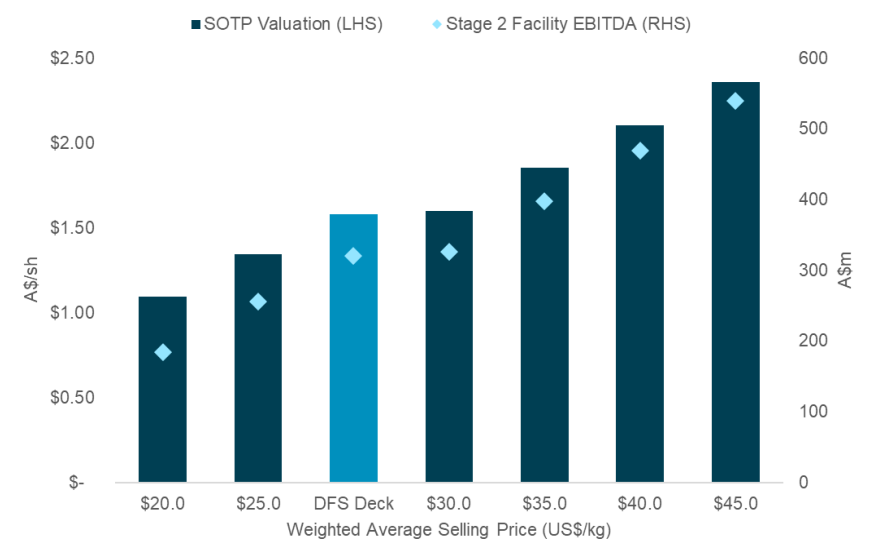
Figure 17: Nail penetration test results on fresh cells with natural graphite as anode material (sample (a) natural graphite anode material with no Al_2O_3 coating, sample (b) natural graphite anode material with Al_2O_3 coating (1 wt%) and sample (c) natural graphite anode material with Al_2O_3 coating (3 wt%))



Source: Chin. J Chem, 2019, 37, 342 - 346

We note A4N is currently engaged with more than 15 anode developers, battery makers and cell casing manufacturers to qualify the UltraCoat process. **We see potential for the qualification and adoption of UltraCoat to add materially to Al-nitrate demand and accordingly Stage 2 production volumes as A4N's highest margin product offering, which could potentially attract significant pricing premiums given underlying safety benefits.**

Figure 18: NAV and EBITDA sensitivity to higher average price received; Al-nitrate is A4N's highest margin product as detailed in Fig. 14, higher Al-nitrate demand and capacity = higher average selling price



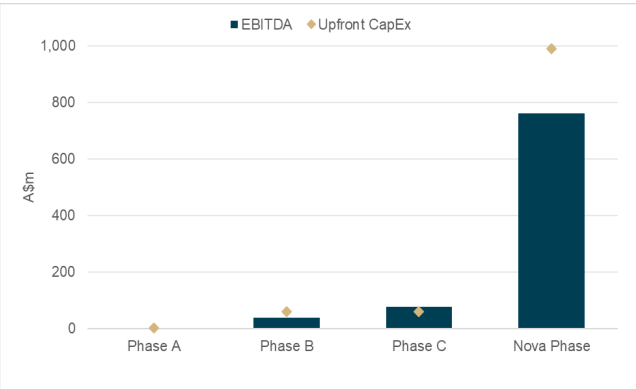
Source: Euroz Hartleys estimates

Sapphire Crystal Growth

Alpha has maintained successful growth cycles of synthetic sapphire boules from the initial 2 sapphire growth units which have been installed and commissioned in the Stage 1 facility at Gladstone (termed Phase A). Additional sapphire boules have now been despatched for processing to synthetic sapphire wafers to service qualification enquiries for LED, semiconductor and sapphire optics end-users.

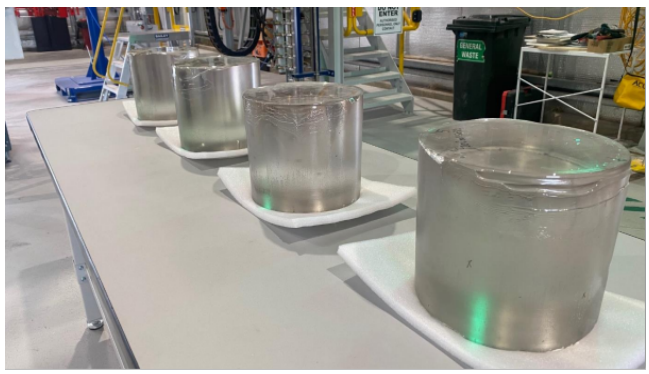
As a reminder, A4N has previously guided the conversion of HPA to sapphire glass to provide a 10x uplift in revenue per unit of alumina and a +50% increase in FCF relative to 4N+ HPA equivalent production. Detailed guidance on the economics of sapphire production has been limited to date (we suspect due to commercial sensitivities), although base and upper case EBITDA guidance for each phase of sapphire production at steady state has previously been provided (see Fig. 21).

Figure 19: Sapphire growth unit EBITDA and CapEx guidance by rollout phase; Nova Phase extrapolated by EH



Source: Company reports, Euroz Hartleys edits and estimates

Figure 20: Raw, single crystal sapphire boules generated from a recent production run



Source: Company reports

Each sapphire growth unit utilising Ebner's sapphire growth technology is capable of producing ~4,000kg of synthetic sapphire per annum. Sapphire growth feedstock requirements are loosely guided at a ratio of 3-4ktpa of sintered HPA tablets per 1k sapphire growth units (termed Nova Phase production, which has been incorporated into A4N's existing LOI with Ebner), which would generate annual base case EBITDA of A$800m (upper case: >A$1.0bn) from ~46-62% of Stage 2 HPA equivalent output.

With Phase A sapphire growth now demonstrably successful, all eyes are now on the rollout of additional sapphire growth units across FY25/26/27E, with FID on the Phase B rollout (additional 48 units) expected shortly. Since our last note, we have slowed our rollout assumptions to reflect the rollout of 28 sapphire growth units each year across FY25/26/27E, with initial sapphire growth revenue recognised in late FY25E.

We remind that A$30m of concessional debt funding from the Queensland Critical Minerals and Battery Technology Fund has previously been announced to fund the Phase B rollout, which is subject to an equal equity contribution from A4N. We note additional funding may need to be sourced to fund A4N's sapphire growth rollouts, and as such, we risk weight our sapphire growth rollout in recognition of this, while noting A4N has received non-solicited approaches for the provision of alternative and non-dilutive financing arrangements from a number of parties for upcoming CapEx requirements.

Figure 21: Guidance breakdown between base and upper case guidance for sapphire growth Phases A, B and C

		Phase A	Phase B	Phase C
Cumulative sapphire growth units	x	2	50	100
Base case EBITDA	US$m	1.0	25.8	51.6
Uppper case EBITDA	US$m	1.4	34.6	69.3
EBITDA per growth unit (base case)	US$m	0.5	0.5	0.5
EBITDA per growth unit (upper case)	US$m	0.7	0.7	0.7
EH modelled CapEx	A$m	2.4	60	60

Source: Euroz Hartleys estimates, adapted from company guidance

What's in it for A4N's downstream sapphire partner, Ebner-Fametec? Synthetic sapphire glass production will utilise i) Ebner-Fametec's proprietary sapphire growth technology (which is not being sold into the open market) and ii) sintered HPA tablets produced by A4N as feedstock. We note Arctic Sapphire AS, a wholly owned subsidiary of Ebner-Fametec), is in the process of rolling out 100 sapphire growth units in Sulitjelma, Norway, which will leverage Norwegian hydropower as part of a net-zero sapphire crystal growth offering, prompted by increasing micro-LED demand and supply disruption.

Ebner's collaboration with A4N provides access to HPA feedstock for sapphire growth with a relatively more attractive carbon footprint than incumbent HPA feedstock supply. The Alpha Sapphire collaboration also provides geographical diversification of supply (as required by cornerstone LED sector end users; +80% of incumbent production is accounted for by Russian and Chinese entities), with renewable energy access via the commercialisation of A4N's technology in Queensland, which has cumulatively received A$78m in government grant funding to date, in addition to A$30m in concessional debt funding specifically for the downstream expansion into sapphire glass growth.

Figure 22: A4N Financial Summary

Market Statistics		
Share Price	**0.85**	**A$/sh**
Issued Capital		
Fully Paid Ordinary	1,134.6	m
Options (ex. $0.90/sh)	11.8	m
Performance Rights	5.9	m
Diluted Fully Paid Ordinary	**1,152.2**	**m**
Market Capitalisation	982	A$m
Enterprise Value	793	A$m
Cash (Jun-24)	190	A$m
Debt	Nil	A$m
Substantial Shareholders		
Regal Partners	6.3%	
Norman Seckold	5.9%	
AustralianSuper	5.0%	

SOTP Valuation	Risking	Equity	A$m	A$/sh
HPA First Project (Stage 1 & 2)	90%	100%	959	0.83
Alpha Sapphire (Phases A, B & C)	90%	100%	239	0.21
Alpha Sapphire (Nova Phase)			400	0.35
Corporate Overheads			(46)	(0.04)
Cash			190	0.16
Undrawn Grant Funds			62	0.05
Listed Investments			4	0.00
Unpaid Capital			11	0.01
Total			**1,819**	**1.58**
Price Target (A$/sh, 1.0x NAV, rounded)				**1.60**

Model Assumptions	FY25E	FY26E	FY27E	FY28E
5N purity aluminium nitrate (kt)	0.00	0.00	0.81	3.05
4N5+ purity alpha phase alumina powder (kt)	0.00	0.00	0.74	2.78
4N5+ purity gamma phase alumina powder (kt)	0.00	0.00	0.46	1.74
4N5+ purity alumina trihydrate (kt)	0.00	0.00	0.39	1.48
4N5+ purity nano-alumina powder (kt)	0.00	0.00	0.01	0.03
Average selling price (US$/kg)	0.0	0.0	29.6	29.6
Operating Costs (US$/kg)	0.0	0.0	17.3	7.4
AUD:USD (x)	0.69	0.72	0.72	0.72

Ratio Analysis	FY25E	FY26E	FY27E	FY28E
Operating CF (A$m)	-35	-20	81	240
CFPS (A$/sh)	-0.03	-0.02	0.07	0.21
Earnings (A$m)	-43	-28	67	206
EPS (A$/sh)	-0.04	-0.02	0.06	0.18
Enterprise Value (A$m)	1,047	1,336	1,299	1,089
EV/EBITDA (x)	-49x	92.8x	10.5x	2.9x
EV/EBIT (x)	-35.5x	213.4x	11.9x	3.2x
Net Debt (A$m)	80	368	332	122
ND/(ND + Equity) (%)	23%	56%	49%	18%
EBIT Margin (%)	-1018%	10%	45%	64%
ROE (%)	-16%	-10%	19%	37%
ROA (%)	-10%	-4%	9%	22%
Dividends (A$/sh)	0.0	0.0	0.0	0.0
Div. Payout Ratio (%)	0%	0%	0%	0%
Div. Yield (%)	0%	0%	0%	0%
Div. Franking (%)	100%	100%	100%	100%

Profit & Loss				
Yr End 30 June (A$m)	**FY25E**	**FY26E**	**FY27E**	**FY28E**
(+) Sales revenue	3	63	241	537
(+) Interest income	-	-	-	-
(+) Other revenue	-	-	-	-
Total Revenue	**3**	**63**	**241**	**537**
(-) Costs of production	(14)	(38)	(107)	(150)
(-) Corporate overheads	(10)	(10)	(10)	(10)
(-) D&A	(8)	(8)	(15)	(34)
(-) Other	-	-	-	-
EBITDA	**(21)**	**14**	**124**	**377**
EBIT	**(30)**	**6**	**109**	**343**
(-) Interest Expense	(14)	(34)	(34)	(34)
NPBT	**(43)**	**(28)**	**75**	**308**
(-) Minority Interest	-	-	-	-
NPBT (ex-min.)	**(43)**	**(28)**	**75**	**308**
(-) Tax	-	-	(8)	(103)
Net Profit	**(43)**	**(28)**	**67**	**206**

Cash Flow				
Yr End 30 June (A$m)	**FY25E**	**FY26E**	**FY27E**	**FY28E**
Net Profit	**(43)**	**(28)**	**67**	**206**
(+) Working Capital Adj.	-	-	-	-
(+) D&A	8	8	15	34
(+) Tax Expense	-	-	8	103
(-) Tax Paid	-	-	(8)	(103)
(+/-) Other	-	-	-	-
Operating Cashflow	**(35)**	**(20)**	**81**	**240**
(-) Capex & Development	(309)	(309)	(45)	(30)
(-) Exploration	-	-	-	-
(+/-) Other	-	-	-	-
Investing Cashflow	**(309)**	**(309)**	**(45)**	**(30)**
(+) Equity Issues	11	-	-	-
(+) Loan Drawdown	150	230	-	-
(-) Loan Repayment	-	-	-	-
(-) Other	63	40	-	-
Financing Cashflow	**224**	**270**	**-**	**-**
BoP Cash Balance	**190**	**70**	**12**	**48**
(+/-) Net Cashflows	(120)	(59)	37	210
(+/-) FX Adj.	-	-	-	-
EoP Cash Balance	**70**	**12**	**48**	**258**

Balance Sheet				
Yr End 30 June (A$m)	**FY25E**	**FY26E**	**FY27E**	**FY28E**
Assets				
Cash	70	12	48	258
Current Receivables	8	8	8	8
Other Current Assets	4	4	4	4
Non-Current Assets	360	661	690	686
Total Assets	**442**	**684**	**751**	**956**
Liabilities				
Borrowings	150	380	380	380
Current Accounts Payable	8	8	8	8
Other Liabilities	12	12	12	12
Total Liabilities	**170**	**400**	**400**	**400**
Net Assets	**272**	**284**	**350**	**556**

Source: Euroz Hartleys Research

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Alpha HPA Limited (A4N.ASX) | Price A$0.85 | Target price A$1.60 | Recommendation Speculative Buy;

Price, target price and rating as at 06 September 2024 (not covered)*

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