

Alpha **HPA**

ABN 79 106 879 690

Alpha HPA Limited
and its controlled entities
Interim Financial Report

for the half-year ended 31 December 2020

Corporate Information

ABN 79 106 879 690

Directors

Norman Seckold - Chairman
Rimas Kairaitis - Managing Director
Peter Nightingale – Director
Cameron Peacock - Non-Executive Director
Anthony Sgro - Non-Executive Director
Justin Werner - Non-Executive Director

Company Secretary

Richard J. Edwards

Principal Place of Business and Registered Office

Level 2, 66 Hunter Street
Sydney NSW 2000
Australia

Auditors

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

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
SYDNEY NSW 2000

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Alpha HPA Limited and its controlled entities

Directors' Report

The Directors of Alpha HPA Limited ('Alpha' or 'the Company') and its subsidiaries ('the Group') submit their report for the half-year ended 31 December 2020 and the Auditor's Review report thereon.

DIRECTORS

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

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

RESULTS

The loss of the Group for the half-year after providing for income tax amounted to \$7,718,783 (2019 - loss of \$5,201,845).

REVIEW OF OPERATIONS

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

HPA FIRST PROJECT – (Alpha - 100%)

The half-year saw a number of material advancements in the HPA First Project achieved. Highlights during and subsequent to the end of the half-year include:

- Upscaling the Company's Brisbane-based Pilot Plant to 'Demonstration scale' to cater for larger test orders required by potential offtake partners.
- Successful manufacture and marketing of two high purity (5N) alumina pre-cursor products with multiple applications within the Lithium-ion (Li-B), LED and specialty chemical markets.
- Maiden sales of 5N precursor into specialty chemicals market.
- Memorandum of Understanding ('MoU') signed with Traxys North America ('Traxys') re offtake, marketing and financing and Rhineland Specialties Inc, USA ('Rhineland Specialties') re marketing and wholesaling.
- Market outreach program extended to include high purity precursor products.
- Grant by the Queensland Government of the Material Change of Use ('MCU') permit in respect of the Company's HP First Project within the Gladstone State Development Area ('GSDA').
- Project financing discussions advanced.
- Continued advancement of Orica Definitive Agreements.

Alpha HPA Limited and its controlled entities

Directors' Report

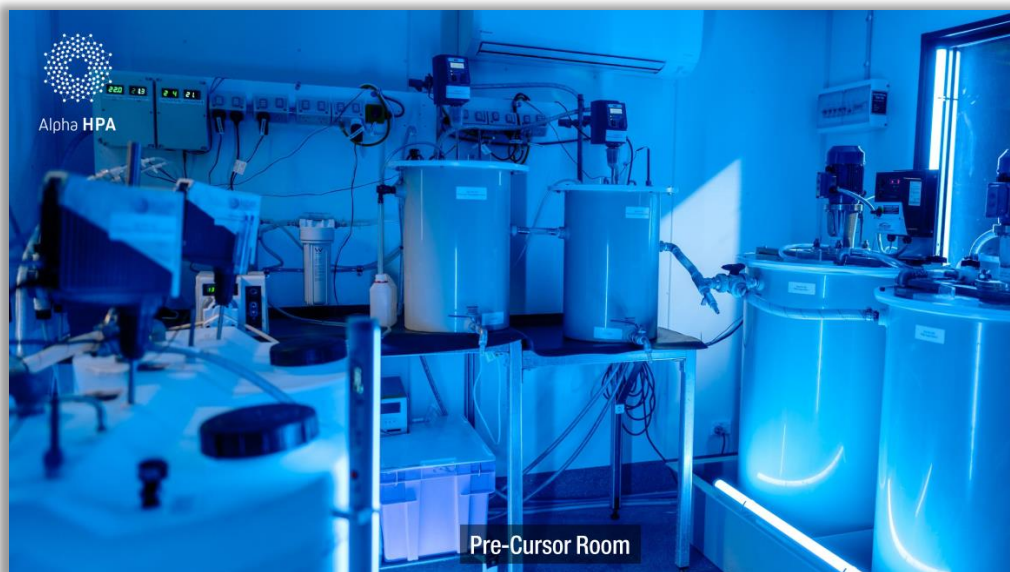
PROJECT TECHNICAL

DEMO SCALE PILOT PLANT PRODUCTION

During the period under review Alpha's technical activities were primarily centered around the upscaling of the Company's Brisbane-based Pilot Plant to 'Demonstration scale' in order to meet larger scale test orders being received from potential offtake partners across both the Li-B and sapphire/LEB industries.

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

The two images below show the demonstration scale Pre-Cursor and Pelleting rooms at the Brisbane Pilot Plant facility.



Alpha HPA Limited and its controlled entities

Directors' Report

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

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

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



HPA pellets for sapphire glass end-users (~45 x 45 x 20mm)

HIGH-PURITY PRE-CURSORS

As part of its extended market outreach program in co-operation with its marketing/offtake partner Traxys (refer details below), the Company recognised a key market opportunity to utilise the HPA First Process to manufacture high-purity lithium-ion battery pre-cursor materials for application in:

1. the particle scale alumina (Al_2O_3) coating of high-nickel cathode active material (e.g.: 8:1:1 NCM); and
2. the synthesis of aluminium bearing cathode active materials (e.g. NCA and NCMA).

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

As **Part 1** of the development of high-purity pre-cursors, Alpha successfully manufactured >20kg of high purity alumina coating pre-cursor material at 5N purity (99.999%). The Company has confirmed that this pre-cursor material is already in commercial application for particle scale alumina coating of anode materials and NCM cathode active materials.

The cathode coating application in particular is considered a significant growth opportunity, as the cathode material manufacturers look to stabilise high nickel cathode chemistries (e.g. 8:1:1 NCM).

Alpha HPA Limited and its controlled entities

Directors' Report

The pre-cursor material is readily produced within the existing HPA First Process flow sheet with no significant alterations, and no interruption to current demonstration plant activities. In addition, the product is produced at the highest purity point in the process, generating 5N (99.999%) purity. Of note is that Phosphorus (P) represents approximately 90% of impurities, and that Phosphorous significantly volatilises (gasifies) in the calcination step for the cathode active material, rendering close to an effective 6N (99.9999%) purity pre-cursor product.

In response to this development, and in co-operation with Traxys, Alpha has expanded its market outreach with pre-cursor material available for immediate shipment from its Brisbane demonstration-scale Pilot Plant.



A centrifuge batch of high-purity pre-cursor product (approx. 2kg) produced at Alpha's demonstration facility

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

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

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

The pre-cursor material can be readily produced with only modest adjustments to the existing HPA First Process flow sheet, with the Company now mobilising additional equipment to the Brisbane plant in anticipation of receiving end-user sample orders for this pre-cursor. In co-operation with Traxys, Alpha has expanded its market outreach activities accordingly.

Alpha HPA Limited and its controlled entities

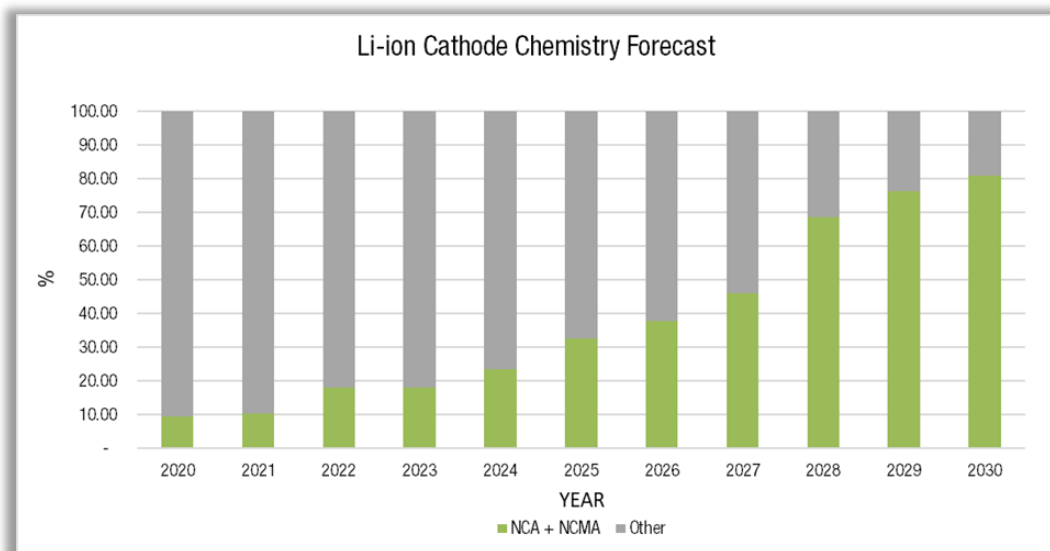
Directors' Report



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

*NCA = Lithium:Nickel:Cobalt:Aluminium

**NCMA = Lithium:Nickel:Cobalt:Manganese:Aluminium



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

In addition to the upscaling of the Company's Pilot Plant and the expansion of its product offering, Alpha's operations across the period were focused on the three key workstreams required to support the commercialisation of the Company's HPA First Project, namely project permitting, financing and market outreach of the Company's range of high purity aluminium products including high purity alumina (HPA), boehmite and its two 5N purity aluminium precursors. The half year under review saw substantial progress on each of these commercial work streams, as summarised below.

Alpha HPA Limited and its controlled entities

Directors' Report

PROJECT COMMERCIAL

Expanded Market Outreach

In co-operation with Traxys (see Traxys MoU, below), the Company continued to be highly active with respect to market engagement of its high purity aluminium products with the Company's product range having now expanded from HPA and boehmite to also include two high purity aluminium precursors with a range of applications across both the Li-B and sapphire glass/LED markets.

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

TRAXYS MoU

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

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

1. Product Marketing and Offtake

Joint engagement with respect to prospective customers, with a view to engaging in a long-term offtake and/or marketing agreement.

2. Finance and Logistics Support

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

3. Working Capital Facilities

The provision of working capital and/or pre-payment facilities in consultation with, and in support of, potential senior lenders to the Project, including Australian Government and commercial lenders.

4. Direct Investment

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

Since the execution of the MoU, Alpha and Traxys have been working closely together in identifying and contacting potential end-user customers across the lithium-ion battery market promoting the Company's suite of high-purity aluminium-based products.

RHINELAND SPECIALTIES MoU

In November 2020 the Company announced it had signed an MoU with Rhineland Specialties Inc, USA ('Rhineland') with respect to the marketing and wholesaling of the Company's range of high purity aluminium products to specialty markets in North America. The MoU includes marketing into the following markets where Rhineland have particular expertise, which demand high purity raw materials, and which generally attract premium pricing:

- Specialty Chemicals
- Photonics
- Optics and specialty laser applications
- Solar/PV
- Thin film/coatings
- Composites
- Ceramics
- Nanomaterials

Alpha HPA Limited and its controlled entities

Directors' Report

The Rhineland MoU is particularly focused on the marketing of the Company's two high purity aluminium precursor products into these markets, and contemplates volumes of up to 6,000kg per month for each precursor.

The Rhineland MoU was negotiated in co-operation with Traxys as a complement to their marketing arrangements, as it provides market access to specialist applications in addition to the larger volume Li-B and LED lighting markets which are subject to the Traxys and Alpha marketing efforts.

Alpha and Traxys are also coordinating logistics solutions for higher volume orders that may be generated from the Rhineland product marketing.

Rhineland facilitated the maiden sales of Alpha's 5N precursor product (detailed below) and are continuing to expand their market outreach in the expectation of further sales.

HPA Pellet orders shipped to South Korean and North American sapphire glass manufacturers

During the period, Alpha shipped two significant test orders of HPA pellets to global sapphire glass manufacturers. A small 2.5kg test order was sent to South Korea with a larger order (96kg) sent to a sapphire glass manufacturer in North America.

These orders represented the first sintered HPA pellet orders filled by the Company's upscaled Brisbane plant which now includes the recently commissioned pellet press and sintering oven.



HPA pellets as a subset of the larger (96kg) HPA pellet test order shipped to a US based sapphire glass manufacturer

Alpha is also active in further product development of its sintered HPA pellets for both Japanese and Taiwanese based end-users.

Alpha HPA Limited and its controlled entities

Directors' Report

Maiden Sales of 5N Precursor #1 into Specialty Chemicals Market

During the period the Company expanded the marketing of its high purity aluminium product range with assistance of USA and Taiwanese based product wholesalers, to include the targeting of specialist markets outside of the wider LED and Lithium-ion battery supply chains.

These efforts saw Alpha able to confirm sales orders of Al-precursor #1 to speciality markets in the USA, via Rhineland Specialities. Alpha has now received sales orders for more than 40kg of this product, with a further 20kg order expected in January 2021, at an average price of ~US\$496/kg.

Alpha is now fielding numerous price and volume enquiries for its 5N precursor #1 product for use across a range of speciality chemicals applications, which have reasonable prospects of developing into additional sales.

Although early in the Company's precursor marketing effort, these sales are a positive indicator for the acceptance of the premium quality of the Company's 5N pre-cursor product and a useful price marker for product value at low volumes. As this marketing effort develops, Alpha will seek to build volume demand for this product. The Company would reasonably expect that pricing for larger volumes would be calibrated accordingly, but with the net effect that 5N pre-cursor sales have the potential to materially improve the HPA First Project financial returns.

Alpha continues to market this precursor to both specialty applications as well as the LED/Phosphor and Li-ion battery markets, with further test orders sent and with new and follow-on orders anticipated.



20kg drum shipment- 5N Precursor #1



42kg carton shipment - 5N Precursor #1

Alpha HPA Limited and its controlled entities

Directors' Report

5 product test orders shipped to German LED/Phosphor end-users

As part of its evolving marketing campaign in the solid state/LED lighting sector, Alpha received and shipped 5 separate product test orders to two leading German based manufacturers of LED lights and LED phosphors. The test orders include:

- 2 shipments of 5N aluminium precursor #1
- 2 shipments of bespoke 4N HPA powder
- 1 shipment of 4N boehmite

Alpha understands that each of these products will be assessed for the synthesis of aluminate phosphors (eg: Ce-YAG and Lu-AG) using both wet and solid-state synthesis. Test results are expected in the March quarter, 2021.

The Company's market outreach program included maiden sales of the Company's 5N purity aluminium precursor #1 into the specialty chemicals market, providing strong validation as to the degree of industry acceptance of the Company's high purity products.

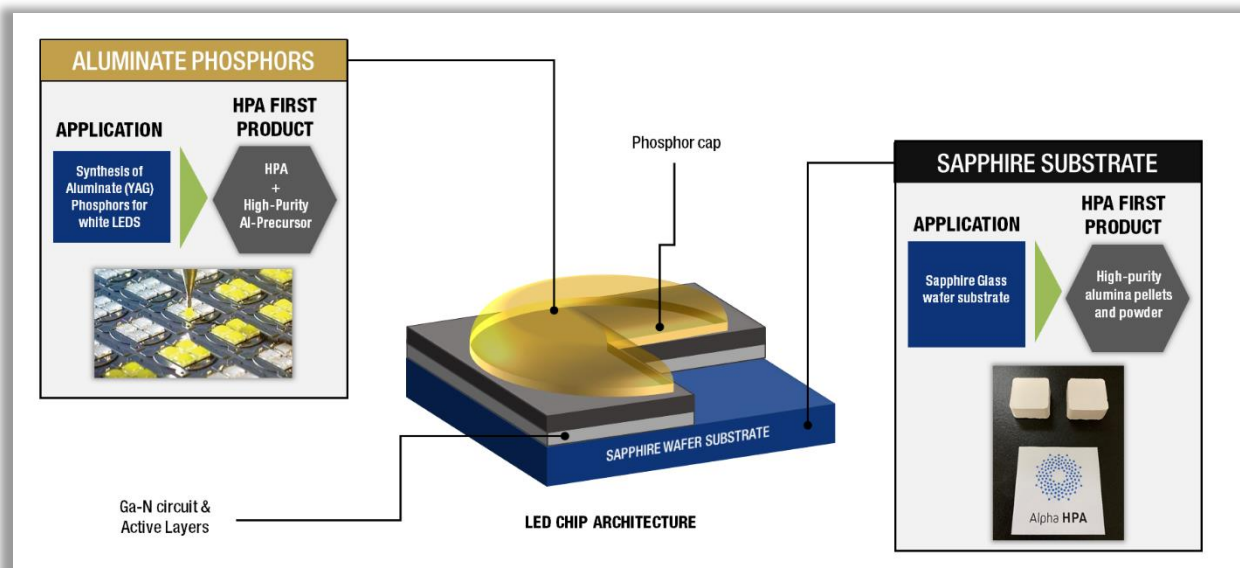
The market outreach program is set to continue to escalate, with a target to progressively convert market interest into end user MoU's and/or offtake contracts, as required to support the HPA First Project financing.

Test orders shipped to German LED/Phosphor end users

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Alpha product applications inside LED lighting

Alpha HPA Limited and its controlled entities

Directors' Report

The Company is encouraged by the response from manufacturers to its products and remains confident of further test orders with a view to developing commercial offtake terms.

Additional HPA powder and HPA pellet orders received from Taiwan

During the half-year, Alpha received additional orders for HPA powder and pellets from a large Taiwan based sapphire glass and ceramics manufacturer. The pellet order has been shipped with the HPA powder order due for shipment in the March quarter 2021.

Boehmite test sample shipped to cathode technology developer in Canada

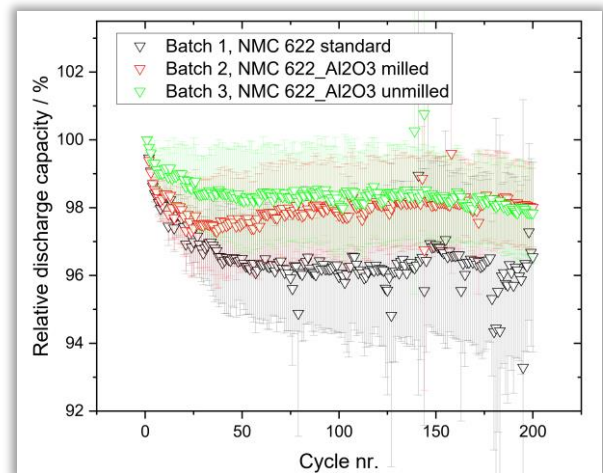
A sample order of Alpha's high purity boehmite product was dispatched to a Li-B cathode technology business in Canada for testing of the product into their cathode materials blend.

Further research confirming beneficial addition of HPA in Li-ion cathode

Alpha completed a further research project conducted by the electrolyte specialist E-Lyte Innovations GmbH and the cell specialist Custom Cells Itzehoe GmbH in Germany. The research constructed a series of lithium-ion test cells using NMC622 cathodes impregnated with HPA manufactured at the Company's Brisbane facility. The testwork generated definitive results showing material improvements in cell discharge capacity using HPA introduced to the cathode slurry.



NMC622 cathode foil impregnated with Alpha's high purity alumina



Results showing material improvements in cell discharge capacity using HPA introduced to the cathode slurry

This research supports the industry trend of increased usage of high purity alumina within Li-B cathode to improve performance and stability of nickel-rich cathode chemistries.

Product Development Initiatives

Alpha's broadening technical and commercial engagement with end users has precipitated a number of product development requests which are now active projects within the Brisbane facility, in parallel with the delivery of end user test orders. At the end of the December quarter, the Company had 5 product development projects underway including:

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

Alpha HPA Limited and its controlled entities

Directors' Report

These product development projects have forecast completion timelines within the March quarter 2021.

Lodgment and Subsequent Approval of HPA First Project Land Use Application

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

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

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

Subsequent to the end of the period Alpha announced that the OCG had approved the MCU application for the construction of an HPA processing facility.

The MCU approval represents the major State Government approval for the HPA First Project, with the final approval required being the Environmental Authority ('EA'), which is issued by the Queensland Department of Environment and Science ('DES').

Working with permitting consultants, AECOM, Alpha is now completing the applications and supporting studies for the EA, with EA approval anticipated in the June quarter 2021.



HPA First Project Site – Gladstone State Development Area

Project financing discussions advanced

The Company continued working actively on the HPA First Project financing with support from its advisors, KPMG Financial Advisory. The Company continues to progress discussions with Australian Commonwealth Government lenders and respond to their requests for information.

In addition, the Company has received confirmations of preliminary interest from a number of both domestic and international commercial lenders.

Alpha HPA Limited and its controlled entities

Directors' Report

EOI issues to selected EPCM Contractors

In preparation for a CY21 Final Investment Decision, Alpha has sought Expressions of Interest ('EOI') from a selected list of Engineering, Procurement and Construction Management ('EPCM') contractors with a view to concluding tenders and allotment of contracts in the March quarter 2021.

Orica Definitive Agreements Update

The HPA First Project is being progressed on the basis of the project being located within the Gladstone State Development Area ('GSDA'), where Alpha has secured a contract for a 9.2 hectare land parcel immediately opposite the chemical facility operated by Orica Australia Pty Ltd ('Orica') (see map below). In March 2020, the Company signed an MoU with Orica which sets out the volumes and pricing mechanisms for the supply of key process reagents and the offtake of by-product from the HPA First Project subject to the negotiation and finalisation of a more definitive Supply and Offtake Agreement.

Prior to the conclusion of 2020 Alpha and Orica noted that:

- Under the joint Engineering Co-Operation Group ('ECG'), both parties have conducted substantial engineering and testwork related to the Projects interface and the quality and specification requirements of the process reagents and the process by-product, with positive results. Joint Alpha-Orica by-product testwork is ongoing.
- The parties are continuing to work together to develop the technical operations interface and safety and quality assurance protocols which describe the safe operability between the two sites.
- Draft definitive agreements are under review.

Further to the points above, Orica and Alpha are continuing to finalise the definitive agreements and the related operating protocols in good faith and will seek to complete the definitive agreements in the March 2021 quarter in a form satisfactory to potential project lenders.

The definitive agreements will include a number of conditions precedent, including completion of final permitting and project financing of the proposed HPA First Project.

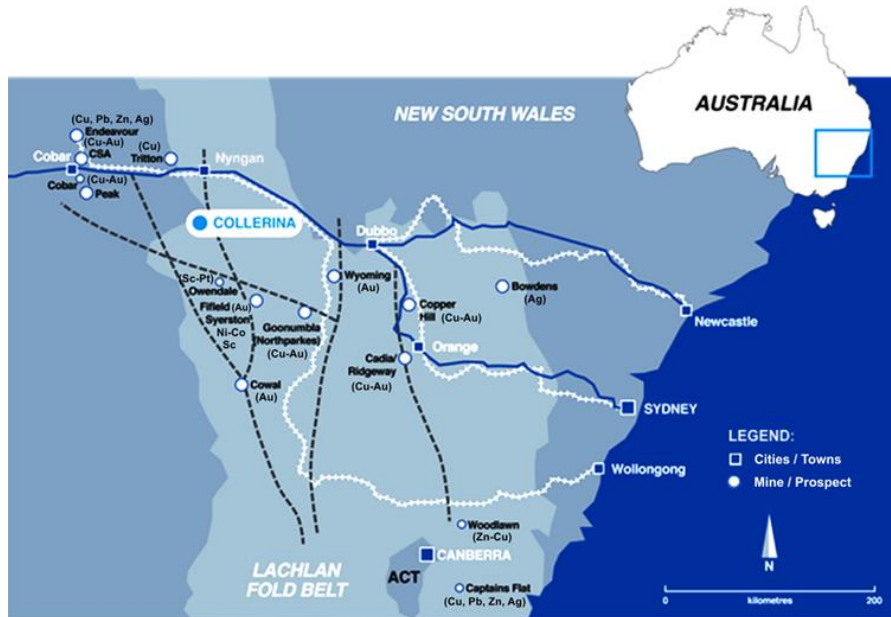
The Company is pleased with the progress of the agreements and remains confident they will be concluded in line with the requirements of the current Project Schedule delivery timetable.

Alpha HPA Limited and its controlled entities

Directors' Report

COLLERINA PROJECT – NSW (Alpha - 100% owned and partly subject to farm-out)

The Collerina project is located 40 kilometres south of Nyngan in central NSW, covering an area of 150km² within the Fifield Platinum Province.



Collerina project situated about 40 kilometres south of Nyngan, NSW

The Company's primary focus remains the HPA First Project, which provides the opportunity for cheaper, faster and more readily permitted path to shareholder returns. However, the Company still considers that the chemical characteristics of the Collerina project ore represent a unique opportunity to produce nickel, cobalt, scandium and HPA, when compared to other nickel-cobalt laterite proponents. Further studies will be required to assess the technical and financial case for the integration of the Collerina project into the HPA First Project and to expand the revenue base into these other products. The Company remains committed to realising full value for shareholders from the advancement of its Collerina project.

The Collerina project comprises NSW exploration licences 8768 and 8703, with EL8768 being subject to a commodity split agreement with Helix Resources Limited (Helix) whereby Alpha retains rights to 100% of the nickel-cobalt laterite resources with the areas of retained rights and Helix Resources the non-nickel laterite rights, with Alpha retaining a royalty. No exploration or evaluation work was carried out by Alpha on the Collerina project during the year, however, Helix was active in non-nickel-laterite exploration within EL8768.

Alpha HPA Limited and its controlled entities

Directors' Report

WONOGIRI PROJECT – INDONESIA (Alpha - 45%)

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

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

Under the terms of the CSPA:

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

CORPORATE

Issue of Shares

In October 2020, 12 million options, each exercisable at \$0.15, were converted into ordinary shares in the Company resulting in \$1.8 million being added to the Company's treasury.

FY20 R&D Rebate

In January 2021 the Company lodged a \$852,266 R&D rebate claim, for activities related to the HPA First Project in 2019/20.

Competent Person Statement (Exploration Results)

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

Alpha HPA Limited and its controlled entities

Directors' Report

Competent Person Statement (Process Development Testwork)

Information in this announcement that relates to metallurgical results is based on information compiled by or under the supervision of Dr Stuart Leary, an Independent Consultant trading as Delta Consulting Group. Dr Leary is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Dr Leary has sufficient experience to the activity which he is undertaking to qualify as a Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Leary consents to the inclusion of the technical data in the form and context in which it appears.

For further information on testwork results and processes see ASX announcements dated 2 March 2021, 14 December 2020, 27 October 2020, 8 October 2020, 28 September 2020, 8 September 2020, 28 July 2020, 19 June 2020, 21 May 2020, 23 April 2020, 25 March 2020, 17 March 2020, 10 December 2019, 21 November 2019, 10 October 2019, 23 September 2019, 28 August 2019, 5 August 2019, 25 July 2019, 2 July 2019, 3 June 2019, 17 April 2019, 7 March 2019, 4 December 2018, 20 November 2018, 6 September 2018, 31 August 2018, 9 July 2018, 30 April 2018, 26 April 2018, 21 March 2018, 6 March 2018, 21 February 2018, 8 December 2017, 30 November 2017, 29 November 2017, 24 November 2017 and 13 November 2017.

SUBSEQUENT EVENTS

Subsequent to the end of the interim financial period:

- Notification was received that the Company's Gladstone State Development Area ('GSDA') application (Development Permit) for a Material Change of Use ('MCU') and construction of a high purity alumina processing plant had been approved by the Queensland Government Office of the Co-Ordinator General.

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 19 as required under Section 307C of the *Corporations Act* 2001 is attached to and forms part of the Directors' Report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman
Sydney, 12 March 2021



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

To the Directors of Alpha HPA Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Alpha HPA Limited for the half-year ended 31 December 2020 there have been:

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

KPMG

Stephen Board
Partner

Brisbane
12 March 2021

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Profit or Loss and Other
Comprehensive Income
for the half-year ended 31 December 2020

		31 December 2020 \$	31 December 2019 \$
Continuing operations			
Other income	4	874,741	197,500
Administration and consultants' expenses		(635,887)	(575,438)
Audit and other professional fees		(40,000)	(80,625)
Depreciation		(19,105)	(573)
Director and company secretarial fees		(343,667)	(304,000)
Share based payments	8	(3,041,380)	(1,871,075)
Unrealised gain on investment	6	13,697	71,959
Development expenses		(3,834,270)	(2,425,221)
Exploration and evaluation expenses	3	(57,249)	(175,626)
Other expenses from ordinary activities		(45,427)	(61,695)
Loss on deconsolidation of Wonogiri project	9	(477,005)	-
Operating loss before financing income		(7,605,552)	(5,224,794)
Finance income		6,250	22,949
Finance expense		(119,481)	-
Net finance income		(113,231)	22,949
Loss before income tax		(7,718,783)	(5,201,845)
Income tax expense		-	-
Loss for the period		(7,718,783)	(5,201,845)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Movements in foreign currency translation reserve		(155,446)	40,107
Foreign currency translation reclassified on deconsolidation		144,988	-
Total other comprehensive income		(10,458)	40,107
Total comprehensive loss for the period		(7,729,241)	(5,161,738)
Loss attributable to:			
Owners of the Company		(7,676,424)	(5,083,703)
Non-controlling interest		(42,359)	(118,142)
Loss for the period		(7,718,783)	(5,201,845)
Total comprehensive loss attributable to:			
Owners of the Company		(7,682,682)	(5,061,649)
Non-controlling interest		(46,560)	(100,089)
Total comprehensive loss for the period		(7,729,242)	(5,161,738)
Earnings per share			
Basic and diluted loss per share attributable to ordinary equity holders (cents per share)		(1.12)	(0.84)

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Financial Position
as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents		4,922,214	7,984,529
Trade and other receivables	5	1,110,240	168,183
Prepayments		40,379	87,120
Total current assets		6,072,833	8,239,832
Non-current assets			
Property, plant and equipment		2,934	3,137
Right-of-use-assets		79,424	-
Exploration and evaluation expenditure	3	2,560,746	2,556,925
Investments	6	77,615	63,918
Deposits		200,759	160,000
Total non-current assets		2,921,478	2,783,980
Total assets		8,994,311	11,023,812
Current liabilities			
Trade and other payables		802,938	586,068
Lease liability		51,101	-
Total current liabilities		854,039	586,068
Non-Current liabilities			
Lease liability		30,163	-
Total current liabilities		30,163	-
Total liabilities		884,202	586,068
Net assets		8,110,109	10,437,744
Equity			
Issued capital	7	50,360,931	48,038,551
Reserves		6,280,673	3,807,438
Accumulated losses		(48,540,552)	(40,864,128)
Total equity attributable to equity holders of the Company		8,101,052	10,981,861
Non-controlling interest		9,057	(544,117)
Total equity		8,110,109	10,437,744

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Cash Flows
for the half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Cash payments in the course of operations		(1,035,988)	(887,010)
Interest received		6,250	14,486
Interest paid		(2,523)	-
Advanced Manufacturing Growth Centre rebate		-	197,500
Government grants and incentives		20,000	918,798
Net cash used (in)/from operating activities		(1,012,261)	243,774
Cash flows from investing activities			
Payments for exploration expenditure		(65,522)	(155,356)
Payments for development expenditure		(3,761,424)	(2,284,982)
Payments for property, plant and equipment		(1,252)	-
Net cash used in investing activities		(3,828,198)	(2,440,338)
Cash flows from financing activities			
Proceeds from issue of shares	7	1,800,000	6,500,000
Transaction costs on share issue	7	(8,220)	(140,308)
Lease principal repayment		(15,810)	-
Contribution by non-controlling interest	13	17,098	52,083
Net cash from financing activities		1,793,068	6,411,775
Net increase in cash and cash equivalents		(3,047,391)	4,215,211
Cash and cash equivalents at 1 July		7,984,529	691,016
Effect of exchange rate adjustments on cash held		(14,924)	(259)
Cash and cash equivalents at 31 December		4,922,214	4,905,968

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

Alpha HPA Limited and its controlled entities
Condensed Consolidated Interim Statement of Changes in Equity
for the half-year ended 31 December 2020

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$	Non- Controlling Interest \$	Total Equity \$
Balance as at 1 July 2019		34,112,896	2,054,810	(31,518,634)	4,649,072	(487,486)	4,161,586
Total comprehensive income for the period							
Loss for the period		-	-	(5,083,703)	(5,083,703)	(118,142)	(5,201,845)
Other comprehensive income/(loss)		-	22,054	-	22,054	18,053	40,107
Total comprehensive loss for the period		-	22,054	(5,083,703)	(5,061,649)	(100,089)	(5,161,738)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares	7	6,500,000	-	-	6,500,000	-	6,500,000
Issue of options		-	1,871,075	-	1,871,075	-	1,871,075
Fair value of options exercised during the period		960,372	(960,372)	-	-	-	-
Costs of issue	7	(140,308)	-	-	(140,308)	-	(140,308)
Contribution from non-controlling interest	12	-	-	-	-	52,083	52,083
Total contributions by and distributions to owners		7,320,064	910,703	-	8,230,767	52,083	8,282,850
Balance at 31 December 2019		41,432,960	2,987,567	(36,602,337)	7,818,190	(535,492)	7,282,698
Balance as at 1 July 2020		48,038,551	3,807,438	(40,864,128)	10,981,861	(544,117)	10,437,744
Total comprehensive income for the period							
Loss for the period		-	-	(7,676,424)	(7,676,424)	(42,359)	(7,718,783)
Other comprehensive income/(loss)		-	(6,257)	-	(6,257)	(4,201)	(10,458)
Total comprehensive income/(loss) for the period		-	(6,257)	(7,676,424)	(7,682,681)	(46,560)	(7,729,241)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares	7	1,800,000	-	-	1,800,000	-	1,800,000
Cost of issue	7	(8,220)	-	-	(8,220)	-	(8,220)
Issue of options	8	-	3,041,380	-	3,041,380	-	3,041,380
Deconsolidation of PT Alexis		-	(31,288)	-	(31,288)	582,636	551,348
Fair value of options exercised during the period	7	530,600	(530,600)	-	-	-	-
Contribution from non-controlling interest	12	-	-	-	-	17,098	17,098
Total contributions by and distributions to owners		2,322,380	2,479,492	-	4,801,872	599,734	5,401,606
Balance at 31 December 2020		50,360,931	6,280,673	(48,540,552)	8,101,052	9,057	8,110,109

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

Alpha HPA Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2020

1. REPORTING ENTITY

Alpha HPA Limited ('the Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2020 comprise the Company and its controlled entities (together referred to as 'the Group').

The Group is a for-profit entity developing the HPA First Project, to produce high purity alumina for the battery and LED markets, and the acquisition, exploration and development of mineral deposits in Australia and Indonesia. During the period the Company signed a conditional divestment agreement for disposal of its interest in the Wonogiri project. Under the agreement the Company ceased management control of the Wonogiri project and consequently ceased consolidation of the associated controlled entity.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2020 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.alphaHPA.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

These condensed consolidated interim financial statements were authorised for issue by the Directors on 12 March 2021.

(b) Estimates

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

The significant judgements made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the consolidated annual financial report for the year ended 30 June 2020. These were:

- Note 2(d) Going concern
- Note 3 Exploration and Evaluation Expenditure
- Note 8 Share Based Payments
- Unrecognised deferred tax assets.

During the half year, the Group assessed the carrying value of its exploration assets and no impairment was recognised.

(c) Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Alpha HPA Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2020

(d) 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.

During the half year ended 31 December 2020, the Group incurred a net loss before tax of \$7,718,783 and used \$1,012,261 of cash in operations. As at 31 December 2020, the Group had net assets of \$8,110,109 including unrestricted cash of \$4,922,214. During the half year ended 31 December 2020 significant development expenditures were incurred on upscaling the Group's pilot plant to 'Demonstration scale'. The pilot plant has now been commissioned and its production capability has also been successfully confirmed.

The Directors have prepared cash flow projections for the period from 1 January 2021 to 31 March 2022 that support the ability of the Group to continue as a going concern. The key aspects of the cash flow projections include:

- continuation of cash outflows from operations and net operating losses during the period of the projections;
- cash receipts from the exercise of options issued, research and development incentives and other government grants;
- project management costs associated with project permitting and findings from test work studies;
- pilot plant operating costs; and
- marketing activities to support project outreach.

The material elements of the above expenditures pertain to contractor and consulting expenditures which are discretionary in nature and consequently can be curtailed as required. As a result, the cashflow projections assume that operational expenditures are maintained within available funding levels, and development expenditures are managed in line with available funding. Consequently, the Directors anticipate cash reserves will be sufficient to fund the Group's operations during the period of the cash flow projections and are therefore satisfied the going concern basis of preparation of the consolidated financial statements is appropriate.

	As at 31 December 2020	As at 30 June 2020
	\$	\$

3. EXPLORATION AND EVALUATION EXPENDITURE

New South Wales	2,560,746	2,556,925
	2,560,746	2,556,925

Exploration programs at the Collerina project continue but have not reached a stage which permits a reasonable assessment of economically recoverable reserves. The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively sale, of the respective areas of interest.

Given the previous impairment of the carrying value of the Wonogiri project due to the continued uncertainty surrounding the recoupment of expenditure through successful development and exploitation, \$56,209 of further expenditures in relation to the Wonogiri project have been expensed.

Following the Company's signing in October 2020 of a Conditional Share Purchase Agreement ('CSPA') with Far East Gold Ltd ('FEG') for the sale of its interest in the Wonogiri copper-gold project in Indonesia, and FEG's assumption of control of the Wonogiri project, the Company ceased to consolidate the previously controlled entities. Expenditures at the Wonogiri project had been fully impaired in a prior period and the carrying value of the investment in the Wonogiri project is \$nil.

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2020

	Six months to 31 December 2020 \$	Six months to 30 June 2020 \$		
4. OTHER INCOME				
Government grants and incentives	872,266	197,500		
Other income	2,475	-		
	874,741	197,500		
	874,741	197,500		
	As at 31 December 2020 \$	As at 30 June 2020 \$		
5. TRADE AND OTHER RECEIVABLES				
<i>Current</i>				
GST receivable - Australia	240,157	133,784		
Accrued research and development rebate	852,266	-		
Other receivables	17,817	34,399		
	1,110,240	168,183		
	1,110,240	168,183		
6. INVESTMENTS				
Opening balance	63,918	215,877		
Sale of shares	-	(120,000)		
Realised loss on sale of shares	-	(40,000)		
Unrealised gain	13,697	8,041		
Closing balance	77,615	63,918		
	77,615	63,918		
The Investment is shares held in ASX Listed Santana Minerals Limited, which is classified as a Level 1 financial instrument.				
	As at 31 December 2020 \$	As at 31 December 2019 \$		
7. ISSUED CAPITAL				
Issued and paid up capital				
692,375,880 ordinary shares fully paid (31 December 2019– 632,100,018)	50,360,931	41,432,960		
	50,360,931	41,432,960		
	Nº of shares	\$		
	\$	Nº of shares		
	\$	\$		
Ordinary shares				
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at the beginning of the period	680,375,880	48,038,551	567,100,018	34,112,896
Issue of shares – cash	-	-	35,000,000	3,500,000
Options exercised during the period	12,000,000	2,330,600	30,000,000	3,960,372
Costs of issue	-	(8,220)	-	(140,308)
Balance at the end of the period	692,375,880	50,360,931	632,100,018	41,432,960
	692,375,880	50,360,931	632,100,018	41,432,960

Alpha HPA Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2020

7. ISSUED CAPITAL (continued)

During the period ended 31 December 2020, the Company issued 12,000,000 shares at \$0.15 each for cash totalling \$1,800,000, following the exercise of 12,000,000 \$0.15 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$530,600.

During the period ended 31 December 2019, the Company issued 35,000,000 shares at \$0.10 each for cash totalling \$3,500,000. There were no amounts unpaid on the shares issued. Share issue costs totalled \$140,308. Additionally, the Company issued 30,000,000 shares at \$0.10 each for cash totalling \$3,000,000, following the exercise of 30,000,000 options. The grant date fair value of the share options exercised transferred from reserves to share capital was \$960,372.

8. SHARE BASED PAYMENTS

During the half year ended 31 December 2020, the following options were issued:

- The Company issued 5,000,000 \$0.35 options for no consideration with a grant date of 17 August 2020 and an expiry date of 30 September 2023, to key consultants of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$600,000. The Black-Scholes formula model inputs were the Company's share price of \$0.22 at the grant date, a volatility factor of 101.84% (based on historical share price performance), a risk-free interest rate of 0.27% and a dividend yield of 0%. The options vested on grant date. A share based payment expense of \$600,000 was taken up during the half year ended 31 December 2020.
- The Company issued 7,000,000 \$0.35 options for no consideration with a grant date of 17 August 2020 and an expiry date of 31 July 2023, to key consultants and employees of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$812,000. The Black-Scholes formula model inputs were the Company's share price of \$0.22 at the grant date, a volatility factor of 101.84% (based on historical share price performance), a risk-free interest rate of 0.27% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2021 and 1/3 vest on 31 July 2022. A share based payment expense of \$428,072 was taken up during the half year ended 31 December 2020.
- The Company issued 19,000,000 \$0.35 options for no consideration with a grant date of 19 November 2020 and an expiry date of 31 July 2023, to directors of the Company, following shareholder approval at the Company's Annual General Meeting. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$3,857,000. The Black-Scholes formula model inputs were the Company's share price of \$0.34 at the date at which shareholder approval for the grant was received, a volatility factor of 102.72% (based on historical share price performance), a risk-free interest rate of 0.11% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2021 and 1/3 vest on 31 July 2022. A share based payment expense of \$1,585,491 was taken up during the half year ended 31 December 2020.

During the half year ended 31 December 2019 the following options were issued:

- The Company issued 10,000,000 \$0.30 options for no consideration with a grant date of 16 October 2019 and an expiry date of 31 July 2022, to key consultants of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$693,475. The Black-Scholes formula model inputs were the Company's share price of \$0.165 at the grant date, a volatility factor of 91% (based on historical share price performance), a risk-free interest rate of 0.70% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2020 and 1/3 vest on 31 July 2021. A share based payment expense of \$62,882 was taken up during the half year ended 31 December 2020 (2019: \$318,810).

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2020

8. SHARE BASED PAYMENTS (continued)

- The Company issued 5,000,000 \$0.20 options for no consideration with a grant date of 16 October 2019 and an expiry date of 30 June 2021, to a key consultant of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$327,737. The Black-Scholes formula model inputs were the Company's share price of \$0.165 at the grant date, a volatility factor of 91% (based on historical share price performance), a risk-free interest rate of 0.71% and a dividend yield of 0%. The options fully vested on grant date. A share based payment expense of \$0 was taken up during the half year ended 31 December 2020 (2019: \$327,737).
- The Company issued 31,000,000 \$0.30 options for no consideration with a grant date of 28 November 2019 and an expiry date of 31 July 2022. 19,000,000 of these options were issued to Directors of the Company, following shareholder approval at the Company's Annual General Meeting and 12,000,000 were issued to key consultants of the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$2,562,974. The Black-Scholes formula model inputs were the Company's share price of \$0.19 at the grant date, a volatility factor of 90% (based on historical share price performance), a risk-free interest rate of 0.62% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 July 2020 and 1/3 vest on 31 July 2021. A share based payment expense of \$364,935 was taken up during the half year ended 31 December 2020 (2019: \$1,224,528).

9. LOSS ON DECONSOLIDATION OF WONOGIRI PROJECT

In October 2020 the Company announced that it had signed a Conditional Share Purchase Agreement ('CSPA') with Far East Gold Ltd ('FEG') for the sale of its interest in the Wonogiri copper-gold project in Indonesia, through the conditional sale of its wholly owned subsidiary, Wonogiri Pty Ltd ('Wonogiri'), which holds the 45% interest in the Indonesian operating company, PT Alexis Perdana Mineral ('PT Alexis'). Under the agreement the Company ceased control of the Wonogiri project and consequently ceased consolidation of the associated controlled entities Wonogiri and PT Alexis, with the Investment in the Wonogiri Project now accounted for as an equity accounted investee. Upon deconsolidation the Company has recognised on a loss of \$443,540. The carrying value of the Investment in Wonogiri is nil as at 31 December 2020.

10. SEGMENT REPORTING

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

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

For the half year ended 31 December 2020, the Group had two segments, being development of the HPA First Project and minerals exploration and evaluation.

The Group has two reportable segments, as described below:

	HPA First \$	Exploration and Evaluation \$	Total \$
31 December 2020			
Other income	854,741	-	854,741
Reportable segment loss before tax	(2,997,226)	(555,086)	(3,552,312)
Reportable segment assets	204,424	2,685,657	2,890,081
Reportable segment liabilities	676,581	926	677,507

Alpha HPA Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2020

10. SEGMENT REPORTING (continued)

	HPA First \$	Exploration and Evaluation \$	Total \$
31 December 2019			
Other income	197,500	-	197,500
Reportable segment loss before tax	(2,425,221)	(220,629)	(2,645,850)
Reportable segment assets	-	2,752,882	2,752,882
Reportable segment liabilities	645,758	24,981	670,739
		As at 31 December 2020 \$	As at 31 December 2019 \$
Reconciliations of reportable segment revenues and profit or loss			
Profit or loss			
Total loss for reportable segments		(3,552,312)	(2,645,850)
Unallocated amounts:			
Interest income		6,250	14,486
Net other corporate expenses		(4,172,721)	(2,570,481)
Consolidated loss before tax		(7,718,783)	(5,201,845)
Reconciliations of reportable assets and liabilities			
Assets			
Total assets for reportable segments		2,890,081	2,752,882
Unallocated corporate assets		6,104,230	5,281,115
Consolidated total assets		8,994,311	8,033,997
Liabilities			
Total liabilities for reportable segments		677,507	670,739
Unallocated corporate liabilities		206,695	80,560
Consolidated total liabilities		884,202	751,299

Alpha HPA Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2020

11. RELATED PARTIES

Key management personnel and Director transactions

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

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

- During the half-year year ended 31 December 2020, Norman Seckold and Peter Nightingale held a controlling interest in an entity, MIS Corporate Pty Ltd, which provided full administration services to the Group, including rental accommodation, administrative, accounting staff both within Australia and Indonesia, services and supplies. Fees charged by MIS Corporate Pty Ltd during the half year amounted to \$194,375 (31 December 2019 - \$200,225). At 31 December 2020 there was \$6,875 outstanding (31 December 2019 – \$15,056).

In additions, options were issued to Directors. Refer to Note 7.

12. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial report as at and for the year ended 30 June 2020.

Carrying amounts versus fair values

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

13. CONTRIBUTION FROM NON-CONTROLLING INTEREST

During the half-year ended 31 December 2020, PT Smart Mining Resources, holder of a 55% non-controlling interest in PT Alexis Perdana Mineral provided contributions totaling \$17,098 to the Group (31 December 2019 - \$52,083). These contributions are interest free, unsecured, there is no fixed term of repayment and have no maturity date. The contributions provided are repayable at the discretion of the Directors of PT Alexis Perdana Mineral and have been treated as contributions from non-controlling interest within equity in the interim financial report.

14. SUBSEQUENT EVENTS

Subsequent to the end of the interim financial period:

- Notification was received that the Company's Gladstone State Development Area ('GSDA') application (Development Permit) for a Material Change of Use ('MCU') and construction of a high purity alumina processing plant had been approved by the Queensland Government Office of the Co-Ordinator General.

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

Alpha HPA Limited and its controlled entities Directors' Declaration

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

In the opinion of the Directors:

- (a) the interim financial report and notes set out on pages 20 to 30 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Norman A. Seckold
Chairman

Sydney, 12 March 2021



Independent Auditor's Review Report

To the members of Alpha HPA Limited

Report on the Interim Financial Report

Conclusion

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

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

- giving a true and fair view of the *Group's* financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Condensed consolidated interim statement of financial position as at 31 December 2020;
- Condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Stephen Board
Partner

Brisbane
12 March 2021