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Australian government fund to invest \$75m in company producing material critical to AI supply chains



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ABC Capricornia

Manufacturing

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Alpha HPA's Gladstone operation. (Supplied: Alpha HPA)

In short:

Alpha HPA has secured \$75 million in investment from the National Reconstruction Fund Corporation.

The funds will support the company to progress construction on its Gladstone facility and expand into the AI supply chain.

What's next?

Construction is underway on stage two of the project.

An Australian company says it hopes to produce 10,000 tonnes per year of a precious mineral critical to the global AI industry.

The announcement comes as an Australian government financier says it will invest \$75 million into Alpha HPA's high-purity alumina operations through an equity placement in the company.

That means the National Reconstruction Fund Corporation (NRFC) would have a 6.9 per cent stake in the firm that makes the in-demand material, which can be used to cool computer chips in AI data centres.

Alpha HPA produces the material on a small-scale at its Gladstone facility in central Queensland, exporting overseas to countries like Japan and Korea.



Alpha HPA's managing director Rob Williamson. (Supplied)

Managing director Rob Williamson said the funds would support the second phase of the project's construction, as well as helping the business expand its operations into the AI supply chain.

"It's really important for Australia because it's actually the first time the country can be saying we're supplying materials into advanced node semiconductors for AI," he said.

The NRFC said the company's expansion would make it the world's largest single manufacturing facility for high-purity aluminium materials and Australia's first commercial-scale operation.



A render of the HPA First Project, due to be complete by next year. (Supplied: Alpha HPA)

A critical mineral

High-purity alumina has a consistency similar to icing sugar and can be used in lithium-ion batteries and pharmaceutical manufacturing.

It is also used in high-performance computer chips, known as semiconductors, to help keep heat away from some of the components.



Alpha HPA's high-purity alumina alongside a semiconductor. (Supplied: Alpha HPA)

These chips power AI and are used by the world's biggest technology companies, such as NVIDIA and Amazon.

Mr Williamson said some of the money would go into existing operations to keep up with customer demand.

"The volumes [we're producing] are only small because it's a small facility, but it's really important we continue to service our customers that are selling the material in the supply chain for semis [conductors] in Korea and Japan," he said.

Mr Williamson anticipated there would be further opportunities for the product, making it significant for Australia's trading future.

"As a country, that puts us in a great position in terms of trade between us and other nations ... it really puts us in a good position in terms of trade talks with the United States, as an example," he said.



Alpha HPA's processing plant with the Rio Tinto and Orica facilities in the background. (Supplied: Alpha HPA)

The first stage of the project employs about 130 people in Gladstone and the second stage will see an extra 120 full-time and 420 construction jobs in the port city.

It is set to be complete in 2027 and produce about 10,000 tonnes per year.

Supply chain resilience

The NRFC said the investment would improve Australia's supply chain resilience, noting the material was particularly in demand because of its use in cooling advanced computer chips in AI data centres.

The company's technology processes the raw material at a lower temperature and is run using 100 per cent renewable electricity.



The interior of Alpha HPA's stage one facility in Gladstone. (Supplied: Alpha HPA)

NRFC chief executive David Gall said this meant the company produced about 70 per cent less emissions than traditional methods of creating high-purity alumina.

High-purity alumina was added to the country's critical minerals list in 2022.

The company said the total capital raised for the project on the market was \$225 million.

It has already secured \$400 million in finance from the federal government's Northern Australia Infrastructure Facility and Export Finance Australia, as well as \$30 million from the Queensland government's investment corporation.

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