Canaccord Genuity Capital Markets

Australian Equity Research
24 July 2026

Estimates Revised

Alpha HPA Limited
Chemicals

Rating	Price Target
SPECULATIVE BUY *unchanged*	**A$1.20** *unchanged*
A4N-ASX	Price **A$0.55**

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Q4 update: capex, debt on track; plant capacity upgraded

Investment Recommendation

The notable aspects of what we viewed as a positive quarterly update included unchanged capex guidance for Stage 2, allaying some market concerns; anticipation of accessing debt facilities later this calendar year; and a material increase in nameplate capacity. We have nudged up our long-term earnings estimates and bring our capex estimate closer to the top of the range, resulting in an unchanged target price of $1.20 with a SPEC BUY rating.

HP First Project - Stage 2

Construction is progressing to plan, with major procurement on track for completion by Q1 2027. During the quarter A4N took delivery of the by-product concentrator, solvent extraction (SX) mixers, transformers and the main switch room. Concrete foundations were completed in the SX, Leaching and Utilities areas, and by-product filtration columns were installed. The tender for a major Structural, Mechanical & Piping (SMP) scope was issued, and contracts were awarded for the Control Room Building and control system programming. Budget and schedule remain in-line with the January 2026 re-set capex figure of $699m. The company is working through conditions precedent with senior lenders NAIF and EFA, targeting first facility drawdown in Q4 CY26, successful completion of which we would regard as an important catalyst given the steady increase in short positions seemingly questioning this step.

Stage 2 nameplate capacity increased by 17%

A4N notes that while the physical product mix is broadly unchanged since the May 2024 DFS, Stage 1 performance indicates additional tonnes from the facility as built are likely, and the end-users/applications it is now engaged with support an uplift in nameplate capacity. The upside scenario lifts total Stage 2 production volumes from 10,430 tpa (May 2024 DFS) to 12,230 tpa — roughly a 17% increase. The changes are concentrated in: 5N Aluminium Nitrate 3,500 to 5,000 tpa and aluminium hydroxide 1,700 to 2,000 tpa. Blending these increased volumes results in a steady-state revenue increase of 14%, which lags the capacity uplift because the nitrate is a below basket-average product. However, the impact of operating leverage and nitrate's lower cost of production should even out the capacity increase at the EBITDA line, in our view.

Product marketing

Demand is increasingly driven by the semiconductor supply chain (thermal fillers/TIM, CMP, ceramics), linked to AI data-centre capex. Non-binding LOIs now exceed 12,000 tonnes, and A4N's updated demand model (HPA and ATH only) exceeds 50,000 tpa by 2030. Notable developments include: acceptance of commercial terms to supply Al-Nitrate to a Tier 1 US CMP formulator (supply from late CY26); first commercial nano-slurry orders from an EU customer; and a completed LOI for up to 5,000 tpa to a Tier 1 lithium-ion battery end-user. Marketing also advanced across catalysts, specialty coatings, pharmaceuticals and PFAS water treatment.

Updating estimates

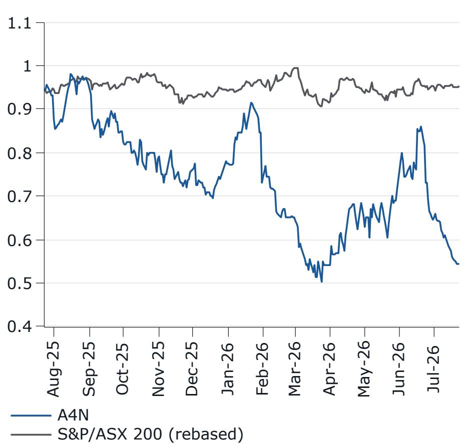
The main change to our forecast is to bring our capex estimates more in line with the fully loaded $699m figure, including contingency. However, on a long-term view, we have increased our earnings forecasts to reflect the higher anticipated plant output, such that our steady-state EBITDA forecast in FY32E has increased by 13%, from $279m to $314m.

Market Data

52-Week Range (A$) :	0.48 - 1.01
Avg Daily Vol (000s) :	4
Market Cap (A$M) :	791.3
Shares Out. (M) :	1,451.9
Dividend /Shr (A$) :	0.00
Dividend Yield (%) :	0.0
Net Debt (Cash) (A$M) :	(186.1)
Enterprise Value (A$M) :	629.3
Cash (A$M) :	189.6
Long-Term Debt (A$) :	3.6

FYE Jun	2025A	2026E	2027E	2028E
Sales (A$M)	3.4	0.8	10.6↓	116.2↑
Previous	-	-	*44.2*	*101.6*
EBITDA (A$M)	(37.1)	(35.9)↓	(38.6)↓	40.8↓
Previous	-	*(23.1)*	*21.8*	*44.6*
Net Income (A$M)	(32.6)	(37.2)↓	(52.5)↓	(2.9)↓
Previous	-	*(24.3)*	*2.6*	*7.1*
P/E (x)	NM	NM	NM	NM
EV/EBITDA (x)	NM	NM	NM	27.6
Cons. Sales[1] (A$M)	-	0.8	2.0	72.4

[1] : Consensus source: Factset



Source: FactSet

Priced as of close of business 23 July 2026

A4N is an emerging producer of a performance material, High Purity Alumina, from its under-construction plant in Gladstone, Queensland.

For important information, please see the Important Disclosures beginning on page 4 of this document.

Valuation & view

We viewed this as a positive update from A4N, especially the messaging around unchanged capex guidance and debt accessibility, where we assume drawdown to commence in Q4 CY26, in line with company guidance. The uplifted plant capacity was an additional bonus which implies a significant uplift to the earnings at full run rate. In FY29E, forecasts for which should become widely published following the release of the FY26 financials, we expect Stage 2 to be at 82% of nameplate capacity and generate $227m of EBITDA, resulting in an EV/EBITDA multiple of 4.1x, falling to 2.5x. We stay at SPEC BUY with an unchanged DCF-based target price of $1.20.

Figure 1: Financial Summary for Alpha HPA Limited

June year end (A$m)				
Alpha HPA Limited				
Profit & Loss ($m)	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Group revenue	3.4	0.8	10.6	116.2
Gross profit	-6.4	0.6	-3.8	64.7
Gross Margin (%)	*nm*	*81%*	*-36%*	*56%*
SG&A	-30.7	-34.1	-34.8	-23.9
Underlying EBITDA	-37.1	-35.9	-38.6	40.8
EBITDA Margin (%)	*nm*	*-4747%*	*-366%*	*35%*
D&A	-3.3	-3.5	-3.5	-8.2
EBIT	-40.4	-39.4	-42.1	32.6
Margin	*nm*	*nm*	*nm*	*28%*
Interest costs	6.7	2.3	-10.4	-33.5
NPBT	-32.6	-37.2	-52.5	-0.9
Tax	0.0	0.0	0.0	-2.1
Underlying NPAT	-32.6	-37.2	-52.5	-2.9
NPAT Margin (%)	*nm*	*nm*	*-497%*	*-3%*
Cash Flow ($m)	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Cash EBITDA	-25.3	-40.0	-38.6	40.8
Change in working capital	0.0	-2.1	1.3	-4.8
Interest & Tax Paid	7.0	2.0	-10.4	-33.5
Other operating cash flow	0.0	3.0	0.0	0.0
Operating cash flow	**-18.2**	**-36.1**	**-47.7**	**2.5**
Capex	-85.5	-162.1	-440.0	-80.0
Other	16.2	10.9	67.0	0.0
Investing cash flow	**-69.4**	**-151.2**	**-373.0**	**-80.0**
Free cash flow	*-103.8*	*-198.2*	*-487.7*	*-77.5*
Dividends paid	0.0	0.0	0.0	0.0
Change in borrowings	0.0	0.0	325.0	75.0
Equity issued	-0.4	223.8	0.0	0.0
Financing cash flow	**-0.4**	**250.8**	**325.0**	**75.0**
Net cash flow	**-88.0**	**63.5**	**-95.7**	**-2.5**
Opening cash	0.0	147.3	307.8	119.8
Closing cash	102.0	165.5	69.8	67.4
Balance Sheet	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Cash	102.0	165.5	69.8	67.4
Receivables	14.0	0.1	1.4	14.1
Inventories	4.3	0.0	0.2	2.3
PP&E	124.7	272.4	642.0	713.7
Other assets	38.3	38.3	38.3	38.3
Total Assets	**283.4**	**476.4**	**751.7**	**835.8**
Borrowings	3.5	3.5	328.5	403.5
Creditors	20.4	0.0	2.9	12.8
Other Liabilities	40.6	67.3	67.3	69.4
Total Liabilities	**64.5**	**70.9**	**398.7**	**485.7**
NET ASSETS	**218.9**	**405.5**	**353.0**	**350.1**

Board of Directors		
Board of Directors	**Shares (m)**	**Shareholding**
Norman Seckold, Chair	67.33	4.6%
Robert Williamson, MD	2.00	0.1%
Rimas Kairaitis, Chief Commercial Officer	15.86	1.1%
Dr Regan Crooks, NED	0.00	0.0%
Annie Liu, NED	0.00	0.0%
Marghanita Johnson, NED	0.00	0.0%
Anthony Sgro, NED	5.35	0.4%

				Target Price (A$)	**$1.20**
				Share Price (A$)	**$0.55**
Valuation ratios	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Underlying EPS (cents)	-2.1	-2.9	-2.9	-3.7	-0.2
EPS Growth (%)	*nm*	*nm*	*nm*	*nm*	*nm*
P/E (x)	nm	nm	nm	nm	nm
Equity value	791	791	791	791	791
Net debt	-186	-99	-162	259	336
Enterprise Value	605	693	629	1,050	1,127
EV / EBITDA (x)	nm	nm	nm	nm	27.6
EV / EBIT (x)	nm	nm	nm	nm	34.6
Dividends per share (cents)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Payout Ratio - Cash EPS	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash flow	-47.5	-87.6	-187.3	-420.7	-77.5
FCFPS - excl acq. (cps)	-4.7	-9.1	-13.8	-34.0	-5.4
P / FCFPS (x)	-11.5	-6.0	-4.0	-1.6	-10.1
FCF yield (%)	-8.7%	-16.8%	-25.3%	-62.3%	-9.9%
Dupont Analysis	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net margin	-74357%	-951%	-4909%	-497%	-3%
Asset Turnover	0.0	0.0	0.0	0.0	0.1
Leverage	1.1	1.2	1.2	1.6	2.3
ROE (%)	-13%	-14%	-12%	-14%	-1%
ROA (%)	-12%	-12%	-10%	-9%	0%
ROIC (%)	nm	nm	0%	-7%	-6%
Balance Sheet ratios	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Debt (cash)	-186.1	-98.5	-162.0	258.7	336.1
Net debt/ EBITDA	6.4	2.7	4.5	n/a	8.2
NTA per share ($)	0.24	0.25	0.42	0.66	0.74
Price / NTA (x)	2.3	2.2	1.3	0.8	0.7
Shares in issue period end (m)	1134.6	1136.4	1436.4	1436.4	1436.4
Key ratios	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Sales revenue growth		7674%	-78%	1295%	1001%
EBITDA growth		27%	-3%	7%	-206%
Production assumptions	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
5N Aluminium Nitrate	0	7	2	127	1,361
4N5+ Alpha HPA	0	6	2	18	190
4N5+ HPA Pucks		0	2	64	680
4N5+ Gamma HPA	0	6	8	51	544
4N5+ Aluminium hydorxide	0	5	7	51	544
4N5+ Nano HPA	0	0	0	1	8
Total	**0**	**24**	**20**	**311**	**3,328**
Weighted average selling price (A$ per kg)	nm	nm	37	34	35

Valuation			
DCF inputs			
Discount rate	10%	Enterprise value	1,348
Terminal growth rate	0%	Plus FY26A net cash	158
Summary of cash flows		Alpha Sapphire	206
NPV of cash flows (FY26-30E)	783	**Equity value**	**1,711**
NPV of terminal value	646	Shares in issue	1,456
Enterprise value	**1,348**	Valuation per share	1.17

Company Description

Alpha HPA Ltd. engages in the acquisition, exploration, and development of mineral deposits in Australia. Its projects include collerina, and Wonogiri. The company was founded on October 31, 2003 and is headquartered in Sydney, Australia.

Source: FactSet

Source: Company reports, Canaccord Genuity estimates

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: July 23, 2026, 16:30 ET

Date and time of production: July 23, 2026, 04:45 ET

Target Price / Valuation Methodology:

Alpha HPA Limited - A4N

We value A4N's equity using a DCF model with a 10% real discount rate (0% terminal growth rate), using a blended product price of US$27.0 per kg and a cost structure in line with A4N's disclosures to the market.

Risks to achieving Target Price / Valuation:

Alpha HPA Limited - A4N

Price risks

Whilst A4N has experienced success in securing LOIs for its product and independent studies support the economic conclusions in the company's DFS, pricing of product remains a risk while offtake agreements remain a work in progress. As we noted above, a 10% change in the basket price of A4N's products would potentially change our valuation by around 19 cents per share and given that our risked base valuation is $1.30 per share (c15%), that sensitivity represents a significant risk to our valuation.

Process risks

We have noted that A4N's process includes some elements which are novel to traditional HPA production, notably the solvent extraction process. Whilst scale-up work to date has been successful, we note the risks attached in moving from pilot to full scale production.

Scale-up and commissioning risks

A4N remains in the critical construction phase of building the HPA first plant in Gladstone. Whilst construction itself represents a risk to our positive view, the plant is also subject to risks around scaling up to 10,400 tonnes per annum capacity within the parameters of the DFS.

Feedstock and reagent risk

A4N's process relies on the availability of feedstock from Rio Tinto as well as reagents from Orica. One of the attractions of the Gladstone site for the location of HPA First was the proximity of both suppliers and the consequent ease of procuring materials for use in the plant. Changes in sourcing arrangements could impact the economics of the plant and therefore our valuation. In addition, our work assumes that A4N will receive on an ongoing basis, raw materials and feedstocks of consistent quality and with appropriately low levels of the impurities which make A4N's products attractive to certain customers. In addition, A4N uses a proprietary solute for its solvent extraction process whose composition remains confidential but which remains critical to the quality of the end product.

Product marketing and financing risks

The availability of A4N's full package of debt financing relies on the business securing sufficient Letters of Intent to cover the full production capacity of the plant. Should those documents not be secured in timely fashion, construction of the plant may be delayed until such time as they are available or A4N may have to seek alternative sources of financing such as new equity; a royalty stream or other debt products, all of which could have a negative impact on the financial returns accruing to the business.

Construction risk

Construction at the Gladstone plant remains at a relatively early stage, with a significant amount of work required through CY26 to complete the plant. Construction of high-value capital equipment always represents a measure of risk for valuation, either in terms of delays or cost overruns.

Ramp-up risk

Our model assumes a relatively fast ramp-up to full production over around two years. Should there be delays to this schedule, it could negatively impact the components of our DCF valuation.

Supply & demand for High Purity Alumina products

We note that CM Group reports that China's production capacity, should it be brought to market, could substantially outstrip market demand for HPA products, although CM Group also notes that their figure may exceed the practical capacity of the industry in China. CM Group also forecasts a 10% per annum increase in demand for HPA products over the next ten years. The pricing assumptions in our model assume that current spot pricing remains intact over the long run, in real terms and that, in turn, likely assumes that supply and demand remain at least in balance over that period.

Interest rate risk

As our sensitivity analysis demonstrates, our valuation estimates are sensitive to changes in discount rate and, therefore, potentially the wider interest rate environment. As interest rates change, stocks with exposure to long duration assets like A4N's are susceptible to volatility in their valuation as discount rates in investors' models change.

Currency volatility

We assume 0.70 US dollar per 1 Australian dollar across the full modelling period. The former rate is only relevant at the translation of our valuation from US dollars to Australian dollars, and so follows an inverse relationship, with a weakening of the Australian dollar relative to the US dollar leading to a higher valuation in Australian dollar terms and vice versa with a strengthening of the Australian dollar.

Key person risk

Whilst we would not regard A4N as a business carrying a significant amount of key person risk in that there is not an obviously critical personality in a senior leadership, we believe that certain individuals in key roles within sales & marketing, R&D and operations bring significant expertise to the business and any of their departures would mean the company would have to find suitable replacements.

Distribution of Ratings:

Global Stock Ratings (as of 07/23/26)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	736	71.32%	27.45%
Hold	118	11.43%	6.78%
Sell	1	0.10%	0.00%
Speculative Buy	174	16.86%	60.34%
	1032*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate returns greater than 10% during the next 12 months.

HOLD: The stock is expected to generate returns from -10% to 10% during the next 12 months.

SELL: The stock is expected to generate returns less than -10% during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

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*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

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A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx

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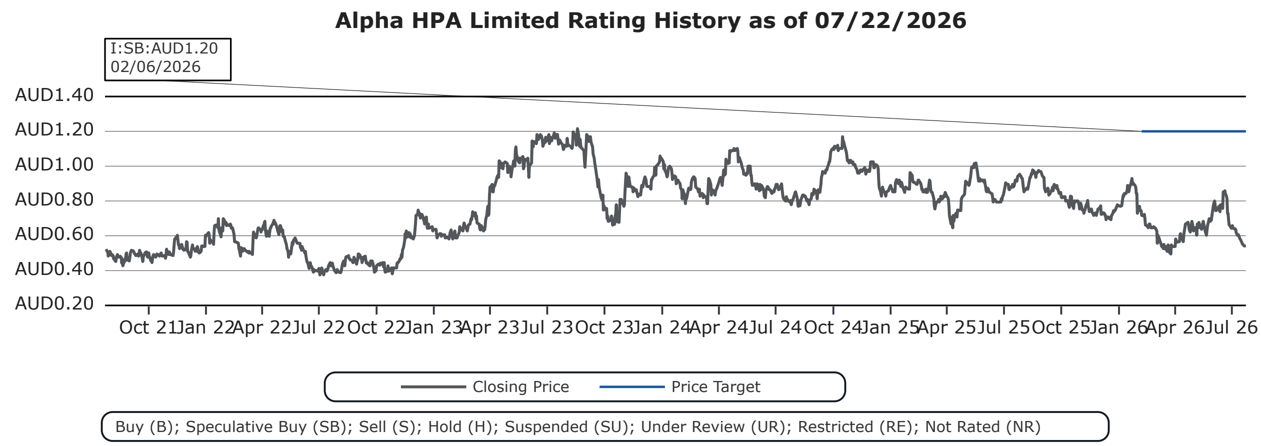
An analyst has visited the material operations of Alpha HPA Limited. No payment was received for the related travel costs.



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