

Alpha HPA

ABN 79 106 879 690

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

ASX: **A4N**
ASX Announcement
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(3 pages by email)

MOU SIGNED WITH CHEMICAL COUNTERPARTY FOR THE HPA FIRST PROJECT

- **MoU signed with Orica for reagent supply and by-product offtake for the HPA First Project**
- **Reagent supply & by-product delivery ex - Gladstone, QLD**
- **The Parties to immediately commit to a Project engineering working group**
- **HPA First Project location within the Gladstone State Development Area secured**

The Board of Alpha HPA Limited ('Alpha HPA' or 'the Company') is pleased to announce it has signed a Memorandum of Understanding ('MoU') with Orica Australia Pty Ltd ('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 ('Agreement').

The MoU also sets out the scope and commitment for the formation of an Engineering Co-operation Group ('ECG') with representatives from each party to review and advise on the engineering requirements of supply, offtake and project interface.

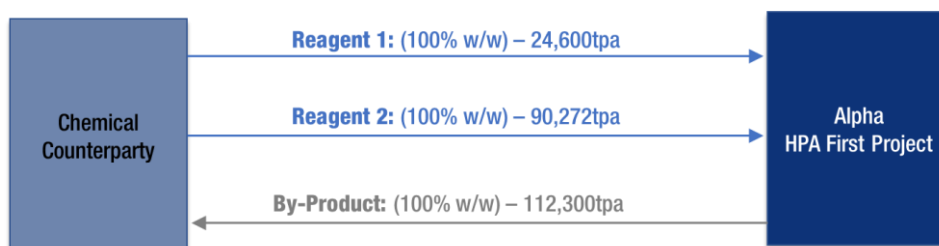
The signing of the MoU follows a period of initial technical and commercial due diligence by Orica.

Background

The HPA First Project requires the supply of two key chemical reagents, which are recycled inside the HPA production process as a by-product for sale back to the reagent supplier. The volume and nature of the reagents and by-product require the HPA First Project to be ideally located within 2 kilometres of a chemical counterparty, to allow for the reagents and by-product to be delivered by pipeline in liquid form. The terms of the MoU have been negotiated on the basis of pipeline supply and delivery from/to a Project site within the Gladstone State Development Area (see Project Location).

Reagent Supply and Offtake

The reagent and by-product volumes in consideration (expressed at 100% concentrations) are set out below:

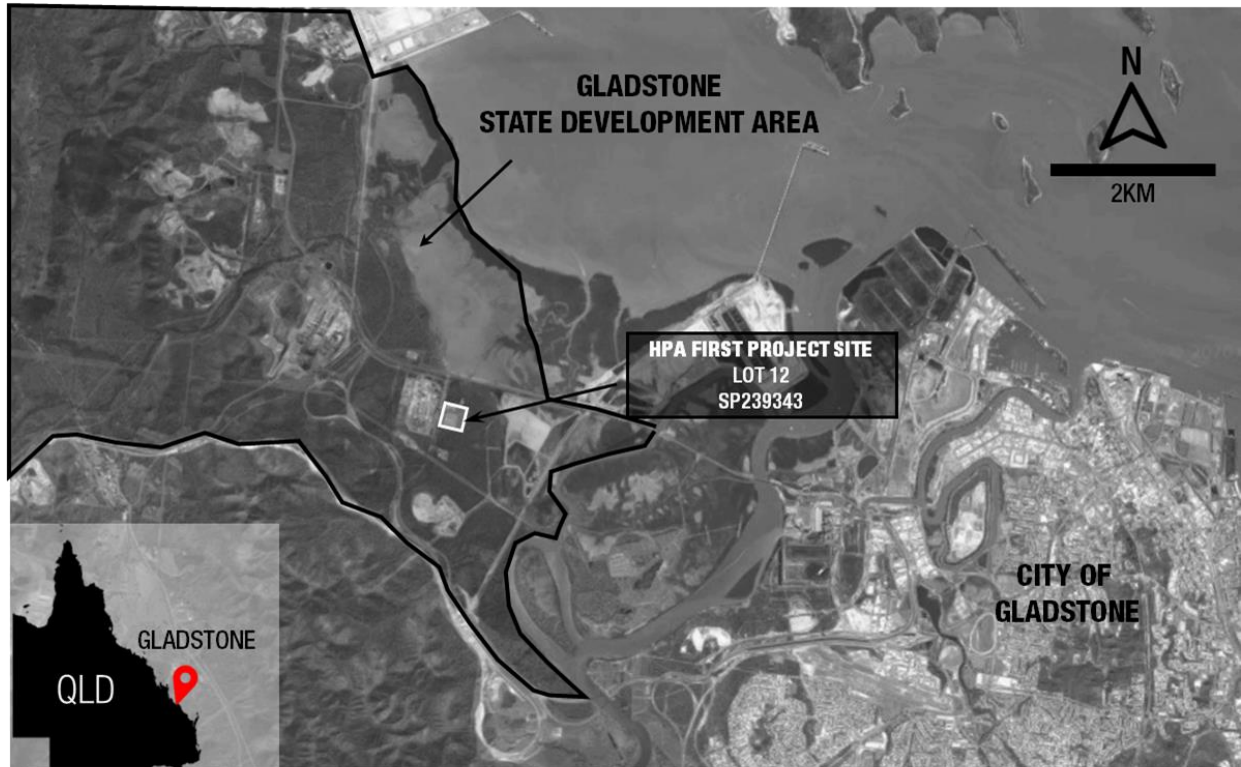


The MoU sets out a pricing mechanism for both the key reagents as well as the by-product over an indicative 20-year term. The pricing mechanism compares favourably with the reagent and by-product pricing assumptions used in the updated PFS (ASX announcement: 7 March 2019). The MoU also sets out indicative quality specifications for the supply and delivery of the reagents and by-product.

Project Location

The MoU has been negotiated on the basis of reagents supply and by-product offtake delivered from/to Orica's facility in Gladstone, QLD, within the Gladstone State Development Area ('GDSA').

On this basis, Alpha HPA has secured an option with Economic Development Queensland ('EDQ') on a suitable 10ha land parcel within the GDSA, being Lot 12/SP239342 (see map below). Alpha HPA will now seek to negotiate final purchase terms for land with the EDQ and commence a full-scale Project permitting process.



The GDSA is located north-west of Gladstone and is a defined area of land dedicated for industrial development and materials transportation infrastructure. Comprising of 27,194 hectares of land adjacent to the Port of Gladstone, with connections to major rail networks and Australia's national highway, the GDSA also provides suitable access to mains power, LNG and a diversely skilled local workforce. The GDSA already hosts a number of major industrial chemical projects, including:

- Rio Tinto alumina refinery;
- Orica chemical manufacturing complex;
- Transpacific Industries waste management and recycling facility;
- Australia Pacific LNG;
- Santos Gladstone LNG; and
- Queensland Curtis LNG.

Engineering Co-Operation Group

The MoU includes a binding commitment on each party to establish an Engineering Co-Operation Group ('ECG') to work on the on-engineering requirements for the interface between the Orica and the Alpha HPA Projects, including safety, reliability, operability and schedule. The ECG scope will include design elements for pipeline routes, tie-in connection points, transfer rates, pressure, temperature, pump designs, process controls, instrumentation, materials of construction, hazard studies, engineering controls, trips, procedures, training and quantity mass measurement.

The ECG includes a minimum cost commitment of \$200,000 per party up to 31 July 2020.

Conditionality

The definitive Product Supply and Offtake Agreement contemplated in the MoU is subject to the following Conditions Precedent:

- Alpha HPA securing land suitable for pipeline transfer of Products;
- Alpha HPA securing funding to execute the Project;
- Alpha HPA securing all necessary Statutory Approvals;
- each party completing its due diligence activities to its satisfaction and the negotiation and finalisation of all required agreements including the Product Supply and Offtake Agreement, and
- internal approvals of each party.

Exclusivity

The MoU includes the grant of exclusivity to Orica to 31 July 2020.

Definitive Feasibility Study (DFS)

The reagent and by-product pricing mechanisms within the MoU provide the final operating cost inputs for the DFS. Alpha HPA also plans to include the ECG members on a final DFS engineering review ahead of DFS delivery. Expected timing for this is the first week of March.

Managing Director, Rimās Kairaitis, commented; *“Alpha is very pleased to have reached this MOU with Orica and to have now located the HPA First Project. We are looking forward to working closely with Orica on the next stage of the Project.”*

For further information, please contact:

Rimās Kairaitis
Managing Director
rkairaitis@alphaHPA.com.au
+61 (0) 408 414 474

Cameron Peacock
Investor Relations & Business Development
cpeacock@alphaHPA.com.au
+61 (0) 439 908 732

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About the HPA First Project

The Company's HPA First Project represents the evaluation and intended commercialisation of the production of ~10,000tpa of high purity alumina (HPA) using the Company's proprietary licenced solvent extraction and HPA refining technology. The technology provides for the extraction and purification of aluminium from an industrial feedstock to produce 4N (>99.99% purity) alumina for the intended use within the lithium ion battery and LED lighting industry. Following a successful testwork program and Pre-Feasibility Study (PFS), updated in March 2019, Alpha HPA has now completed its pilot plant program at its dedicated laboratory facility in Brisbane, with the definitive Feasibility Study (DFS) due for delivery early in the March quarter 2020.