Alpha HPA Limited

and its controlled entities

Annual Report

for the financial year ended 30 June 2020

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Alpha HPA Limited
ABN 79 106 879 690
Chairman's Letter

Dear Fellow Shareholders,

I am delighted to report that over the last 12 months since I last wrote to you our Company has made tremendous progress across a number of key initiatives that now sees us extremely well placed to see our HPA First Project become a reality in the year ahead.

Earlier in the year we were delighted to announce our MoU with Orica Australia as our preferred chemical counterparty for the supply of key process reagents and by-product offtake for the HPA First Project. Our collaboration with a tier-1, globally recognised and highly reputable partner is seen as absolutely paramount to the commercial success of our project and we look forward to furthering this relationship in the year ahead.

The year has also been highlighted by numerous milestones and achievements including the delivery of our Definitive Feasibility Study (DFS) for the HPA First Project, our ongoing market engagement with HPA end-users across the lithium- ion battery and sapphire glass/LED markets and, more recently, the commencement of an active Project Financing process involving both government-backed lending agencies and commercial banks.

Once again, on behalf of the entire Board I would like to express my gratitude to our Managing Director, Rimas Kairaitis, and our dedicated operations team in Brisbane for their tireless commitment to advancing the interests of our project. It hasn't been easy as significant challenges have arisen by virtue of the Covid-19 global pandemic but the team's dedication has been first class and has been much appreciated.

Finally, I would again like to thank you, our shareholders, for your ongoing faith and continuing moral and financial support of the Company. Without you we would not be in the extremely strong commercial and financial position we are today. While the last 12 months have been extremely rewarding the year ahead promises to be even more so as we move toward a Final Investment Decision and ultimately the construction of our project within the Gladstone State Development Area, Queensland.

With delivery of these milestones set to drive significant value for our shareholders we all have much to look forward to in the year ahead.

Yours sincerely

Norman A. Seckold
Chairman

Review of Operations

OVERVIEW

Alpha HPA Limited ('Alpha HPA' or 'the Company') is an ASX-listed speciality metals and materials 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 and sapphire glass/LED lighting markets.

The year under review saw the Company make significant progress across a number of key initiatives critical to the success development of its HPA First Project. Key milestones and achievements included:

- Chemical counterparty agreement signed with Orica Australia Pty Ltd for the supply of key process reagents and the offtake of by-product from the HPA First Project.
- Delivery of a Definitive Feasibility Study (DFS) for the HPA First Project.
- Secured a suitable 10-hectare land parcel within the Gladstone State Development Area (GSDA).
- Successful manufacture of crystalline high purity boehmite with purity levels of 99.995%.
- Successful production of high purity gamma HPA with purity levels up to 99.997%.
- Raised $10.5M across two separate capital raisings with proceeds used to advance the delivery of the DFS and facilitate the demonstration-scale ramp-up of the Pilot Plant.
- Appointment of KPMG Debt Advisory as advisors to the HPA First Project Financing process.
- Ongoing market outreach including securing numerous orders for the Company's HPA and boehmite products for qualification testing from across the lithium-ion battery and sapphire glass/LED lighting end-user markets.

These activities are described in further detail below.

HPA FIRST PROJECT – (Alpha HPA - 100%)

PILOT PLANT OPERATIONS

Successful Pilot Plant operations over three end-to-end campaigns

Across the 12 months under review, the Company successfully completed three end-to-end production campaigns at its HPA First Pilot Plant in Brisbane. Each Pilot Plant campaign included:

- Solvent extraction.
- Aluminium salt crystallisation.
- HPA-precursor production.
- Calcination to HPA.

Campaigns 1 and 2

Purity assays from HPA samples produced from the Pilot Plant's CB1 and CB2 campaigns (comprising 9 individual batches of HPA) all returned >99.99% purity, averaging 99.994% (ASX: 23 September 2019).

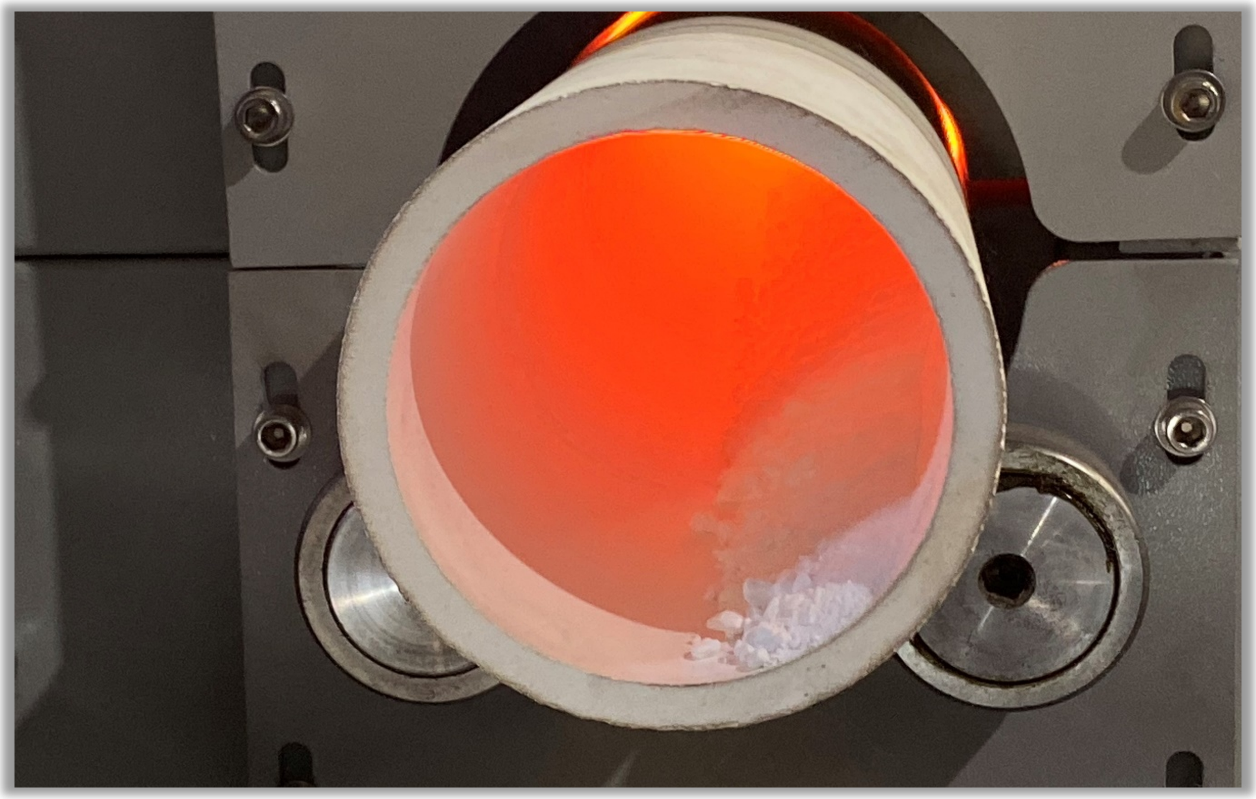
Several samples with purity of 99.995% and 99.996% were achieved. The samples were assayed using GDMS (glow discharge mass spectroscopy) in the USA. These results demonstrated an ability to deliver consistent, repeatable high-purity alumina and further validated the HPA First process at Pilot Plant scale as well as the Company's materials handling protocols.

Review of Operations

In addition, the Company was able to accurately predict final HPA purity via internal assaying at the pre-cursor stage providing a fast and effective QA/QC control step.

Subsequent to the initial CB1 and CB2 campaigns, a 5-day, 24-hour HPA pre-cursor production run was successfully completed generating 150kg of HPA pre-cursor with pre-cursor subsequently calcined into approximately 15kg of HPA for milling and customer qualification testwork.

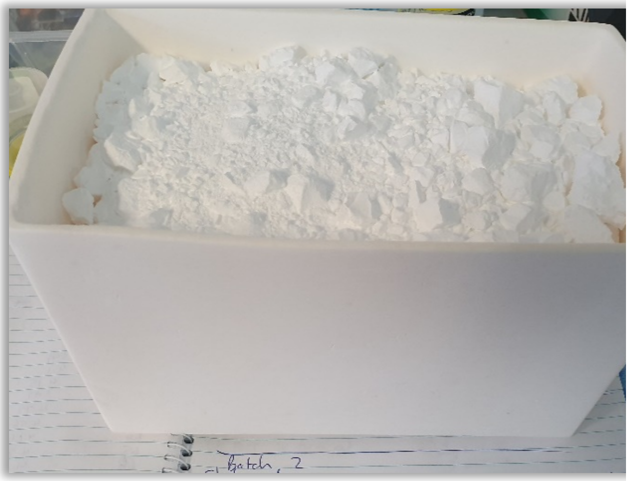
Large capacity, rotary calciner on-site at the Pilot Plant



HPA production inside the rotary calciner

Review of Operations

Removal of HPA pre-cursor from the filter



A batch of HPA pre-cursor ready for calcination

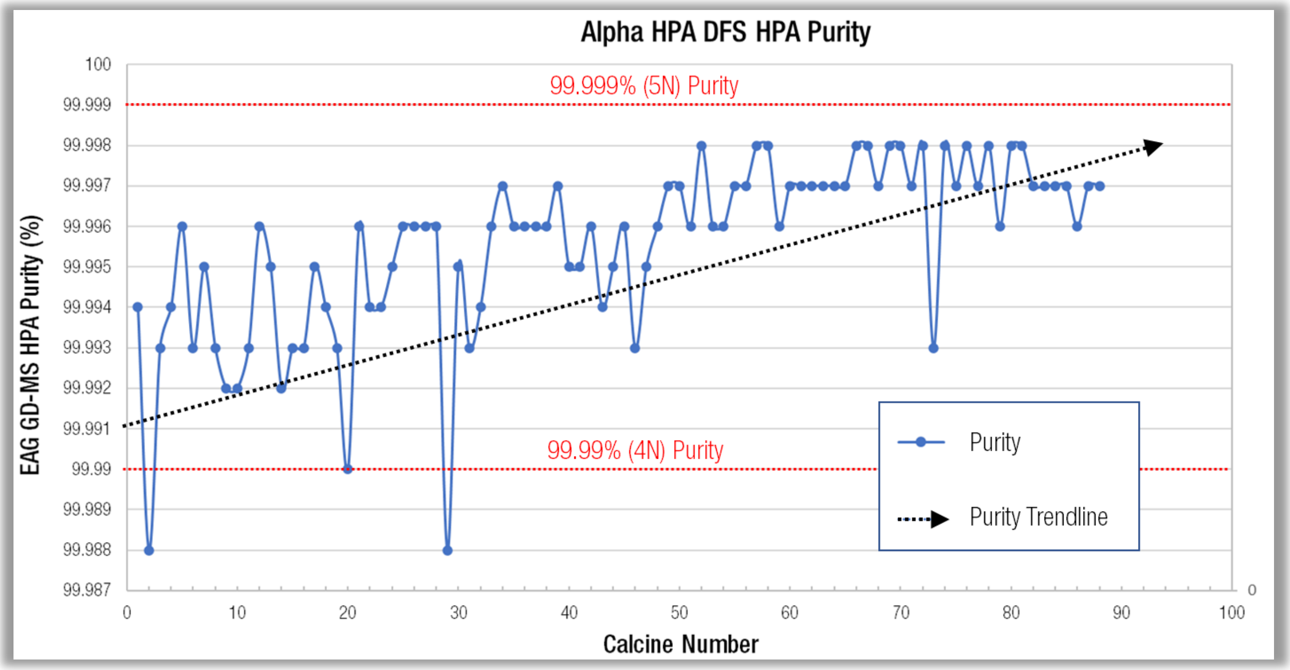
Campaign 3

A third Pilot Plant production run (Campaign 3) was commenced in the second week of November 2019, with the first stage (Campaign 3A), being the SX operation and the production of aluminium salt.

In total, Campaign 3A produced approximately 250kg of very high-purity intermediate aluminium salt, with the SX component of the campaign featuring a switching between feedstocks sourced from both WA and QLD to assess process performance of the two most likely feedstocks once the final project location is determined. Both feedstocks performed equally robustly with no discernible variation in process conditions, extraction percentage or salt purity. The robustness, selectivity and longevity of the SX organic was also confirmed with all organics from previous campaigns recycled for Campaign 3 surviving over 600 operating hours.

Campaign 3B was subsequently completed and saw aluminium salt from campaign 3A successfully converted into HPA-precursor. This pre-cursor was again calcined and jet milled (to a desired particular particle size distribution) and distributed for end-user qualification testwork and HPA research programs. Campaign 3 was undertaken principally to meet additional product demand required from end-users.

The entire 2019 Pilot Plant production (Campaigns1, 2 and 3) totalled over 600 hours of operating time and included the >80 calcinations to HPA. Assays of each HPA calcination demonstrate a continued improvement in HPA over the Pilot Plant life, trending firmly toward 5N (99.999%) purity (see below).



Review of Operations

USA based HPA milling operations successfully tested and commissioned

In early October 2019, a trial sample of the Company's HPA was successfully milled by a third party in the USA achieving a desired particle size distribution (PSD). This milling testwork served as a precursor to the Company sourcing and purchasing its own dedicated jet mill which was subsequently installed and commissioned within a battery lab in Binghamton, New York, USA.

This commissioning process included multiple milling runs using both sacrificial HPA and also the Company's Pilot Plant HPA to confirm operating conditions to deliver the desired PSD at near zero measurable contamination ahead of distribution to end-users. Milled samples successfully passed quality controls for purity (>99.99%).

Alpha's dedicated jet mill installation – Binghampton, USA

CHEMICAL COUNTERPARTY TO THE HPA FIRST PROJECT

In February 2020, the Company announced the significant milestone of signing a Memorandum of Understanding (MoU) with Orica Australia Pty Ltd ('Orica') setting 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 set 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 followed a period of initial technical and commercial due diligence by Orica.

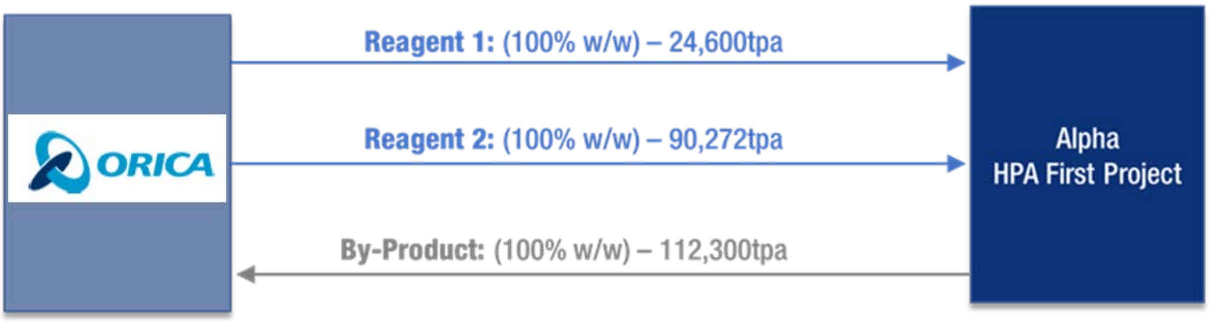
Background

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 were negotiated on the basis of pipeline supply and delivery from/to a project site within the Gladstone State Development Area (GSDA) (see Project Location).

Review of Operations

Reagent Supply and Offtake

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

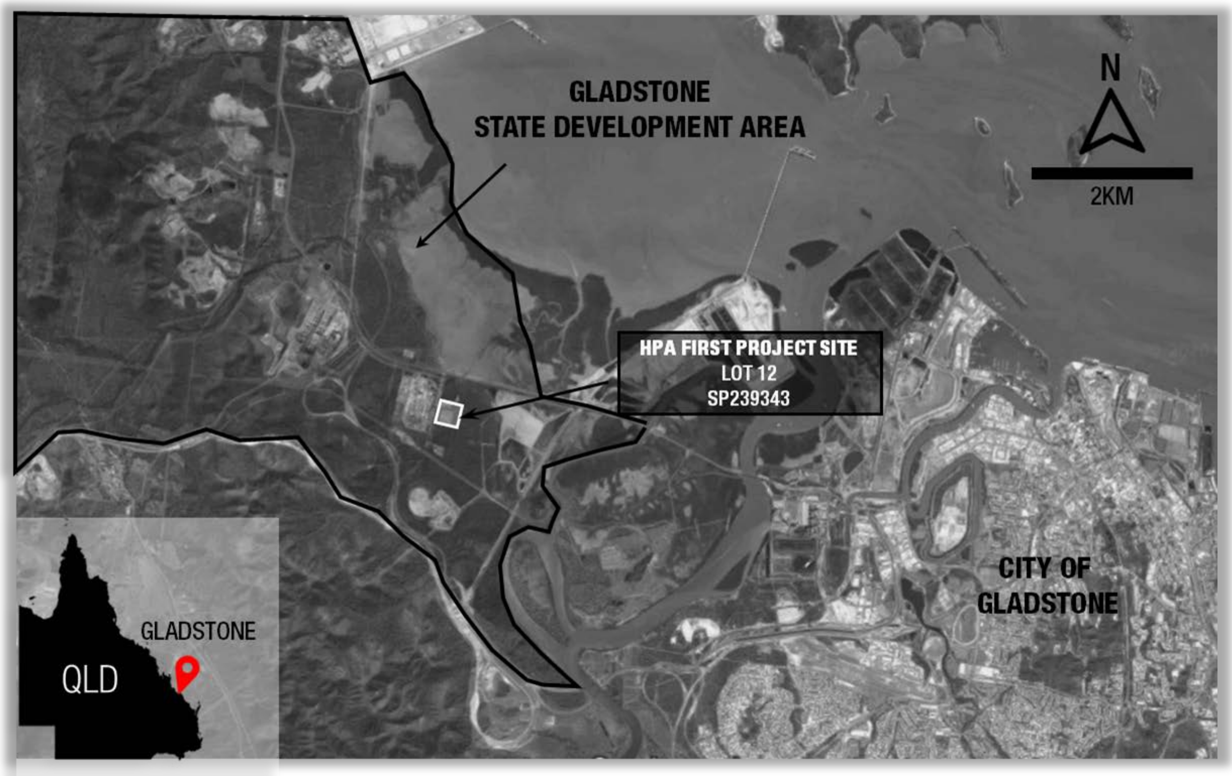


The MoU sets out a pricing mechanism for both the key reagents as well as the by-product over an indicative 20-year term. The pricing mechanism compares favourably with the reagent and by-product pricing assumptions used in the updated PFS (ASX announcement: 7 March 2019). The MoU also sets out indicative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

Project Location

The MoU was negotiated on the basis of reagents supply and by-product offtake delivered from/to Orica's facility in Gladstone, QLD, within the GSDA.

On this basis, Alpha HPA secured an option with Economic Development Queensland (EDQ) on a suitable 10-hectare land parcel within the GSDA, being Lot 12/SP239343 (see map below). Alpha HPA has now negotiated final purchase terms for the land with the EDQ and has commenced a full-scale project permitting process.



Review of Operations

The GSDA 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 GSDA also provides suitable access to mains power, LNG and a diversely skilled local workforce. The GSDA 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 Orica MoU includes a binding commitment on each party to establish an Engineering Co-Operation Group (ECG) to work on the 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.

Since executing the MoU, Alpha HPA and Orica have made significant progress in advancing key engineering tasks associated with the Orica-Alpha HPA Project interface in the GSDA. Key activities include:

- Gladstone site visit to inspect key reagent take-off and by-product delivery points between each site and site utilities;
- piping and electrical specifications for Orica-Alpha HPA interface;
- reagent and by-product quality specifications and concentrations; and
- engineering scope for by-product concentration.

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 included the granting of exclusivity to Orica to 31 July 2020, a timeframe which has subsequently been extended through to 31 October 2020.

Review of Operations

DELIVERY OF 'HPA FIRST' PROJECT DEFINITIVE FEASIBILITY STUDY (DFS)

In March 2020 the Company released the results of the HPA First Project Definitive Feasibility Study (DFS) based on the construction and operation of the HPA First Project within the GSDA. The DFS was the result of an intensive 12-month program of Pilot Plant operation and detailed engineering, with the DFS confirming the HPA First Project as both technically robust and financially compelling.

The Alpha HPA Board has now committed to a full project financing process, in parallel with completion of project permitting, in the expectation of a successful market outreach program and securing HPA offtake agreements.

DFS Highlights:

- Production rate of 10,000tpa HPA
- Annual free cashflow increased to A$280M*
- Unit cash costs of A$8,730 (US$5,940)/t HPA after by-product credits
- Project CapEx of A$308M (US$209M)
- Capital intensity of A$30,800 (US$20,900)/tpa HPA
- Financially robust project with high profitability at HPA prices as low as US$10,000/t

* *Based on an HPA price of US$25/kg and USD/AUD = 0.68*
March 2019 PFS annual free cash flow = A$265M

Technical

The DFS validated the HPA process flow sheet through the construction and operation of the HPA First Pilot Plant facility in Brisbane, QLD. The Pilot Plant recorded over 600 hours of operating time and generated over 40kg of high purity alpha-phase alumina of >99.99% purity for end-user qualification and vendor testwork. The Pilot Plant was the first time the flowsheet has been operated on a fully integrated basis. Pilot Plant operations finalised the detailed mass and energy balance allowing for calculation of the material flowrates through equipment, reagent use, impurity deportment, by-product quantities and utilities demand. Equipment selection was based on detailed engineering design, and selection of construction materials based on detailed materials testwork.

The DFS process and outcomes were also subject to technical review by Orica, as chemical counterparty to the project under the Orica-Alpha HPA MoU (ASX announcement: 10 February 2020).

Financial

Consistent with outcomes of the Pre-Feasibility Study (PFS): (ASX announcement: 7 March 2019) the HPA First Project presents a compelling financial business case, generating an estimated annual free cashflow of A$280M* at full production. Headline financial metrics of the DFS are presented in the tables below:

HPA First Project		
Key Project Parameters	**A$**	**US$**
A$/US$ Exchange Rate	0.68	
HPA Production (t/y)	10,000	
Annual Average Cash Operating Cost	$127million	$86million
Unit Cash Cost ($/t HPA)	$12,750	$8,670
Unit Cash Cost accounting for by-products ($/t HPA)**	$8,730	$5,940
Aluminium Feedstock Processed (t/y)	18,592	
Pre-Production Capital Cost	$308 million	$209 million
Capital Intensity (CapEx$/ per tpa HPA)	$30,800	$20,900

Alpha HPA engaged independent market research firm, the CRU group, to conduct a detailed analysis of the global HPA market, including a breakdown of the existing market supply, demand and cost structure, as well as a detailed forward projection of HPA supply demand and pricing.

Based on this detailed analysis, CRU advise a realistic pricing of US$25/kg for 4N HPA represents current pricing of 4N HPA, with forecast pricing of US$25/kg over the first 5 years of the project life. In addition to the CRU analysis, the Company has also commenced an international market outreach program with a view to securing direct offtake relationships with end-users. Based on both CRU and the Company's own market outreach, and to accommodate scenarios of potential price discounting to penetrate supply chains, revenue metrics are presented below across a range of HPA price points in the table below.

	HPA Pricing Scenarios					
Key Project Parameters	USD $25/kg		USD $20/kg		USD $15/kg	
	AUD	USD	AUD	USD	AUD	USD
Annual Revenue @ 10,000tpa	$368 million	$250 million	$294 million	$200 million	$221 million	$150 million
Annual Pre-Tax Cashflow	$280 million	$191 million	$207 million	$141 million	$133 million	$91 million
Payback	< 2 years		<3 years		<4 years	

* *Based on an HPA price of US$25/kg and USD/AUD = 0.68*

As the HPA First Project is not constrained by mine life, there is no fixed project life, and therefore a discounted cash flow (DCF) analysis was not performed. Rather, the financial analysis is presented on an EBITDA basis.

Subject to the assumptions made, Alpha HPA expects the projected earnings to be maintained over the long term, providing an extremely attractive investment proposition.

DFS Opportunities

The Company was delighted with the DFS completion and current findings. In addition, some further significant technical and commercial opportunities for the project have continued to be assessed in the months following the release of the DFS.

- The CapEx estimate includes $25.3M ($30.0M including Indirects) associated with the by-product concentration area. The location and capital expenditure for this area remains subject to final engineering and evaluation with Orica, which may result in a CapEx adjustment and an attendant time-dated OpEx amortisation adjustment.

- The HPA Pilot Plant has recently successfully produced an alternative ceramic coating product, being high purity (4N) boehmite (Al-O-OH). The Company is in active discussions with end-users in the lithium-ion battery supply chain regarding boehmite usage and has sent several samples to prospective end-users for qualification testing. The addition of boehmite to the HPA First process provides excellent flexibility to produce alternative products based on end-user demand.

The full DFS release (ASX Announcement: 17 March 2020) can be found on the Company's website: www.alphahpa.com.au.

SUCCESSFUL PRODUCTION AND DISTRIBUTION OF HIGH PURITY BOEHMITE

In consultation with a significant Japanese lithium-ion battery separator manufacturer, Alpha HPA successfully manufactured crystalline, high-purity boehmite using the HPA First process. Boehmite is the only material, other than HPA, used in significant volumes in the manufacture of ceramic coated separators (CCS) for the lithium-ion battery market and represents a potential additional revenue product for the HPA First Project.

Review of Operations

During the year, multiple 1kg boehmite samples were produced at the Company's HPA First Pilot Plant in Brisbane. Purity assays by the GDMS assay method confirmed:

- an average boehmite purity of 99.995%, and
- peak boehmite purity of 99.997%.

Based on the Company's market research, Alpha HPA is not aware of any commercial boehmite products of equivalent purity. X-ray diffraction (XRD) analysis and scanning electron microscope (SEM) analysis confirmed 100% crystalline boehmite.

Boehmite spray dryer


High purity boehmite in production

Subsequent to this successful boehmite production, Alpha HPA despatched two 2kg samples of high-purity boehmite to Japan and South Korea following requests from end-users. The Company has worked closely with the Japanese end-user in the boehmite development process.

Further to the abovementioned sample despatches, the Company received additional orders for HPA samples to be sent to a large lithium-ion battery separator manufacturer in China, as well as a request for boehmite samples to the USA. These samples were despatched from the Company's milling lab in the USA. Preliminary feedback is still awaited with testing delayed due to COVID-19 enforced restrictions.

SUCCESSFUL PRODUCTION OF HIGH PURITY GAMMA-ALUMINA

The June 2020 quarter saw the Company employ its HPA First process to successfully produce a high purity gamma-HPA, with assays of up to 99.997% purity. Gamma HPA has a different crystal structure to alpha HPA and is characterised by much lower density and very high specific surface area (SSA). These properties lend themselves to use of HPA as a catalyst in phosphors and certain sapphire glass applications and also as a pre-cursor to alpha HPA in some lithium-ion battery coating techniques.

In catalytic applications, gamma HPA, often referred to as activated alumina, is valued highly for its high SSA. Alpha HPA was pleased to note the HPA First process produced gamma HPA with an extremely high SSA of 230m^2/g.

The Company is still at the early stages of investigating the gamma HPA market and potential end-users for this product but the adaption of the HPA First process to produce this variant of HPA specification is highly encouraging.

COLLABORATION WITH GERMAN RESEARCH LAB YIELDS NEW APPLICATIONS FOR HPA

During the December 2020 quarter, Alpha HPA completed a collaborative research program with a German based research group which identified two exciting new applications for HPA inside lithium-ion cells. In each case the new applications have absolute (>4N) purity requirements and the potential for large volume demand.

In response, Alpha HPA and the German group commenced a testwork program in Germany to confirm the suitability of the Company's HPA for these new applications.

Additionally, in collaboration with a German electrolyte developer and manufacturer (E-Lyte innovations GmbH), Alpha HPA achieved completing a successful study on battery performance by dosing of Li-based electrolyte with HPA generated from the Alpha HPA Pilot Plant. The study conclusively determined that electrolyte for lithium-ion batteries dosed with Alpha's HPA delivered:

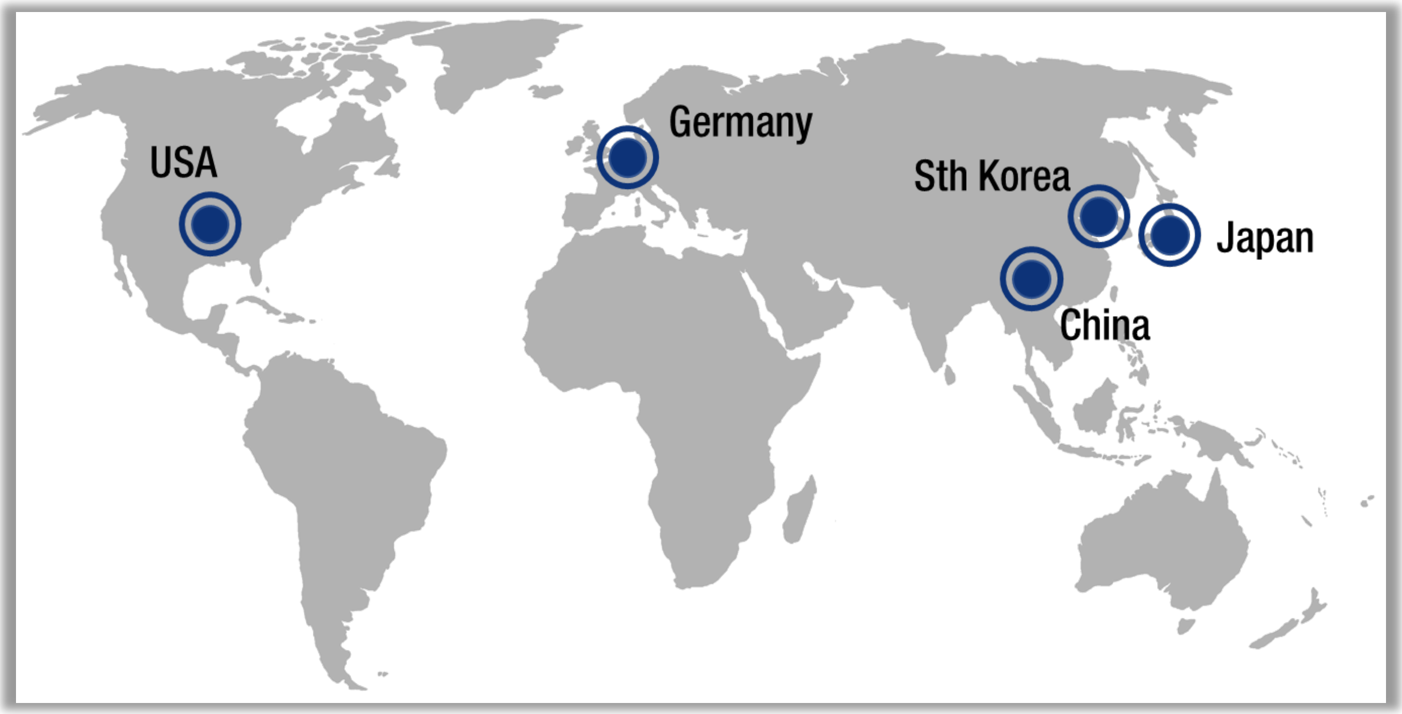
- markedly increased battery rate performance, and;
- markedly improved cycle life of batteries operated at low temperatures.

Alpha HPA has leverage this research and extended its market outreach work to include electrolyte manufacturers as potentially significant HPA end-users.

MARKET OUTREACH

HPA End Users

Over the last 12 months the Company significantly extended its market outreach program into the application of HPA across the lithium-ion battery and sapphire glass/LED sectors and has identified a number of large HPA end-users across multiple jurisdictions, including the USA, Germany, Japan, South Korea, Japan and China.



HPA samples have been distributed to end-users in multiple jurisdictions

Ongoing dialogue has resulted in the Company having a sound understanding of individual customer specifications and desired volumes with milled product from the Company's HPA First Pilot program having now been distributed to numerous potential offtake partners for commercial qualification testwork.

Review of Operations

Alpha HPA passes first level testing by USA based lithium-ion separator manufacturer

In the June 2020 quarter, the Company was advised that its test sample provided to a USA based manufacturer of alumina coated separators for the lithium-ion battery market had successfully passed the first stage of testing as part of their commercial qualification assessment. The first stage testwork is the assessment of all physical HPA characteristics, including purity. The next stage of qualification will test separator coating performance.

Large HPA test order received from USA based sapphire glass manufacturer

As a result of its continuing market outreach efforts into the sapphire glass/LED market, the Company secured a large (>90kg) test sample order from a USA based sapphire glass counterparty, following a review of the Company's product specifications. The order is in addition to a standing order from a South Korean based sapphire glass/LED counterparty.

Shortly after this order being received the Company also received a request for a first test sample order from a respected Taiwan based sapphire glass manufacturer.

OFFTAKE, MARKETING AND FINANCING MOU WITH TRAXYS

Subsequent to year end, in August 2020, the Company signed a Memorandum of Understanding (MoU) with Traxys North America (Traxys), with respect to the HPA First Project.

Traxys is an international client-focused commodities merchant that provides market access and product distribution as well as supply chain and financing solutions to a wide range of clients across the battery supply chain. The Traxys MoU sets the framework for project-wide cooperation and an eventual definitive agreement on HPA offtake and/or marketing agreements, working capital financing and logistics and potential direct investment in both Alpha HPA and/or the HPA First Project.

The collaboration with Traxys is expected to further facilitate the Company's engagement with, and securing of, offtake arrangements with users of HPA and other alumina-based products across the lithium-ion battery and sapphire glass/LED markets.

DEMONSTRATION SCALE PILOT PLANT RUN

To cater for the increasing requirement for larger volume sample orders, and in anticipation of further additional orders, the Company has committed to upscaling its Pilot Plant in Brisbane to undertake an increased volume demonstration scale production run.

Preparation for the demonstration scale run included the trial operation of the solvent extraction, salt crystallisation and pre-cursor circuits at higher volumes, as well as the procurement and commissioning of some key process equipment including a pellet press and sintering kiln, with these items critical to the delivery of the pelletised HPA required by potential sapphire glass/LED counterparties.

The SX circuit of the Pilot Plant was operated twice on a trial basis at double the previous flow rates. Process assays confirmed the SX circuit was successfully operable at double capacity.

Other preparation activities for the demonstration scale pilot run included the procurement of feedstock and working with Orica for the supply of process reagents from the Orica Yarwun facility, to fully replicate commercial process conditions.

The Company completed the trial operation of the pre-cursor circuit at demonstration scale, successfully generating HPA at 100% alpha form and assaying at 99.998% purity. This result builds confidence that purity levels will continue to improve with increased process volumes and scale.

Demonstration scale pre-cursor circuit generated 99.998% purity HPA

LEAD ADVISORS APPOINTED TO PROJECT FINANCING

During the June 2020 quarter, the Company appointed the Brisbane based KPMG Debt Advisory Team (KPMG DAT) to advise on the project financing process for the HPA First Project. KPMG DAT have recent and relevant project finance advisory experience including securing funding from the Northern Australia Infrastructure Facility (NAIF) and the Clean Energy Finance Corporation (CEFC) for Queensland based projects.

In parallel to working with these lending agencies the KPMG DAT has also commenced an engagement program with several commercial banking groups to provide debt funding to the HPA First Project.

GLADSTONE LAND CONTRACT FINALISED

Also during the June 2020 quarter, the Company finalised contract negotiations with the Queensland Government for the purchase of the optioned project site within the Gladstone State Development Area (GSDA). The land parcel is approximately 10 hectares and lies adjacent to the Orica Yarwun site within the GSDA. The key contract terms include a refundable $125,000 deposit, with a purchase consideration of $2.5 million payable on a Final Investment Decision (FID) by the Company within 24 months of contract signing.

HPA FIRST PROJECT PERMITTING ACTIVITIES

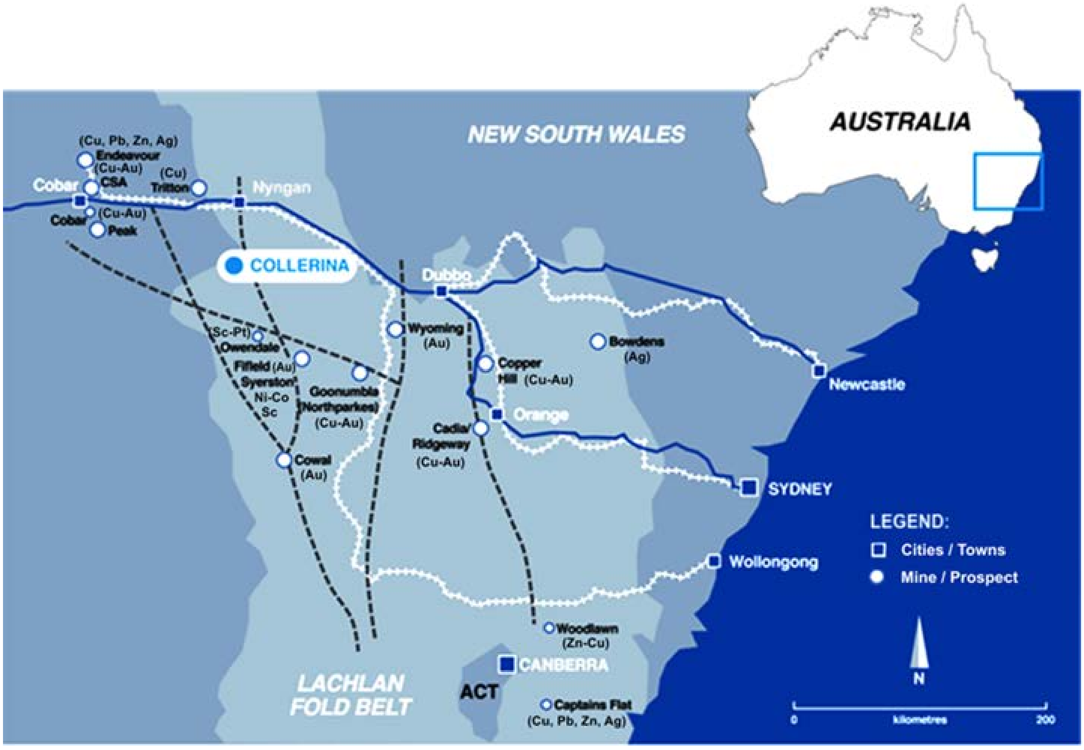
Subsequent to the execution of its MoU with Orica and the release of its DFS for the HPA First Project, Alpha HPA submitted its pre-lodgement documentation and held initial meetings with the Queensland Office of the Co-ordinator General (OCG) as well as the Queensland Department of Environment and Science (DES). The OCG has provided a state level waiver for the clearing of vegetation on the GSDA project site for operational works.

The Company is also continuing to progress work with external consultants AECOM in preparing its Application for Material Change of Use (MCU) with respect to the GSDA. More recent activities have been focused on key permitting considerations for the road interface between the Orica and Alpha HPA Project sites, as well as preparing documentation for various Queensland Government agencies.

Review of Operations

COLLERINA PROJECT – (Alpha HPA - 100%, subject to commodity split agreement)

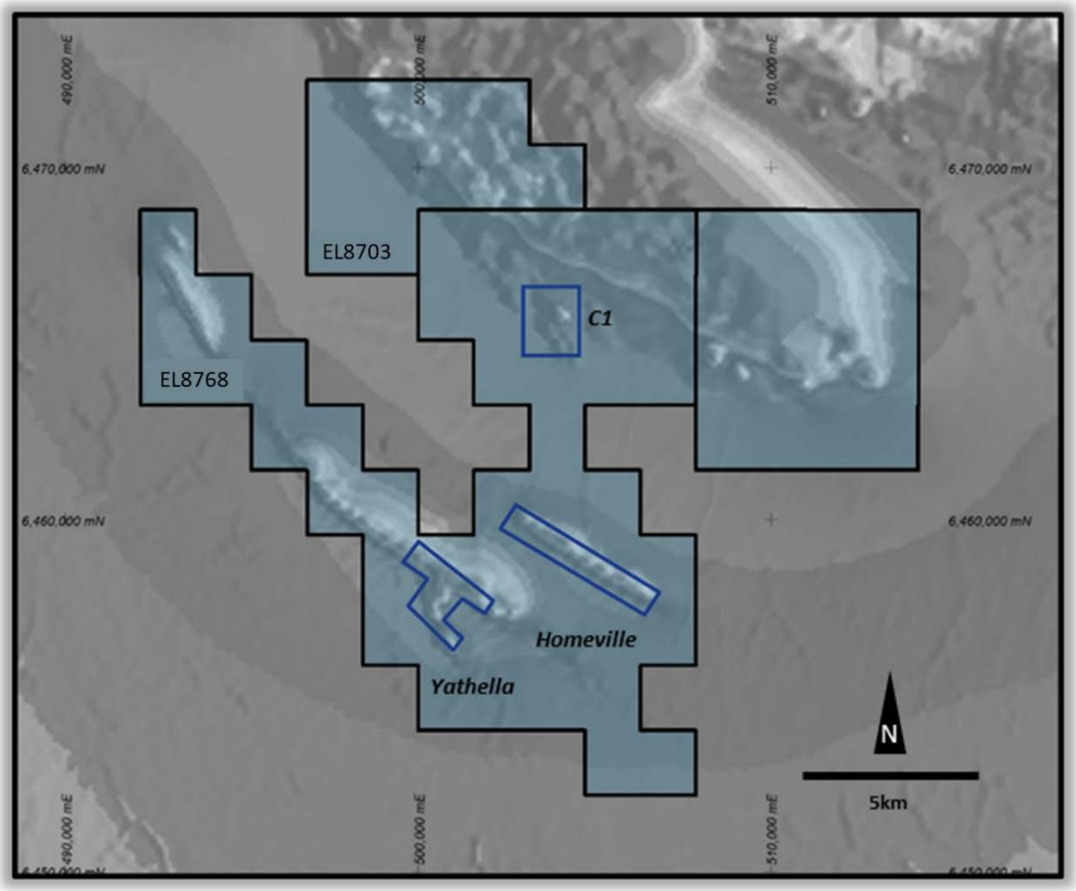
The Collerina Project is located 40 kilometres south of Nyngan in central NSW, covering an area of 150km^2 within the Fifield Platinum Province.



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 HPA retains rights to 100% of the nickel-cobalt laterite resources with the areas of retained rights (see Plan below) and Helix Resources the non-nickel laterite rights, with Alpha HPA retaining a royalty. No exploration or evaluation work was carried out by Alpha HPA on the Collerina project during the year, however, Helix was active in non-nickel-laterite exploration within EL8768.



Plan of the Collerina project licence area showing the Homeville, Yathella and C1 prospect areas within the areas of retained nickel-cobalt rights (blue outline)

WONOGIRI PROJECT – (Alpha HPA - 45%)

The 3,928 hectare Wonogiri Project, located in central Java at an altitude of approximately 200 metres above sea level, is one of the most recent major copper-gold discoveries in the highly mineralised Indonesian archipelago. The Wonogiri Project is supported by quality infrastructure, with access by sealed roads approximately 30 kilometres south of the provincial city of Solo and is easily accessible by daily flights from Jakarta. The surrounding area has grid power, a large dam and numerous river and stream systems. The surface area above the Randu Kuning deposit has no forestry restrictions.

The Wonogiri Project hosts the Randu Kuning deposit, a gold-rich porphyry copper deposit which, based on an updated JORC 2012 resource estimate using a cut-off grade of 0.2 g/t gold equivalent (AuEq[1]), contains 81.56 million tonnes (Mt) at 0.44 g/t AuEq (0.38 g/t gold and 0.11% copper). This represents 996,500 ounces of gold and 190 million pounds of copper, or 1.15 million ounces AuEq.

At a 0.5 g/t AuEq cut-off grade used in a Scoping Study, the total contained resource estimate is 20.95 million tonnes at 0.85 g/t Au and 0.16% copper, representing 573,000 ounces AuEq consisting of 533,000 ounces of gold and 74 million pounds of copper.

During the September quarter of 2019, the Company successfully had its request to suspend its licence until January 2021 approved to allow it to complete an AMDAL (environmental impact study) for the Randu Kuning gold-copper deposit and associated aggregate deposit. This process was ongoing at year end 30 June 2020.

No exploration activities were undertaken at the Wonogiri Project during the year and expenditure at the project was fully impaired at 30 June 2020.

Review of Operations

CORPORATE ACTIVITIES

Over the 12 months ended 30 June 2020, the Company successfully completed two separate capital raisings totalling $10.5M, to further advance the HPA First Project.

In July 2019, the Company completed a capital raising of $3.5M at $0.10 per share from sophisticated investors. This capital raising enabled the Company to deliver a number of key milestones, including additional Pilot Plant testwork, delivery of the Definitive Feasibility Study and advancement of its chemical counterparty and land acquisition discussions.

A further capital raising was conducted in May 2020. As the Company's market penetration into the lithium-ion battery and sapphire glass/LED HPA markets continued to broaden, a scale-up of the Pilot Plant to cater for demonstration scale, commercial volumes of sample product became a requirement. With the need for larger volume equipment and several new capital items required to produce a pelletised HPA, the Company undertook a capital raising of $7.0M at $0.145 per share from a mix of new and existing sophisticated investors. Proceeds from the capital raising were used to facilitate these demonstration scale Pilot Plant initiatives and further advance the market outreach, financing and permitting aspects of the HPA First Project.

Additionally, a further $3.0 million was raised during the December 2019 quarter as 30 million options, each exercisable at $0.10, were converted into ordinary shares in the Company.

GRANT OF OPTIONS

In October and November 2019, the Company granted 41 million options, each exercisable to acquire one fully paid ordinary share at any time up to 31 July 2022 for $0.30 key employees and consultants of the Company and Directors following shareholder approval and 5 million options, each exercisable to acquire one fully paid ordinary share at any time up to 30 June 2021 for $0.20, to the licensor of the proprietary aluminium extraction and refining process.

FY19 R&D REBATE OF $684K RECEIVED

In December 2019 the Company received a $684,000 R&D rebate, for activities related to the HPA first Project in the 2019 financial year.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 Corporate Governance Statement is dated as at 29 September 2020 and reflects the corporate governance practises throughout the 2019 financial year. The 2020 Corporate Governance Statement was approved by the Board on 29 September 2020. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at www.alphahpa.com.au/index.cfm/about-us/.

MINERAL RESOURCES STATEMENT

Collerina Project – Homeville Deposit

The Mineral Resource Estimate is presented below at 0.54% Ni, 0.7% Ni, and 1.0% nickel cut-off grades:

Category	Cut Off Grade (Ni %)	Tonnes (Mt)	Ni %	Co %	Fe %	Al %
Indicated	0.5	2.2	0.97	0.04	19	2.8
Inferred	0.5	18.8	0.84	0.06	23	3.7
TOTAL		**21**	**0.85**	**0.06**	**22**	**3.6**
Category	**Cut Off Grade (Ni %)**	**Tonnes (Mt)**	**Ni %**	**Co %**	**Fe %**	**Al %**
Indicated	0.7	2.2	0.98	0.04	19	2.8
Inferred	0.7	15.7	0.88	0.06	23	3.7
TOTAL		**17.9**	**0.89**	**0.06**	**22**	**3.6**
Category	**Cut Off Grade (Ni %)**	**Tonnes (Mt)**	**Ni %**	**Co %**	**Fe %**	**Al %**
Indicated	1.0	0.9	1.1	0.04	18	2.4
Inferred	1.0	3.1	1.1	0.05	20	2.9
TOTAL		**4.0**	**1.1**	**0.05**	**19**	**2.8**

Wonogiri Project

Category	Cut Off (AuEq g/t)	Million Tonnes	AuEq (g/t)	Gold (g/t)	Copper (%)
Measured	1	4.88	1.36	1.28	0.23
	0.5	15.65	0.91	0.83	0.17
	0.2	21.59	0.77	0.69	0.15
Indicated	1	0.25	1.37	1.39	0.16
	0.5	1.67	0.74	0.73	0.11
	0.2	3.08	0.58	0.56	0.09
Inferred	1	0.1	1.37	1.49	0.09
	0.5	3.64	0.67	0.62	0.12
	0.2	56.89	0.31	0.25	0.09
Total	**1**	**5.22**	**1.36**	**1.29**	**0.23**
	0.5	**20.95**	**0.85**	**0.79**	**0.16**
	0.2	**81.56**	**0.44**	**0.38**	**0.11**

Resource Comparison 2020 to 2019

In September 2018 the Company released a JORC 2012 compliant Mineral Resource Estimate (MRE) for the Collerina Project, prepared by Optiro Consultants. The detail of this MRE were presented in the Company's 2018 Mineral Resource Statement.

With the Company's focusing on the HPA First Project no further updated to the resource estimate at the Collerina Project has been made.

A review of the Wonogiri Project concluded that no adjustment to the resource estimate at the Wonogiri Project was necessary at this time.

Review of Operations

Statements of Compliance

Competent Persons 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 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.

Competent Persons 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. Mr Kairaitis is a Director of Alpha HPA Limited 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.

Competent Persons Statement – Homeville Mineral Resource Estimate

The Mineral Resource Estimate for the Homeville deposit has been compiled by Kahan Cervoj, B. App. Sci (Geology), MAIG MAusIMM. Mr Cervoj is an employee of Mineral Industry Consultants, Optiro Pty Ltd 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 Cervoj consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Randu Kuning Resource Estimate

The information in this report that relates to the Randu Kuning Resource estimate is based on information compiled by Alpha HPA staff and contractors and approved by Mr Michael Corey, PGeo., who is a Member of the Association of Professional Geoscientists of Ontario (APGO) in Canada. Mr Corey was employed by 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 Corey has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

1 Gold Equivalent Calculation for the Randu Kuning JORC 2012 Compliant Resource

Where reported in relation to the Wonogiri mineral resource estimate, gold equivalent results are calculated using a gold price of US$1,250/ounce and a copper price of US$5,500/tonne. Silver is excluded from the gold equivalent calculation. In calculating gold equivalents for the JORC 2012 resource estimate, gold and copper recoveries are assumed to be 85%. As previously reported, metallurgical testing has resulted in mean recoveries from sulphide material of over 90% for gold and 94% for copper. It is the Company's opinion that all metals used in the equivalent calculation have a reasonable potential to be recovered in the event that material from the Wonogiri Project was to undergo processing.

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Alpha HPA Limited ('Alpha HPA' or 'the Company'), and its controlled entities for the financial year ended 30 June 2020 and the auditor's report thereon.

Directors

The names of the Directors in office at any time during or since the end of the financial year are:

Norman Seckold	-	Chairman
Rimas Kairaitis	-	Managing Director
Peter Nightingale	-	Director and CFO
Anthony Sgro	-	Director
Justin Werner	-	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The Company Secretary in office during the financial year was Richard Edwards.

Principal Activities

The Company's principal focus over the last 12 months has been advancing the commercialisation of its proprietary solvent extraction and refining technology to produce High Purity Alumina (HPA) for sale into the lithium-ion battery and LED battery markets. This decision to utilise a non-mining sourced feedstock has seen the Company de-prioritise the immediate development of the Collerina Project in central NSW. It is the Company's intention to continue the commercialisation path of the HPA First Project.

No significant changes in the nature of these activities occurred during the year.

Financial Results

The loss of the Group for the financial year after providing for income tax amounted to $9,537,539 (2019 - $11,213,001 loss).

Review of Operations

A review of the Group's operations for the year ended 30 June 2020 is set out in the Review of Operations.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2020. No dividends have been paid or declared during the financial year (2019 - $nil).

Environmental Regulations

The Group is subject to state, federal and international environmental legislation. The Group has complied with its environmental obligations and the Group have not received a notification for environmental breaches by any Government agency to the date of this Directors' Report, and the Directors do not anticipate any obstacles in complying with the legislation.

Directors' Report

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2020 were as follows:

- Chemical counterparty agreement signed with Orica Australia Pty Ltd for the supply of key process reagents and the offtake of by-product from the HPA First Project.
- Delivery of a Definitive Feasibility Study (DFS) for the HPA First Project.
- Secured a suitable 10-hectare land parcel within the Gladstone State Development Area (GSDA).
- Successful manufacture of crystalline high purity boehmite with purity levels of 99.995%.
- Successful production of high purity gamma HPA with purity levels up to 99.997%.
- Raised $10.5M across two separate capital raisings with proceeds used to advance the delivery of the DFS and facilitate the demonstration-scale ramp-up of the Pilot Plant.
- Appointment of KPMG Debt Advisory as advisors to the HPA First Project Financing process.
- Ongoing market outreach including securing numerous orders for the Company's HPA and boehmite products for qualification testing from across the lithium-ion battery and sapphire glass/LED lighting end-user markets.

After Balance Date Events

Subsequent to year end, the Company signed a Memorandum of Understanding (MoU) with Traxys North America for project-wide cooperation and an eventual definitive agreement on HPA offtake and/or marketing agreements, working capital financing and logistics and potential direct investment in both Alpha HPA and/or the HPA First Project.

Other than the matters 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.

Information on Directors

Norman Alfred Seckold
Chairman

Director since 30 November 2009.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico, and Equus Mining Limited, a mineral and development company operating in Chile.

Mr Seckold is currently Chairman of ASX listed Sky Metals Limited and Santana Minerals Ltd and Deputy Chairman of ASX listed Nickel Mines Limited. He is also a director of the unlisted public company Mekong Minerals Ltd.

Other current listed company directorships: Nickel Mines Limited, Santana Minerals Ltd and Sky Metals Limited.
Former directorships in the last three years: None.
Interests in shares and options: 67,291,194 shares indirectly held as at the date of this report.

Directors' Report

Rimas Kairaitis
Managing Director
Technical Director since 1 November 2017. Appointed as Managing Director on 23 August 2018.

Mr Kairaitis is a geologist with over 24 years' experience in minerals exploration and resource development in gold, base metals and industrial minerals. In his most recent role, Mr Kairaitis was founding Managing Director and CEO of Aurelia Metals (ASX: AMI), which he steered from a junior exploration company IPO to a profitable NSW based gold and base metals producer. Mr Kairaitis led the geological field teams to the discovery of the Tomingley and McPhillamy's gold deposits in NSW and steered the Hera gold-lead-zinc Project from discovery through to successful commissioning and commercial production.

Other current listed company directorships: Sky Metals Limited.
Former directorships in the last three years: Great Western Exploration Ltd.
Interests in shares and options: 600,000 shares indirectly held and 2,500,000 shares directly held. 10,000,000 $0.15 31 October 2020 and 10,000,000 $0.30 31 July 2022 unlisted options held directly as at the date of this report.

Peter James Nightingale
Director and Chief Financial Officer
Director since 30 November 2009.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 30 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L., Bolnisi Gold N.L. and Planet Gas Limited (now Sky Metals Limited). Mr Nightingale is currently a director of ASX listed Nickel Mines Limited and unlisted public company Prospech Limited.

Other current listed company directorships: Nickel Mines Limited.
Former directorships in the last three years: Argent Minerals Limited and Planet Gas Limited (now Sky Metals Limited).
Interests in shares and options: 13,612,500 shares indirectly held and 3,000,000 shares directly held. 3,000,000 $0.30 31 July 2022 unlisted options held directly as at the date of this report.

Anthony Sgro
Director

Director since 1 November 2017.

Mr Sgro is a Chemical Engineer, graduating from University of Sydney. His studies included an emphasis on Minerals Chlorination, which focused on the application of chlorination techniques to the extractive metallurgy of various minerals including titanium, nickel, chromium and tungsten ores.

His early career was spent with an international engineering group, including an extended period managing operations in Indonesia.

In 1979, with two partners, Mr Sgro started Kelair Pumps which grew to be the largest privately owned pumping equipment supply company in Australia. The company was sold to an international group in 2004 but Mr Sgro remained with the company as General Manager until his retirement in 2015.

In a career spanning 45 years, Mr Sgro was deeply involved in the technical and commercial aspects of supply of specialised equipment to the major process industries including oil and gas, petrochemical, chemical and mining industries, including equipment specification, material selection, commercial and technical aspects of large tenders, contract negotiation and contract management.

Other current listed company directorships: None.
Former directorships in the last three years: None.
Interests in shares and options: 155,297 shares indirectly held and 3,000,000 shares directly held. 3,000,000 $0.30 31 July 2022 unlisted options held directly as at the date of this report.

Justin Charles Werner
Director

Director since 23 December 2010. Managing Director from 8 August 2014 to 23 August 2018.

Justin Werner, who has a Bachelor of Management from the University of Sydney, has been involved in the mining industry for more than 10 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and discovered the highly prospective Romang Island in Indonesia which was acquired by Padiham resources from Robust Resources Limited in November 2014.

Prior to focusing on developing projects in Indonesia, he worked as a consultant for specialist mining consultancies GPR Dehler, Jamieson Consulting and Partners in Performance, leading many successful turnaround projects for blue chip mining companies including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia). Mr Werner is currently Managing Director of ASX listed public company Nickel Mines Limited.

Other current listed company directorships: Nickel Mines Limited.
Former directorships in the last three years: None.
Interests in shares and options: 12,316,835 shares indirectly held and 3,000,000 $0.30 31 July 2022 unlisted options held directly as at the date of this report.

Directors' Report

Meetings of Directors

Directors	Directors' Meetings	
	Nº eligible to attend	Nº attended
Norman Seckold	3	3
Rimas Kairaitis	3	3
Peter Nightingale	3	3
Anthony Sgro	3	3
Justin Werner	3	2

Company Secretary

The Company Secretary, Richard Edwards, was appointed on 3 September 2012.

Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Mr Edwards has worked for over fifteen years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. He is also Company Secretary of ASX listed Nickel Mines Limited and unlisted public company Prospech Limited.

Directors' Interests

The following table provides the total ordinary shares held by each Director as at the date of this report:

	Directly held	Indirectly held
Norman Seckold	-	67,291,194
Rimas Kairaitis	2,500,000	600,000
Peter Nightingale	3,000,000	13,612,500
Anthony Sgro	3,000,000	155,297
Justin Werner	-	12,316,835
Total	8,500,000	93,975,826

The following table provides the total options held by each Director as at the date of this report:

	Directly held	Indirectly held
Norman Seckold	-	-
Rimas Kairaitis	20,000,000	-
Peter Nightingale	3,000,000	-
Anthony Sgro	3,000,000	-
Justin Werner	3,000,000	-
Total	29,000,000	-

Unissued Shares Under Option

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
12,000,000	$0.15	31 October 2020
10,000,000	$0.20	31 July 2022
5,000,000	$0.20	30 June 2021
39,000,000	$0.30	30 July 2022

Shares Issued on Exercise of Options

During or since the end of the financial year, the Group issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of Shares	Amount paid on each share
30,000,000	$0.10

Indemnification of Officers and Auditor

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

During the year ended 30 June 2020 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

	2020 $	2019 $
Auditors of the Company - KPMG		
Audit of annual and interim financial reports - KPMG	87,000	87,875
R&D incentive claim services	35,000	-
Debt advisory services	50,000	-
	172,000	87,875

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

The lead auditor's independence declaration is set out on page 30 as required under section 307C of the *Corporations Act 2001.*

Remuneration Report - (Audited)

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors and the Chief Operating Officer of the Company. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments. Longer term incentives are able to be provided through the Group's Incentive Option Plan which acts to align the Directors and senior executives' actions with the interests of the shareholders. The terms and conditions of share options offered or granted by the Group are determined by the Board in its sole and absolute discretion. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements. No Directors or senior executives receive performance related remuneration.

There were no remuneration consultants used by the Group during the year ended 30 June 2020, or in the prior year.

Details of Remuneration for the Year Ended 30 June 2020 - (Audited)

Details of Director and senior executive remuneration and the nature and amount of each major element of the remuneration of each Director of the Company, and other key management personnel of the Group are set out below:

Key management personnel	Year	Short term	Post-employment	Other long term benefits	Termination benefit	Share based payments	Total	Proportion of remuneration performance related	Value of options as a proportion of remuneration
		Salary and fees $	Super -annuation $	$		Options $	$	%	%
Norman Seckold	2020	90,000	-	-	-	-	90,000	-	-
	2019	90,000	-	-	-	-	90,000	-	-
Rimas Kairaitis(1)	2020	432,000	-	-	-	613,423	1,045,423	-	58.68
	2019	365,733	-	-	-	436,000	801,733	-	54.38
Peter Nightingale	2020	90,000	-	-	-	184,027	274,027	-	67.16
	2019	90,000	-	-	-	-	90,000	-	-
Anthony Sgro	2020	40,000	-	-	-	184,027	224,027	-	82.15
	2019	40,000	-	-	-	-	40,000	-	-
Justin Werner(2)	2020	40,000	-	-	-	184,027	224,027	-	82.15
	2019	54,957	-	-	-	-	54,957	-	-
Martin Kaderavek(3)	2020	134,166	17,480	-	59,269	69,348	280,263	-	24.74
	2019	57,500	5,463	-	-	-	62,963	-	-

Directors’ Report

Remuneration Report - (Audited) (Cont.)

Key management personnel	Year	Short term	Post-employment	Other long term benefits	Termination benefit	Share based payments	Total	Proportion of remuneration performance related	Value of options as a proportion of remuneration %
		Salary and fees $	Super -annPuation $	$		Options $	$	%	
Robert Williamson(4)	2020	24,583	2,335	1,891	-	-	28,809	-	-
	2019	-	-	-	-	-	-	-	-
Total	2020	850,749	19,815	1,891	59,269	1,234,852	2,166,576	-	57.05
Total	2019	698,190	5,463	-	-	436,000	1,139,653	-	38.26

(1) Technical Director since 1 November 2017. Appointed as Managing Director 23 August 2018
(2) Ceased being Managing Director from 23 August 2018 and became a Non-Executive Director from this date.
(3) Ceased as Chief Operations Officer on 17 January 2020.
(4) Appointed as Chief Operations Officer on 1 June 2020.

Other than the share based payments outlined above, no bonuses were paid during the financial year and no performance based components of remuneration exist.

Consequences of Performance on Shareholder Wealth - (Audited)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2020	2019	2018	2017	2016
Loss attributable to owners of the Company	$9,345,494	$10,054,498	$1,770,554	$2,519,816	$832,714
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	$0.06	$0.016	$0.077	$0.009	$0.003
Return on capital employed(1)	(90%)	(242%)	(17%)	(32%)	(9%)

(1) Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

The overall level of key management personnel’s compensation is assessed on the basis of market conditions, status of the Group's projects, and financial performance of the Company.

Movement in Shares - (Audited)

No shares were granted to key management personnel during the reporting period as compensation in 2020 or 2019. The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Remuneration Report - (Audited) (Cont.)

Key management personnel	Held at 1 July 2019	Purchased / Option Conversion	Sales	Held at 30 June 2020
Norman Seckold	67,291,194	-	-	67,291,194
Rimas Kairaitis	480,000	2,620,000	-	3,100,000
Peter Nightingale	13,612,500	3,000,000	-	16,612,500
Anthony Sgro	155,297	3,000,000	-	3,155,297
Justin Werner	7,316,835	5,000,000	-	12,316,835

Key management personnel	Held at 1 July 2018	Purchased shares	Sales	Held at 30 June 2019
Norman Seckold	61,173,812	6,117,382	-	67,291,194
Rimas Kairaitis	300,000	180,000	-	480,000
Peter Nightingale	12,375,000	1,237,500	-	13,612,500
Anthony Sgro	141,179	14,118	-	155,297
Justin Werner	6,651,667	665,168	-	7,316,835

Movement in Options - (Audited)

Options granted as compensation - (Audited)

Details of options granted as compensation to each key management person:

Key Management Person	Grant Date	Number of Options Granted	Fair Value at Grant Date	Option Terms (Exercise Price and Term)
Martin Kaderavek	16/10/2019	3,000,000	$208,043	$0.30 at any time post vesting to 31/07/22
Rimas Kairaitis	28/11/2019	10,000,000	$826,766	$0.30 at any time post vesting to 31/07/22
Justin Werner	28/11/2019	3,000,000	$248,030	$0.30 at any time post vesting to 31/07/22
Peter Nightingale	28/11/2019	3,000,000	$248,030	$0.30 at any time post vesting to 31/07/22
Anthony Sgro	28/11/2019	3,000,000	$248,030	$0.30 at any time post vesting to 31/07/22

The Company issued 3,000,000 $0.30 options for no consideration with a grant date of 16 October 2019 to Mr Martin Kaderavek following his appointment as Chief Operations Officer, and an expiry date of 31 July 2022. The fair value of the options granted was measured using a Black-Scholes formula. The model inputs of the options issued 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 no dividends paid.

The Company issued to Directors 19,000,000 $0.30 options for no consideration with a grant date of 28 November 2019 and an expiry date of 31 July 2022. The fair value of the options issued to Directors on 28 November 2019 was determined based on Black-Scholes formula. The model inputs of the options issued, were the Company's share price of $0.19 at the grant date, a volatility factor of 90% based on historic share price performance, a risk free rate of 0.62% based on the 2 year government bond rate and no dividends paid.

Remuneration Report - (Audited) (Cont.)

The number of options that vested to key management personnel during the year ended 30 June 2020 is 7,333,333 (2019 - 10,000,000). 2,000,000 options lapsed following the resignation of Mr Kaderavek. No options lapsed during 2019 financial year. Options issued to date at the discretion of the Board that have not yet vested have service conditions attached to them, which can be waived at the discretion of the Board. Subsequent to year end 3,000,000 $0.35, with an expiry date of 31 July 2023 were issued to Chief Operations Officer Rob Williamson.

Modification of terms of equity-settled share-based payment transactions - (Audited)

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the 2020 financial year.

Exercise of options granted as compensation - (Audited)

During the year ended 30 June 2020 the following options previously granted as compensation during the 2019 financial years were exercised or sold prior to exercise by a 3rd party.

Director	Strike price	Number exercised/sold
Rimas Kairaitis	$0.10	10,000,000(1)
Peter Nightingale	$0.10	3,000,000
Anthony Sgro	$0.10	3,000,000
Justin Werner	$0.10	10,000,000(1)

(1) Prior to their expiry Mr Kairaitis sold 7,500,000 31/10/19 $0.10 options and Mr Werner sold 5,000,000 31/10/19 $0.10. These options were subsequently exercised by the purchaser.

No options were exercised during the year ended 30 June 2019.

Analysis of options and rights over equity instruments granted as compensation - Audited

All options refer to options over ordinary shares of Alpha HPA Limited, which are exercisable on a one-for-one basis.

	Options granted				
Director	Number	Date	% vested at year end	% forfeited at year end	Financial year in which grant vests
Rimas Kairaitis	10,000,000	28 November 2019	33.33%	-	1/3 in 2020, 1/3 in 2021 and 1/3 in 2022
Peter Nightingale	3,000,000	28 November 2019	33.33%	-	1/3 in 2020, 1/3 in 2021 and 1/3 in 2022
Anthony Sgro	3,000,000	28 November 2019	33.33%	-	1/3 in 2020, 1/3 in 2021 and 1/3 in 2022
Justin Werner	3,000,000	28 November 2019	33.33%	-	1/3 in 2020, 1/3 in 2021 and 1/3 in 2022
Martin Kaderavek(1)	3,000,000	16 October 2019	33.33%	66.66%	1/3 in 2020, remaining 2/3's lapsed

Remuneration Report - (Audited) (Cont.)

Options and rights over equity instruments - (Audited)

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at 1 July 2019	Granted/ Purchased	Exercised/ Sold	Expired	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Rimas Kairaitis	20,000,000	10,000,000	10,000,000[2]	-	20,000,000	13,333,333
Peter Nightingale	3,000,000	3,000,000	3,000,000	-	3,000,000	1,000,000
Anthony Sgro	3,000,000	3,000,000	3,000,000	-	3,000,000	1,000,000
Justin Werner	10,000,000	3,000,000	10,000,000[2]	-	3,000,000	1,000,000
Martin Kaderavek[1]	-	3,000,000	-	2,000,000	1,000,000	1,000,000

[1] Ceased as Chief Operations Officer on 17 January 2020.

[2] Prior to their expiry Mr Kairaitis sold 7,500,000 31/10/19 $0.10 options and Mr Werner sold 5,000,000 31/10/19 $0.10. These options were subsequently exercised by the purchaser.

Loans to key management personal and their related parties - (Audited)

There were no loans made to key management personnel or their related parties during the 2020 and 2019 financial years and no amounts were outstanding at 30 June 2020 (2019 - $nil).

Other transactions with key management personnel - (Audited)

These key management personnel related entities transacted with the Group during the year as follows:

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS Corporate Pty Limited during the year amounted to $398,975 (2019 - $287,490) which includes a monthly fee of $25,000 per month, and reimbursement of consultant expenses incurred by MIS Corporate Pty Limited on behalf of the Group. At 30 June 2020, $32,500 (2019 - $15,502) remained outstanding and was included in the creditor's balance. Included within current liabilities are amounts totalling $59,667 (2019 - $50,083) due to the Directors of the Company.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

Signed at Sydney this 29th day of September 2020 in accordance with a resolution of the Board of Directors.

Rimas Kairaitis
Managing Director

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 audit for the financial year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Brisbane
29 September 2020

Alpha HPA Limited
and its controlled entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	Consolidated 2020 $	2019 $
Continuing operations			
Other income		**310,500**	918,798
Administration and consultant expenses		**(1,079,684)**	(829,682)
Audit and other professional fees	6	**(87,000)**	(87,875)
Depreciation and amortisation expenses	6	**(1,145)**	(522)
Directors' and company secretarial fees		**(620,000)**	(574,811)
Legal fees		**(25,516)**	(27,457)
Share based payments	16	**(2,668,795)**	(1,090,600)
Realised loss on investment	13	**(40,000)**	-
Unrealised gain/(loss) on investment	13	**8,041**	(244,123)
Development expenses		**(5,110,688)**	(1,953,296)
Exploration and evaluation expenditure	12	**(259,839)**	-
Impairment loss - exploration and evaluation expenditure	12	**-**	(7,496,245)
Operating loss before financing income		**(9,574,126)**	(11,385,813)
Finance income	5	**36,587**	172,847
Finance expense	5	**-**	(35)
Net financing income		**36,587**	172,812
Loss before income tax expense		**(9,537,539)**	(11,213,001)
Income tax expense	8	**-**	-
Loss after income tax expense		**(9,537,539)**	(11,213,001)
Other comprehensive income for the year			
Items that may be classified subsequently to profit or loss			
Foreign currency translation		**89,637**	(17,369)
Total other comprehensive loss		**89,637**	(17,369)
Total comprehensive loss for the year		**(9,447,902)**	(11,230,370)
Loss is attributable to:			
Owners of the Company		**(9,345,494)**	(10,054,498)
Non-controlling interest		**(192,045)**	(1,158,503)
Loss for the year		**(9,537,539)**	(11,213,001)
Total comprehensive loss is attributable to:			
Owners of the Company		**(9,301,289)**	(10,069,223)
Non-controlling interest		**(146,613)**	(1,161,147)
Total comprehensive loss for the year		**(9,447,902)**	(11,230,370)
Earnings per share			
Basic and diluted loss per share (cents)	9	**(1.50)**	(1.80)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $
Current assets			
Cash and cash equivalents	10	**7,984,529**	691,016
Trade and other receivables	11	**168,183**	1,123,675
Prepayments		**87,120**	117,276
Total current assets		**8,239,832**	1,931,967
Non-current assets			
Property, plant and equipment		**3,137**	2,016
Exploration and evaluation expenditure	12	**2,556,925**	2,546,597
Investments	13	**63,918**	215,877
Deposits		**160,000**	45,000
Total non-current assets		**2,783,980**	2,809,490
Total assets		**11,023,812**	4,741,457
Current liabilities			
Trade and other payables	14	**586,068**	579,871
Total current liabilities		**586,068**	579,871
Total liabilities		**586,068**	579,871
Net assets		**10,437,744**	4,161,586
Equity			
Issued capital	15	**48,038,551**	34,112,896
Reserves	15	**3,807,438**	2,054,810
Accumulated losses		**(40,864,128)**	(31,518,634)
Total equity attributable to equity holders of the Company		**10,981,861**	4,649,072
Non-controlling interest		**(544,117)**	(487,486)
Total equity		**10,437,744**	4,161,586

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 30 June 2020

Attributable to equity holders of the Group	Notes	Issued capital $	Reserves $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2018		30,187,206	999,735	(21,464,136)	9,722,805	517,059	10,239,864
Total comprehensive income for the year							
Loss for the year		-	-	(10,054,498)	(10,054,498)	(1,158,503)	(11,213,001)
Total other comprehensive loss		-	(14,725)	-	(14,725)	(2,644)	(17,369)
Total comprehensive loss for the year		-	(14,725)	(10,054,498)	(10,069,223)	(1,161,147)	(11,230,370)
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares	15	4,226,182	-	-	4,226,182	-	4,226,182
Costs of issue	15	(321,292)	-	-	(321,292)	-	(321,292)
Fair value of options exercised during the period		20,800	(20,800)	-	-	-	-
Share based payments	16	-	1,090,600	-	1,090,600	-	1,090,600
Contribution from non-controlling interest		-	-	-	-	156,602	156,602
Balance at 30 June 2019		34,112,896	2,054,810	(31,518,634)	4,649,072	(487,486)	4,161,586
Balance 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 year							
Loss for the year		**-**	**-**	**(9,345,494)**	**(9,345,494)**	**(192,045)**	**(9,537,539)**
Total other comprehensive income		**-**	**44,205**	**-**	**44,205**	**45,432**	**89,637**
Total comprehensive loss for the year		**-**	**44,205**	**(9,345,494)**	**(9,301,289)**	**(146,613)**	**(9,447,902)**
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares	15	**13,500,000**	**-**	**-**	**13,500,000**	**-**	**13,500,000**
Costs of issue	15	**(534,717)**	**-**	**-**	**(534,717)**	**-**	**(534,717)**
Fair value of options exercised during the period	15	**960,372**	**(960,372)**	**-**	**-**	**-**	**-**
Lapse of options	16	**-**	**(26,295)**	**-**	**(26,295)**	**-**	**(26,295)**
Share based payments	16	**-**	**2,695,090**	**-**	**2,695,090**	**-**	**2,695,090**
Contribution from non-controlling interest		**-**	**-**	**-**	**-**	**89,982**	**89,982**
Balance at 30 June 2020		**48,038,551**	**3,807,438**	**(40,864,128)**	**10,981,861**	**(544,117)**	**10,437,744**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2020

	Notes	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Cash payments in the course of operations		**(1,651,460)**	(1,674,214)
Interest received		**22,850**	37,244
Advanced Manufacturing Growth Centre rebate		**310,500**	-
R&D tax incentive		**918,798**	-
Net cash used in operating activities	17	**(399,312)**	(1,636,970)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(253,940)**	(462,575)
Payments for development expenditure		**(5,114,958)**	(1,706,613)
Payments for property, plant and equipment		**(2,279)**	(2,290)
Proceeds from sale of tenement interest		**-**	150,000
Deposit for purchase of land and refund of bonds		**(125,000)**	-
Proceeds from sale of Santana share		**120,000**	-
Net cash used in investing activities		**(5,376,177)**	(2,021,478)
Cash flows from financing activities			
Proceeds from issue of shares	15	**13,500,000**	4,226,182
Transaction costs on share issue	15	**(534,717)**	(321,292)
Contribution by non-controlling interest		**89,982**	156,602
Net cash provided by financing activities		**13,055,265**	4,061,492
Net increase in cash held		**7,279,776**	403,044
Cash and cash equivalents at 1 July		**691,016**	288,007
Effect of exchange rate adjustments on cash held		**13,737**	(35)
Cash and cash equivalents at 30 June	10	**7,984,529**	691,016

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 REPORTING ENTITY

Alpha HPA Limited (the 'Company') is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (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.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The Company adopted AASB 16 *Leases* effective from 1 July 2019. There was no material impact on the financial statements upon adoption.

The consolidated financial statements were authorised for issue by the Directors on 29 September 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- Investments - financial assets measured at fair value through profit and loss.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated 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 expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2(e) Going concern.
- Note 8 Unrecognised deferred tax assets.
- Note 12 Exploration and evaluation expenditure.
- Note 16 Share Based Payments

(e) 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.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION (Cont.)

(e) Going concern (Cont.)

During the year ended 30 June 2020, the Group incurred a net loss before tax of $9,537,539 for the year ended 30 June 2020 and used $5,768,210 of cash in operations, including payments for exploration and evaluation activities and development expenditure. As at 30 June 2020, the Group had net assets of $10,437,744 including unrestricted cash of $7,984,529.

The Directors have prepared cash flow projections for the period from 1 July 2020 to 30 September 2021 that support the ability of the Group to continue as a going concern. The most notable aspects of the cash flow projections include:

- upscaling of the pilot plant including costs of capital equipment, general procurement and operational costs. Management estimate this to be completed by December 2020;
- project management costs associated with project permitting and findings from test work studies; and
- marketing activities to support project outreach.

These cashflow projections assume the operational expenditures are maintained within available funding levels, and development expenditures are managed in line with available funding and additional funds secured from shareholders or other parties.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group. The adoption of AASB 16 *Leases* did not have a material impact on the financial statements.

(a) Finance income and finance costs

Finance income comprises interest income on funds invested (including financial assets at fair value through profit or loss), dividend income and gains on the disposal of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of financial assets and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(b) Exploration, evaluation and expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) Exploration, evaluation and development expenditure (Cont.)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

(c) Development expenditure

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development expenditure is recognised in profit or loss when incurred.

(d) Property, plant and equipment

Items of property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated over the assets' estimated useful lives to the Group commencing from the time the asset is ready for use.

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate	Depreciation basis
Office equipment	50%	Straight line

(e) Government grants

Where a rebate is received relating to research and development or other costs that have been expensed, the rebate is recognised as other income when the rebate becomes receivable and the Company complies with all attached conditions. If the research and development or other costs have been capitalised, the rebate is deducted from the carrying value of the underlying asset when the grant becomes receivable and the Group complies with all attached conditions.

(f) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Financial instruments (Cont.)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified and measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Financial instruments (Cont.)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

(g) Tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Impairment

Financial instruments

The Group recognises expected credit losses ('ECLs'), where material, on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(j) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(l) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(m) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(o) New standards and interpretations adopted

AASB 16 Leases

AASB 16 replaces existing leases guidance, including AASB 117 Leases. The standard is effective for annual periods beginning on or after 1 January 2019 and applied to the Group from 1 July 2019.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard (i.e. lessors continue to classify leases as finance or operating leases).

AASB 16 did not have a material impact on the Group's financial statements in the period of initial application.

(p) New standards and interpretations not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Amendments to Australian Accounting Standards – Definition of Material

These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments address these concerns by:

- Replacing the term 'could influence' with 'could reasonably be expected to influence';
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material;
- Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; and
- Aligning the definition of material across IFRS Standards and other publications.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) New standards and interpretations not yet effective (Cont.)

Amendments to AASB 3 Business Combinations

These amendments to clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

Amendments to various Accounting Standards and other pronouncements to support the issue of the revised Conceptual Framework for Financial Reporting. Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the Conceptual Framework. This Standard updates some of these references and quotations so they refer to the Conceptual Framework issued by the AASB in June 2019, and also makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

The directors do not expect that the adoption of amendments listed above will have a material impact on the financial statements of the Group in the future periods.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

Notes to the Consolidated Financial Statements

	Consolidated 2020 $	Consolidated 2019 $
5 FINANCE INCOME AND FINANCE COSTS		
Recognised in profit or loss		
Interest income on cash deposits	**22,850**	30,315
Remission of general interest charge	**-**	6,929
Foreign exchange gain	**13,737**	135,568
Net finance income recognised in profit or loss	**36,587**	172,812

6 LOSS FOR THE YEAR

	Consolidated 2020 $	Consolidated 2019 $
Loss before income tax expense has been determined after:		
Depreciation of non-current assets		
- Plant and equipment	**1,145**	522
Wages and salaries	**218,018**	119,317
Remuneration of the auditors of the Company - KPMG		
- Audit of annual and interim financial statements	**87,000**	87,875
- R&D incentive claim services fee	**35,000**	-
- Debt advisory services fee	**50,000**	-
Total remuneration of the auditors	**172,000**	87,875

Notes to the Consolidated Financial Statements

7 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The primary responsibility to monitor the financial risks lies with the Managing Director, the Chief Financial Officer and the Company Secretary under the authority of the Board.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents and is not considered a material risk.

At balance date the Group's variable interest bearing financial instruments were:

	Consolidated	
	2020 **$**	**2019** **$**
Financial assets		
Cash and cash equivalents	**7,984,529**	691,016

The Group did not have any variable interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in at least two accounts to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

Notes to the Consolidated Financial Statements

7 FINANCIAL INSTRUMENTS (Cont.)

Interest rate risk **(Cont.)**

For the year ended 30 June 2020, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2020 $	Post tax loss (Higher)/Lower 2019 $	Total equity (Higher)/Lower 2020 $	Total equity (Higher)/Lower 2019 $
+ 1% higher interest rate	**43,378**	4,895	**43,378**	4,895
- 0.5% lower interest rate	**(21,689)**	(2,448)	**(21,689)**	(2,448)

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances.

Currency risk

The Groups functional currency is Australian dollars. The Group is exposed to foreign currency risks due to the fact that the functional currency of its operating subsidiary PT Alexis is in Indonesian Rupiah and the intercompany transfers are denominated in United States Dollars.

The Group's gross financial position exposure to foreign currency risk at 30 June 2020 is as follows:

- US$210,229 (A$304,553) cash at bank;
- IDR 427,822,235 (A$43,477) cash at bank;
- IDR 753,725,147 (A$76,596) of receivables;
- IDR 435,056,672 (A$44,212) of prepayments;
- IDR 372,597,702 (A$37,865) of trade and other payables.

The Group's gross financial position exposure to foreign currency risk at 30 June 2019 is as follows:

- US$1,626 (A$2,315) cash at bank;
- IDR 639,983,667 (A$64,508) cash at bank;
- IDR 800,127,149 (A$80,650) of receivables;
- IDR 1,042,726,388 (A$105,103) of prepayments;
- IDR 355,866,073 (A$35,870) of trade and other payables.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
AUD	**2020**	**2019**	**2020**	**2019**
IDR	9,606	10,334	9,840	9,921
USD	0.6714	0.7154	0.6903	0.7023

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 30 June 2020, if the exchange rate between the Australian dollar to the United States dollar and Indonesian Rupiah had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Notes to the Consolidated Financial Statements

7 FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

Currency risk **(Cont.)**

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 2020 $	Post tax loss (Higher)/Lower 2019 $	Total equity (Higher)/Lower 2020 $	Total equity (Higher)/Lower 2019 $
+ 10% higher AUD to USD exchange rate	**(27,687)**	210	**27,687**	(210)
- 5% lower AUD to USD exchange rate	**13,843**	(105)	**(13,843)**	105
+ 10% higher AUD to IDR exchange rate	**(11,493)**	(19,490)	**11,493**	19,490
- 5% lower AUD to IDR exchange rate	**5,746**	9,745	**(5,746)**	(9,745)

The Group seeks to minimise currency risk through the alignment of the proportion of cash balances held in various currencies with forecast expenditures and the underlying currency denomination of those forecast expenditures.

Price risk

The group holds listed shares, the following sensitivity is based on the price risk exposures at balance date.

	Post tax loss (Higher)/Lower 2020 $	Post tax loss (Higher)/Lower 2019 $	Total equity (Higher)/Lower 2020 $	Total equity (Higher)/Lower 2019 $
+ 10% higher of the share price	**6,392**	21,588	**(6,392)**	(21,588)
- 5% lower of the share price	**(3,196)**	(10,794)	**3,196**	10,794

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

At balance date, the Group has available funds of $7,984,529 for its immediate use.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Financial liabilities	Carrying amount $	Contractual cash flows $	Less than 6 months $	6 to 12 months $	1 to 5 years $	More than 5 years $
30 June 2020						
Trade and other payables	**586,068**	**586,068**	**586,068**	**-**	**-**	**-**
	586,068	**586,068**	**586,068**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

7 FINANCIAL INSTRUMENTS (Cont.)

Market risks (Cont.)

Liquidity risk **(Cont.)**

Financial liabilities	Carrying amount $	Contractual cash flows $	Less than 6 months $	6 to 12 months $	1 to 5 years $	More than 5 years $
30 June 2019						
Trade and other payables	579,871	579,871	579,871	-	-	-
	579,871	579,871	579,871	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2020 **$**	2019 $
Cash and cash equivalents	**7,984,529**	691,016
Trade and other receivables	**168,183**	1,123,675
Other financial assets	**160,000**	45,000
	8,312,712	1,859,691

Other financial assets for the year ended 30 June 2020 and 30 June 2019 represent environmental bonds held with Government Departments, and deposit for purchase of land.

All financial assets and liabilities are current, with the exception of environmental bonds totalling $35,000, a land deposit of $125,000 and $63,918 of Investments. The receivables relate to GST and an R&D rebate which are both owed by the Australian government and represent minimal credit risk. All other financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except for the Australian government and cash and cash equivalents described below.

Cash and cash equivalents

The Group held cash and cash equivalents of $7,984,529 at 30 June 2020 (2019 - $691,016), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa3 ($7,939,186) to Baa2 ($45,343), based on rating agency Moody's Investor Service ratings.

Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to the Consolidated Financial Statements

	Consolidated 2020 $	Consolidated 2019 $
8 INCOME TAX		
Current tax expense		
Current year	**(533,920)**	(274,391)
Tax losses not recognised	**533,920**	274,391
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	**(9,537,539)**	(11,213,001)
Prima facie income tax benefit at the Australian tax rate of 27.5%	**(2,622,823)**	(3,083,575)
Increase in income tax expense due to:		
Non-deductible expenses	**734,607**	2,241,052
Tax losses not recognised	**533,920**	274,391
Effect of net deferred tax assets not brought to account	**1,354,296**	568,132
Income tax expense	**-**	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Taxable temporary differences (net)	**1,045,005**	81,177
Tax losses	**2,434,182**	2,153,568
Net	**3,479,187**	2,234,745

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

9 LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

	2020 $	2019 $
Net loss for the year attributable to equity holders of the Company	**(9,345,494)**	(10,054,498)

	Nº of shares	Nº of shares
Weighted average number of ordinary shares (basic and diluted)		
- Issued ordinary shares at the beginning of the year	**567,100,018**	508,272,744
- Effect of shares issued on 6 August 2018	**-**	45,800,401
- Effect of shares issued on 28 September 2018	**-**	6,043,956
- Effect of shares issued on 2 August 2019	**31,931,507**	-
- Effect of shares issued on 4 October 2019	**5,178,082**	-
- Effect of shares issued on 21 October 2019	**7,000,822**	-
- Effect of shares issued on 31 October 2019	**8,588,219**	-
- Effect of shares issued on 1 June 2020	**3,835,616**	-
Weighted average number of shares at the end of the year	**623,634,265**	560,117,101

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

Notes to the Consolidated Financial Statements

	Consolidated 2020 $	Consolidated 2019 $
10 CASH AND CASH EQUIVALENTS		
Cash at bank	**7,984,529**	691,016
Cash and cash equivalents in the statement of cash flows	**7,984,529**	691,016

11 TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
GST receivable - Australia	**133,784**	117,494
Accrued R&D rebate	**-**	918,798
Other receivables	**34,399**	87,383
	168,183	1,123,675

12 EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in exploration phase:

	2020 $	2019 $
New South Wales – opening balance	**2,546,597**	2,514,286
Additions	**10,328**	32,311
Net book value	**2,556,925**	2,546,597
Indonesia – opening balance	**-**	7,250,135
Additions	**-**	181,671
Impairment(1)	**-**	(7,496,245)
Exchange movements	**-**	64,439
Net book value	**-**	-
	2,556,925	2,546,597

Exploration programs in New South Wales 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.

(1) During the year ended 30 June 2019 the Group fully impaired the carrying value of the Wonogiri project, by an amount of $7,496,245, due to the continued uncertainty surrounding the recoupment of this expenditure through successful development and exploitation of the area of interest, or by its sale. Consequently, any expenditures on the Wonogiri project during the year were expensed. The exploration and evaluation expenditure on the Wonogiri project totalled $259,839 for the year ended 30 June 2020.

Notes to the Consolidated Financial Statements

	Consolidated 2020 $	Consolidated 2019 $
13 INVESTMENTS		
Opening balance	**215,877**	110,000
Additions – shares received from sale of Becker Project[(1)]	**-**	100,000
Additions – shares purchased	**-**	250,000
Sale of shares	**(120,000)**	-
Realised loss on sale of shares	**(40,000)**	-
Unrealised gain	**8,041**	(244,123)
Closing balance	**63,918**	215,877

[(1)] As part of the consideration for the sale of the Becker Project in May 2018, the Company elected to receive two monthly payments by way of shares in Santana Mineral Limited ('Santana'). The Company was issued 5,083,436 Santana shares in August 2018, based on a VWAP of $0.00983587 per share and 6,875,597 Santana shares in September 2018 based on a VWAP of $0.0072721 per share.

	2020 $	2019 $
14 TRADE AND OTHER PAYABLES		
Current		
Trade creditors	**347,361**	353,090
Sundry creditors and accruals	**238,707**	226,781
	586,068	579,871

	2020 $	2019 $
15 CAPITAL AND RESERVES		
Share capital		
680,375,880 (2019 - 567,100,018) fully paid ordinary shares	**48,038,551**	34,112,896

Ordinary shares	2020 Nº of shares	2020 $	2019 Nº of shares	2019 $
Balance at the beginning of the year	**567,100,018**	**34,112,896**	508,272,744	30,187,206
Issue of shares	**83,275,862**	**10,500,000**	50,827,274	4,066,182
Exercise of options	**30,000,000**	**3,960,372**	8,000,000	180,800
Costs of issue	**-**	**(534,717)**	-	(321,292)
Balance at the end of the year	**680,375,880**	**48,038,551**	567,100,018	34,112,896

2019/2020

In August 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.

In October 2019 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.

In June 2020 the Company issued 48,275,862 shares at $0.145 each for cash totalling $7,000,000. There were no amounts unpaid on the shares issued. Share issue costs totalled $394,409.

Notes to the Consolidated Financial Statements

15 CAPITAL AND RESERVES (Con't)

2018/19

In August 2018, the Group issued 50,827,274 shares at $0.08 each for cash totaling $4,066,182. There were no amounts unpaid on the shares issued. Share issue costs totaled $321,292.

In September 2018, the Group issued 8,000,000 shares at $0.02 each for cash totaling $160,000. These were in relation to 8,000,000 options exercised by a 3rd party stockbroker. The fair value of the share options exercised was $20,800. The share price on the date the share options were exercised was $0.11.

Terms and conditions - shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Nature and purpose of reserves

Option premium reserve
The option premium reserve is used to recognise the grant date fair value of options vested but not exercised.

Foreign currency translation reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

	Consolidated	
	2020	**2019**
	$	**$**
Option premium reserve	**3,759,395**	2,050,972
Foreign currency translation reserve	**48,043**	3,838
	3,807,438	2,054,810
Non-controlling interest	**(544,117)**	(487,486)
Movements during the period		
Option premium reserve		
Balance at beginning of period	**2,050,972**	981,172
Share options issued – share based payments	**2,695,090**	1,090,600
Exercise of options	**(960,372)**	(20,800)
Lapse of options	**(26,295)**	-
Balance at end of period	**3,759,395**	2,050,972
Foreign currency translation reserve		
Balance at beginning of period	**3,838**	18,563
Currency translation differences	**44,205**	(14,725)
Balance at end of period	**48,043**	3,838

Notes to the Consolidated Financial Statements

15 CAPITAL AND RESERVES (Con't)

	Consolidated 2020 $	Consolidated 2019 $
Non-controlling interests		
Balance at beginning of period	**(487,486)**	517,059
Current period loss	**(192,045)**	(1,158,503)
Share of foreign currency translation reserve	**45,432**	(2,644)
Contribution by non-controlling interest	**89,982**	156,602
Balance at end of period	**(544,117)**	(487,486)

Unlisted options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Exercise Price	Opening Balance 1 July 2019 Number	Options Issued Number	Options (Expired/ Exercised) Number	Closing Balance 30 June 2020 Number
On or before 31 October 2019	$0.10	30,000,000		(30,000,000)	**-**
On or before 31 October 2020	$0.15	12,000,000		-	**12,000,000**
On or before 31 July 2022	$0.20	10,000,000		-	**10,000,000**
On or before 30 June 2021	$0.20	-	5,000,000	-	**5,000,000**
On or before 31 July 2022	$0.30	-	41,000,000	(2,000,000)	**39,000,000**

Exercise Period	Exercise Price	Opening Balance 1 July 2018 Number	Options Issued Number	Options (Expired/ Exercised) Number	Closing Balance 30 June 2019 Number
On or before 24 October 2018	$0.02	8,000,000	-	(8,000,000)	-
On or before 31 October 2019	$0.10	30,000,000	-	-	30,000,000
On or before 31 October 2020	$0.15	-	12,000,000	-	12,000,000
On or before 31 July 2022	$0.20	-	10,000,000	-	10,000,000

16 SHARE BASED PAYMENTS

During the year, 30,000,000 $0.10 options were exercised.

In addition, during the year ended 30 June 2020 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 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 $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. 2,000,000 options lapsed following an employee ceasing providing services to the Company. A share based payment expense of $439,446 was taken up during the year ended 30 June 2020.

Notes to the Consolidated Financial Statements

16 SHARE BASED PAYMENTS

- 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 $327,737 was taken up during the year ended 30 June 2020.

- 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 $1,901,612 was taken up during the year ended 30 June 2020.

17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2020	**2019**
	$	**$**
Cash flows from operating activities		
Loss from ordinary activities after income tax	**(9,537,539)**	(11,213,001)
Adjustments for:		
Depreciation	**1,145**	522
Exploration & evaluation expenses	**259,839**	-
Impairments	**-**	7,496,245
Revaluation of investment	**31,959**	244,123
Share based payment	**2,668,795**	1,090,600
Development expenses	**5,110,688**	1,953,297
Effect of exchange rate adjustments	**(13,736)**	35
Changes in assets and liabilities:		
Trade and other receivables	**965,489**	(977,778)
Prepayments	**30,156**	(759)
Trade and other payables	**83,892**	(230,254)
Net cash used in operating activities	**(399,312)**	(1,636,970)

Notes to the Consolidated Financial Statements

18 RELATED PARTIES

Parent and ultimate controlling party

Alpha HPA Limited is both the parent and ultimate controlling party of the Group.

Key management personnel compensation

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the *Corporations Act* and *Corporations Regulations 2M.3.03* are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below. At 30 June 2020 there were $59,667 of fees outstanding (2019 - $50,083).

Primary fees/salary	**910,018**	698,190
Share based payments	**1,234,852**	436,000
Superannuation	**19,815**	5,463
	2,164,685	1,139,653

Key management personnel and Director transactions

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group during the year. Fees charged by MIS Corporate Pty Limited during the year amounted to $398,975 (2019 - $287,490) which includes a monthly fee of $25,000 per month from 1 April 2019 and reimbursement of consultant expenses incurred by MIS Corporate Pty Limited on behalf of the Group. At 30 June 2020, $32,500 (2019 - $15,502) remained outstanding and was included in the creditor's balance.

19 SEGMENT INFORMATION

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.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

For the year ended 30 June 2020, the Group had three segments, being development of the HPA First Project, minerals exploration in NSW and minerals exploration in Indonesia.

Notes to the Consolidated Financial Statements

19 SEGMENT INFORMATION (Cont.)

The Group has three reportable segments as follows:

	HPA First $	NSW $	Indonesia $	Total $
30 June 2020				
Other income	**310,500**	**-**	**-**	**310,500**
Reportable segment loss before tax	**(5,110,688)**	**-**	**(358,442)**	**(5,469,130)**
Depreciation and amortisation	**-**	**(1,145)**	**-**	**(1,145)**
Exploration and evaluation expenditure	**-**	**-**	**(259,839)**	**(259,839)**
Reportable segment assets	**125,000**	**2,595,063**	**166,552**	**2,886,615**
Reportable segment liabilities	**394,414**	**1,793**	**37,864**	**434,071**
30 June 2019				
Other income	-	-	-	-
Reportable segment loss before tax	(1,953,297)	-	(6,187,938)	(8,141,235)
Depreciation and amortisation	-	(286)	(236)	(522)
Impairment of exploration and evaluation expenditure	-	-	(7,496,245)	(7,496,245)
Reportable segment assets	-	2,593,601	8,676	2,602,277
Reportable segment liabilities	398,684	451	36,368	435,503

	Consolidated 2020 $	2019 $
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total loss for reportable segments	**(5,469,130)**	(8,141,235)
Unallocated amounts:		
Interest income	**22,850**	37,244
Other income	**-**	918,798
Net other corporate expenses	**(4,091,259)**	(2,639,328)
Consolidated loss before tax	**(9,537,539)**	(11,213,001)

Notes to the Consolidated Financial Statements

19 SEGMENT INFORMATION (Cont.)

Reconciliations of reportable assets and liabilities

Assets		
Total assets for reportable segments	**2,886,615**	2,602,277
Unallocated corporate assets	**8,137,197**	2,139,180
Consolidated total assets	**11,023,812**	4,741,457
Liabilities		
Total liabilities for reportable segments	**434,071**	435,503
Unallocated corporate liabilities	**151,997**	144,368
Consolidated total liabilities	**586,068**	579,871

Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations. In respect of HPA First, the geographical location of the operations is Queensland.

20 COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities as at the date of this financial report.

21 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2020 the parent and ultimate controlling entity of the Group was Alpha HPA Limited.

	2020 $	2019 $
Result of the parent entity:		
Net loss	**(9,321,984)**	(3,856,026)
Other comprehensive income	**-**	-
Total comprehensive loss	**(9,321,984)**	(3,856,026)
Financial position of the parent entity:		
Current assets	**8,390,923**	1,923,304
Non-current assets	**2,441,649**	2,592,474
Total assets	**10,832,572**	4,515,778
Current liabilities	**548,203**	543,503
Total non-current liabilities	**-**	-
Total liabilities	**548,203**	543,503
Net assets	**10,284,369**	3,972,275
Total equity of the parent entity:		
Share capital	**48,038,551**	34,112,896
Option premium reserve	**3,759,395**	2,050,972
Accumulated losses	**(41,513,577)**	(32,191,593)
Total equity	**10,284,369**	3,972,275

The Directors are of the opinion that no contingencies existed at, or subsequent to year end.

The Company had no capital commitments at the balance date.

Notes to the Consolidated Financial Statements

22 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end, the Company signed a Memorandum of Understanding (MoU) with Traxys North America for project-wide cooperation and an eventual definitive agreement on HPA offtake and/or marketing agreements, working capital financing and logistics and potential direct investment in both Alpha HPA and/or the HPA First Project.

Other than the matters 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.

23 GROUP ENTITIES

Particulars in relation to controlled entities:

	Country of incorporation	Company interest in ordinary shares	
		2020 %	2019 %
Parent entity			
Alpha HPA Limited	Australia		
Controlled entities			
Augur Investments Pty Limited	Australia	100	100
Bugis Pty Ltd	Australia	100	100
Goron Pty Ltd	Australia	100	100
MMG Exploration Singapore (Number One) Pte. Ltd. (2)	Singapore	-	80
MMG Exploration Singapore (Number Two) Pte. Ltd. (2)	Singapore	-	80
PT Alexis Perdana Mineral (1)	Indonesia	45	45
Solindo Pty Ltd	Australia	100	100
Wonogiri Pty Ltd	Australia	100	100

(1) The Company continues to control the PT Alexis Perdana Mineral subsidiary through the operation of a shareholders' agreement.

(2) Singaporean holding entities related to the Gorontalo properties that were deregistered in financial year 2020.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alpha HPA Limited (the Company):

   (a) the consolidated financial statements and notes thereto, set out on pages 31 to 58, and the Remuneration Report in the Directors Report, as set out on pages 25 to 29, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   (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.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.

Signed at Sydney this 29th day of September 2020 in accordance
with a resolution of the Board of Directors.

Rimas Kairaitis
Managing Director

Independent Auditor's Report

To the shareholders of Alpha HPA Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Alpha HPA Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Exploration and evaluation expenditure;
- Development expenditure; and
- Going concern basis of accounting.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and evaluation expenditure ($2,556,925)

Refer to Note 12 'Exploration and Evaluation expenditure'

The key audit matter	How the matter was addressed in our audit
Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to: • the significance of the asset to the Group's business and the balance (being 23% of total assets) at 30 June 2020; and • the greater level of audit effort to evaluate the Group's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources,* in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's assessment of impairment indicators. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • the determination of the areas of interest (areas);	Our procedures included: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • We assessed the Group's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license requirements, a joint venture agreement, and planned work programmes; • For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating the joint venture agreement in place with the other party. We also tested for compliance with conditions to maintain the licences in good standing, such as minimum expenditure requirements; • We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;

• documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest; • the Group's intention and capacity to continue the relevant E&E activities; • the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or by its sale. • In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for the Collerina area of interest where significant capitalised E&E exists.	• We inspected Group documents, such as minutes of Board meetings and ASX announcements for consistency with their stated intentions for continuing E&E in certain areas. We also inquired with key operational and finance personnel; • We analysed the Group's determination of recoupment through successful development and exploitation of the area. This included evaluating the Group's documentation of planned future/continuing activities, such as work programmes, for each area of interest; • We compared the results from the external expert engaged by the Group regarding the existence of reserves for consistency to the treatment of E&E and the requirements of the accounting standard; • We tested the fair value less costs of disposal expected to be recouped by the Group through potential sale of the E&E assets. This included benchmarking the carrying value of the tenements to the estimated tonne's of contained metal from the external experts report against available comparable market transaction data, and considering the impacts of recent movements in Nickel pricing. • We assessed the disclosures in the financial report, using our understanding of this matter obtained from our testing and against the requirements of the accounting standards.

Development expenditure - $5,110,688	
Refer to the Consolidated Statement of Profit or Loss and Other Comprehensive Income	
The key audit matter	**How the matter was addressed in our audit**
Development expenditure is a key audit matter due to the significance of the amount (being 52% of total expenses) and the audit effort associated with assessing the completeness, existence and accuracy of the amounts recorded by the Group.	Our procedures included: • We assessed the Group's accounting policy for development expenditure against the requirements of the accounting standards;

	• We selected a statistical sample of items recorded as development expenditure and checked the:
	  • Expenditure amount recorded for consistency to invoices from third parties or other underlying documentation;
	  • Classification of the expenditure as development expenditure for consistency with its nature, obtained from invoices from third parties or other underlying documentation, in accordance with the Group's accounting policy;
	• We tested the completeness of development expenditure recorded in the year by inspecting the underlying documentation of a sample of payments recorded by the Group since year end and unprocessed invoices at year end for evidence of the timing of the related expenditure

Going Concern basis of accounting

Refer to Note 2e to the Financial Report

The key audit matter	How the matter was addressed in our audit

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 2e.
 	
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to
	Our procedures included:
	• We analysed the cash flow projections by:
	  • Evaluating the underlying data used to generate the Group prepared cash flow projections. We specifically looked for their consistency with the Group's intentions within the Board minutes and project and corporate budgets, as tested by us in the exploration and evaluation expenditure and development expenditure key audit matters above, and their comparability to past practices;
	  • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact on the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections and sensitivity analysis on key cash flow projection assumptions;

continue as a going concern. We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following: • The Group's planned levels of operational expenditures, and the ability of the Group to manage cash outflows within available funding, particularly in light of the historical cash outflows from operations and loss making operations; and • the Group's ability to raise additional funds from shareholders or other parties and the projected timing thereof. This included source of funds, availability of fund type, feasibility and status/progress of securing those funds. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	• Assessing the planned levels of operating expenditures for consistency of relationships and trends to the Group's historical results, particularly in light of the historical cash outflows from operations, loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group; • We read Directors minutes to understand and assess the Group's ability to raise additional funds from shareholders or other parties. We assessed the Group's plans to raise additional funding from shareholders or financiers for feasibility, quantum and timing and its impact to going concern. We used our knowledge of the client, its industry and status to assess the level of associated uncertainty; • We evaluated the Group's going concern disclosures in the Financial Report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Alpha HPA Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Alpha HPA Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 25 to 29 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG
Brisbane
29 September 2020

Adam Twemlow
Partner

Alpha HPA Limited
ABN 79 106 879 690
Additional ASX Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2020.

Distribution of Equity Securities

ORDINARY SHARES		
Range	**Number of Holders**	**Number of Shares**
1 - 1,000	65	7,720
1,001 - 5,000	161	568,945
5,001 - 10,000	218	1,915,435
10,001 - 100,000	603	26,782,910
100,001 - 9,999,999	337	651,100,870
Total	**1,420**	**680,375,880**

The number of shareholders holding less than a marketable parcel is 93.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	ORDINARY SHARES SHAREHOLDER	Nº OF SHARES	TOTAL %
1	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	67,541,949	9.93
2	Permgold Pty Ltd	67,291,194	9.89
3	Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	38,659,500	5.68
4	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	37,000,000	5.44
5	UBS Nominees Pty Ltd	31,445,457	4.62
6	Palmer Bookmaking Pty Limited	27,961,681	4.11
7	Citicorp Nominees Pty Limited	18,840,427	2.77
8	Merrill Lynch (Australia) Nominees Pty Limited	16,652,388	2.45
9	Rosignol Pty Ltd <Nightingale Family A/C>	13,612,500	2.00
10	Ninan Pty Ltd	11,696,041	1.72
11	National Nominees Limited	11,442,372	1.68
12	JP Morgan Nominees Australia Pty Limited	7,003,778	1.03
13	Mr Robert Simeon Lord	6,850,000	1.01
14	R & C Australia Pty Ltd	6,800,000	1.00
15	All-States Finance Pty Limited	6,698,525	0.98
16	Mr Brian Henry McCubbing +Mrs Adriana Maria McCubbing <B McCubbing Super Fund A/C>	6,300,000	0.93
17	Mr Jaime Phillip Boyton	6,000,000	0.88
18	Misty Grange Pty Ltd <BJ& LA Winsor S/F Pens A/C>	5,800,000	0.85
19	Guy Jones Pty Ltd <The Guy Jones Family S/F A/C>	5,400,000	0.79
20	MRS SUSAN HOLT	5,086,586	0.75
Total		**398,082,398**	**58.51**

There are no current on-market buy backs.

Additional ASX Information

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Nº of Shares Held	% to Issued Shares
Regal Funds Management Pty Ltd (RFM)	87,786,330	12.90
Permgold Pty Ltd	67,291,194	9.89
Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	39,850,000	5.86
BT Portfolio Services Limited <Warrell Holdings S/F A/C>	34,312,500	5.04

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

Project	Tenement number	Interest %
Australia		
Collerina	EL 8703	100%
	EL 8768	100%
Yeoval	ML 811	25%
Indonesia		
Wonogiri	IUP No. 545.21/054/2009	45%

Alpha HPA Limited
ABN 79 106 879 690

Corporate Directory

Directors:

Mr Norman Seckold (Chairman)
Mr Rimas Kairaitis (Managing Director)
Mr Peter Nightingale
Mr Anthony Sgro
Mr Justin Werner

Company Secretary:

Mr Richard J. Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000

Phone:	61-2 9300 3310
Fax:	61-2 9221 6333
Homepage:	www.alphahpa.com.au

Auditors:

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

Share Registrar:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
SYDNEY NSW 2000

Phone:	1300 787 272
Overseas Callers:	61-3 9415 4000
Fax:	61-3 9473 2500

Solicitors:

DLA Piper Australia
1 Martin Place
Sydney NSW 2000