



**Altech Chemicals**  
Limited

ABN 45 125 301 206

**INTERIM REPORT**  
FOR THE HALF-YEAR ENDED 31 December 2020

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

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**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

**CORPORATE DIRECTORY**

**DIRECTORS**

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

**COMPANY SECRETARY**

Shane Volk

**REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS**

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Subiaco, Western Australia 6008

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Email: [info@altechchemicals.com](mailto:info@altechchemicals.com)  
Website: [www.altechchemicals.com](http://www.altechchemicals.com)

**AUDITORS**

Moore Australia Audit (WA)  
Level 15, Exchange Tower  
2 The Esplanade  
PERTH WA 6000

**SHARE REGISTRY**

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 288 664  
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Facsimile: +61 2 8583 3040

**STOCK EXCHANGE LISTING**

Securities of the Company are quoted on the Australian Securities Exchange Limited (ASX) and its shares are also quoted on the Frankfurt Stock Exchange (Börse Frankfurt) (FWB)

Home Exchange: Perth  
ASX Code: ATC

FWB Code: A3Y

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

## DIRECTORS' REPORT

The Directors present their report on Altech Chemicals Ltd for the half-year ended 31 December 2020.

### BOARD OF DIRECTORS

The names and details of the Altech Chemicals Ltd ("Company") directors in office during the financial period and until the date of this report are as follows:

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director (appointed 19 August 2020)
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

Directors were in office for this entire period unless otherwise stated.

### COMPANY SECRETARY

Shane Volk

### REVIEW OF OPERATIONS

During the half-year ended 31 December 2020, the Company announced that it has finalised stage-2 construction early works at its high purity alumina (HPA) plant site in Johor, Malaysia. Stage-2 work involved the completion of the site electrical substation – a key long lead time item. In July 2020, the EPC contractor Metix Malaysia, a wholly owned subsidiary of Germany's SMS group, successfully completed an orderly and structured demobilisation from the site which has remained on care and maintenance since – with 24/7 security, regular site inspections and weed and sediment control in place. The construction office has been retained, so the site is well positioned for the recommencement of construction once project financing is concluded.

The Company continued with its efforts to finalise overall project financing for its HPA project, and in August 2020 announced that it had initiated a listed green bond project funding option and mandated a Perth based corporate advisor and a London based structuring agent for the planning and execution of a bond offer. The bond offering preparation process is targeting an offer amount of US\$144 million and commenced in October 2020. As at the date of this report preparations for the offer are ongoing, with good progress having been made including completion of an environmental, social and governance (ESG) audit, a draft facility agreement and a preliminary offering document. Senior project debt provider, German government owned KfW IPEX-Bank remains committed to the provision of a US\$190 million loan facility. In addition to the senior loan the HPA project requires approximately US\$100m of further funding to position it for financial close, as in addition to the total project capital cost estimate of US\$298m published in the project Financial Investment Decision Study (ASX announcement 23 October 2017), the senior lender requires pre-funding of a contingency reserve account of US\$28 million, a debt service reserve account of a similar amount, pre-funded working capital of US\$21m and various bank fees and lending charges need to be funded.

The sale by Altech of 25% of its wholly owned German subsidiary, Altech Industries Germany GmbH (AIG) to Frankfurt stock exchange listed Altech Advanced Materials AG (AAM), for €5 million (~A\$8.3 million) was announced on 26 October 2020. Consideration for the sale comprises a €250,000 (~A\$415,000) payment upon signing of a share sale agreement and shareholder agreement – which completed in December 2020, then deferred consideration of 3 equal instalments of €1.583 million (~A\$2.63 million) payable on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> anniversary of the initial cash payment date, plus quarterly interest is payable on the outstanding deferred consideration at a rate of 3% p.a.. Payment of the deferred consideration is secured via the pledge by AAM of its AIG shares, which would revert back to Altech if the deferred consideration and interest is not paid in full by the 3<sup>rd</sup> anniversary date. AIG was incorporated by Altech in 2019, and has secured an option to acquire a ~14Ha site at the Schwarze Pumpe Industrial Park in Saxony, Germany.

Altech was pleased to announce the appointment of experienced German based non-executive director Mr Hansjoerg Plaggemars to its Board in August 2020. Mr Plaggemars is based in Heidelberg, Germany and is an experienced company director and manager. He was a previous member of the boards of Delphi Unternehmensberatung AG and Deutsche Balaton AG (major shareholders of Altech) and currently acts as their representative.

In September 2020, the Company announced that it had developed a method for coating graphite particles, typical of those used within the anode of lithium-ion batteries, with a nano-layer of alumina. This development has the potential to increase lithium-ion battery life and to also reduce the *first cycle capacity loss* (which currently sits at ~8%) in lithium-ion batteries. In December 2020, Altech announced confirmation of the successful demonstration of its coating technology via a first phase demonstration at Curtin University, Western Australia. Also, in November 2020, a collaboration agreement was signed between Altech and a leading silicon producer to collaborate in developing a high capacity, long cycle life silicon anode active material targeted for use in lithium-ion batteries – by application of Altech's nano-particle coating technology. Altech believes that the development of its nano-coating technology for both graphite and silicon particles represents a significant opportunity for the Company, as lithium-ion battery producers are moving to improve battery anode performance and increased storage capacity via increasing the amount of silicon in batteries – as publicly announced by electric vehicle and lithium-ion battery manufacturer Tesla.

# ALTECH CHEMICALS LTD

## ABN 45 125 301 206

The Company initiated a pro-rata entitlement offer in November 2020 to raise up to \$14.5 million (before costs). Available to all shareholders, the offer was on the basis of two (2) new shares for each five (5) shares held at \$0.04 per new share, plus one free attaching option (exercise price \$0.08, expiring 31 May 2022) for each two new shares subscribed and allotted. The offer was underwritten by the Company's major shareholders Deutsche Balaton / Delphi and the Melewar group, which on a combined basis supported the offer for \$7.6 million. The offer closed on 11 December 2020, with \$12.6 million subscribed, and in January 2021 the Company placed the offer shortfall of ~\$1.9 million to complete a fully subscribed offer of \$14.5 million. Funds from the offer will be applied to the Company's various European initiatives – including listed green bonds, for ongoing work to secure the balance of project finance, to pay various amounts relating to HPA plant stage 2 construction, the deferred consideration for the acquisition of shares in AAM and for ongoing corporate costs and working capital.

### RESULTS OF OPERATIONS

The operating profit after income tax of the Company for the half-year ended 31 December 2020 was \$4,057,093 (2019: loss \$2,250,079). The Company's basic profit per share for the period was 0.4 cents per share (2019: loss of 0.4 cents per share).

No dividend has been paid during or is recommended for the financial period ended 31 December 2020.

### FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities at 31 December 2020, was \$6,570,150 (30 June 2020: net current liabilities of \$7,593,497).

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial half-year.

### EVENTS SINCE 31 December 2020

There has not arisen since the end of the half-year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods, apart from:

- The Company issued 14,810,375 shares priced at \$0.032 per share on 20 January 2021, to Specialty Materials Investments LLC (SMI) in satisfaction for funds advanced to the Company by SMI pursuant to the share purchase subscription agreement with SMI. By mutual agreement the Company and SMI terminated the share purchase subscription agreement on 21 December 2020 and there are now no outstanding share issue or other obligations to SMI.
- On 22 January 2021, the Company announced the placement of the \$1.9 million shortfall of its \$14.5 million pro-rata entitlement offer. The offer closed on 11 December 2020, and under the terms of the offer the directors had a period of 3-month to place any shortfall. On closing of the offer the Company issued 315,721,720 new shares at \$0.04 per share plus 157,860,785 options for gross proceeds of \$12,628,868, and for the shortfall the Company issued an additional 47,613,068 new shares plus 23,806,534 options for gross proceeds of \$1,904,523.
- On 26 January 2021, the Company announced that it had commenced battery performance testing of graphite particles that have been coated with high purity alumina (HPA) using Altech's coating technology. This initial test, to battery industry standards, is an important first step to demonstrate the gains that may be made in lithium-ion battery life from using graphite particles that have been coated with HPA via the Altech process, in the lithium-ion battery anode. The results of the test will be reported when they become available, and further tests are expected to follow.
- On 12 February 2021, the Company announced that its 75% owned German subsidiary Altech Industries Germany GmbH (AIG) is to commence a pre-feasibility study on the construction of a battery materials high purity alumina (HPA) coating plant in Saxony, Germany. The announcement follows the Company's strategy to focus on tailoring its high purity alumina into specialised products targeted at more efficient applications within the lithium-ion battery industry, and its nano alumina coating technology.

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half-year ended 31 December 2020 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Ignatius Tan  
**Managing Director**

Dated at Perth this 12th day of March 2021

# AUDITOR'S INDEPENDENCE DECLARATION

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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ALTECH CHEMICALS LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Handwritten signature of Neil Pace in black ink.

NEIL PACE  
PARTNER

Handwritten signature of Moore Stephens in black ink.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of March 2021.

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2020**

	Notes	31-Dec-20 \$	30-Jun-20 \$
<b>Current Assets</b>			
Cash and cash equivalents	5(a)	5,078,503	833,053
Trade and other receivables	6	2,718,691	368,556
<b>Total Current Assets</b>		<b>7,797,194</b>	<b>1,201,609</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	36,282,462	36,126,435
Exploration and evaluation expenditure	8	596,098	566,692
Development expenditure	9	36,799,146	36,628,368
Investments in Associates	10	871,966	2,891,364
Other non-current receivable	11	5,024,859	-
<b>Total Non-Current Assets</b>		<b>79,574,531</b>	<b>76,212,859</b>
<b>TOTAL ASSETS</b>		<b>87,371,725</b>	<b>77,414,468</b>
<b>Current Liabilities</b>			
Trade and other payables	12	985,265	8,567,021
Provisions	13	241,779	228,085
<b>Total current liabilities</b>		<b>1,227,044</b>	<b>8,795,106</b>
<b>Non-Current Liabilities</b>			
Provisions	13	89,456	63,924
<b>Total Non-Current Liabilities</b>		<b>89,456</b>	<b>63,924</b>
<b>TOTAL LIABILITIES</b>		<b>1,316,500</b>	<b>8,859,030</b>
<b>Equity</b>			
Contributed Equity	14	103,048,691	89,707,030
Reserves	15	7,205,373	7,104,340
Accumulated losses	16	(24,194,594)	(28,255,932)
<b>Equity attributable to owners of the Parent Entity</b>		<b>86,059,470</b>	<b>68,555,438</b>
Non-controlling interest (Altech Industries Germany GmbH)		(4,245)	-
<b>TOTAL EQUITY</b>		<b>86,055,225</b>	<b>68,555,438</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Half-Year Ended 31 December 2020**

	Notes	31-Dec-20 \$	31-Dec-19 \$
<b>Revenue from ordinary activities</b>			
Interest Income	3(a)	356	14,955
Other income	3(a)	7,941,108	815,085
<b>Total Income</b>		<b>7,941,464</b>	<b>830,040</b>
<b>Expenses</b>			
Employee benefit expense (incorporating director fees)		(676,400)	(640,852)
Depreciation		(6,473)	(10,547)
Other expenses	3(b)	(1,066,417)	(929,255)
Share-based payments	12(e)	(101,033)	(172,434)
Share in profit/(loss) of associate - Altech Advanced Materials AG		(61,165)	(146,493)
Impairment - investment in associate (AAM AG)		(1,972,883)	(1,180,538)
<b>Profit/(loss) before income tax expense</b>		<b>4,057,093</b>	<b>(2,250,079)</b>
Income tax expense		-	-
<b>Net profit/(loss) from continuing operations</b>		<b>4,057,093</b>	<b>(2,250,079)</b>
<b>Other comprehensive profit or (loss)</b>			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified subsequently to profit and loss		-	-
<b>Total comprehensive profit or (loss) attributable to:</b>			
Owners of the parent entity		<b>4,061,338</b>	<b>(2,250,079)</b>
Non-controlling interest (Altech Industries Germany GmbH)		<b>(4,245)</b>	-
			-
Basic profit (loss) per share (\$'s per share)	4	0.004	(0.004)
Diluted profit (loss) per share (\$'s per share)	4	0.004	(0.004)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**ALTECH CHEMICALS LTD**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Half-Year Ended 31 December 2020**

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Other equity interests \$	Total \$
<b>At 1 July 2019</b>	81,167,075	(24,736,548)	6,975,102	-	63,405,629
Profit (Loss) after income tax for the half year	-	(2,250,079)	-	-	(2,250,079)
<b>Total comprehensive profit (loss) for the year</b>	-	(2,250,079)	-	-	(2,250,079)
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital (net of issue costs)	5,330,255	-	-	-	5,330,255
Share based payments (net movement)	-	-	172,433	-	172,433
<b>At 31 December 2019</b>	86,497,330	(26,986,627)	7,147,535	-	66,658,238

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Other equity interests \$	Total \$
<b>At 1 July 2020</b>	89,707,030	(28,255,932)	7,104,340	-	68,555,438
Profit (Loss) after income tax for the half year	-	4,061,338	-	(4,245)	4,057,093
<b>Total comprehensive profit (loss) for the year</b>	-	4,061,338	-	(4,245)	4,057,093
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital (net of issue costs)	13,341,661	-	-	-	13,341,661
Share based payments (net movement)	-	-	101,033	-	101,033
<b>At 31 December 2020</b>	103,048,691	(24,194,594)	7,205,373	(4,245)	86,055,225

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**ALTECH CHEMICALS LTD**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Half-Year Ended 31 December 2020**

	Notes	31-Dec-20 \$	31-Dec-19 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers, contractors and employees		(1,252,516)	(1,581,597)
Interest received		356	14,955
Deposits Refunded		-	-
Deposits Paid		-	(315)
<b>Net cash flows used in operating activities</b>		<b>(1,252,160)</b>	<b>(1,566,957)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of land, property, plant and equipment		(93,132)	(2,545)
Payments for development expenditure		(5,736,198)	(7,609,791)
Payments for exploration expenditure		(29,406)	-
Sale of Right to acquire 49% of HPA Project		-	815,085
Investment in Associate (Altech Advanced Materials AG)		(2,028,136)	(821,018)
Sale of 25% Altech Industries Germany GmbH		465,576	-
<b>Net cash used in investing activities</b>		<b>(7,421,296)</b>	<b>(7,618,269)</b>
<b>Cash Flows from Financing Activities</b>			
Payments for KfW IPEX-Bank loan facility		(246,188)	(1,562,116)
Net proceeds from issue of shares		12,730,293	3,719,344
Proceeds from Share Placement Agreement not yet converted to equity		434,800	-
<b>Net cash flows from financing activities</b>		<b>12,918,905</b>	<b>2,157,228</b>
<b>Net decrease in cash and cash equivalents</b>		<b>4,245,450</b>	<b>(7,027,998)</b>
Cash and cash equivalents at the beginning of the financial period		833,053	8,267,032
<b>Cash and cash equivalents at the end of the financial period</b>		<b>5,078,503</b>	<b>1,239,034</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**ALTECH CHEMICALS LTD**  
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**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**1. Corporate Information**

The financial report of Altech Chemicals Ltd (the Company) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 12th March 2021. Altech Chemicals Ltd is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described on pages 4 and 5 of this report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Altech Chemicals Ltd and its controlled entities (referred to as the consolidated group or the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2020, together with any public announcements made during the following half-year.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

**Critical Accounting Estimates and Judgments**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2020 annual report.

**Going concern**

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The company has incurred net cash outflow from operating and investing activities for the half-year ended 31 December 2020 of \$8,673,456 (2019: \$9,185,226). Notwithstanding this, as at 31 December 2020, the consolidated entity had net current assets of \$6,570,150 (30 June 2020: net current liabilities of \$7,593,457) and cash flow forecasts indicate that it will have sufficient cash to remain as a going concern for at least the next 12 month hs.

**New and amended Accounting Standards and Interpretations adopted by the Company**

The consolidated entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The group has not had to change its accounting policies nor make retrospective adjustments as a result of adopting new or amended accounting standards during the period.

New or amended accounting standards applicable to future periods are not expected to significantly impact the Company

**3. Loss for the year includes the following specific income and expenses**

	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>\$</b>	<b>\$</b>
(a) Revenue		
Interest income	356	14,955
Other Income	7,941,108	815,085
	<b>7,941,464</b>	<b>830,040</b>
(b) Other expenses		
Accounting and audit fees	(16,714)	(21,883)
ASX and share registry fees	(33,351)	(64,515)
Corporate & consulting	(469,960)	(89,064)
Insurance expense	(214,719)	(196,603)
Occupancy	(60,268)	(59,286)
Legal fees	(58,392)	(78,380)
Investor relations and marketing	(104,729)	(312,571)
Office & administration	(86,119)	(106,186)
Foreign exchange translation	(22,165)	(767)
	<b>(1,066,417)</b>	<b>(929,255)</b>

**ALTECH CHEMICALS LTD**  
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**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**4. Earnings per share**

	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>\$</b>	<b>\$</b>
Basic profit (loss) per share	0.004	(0.004)
Diluted profit (loss) per share	0.004	(0.004)

The weighted average number of ordinary shares used in the calculation of basic earnings per share was:

	<b>Number</b>	<b>Number</b>
	1,068,418,682	626,126,514

Options or rights to purchase ordinary shares not exercised at 31 December 2020 have not been included in the determination of basic earnings per share.

**5. Cash and cash equivalents**

(a) Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	5,078,503	833,053
	<b>5,078,503</b>	<b>833,053</b>

**6. Trade and other receivables**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT RECEIVABLES</b>		
Sundry debtors	159,933	228,460
Altech Advanced Materials AG	-	90,679
GST receivable	12,931	8,397
Payroll Tax receivable	-	11,687
Deposits paid	24,713	25,688
Other receivable	8,684	3,645
AIG Sale Proceeds Receivable - Current	2,512,430	-
	<b>2,718,691</b>	<b>368,556</b>

**7. Property, Plant and Equipment**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
<b>OFFICE EQUIPMENT</b>		
<b>At cost</b>	<b>192,921</b>	<b>192,921</b>
Less: accumulated depreciation	(140,380)	(126,422)
<b>Total plant and office equipment</b>	<b>52,541</b>	<b>66,499</b>

**LAND**

<b>At cost</b>	<b>8,416,805</b>	<b>8,294,660</b>
Less: amortisation	(563,143)	(444,594)
<b>Total land</b>	<b>7,853,662</b>	<b>7,850,066</b>

**PLANT AND EQUIPMENT**

<b>At cost</b>	<b>16,161</b>	<b>16,161</b>
Less: accumulated depreciation	(9,970)	(9,111)
<b>Total land</b>	<b>6,191</b>	<b>7,050</b>

**MALAYSIAN HPA PLANT (works in progress)**

<b>At cost</b>	<b>28,370,068</b>	<b>28,202,820</b>
<b>Total HPA Plant</b>	<b>28,370,068</b>	<b>28,202,820</b>

**Total Property, Plant and Equipment**

	<b>36,282,462</b>	<b>36,126,435</b>
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**Reconciliation**

**ALTECH CHEMICALS LTD**  
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**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

Reconciliation of the carrying amounts for each class of plant and equipment are set out below:

	31-Dec-20	30-Jun-20
	\$	\$
<b>OFFICE EQUIPMENT</b>		
Carrying amount at the beginning of the year	66,499	97,800
Additions	-	3,020
Loss on Disposals	-	(866)
Depreciation expense (profit & loss account)	(6,473)	(21,584)
Depreciation expense (development expenditure)	(7,485)	(11,871)
<b>Carrying amount at the end of the period</b>	<b>52,541</b>	<b>66,499</b>
<b>LAND</b>		
Carrying amount at the beginning of the year	7,850,066	8,046,690
Additions	566,739	247,970
Less: amortisation	(563,143)	(444,594)
<b>Carrying amount at the end of the period</b>	<b>7,853,662</b>	<b>7,850,066</b>
<b>PLANT AND EQUIPMENT</b>		
Carrying amount at the beginning of the year	7,050	7,998
Additions	-	140
Less: depreciation	(859)	(1,088)
<b>Carrying amount at the end of the period</b>	<b>6,191</b>	<b>7,050</b>
<b>MALAYSIAN HPA PLANT (works in progress)</b>		
Carrying amount at the beginning of the year	28,202,820	18,502,736
Additions	167,248	9,700,084
Less: depreciation	-	-
<b>Carrying amount at the end of the period</b>	<b>28,370,068</b>	<b>28,202,820</b>
<b>8. Exploration and Evaluation expenditure</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	\$	\$
Carrying amount at the beginning of period	566,692	401,964
Exploration and evaluation expenditure incurred during the period (at cost)	29,406	164,728
<b>Carrying amount at the end of the period</b>	<b>596,098</b>	<b>566,692</b>
<b>9. Development expenditure</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	\$	\$
Carrying amount at the beginning of the period	36,628,368	33,204,388
Development expenditure incurred during the period (at cost)	170,778	3,423,980
<b>Carrying amount at the end of the period</b>	<b>36,799,146</b>	<b>36,628,368</b>
<b>10. Investment in Associate (Altech Advanced Materials AG)</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	\$	\$
Carrying amount at the beginning of the period	2,891,365	-
Acquisition of shares in Altech Advanced Materials AG (AAM AG)	14,650	4,429,767
Share of associate's loss for the period since acquisition	(61,166)	(202,328)
Impairment based on the market value of AAM AG shares at balance date	(1,972,883)	(1,336,074)
<b>Carrying amount at the end of the period</b>	<b>871,966</b>	<b>2,891,365</b>

**ALTECH CHEMICALS LTD**  
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**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

<b>11. Other non-current receivables</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Deferred consideration sale of 25% AIG to AAM AG	5,024,859	-
<b>Carrying amount at the end of the period</b>	<b>5,024,859</b>	<b>-</b>
<b>12. Trade and other payables</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
CURRENT PAYABLES (Unsecured)		
Trade creditors	127,563	4,854,880
Accrued expenses	137,826	886,502
Payroll Tax payable	(2,566)	-
Acquisition of Altech Advanced Materials equity (deferred portion)	-	1,966,715
Equity issue obligation to Specialty Materials Investment LLC	473,932	617,500
Other creditors and accruals	248,510	241,424
<b>Total trade and other payables</b>	<b>985,265</b>	<b>8,567,021</b>
<b>13. Provisions</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Provision for annual leave	241,779	228,085
<b>NON CURRENT</b>		
Provision for long service leave	89,456	63,924
<b>Total provisions</b>	<b>331,235</b>	<b>292,009</b>
<b>14. Contributed Equity</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
<b>(a) Ordinary shares</b>	<b>\$</b>	<b>\$</b>
<b>Contributed equity at the beginning of the period</b>	<b>89,707,030</b>	<b>81,167,075</b>
Shares issued during the period	13,987,868	9,024,956
Transaction costs relating to shares issued	(646,207)	(485,001)
<b>Contributed Equity at the end of the reporting period</b>	<b>103,048,691</b>	<b>89,707,030</b>
<b>Movements in ordinary share capital</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
<b>Ordinary shares on issue at the beginning of reporting period</b>	<b>870,451,255</b>	<b>722,120,669</b>
Shares issued during the period:		
19-Jul-19 at nil (Performance Rights Vest)	-	1,000,000
31-Jul-19 at nil (Performance Rights Vest)	-	500,000
16-Aug-19 at \$0.08415 (Purchase of shares in YAG)	-	19,513,204
18-Nov-19 at \$0.1085 (Placement to MAAG)	-	18,433,180
11-Dec-19 at \$0.0975 (Placement)	-	18,635,062
9-Jan-20 at 0.0975 (Share Purchase Plan)	-	29,189,612
27-Feb-20 at nil (Collateral Shares - Controlled Placement Facility)	-	40,000,000
22-Apr-20 at nil (Collateral Shares - SMI funding)	-	4,800,000
22-Apr-20 at \$0.0498 (SMI funding fee shares)	-	4,219,409
1-May-20 at \$0.045 (Placement - Acuity Capital)	-	6,665,000
1-May-20 at \$0.0405 (Placement - Consultant)	-	246,914
3-Jun-20 at \$0.039 (Placement SMI)	-	5,128,205
31-July-20 at \$0.035 (Placement SMI)	4,285,714	-
14-Aug-20 at \$0.035 (Placement SMI)	8,571,429	-
25-Sep-20 at \$0.035 (Placement SMI)	8,571,429	-
12-Oct-20 at \$0.035 (Placement SMI)	16,457,143	-
18-Dec-20 at \$0.04 (Entitlement Offer)	315,721,720	-
<b>Ordinary shares on issue at the end of the reporting period</b>	<b>1,224,058,690</b>	<b>870,451,255</b>

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**14. Contributed Equity (continued)**

**(b) Performance Rights**

Following approval by shareholders at the Company's 2020 Annual General Meeting, 6,000,000 performance rights were awarded by the Company to its directors during the reporting period, and 2,000,000 directors performance rights were cancelled during the period.

At 31 December 2020, the Company had the following unlisted performance rights on issue:

performance rights - managing director (exercise price: nil)	15,000,000
performance rights - employee's & consultants (exercise price: nil)	6,700,000
performance rights - non-executive directors (exercise price: nil)	6,000,000
<b>Total performance rights on issue at 31 December 2020</b>	<b>27,700,000</b>

At 30 June 2020, the Company had the following unlisted performance rights on issue:

performance rights - managing director (exercise price: nil)	15,000,000
performance rights - employee's & consultants (exercise price: nil)	6,700,000
performance rights - non-executive directors (exercise price: nil)	2,000,000
<b>Total performance rights on issue at 30 June 2020</b>	<b>23,700,000</b>

Each performance Right converts to one fully paid ordinary share of the Company and the conversion of each performance right is subject to the holder attaining certain pre-determined vesting conditions.

**(c) Listed Options**

Pursuant to a pro-rata entitlement offer completed by the Company in December 2020, the Company issued 157,860,785 option during the period. The options are listed on ASX and have an exercise price of \$0.08 and an expiry date of 31-May-2022.

At 31 December 2020, the Company had 157,860,785 listed options on issue (30 June 2020: nil).

**(d) Unlisted Options**

The Company did not issue any unlisted options during the reporting period.

At 31 December 2020, the Company did not have any unlisted options on issue (30 June 2020: nil).

**(e) Share Based Payments**

Consultant

During the period the Company arranged for 733,333 fully paid ordinary shares to be transferred to a consultant in satisfaction of advisory services rendered, from the 40,000,000 collateral shares originally issued to Acuity Capital pursuant to the Controlled Placement Facility. The shares were valued at \$0.045 each (total value \$33,000 inclusive of GST). \$30,000 was recorded in the profit and loss account and consulting fees and \$3,000 in the balance sheet as GST paid.

Performance Rights

The Company issued 6,000,000 performance rights during the period and 2,000,000 performance rights were cancelled during the period. The Company recorded a total share based payments expense of \$101,033 (2019: \$172,434).

The fair value of performance rights is estimated at the date of grant using a Black-Scholes valuation model taking into account the terms and conditions upon which the performance rights were awarded, and the fair value of performance rights is re-assessed each balance date by reference to the fair value of the performance rights at the time of award, adjusted for the probability of achieving the vesting conditions, which may change from balance date to balance date and consequently impact the amount to be expensed via profit and loss account in future periods.

**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**14. Contributed Equity (continued)**

The fair value of the performance rights awarded during the period at the award date was calculated using the Black Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate. Inputs used for each series granted included:

Variable	Performance Rights - Valuation Assumptions
	employees
Exercise price for the performance right	\$0.00
Market price for the shares at date of valuation / issue	\$0.045
Volatility of company share price	53.0%
Dividend yield	0%
Risk free rate	4.30%
Expiry from date of grant (number of years)	5.00
<b>Number of Rights issued</b>	<b>6,000,000</b>

The expected volatility during the term of the shares is based around assessments of the historical volatility of the company share price and the dividend yield of 0% is on the basis that the company does not anticipate paying dividends in the period between the issue date and the final vesting date for the shares.

The value of the performance rights has been expensed on a proportionate basis for each period from grant date to vesting date. The proportion of the value of the performance rights that were issued during the period has accounted as an expense in the share based payments reserve, the amount for these performance rights is \$20,177.43 . Vesting of the performance rights are subject to the attainment of the applicable performance milestones and at the end of the period none of these performance rights had vested.

Performance Rights Plan

The establishment of the Altech Chemicals Limited employee Performance Rights Plan ("the Plan") was approved by ordinary resolution at a General Meeting of shareholders on 5 November 2014 and re-approved by shareholders in General Meeting on 12 June 2018. All eligible directors, executive officers, employees and consultants of Altech Chemicals Limited, who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue rights to eligible persons for nil consideration. The rights can be granted free of charge, vesting is subject to the attainment of certain pre-determined conditions, and exercise is at a pre-determined fixed price calculated in accordance with the Plan.

The fair value of any performance rights issued by the Company during the reporting period is determined at the date of grant using a Black-Scholes valuation model taking into account the terms and conditions upon which the performance rights are awarded. At each balance date the fair value of all performance rights is re-assessed by reference to the fair value of the performance rights at the time of award, adjusting for the probability of achieving the vesting conditions, which may change from balance date to balance date and consequently impact the amount that is expensed or reversed in the profit and loss account for the relevant reporting period.

There were no performance rights issued during the reporting period. Details of performance rights that vested during the reporting period are shown in note 14(a), above

**15. Reserves**

	31-Dec-20	30-Jun-20
	\$	\$
Share based payments reserve	7,205,373	7,104,340
<b>Carrying amount at the end of the period</b>	<b>7,205,373</b>	<b>7,104,340</b>

**Movements:**

**Share based payments reserve**

Balance at the beginning of the period	7,104,340	6,975,102
Fair value of performance rights issued	101,033	129,238
<b>Balance at end of period</b>	<b>7,205,373</b>	<b>7,104,340</b>

**ALTECH CHEMICALS LTD**  
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**CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

<b>16. Accumulated losses</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at the beginning of the period	<u>(28,255,932)</u>	<u>(24,736,548)</u>
Profit (loss) for the period	4,061,338	(3,519,384)
<b>Carrying amount at the end of the period</b>	<b><u>(24,194,594)</u></b>	<b><u>(28,255,932)</u></b>

**17. Events subsequent to balance date**

There has not arisen, since the end of the financial year, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years apart from:

- The Company issued 14,810,375 shares priced at \$0.032 per share on 20 January 2021, to Specialty Materials Investments LLC (SMI) in satisfaction for funds advanced to the Company by SMI pursuant to the share purchase subscription agreement with SMI. By mutual agreement the Company and SMI terminated the share purchase subscription agreement on 21 December 2020 and there are now no outstanding share issue or other obligations to SMI.
- On 22 January 2021, the Company announced the placement of the \$1.9 million shortfall of its \$14.5 million pro-rata entitlement offer. The offer closed on 11 December 2020, and under the terms of the offer the directors had a period of 3-month to place any shortfall. On closing of the offer the Company issued 315,721,720 new shares at \$0.04 per share plus 157,860,785 options for gross proceeds of \$12,628,688, and for the shortfall the Company issued an additional 47,613,069 new shares plus 23,806,534 options for gross proceeds of \$1,904,523.
- On 26 January 2021, the Company announced that it had commenced battery performance testing of graphite particles that have been coated with high purity alumina (HPA) using Altech's coating technology. This initial test, to battery industry standards, is an important first step to demonstrate the gains that may be made in lithium-ion battery life from using graphite particles that have been coated with HPA via the Altech process, in the lithium-ion battery anode. The results of the test will be reported when they become available, and further tests are expected to follow.
- On 12 February 2021, the Company announced that its 75% owned German subsidiary Altech Industries Germany GmbH (AIG) is to commence a pre-feasibility study on the construction of a battery materials high purity alumina (HPA) coating plant in Saxony, Germany. The announcement follows the Company's strategy to focus on tailoring its high purity alumina into specialised products targeted at more efficient applications within the lithium-ion battery industry, and its nano alumina coating technology.

**ALTECH CHEMICALS LTD**  
**ABN 45 125 301 206**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Altech Chemicals Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Company; and
  - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ignatius Tan  
**Managing Director**

Perth, Western Australia  
12 March 2021

# INDEPENDENT AUDITORS REVIEW REPORT



## Moore Australia Audit (WA)

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTECH CHEMICALS LIMITED & CONTROLLED ENTITIES

### REPORT ON THE HALF-YEAR FINANCIAL REPORT

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Altech Chemicals Limited (the company), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

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

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with *the Corporations Act 2001* including:

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

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

# INDEPENDENT AUDITORS REVIEW REPORT



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTECH CHEMICALS LIMITED & CONTROLLED ENTITIES

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

A handwritten signature in black ink that reads 'Neil Pace'.

NEIL PACE  
PARTNER

A handwritten signature in black ink that reads 'Moore Stephens'.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 12<sup>th</sup> day of March 2021.