



Altech Chemicals
Limited

ABN 45 125 301 206

INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 December 2016

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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
Uwe Ahrens	Alternate Director

COMPANY SECRETARY

Shane Volk

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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PERTH WA 6000

SHARE REGISTRY

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STOCK EXCHANGE LISTING

The Company is listed on Australian Securities
Exchange Limited

Home Exchange: Perth

ASX Code: ATC

DIRECTORS' REPORT

The Directors present their report on Altech Chemicals Ltd for the half-year ended 31 December 2016.

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
Uwe Ahrens	Alternate Director

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 2016, the Company continued to advance the commercialisation opportunity for its kaolin (aluminous clay) deposit located at Meckering, Western Australia. The proposed route to commercialisation of the deposit is the construction and operation of a high purity alumina plant in Johor, Malaysia to extract alumina from kaolin, producing 99.99% alumina oxide (Al_2O_3) – high purity alumina (HPA).

As announced during the half-year, the Company is attempting to finalise project debt financing for the project, the majority of which is aimed to be covered by German government export credit finance (ECA cover) made available via the German government export credit agency. ECA cover is typically available at low interest rates and on attractive terms. The balance of debt finance is expected to be available on normal commercial terms via German government owned bank KfW IPEX-Bank. The Company is being exclusively advised on project finance structuring by KfW IPEX-Bank, which is also the proposed sole debt financier.

In August 2016, following a positive pre-assessment of the HPA project by the German export credit agency, the Company announced the appointment of various due diligence consultants to conduct a detailed review of the project on behalf of KfW-IPEX Bank and the German export credit agency. The successful completion of the due diligence is the major precursor to securing project finance, and at the date of this report due diligence activities are concluding and final reports are being prepared.

In parallel with completing due diligence activities, the Company has maintained project development momentum and advanced the detailed designs of both the proposed Malaysian HPA plant and the proposed kaolin mine and container loading facility at Meckering, Western Australia. During the half-year, the company also announced a maiden mineral reserve estimate for the Meckering kaolin deposit and an updated mineral resource estimate.

With the support of existing shareholders and numerous new institutional and retail investors, the Company raised approximately \$10.0 million via the placement of 71.4 million new shares at \$0.14 per share in July 2016. The funds have been applied to the continuation of the detailed design of the HPA plant by the Company's appointed engineering, procurement and construction (EPC) contractor M+W Group, to the various due diligence activities and associated test work, and to corporate costs.

Other significant developments during the half-year included:

- The positive pre-assessment of the Company's proposed US\$60 million application for export credit finance from the German export credit agency;
- Receipt of loan indicative terms and conditions from KfW IPEX-Bank, the proposed sole provider of project finance;
- Opening of a site office for the Company's 100% owned Malaysian subsidiary, Altech Chemicals Sdn Bhd. The office is in the Tanjung Langsat Industrial Complex, Johor, Malaysia and is located approximately 300 metres from the site of the Company's proposed HPA plant;

DIRECTORS' REPORT (CONT.)

- Completion of soil survey work at the proposed plant HPA site;
- Independent confirmation of the robust outlook for global HPA demand with the receipt of a report entitled "High Purity Alumina Market – Global Industry Analysis and Forecast, 2016 – 2024" by Persistence Market Research. Key findings of the report were announced by the Company on 23 November 2016;
- Signing of the lease agreement for land at the Tanjung Langsat Industrial Complex, Johor, Malaysia as the site for the proposed HPA plant. The lease is for an initial term of 30 years, with an option to renew for an additional 30 year term; and
- Submission of a Mining Proposal and a Mine Closure Plan for the Company's proposed kaolin mine at Meckering, Western Australia. At Meckering, the Company is planning to mine approximately 140,000 tonnes of kaolin once every three years as feedstock for the proposed Malaysian HPA plant. Mining is planned to take place in short two-month mining campaigns with the resultant raw kaolin stockpiled, then reclaimed and containerised at the rate of approximately 42,000 tonnes per year for shipment to Johor, Malaysia as feedstock for the HPA plant.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2016 was \$2,393,345 (2015: loss \$1,581,690). The Company's basic loss per share for the period was 1.0 cent (2015: loss of 1.3 cents).

No dividend has been paid during or is recommended for the financial period ended 31 December 2016.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities at 31 December 2016 was negative \$1,280,294 (30 June 2016: \$1,914,813). The majority of the current liabilities as at 31 December 2016 pertain to the balance of payment for the 30-year lease of land in Johor, Malaysia as the site for the Company's proposed HPA plant (MYR15,892,119 or A\$4,920,922), which is included as property, plant and equipment in the balance sheet, as a pre-paid 30-year lease. Approximately 5% of the balance owing (MYR805,419 or A\$249,394) is due for payment on or before 15 March 2017 and the remainder (MYR15,086,700 or A\$4,671,528) is due on or before 30 June 2017, however it is possible that an extension to the date for payment of the remaining balance may be negotiated and/or further staged payment terms agreed.

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 2016

There have been no significant developments for the Company since 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2016 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 16th day of March 2017

AUDITOR'S INDEPENDENCE DECLARATION

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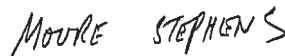
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ALTECH CHEMICALS LIMITED

As lead auditor for the review of Altech Chemicals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 16th day of March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **As at 31 December 2016**

	Notes	31-Dec-16 \$	30-Jun-16 \$
Current Assets			
Cash and cash equivalents	4	4,729,978	1,618,840
Trade and other receivables	5	681,804	758,668
Total Current Assets		5,411,782	2,377,508
Non-Current Assets			
Property, plant and equipment	13	5,758,130	25,000
Exploration and evaluation expenditure	6	332,428	571,904
Development expenditure	7	10,037,255	3,825,383
Total Non-Current Assets		16,127,813	4,422,287
TOTAL ASSETS		21,539,595	6,799,795
Current Liabilities			
Trade and other payables	8	6,613,471	400,023
Provisions	9	78,605	62,672
TOTAL CURRENT LIABILITIES		6,692,076	462,695
TOTAL LIABILITIES		6,692,076	462,695
NET ASSETS		14,847,519	6,337,100
Equity			
Contributed Equity	10	24,521,617	13,868,236
Reserves	11	2,912,353	2,661,970
Accumulated losses	12	(12,586,451)	(10,193,106)
TOTAL EQUITY		14,847,519	6,337,100

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2016

	Notes	31-Dec-16 \$	31-Dec-15 \$
Revenue from ordinary activities			
Interest Income		62,486	8,814
Total Income		62,486	8,814
Expenses			
Employee benefit expense (incorporating director fees)		(846,929)	(361,657)
Depreciation		(8,209)	(5,255)
Other expenses	2	(1,041,089)	(700,023)
Exploration & evaluation		(61,221)	(36,640)
Share-based payments	10(e)	(498,383)	(486,929)
Profit/(loss) before income tax expense		(2,393,345)	(1,581,690)
Income tax expense		-	-
Net profit/(loss) from continuing operations		(2,393,345)	(1,581,690)
Other comprehensive loss			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified subsequently to profit and loss		-	-
Total comprehensive loss attributable to members of the parent entity		(2,393,345)	(1,581,690)
Basic profit (loss) per share (\$'s per share)	3	(0.010)	(0.013)
Diluted profit (loss) loss per share (\$'s per share)	3	(0.010)	(0.013)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2016

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total \$
At 1 July 2015	9,795,585	(8,960,030)	1,900,830	2,736,385
Profit (Loss) after income tax for the half year	-	(1,581,690)	-	(1,581,690)
Total comprehensive profit (loss) for the half year	-	(1,581,690)	-	(1,581,690)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	2,198,233	-	-	2,198,233
Share based payments (net movement)	-	-	286,929	286,929
At 31 December 2015	11,993,818	(10,541,720)	2,187,759	3,639,857

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total \$
At 1 July 2016	13,868,236	(10,193,106)	2,661,970	6,337,100
Profit (Loss) after income tax for the half year	-	(2,393,345)	-	(2,393,345)
Total comprehensive profit (loss) for the half year	-	(2,393,345)	-	(2,393,345)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	10,653,381	-	-	10,653,381
Share based payments (net movement)	-	-	250,383	250,383
At 31 December 2016	24,521,617	(12,586,451)	2,912,353	14,847,519

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2016

	Notes	31-Dec-16 \$	31-Dec-15 \$
Cash Flows from Operating Activities			
Miscellaneous Receipts			
Payments to suppliers, contractors and employees		(1,546,194)	(704,004)
Interest received		61,502	11,345
Deposits Refunded		-	-
Deposits Paid		(5,019)	-
Net cash flows used in operating activities		(1,489,711)	(692,659)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(607,122)	(2,810)
Payments for development expenditure		(4,702,971)	-
Payments for research and development		(494,439)	(914,835)
Research and development tax refund		-	851,111
Net cash used in investing activities		(5,804,532)	(66,534)
Cash Flows from Financing Activities			
Proceeds from issue of shares		10,405,381	1,183,233
Net cash flows from financing activities		10,405,381	1,183,233
Net decrease in cash and cash equivalents		3,111,138	424,040
Cash and cash equivalents at the beginning of the financial period		1,618,840	574,810
Cash and cash equivalents at the end of the financial period	4	4,729,978	998,850

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

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 2016 was authorised for issue in accordance with a resolution of the directors on 16th March 2017. 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 2016 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 Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, 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 2016 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 2016 of \$7,294,243 (2015: \$759,193). As at 31 December 2016, the consolidated entity had net current liabilities of \$1,280,294 (30 June 2016: net current assets \$1,914,813).

The majority of the current liabilities as at 31 December 2016 pertain to the balance of payment for the 30-year lease of land in Johor, Malaysia as the site for the company's proposed HPA plant (MYR15,892,119 or A\$4,920,922). Approximately 5% of the amount outstanding (MYR805,419 or A\$249,394) is due for payment on or before 15 March 2017 and the remaining balance (MYR15,086,700 or A\$4,671,528) is due on or before 30 June 2017, however it is possible that an extension to the date for payment of the remaining balance may be negotiated and/or further staged payment terms agreed.

The Directors recognise that the ability of the company to continue as a going concern is dependent on the ability of the company being able to secure additional funding through either the issue of further shares and/or options or convertible notes or a combination thereof as required to fund ongoing project development, test work and for additional working capital.

Based on the above, the company is confident that it will successfully raise additional funds, if required, to meet its financial obligations in future periods. As a result, the financial report has been prepared on a going concern basis. However, should the consolidated entity be unsuccessful in securing further working capital, the consolidated entity may not be able to continue as a going concern.

The financial statements do not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

2. Loss for the year includes the following specific income and expenses	31-Dec-16	31-Dec-15
Other expenses		
Accounting and audit fees	(17,643)	(39,240)
ASX and share registry fees	(85,849)	(57,430)
Corporate & Consulting	(103,476)	(123,477)
Insurance	(118,345)	(21,948)
Occupancy	(64,782)	(64,507)
Legal fees	(9,103)	(71,677)
Investor relations	(173,644)	(143,757)
Office & administration	(279,846)	(177,987)
Foreign Exchange Translation	(175,688)	-
Income tax expense	(12,713)	-
	(1,041,089)	(700,023)

3. Earnings per share	31-Dec-16	31-Dec-15
	\$	\$
Basic profit (loss) per share	(0.010)	(0.013)
Diluted profit (loss) per share	(0.010)	(0.013)
	Number	Number

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

241,968,878 122,297,438

Options or rights to purchase ordinary shares not exercised at 31 December 2016 have not been included in the determination of basic earnings per share.

4. Cash and cash equivalents

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:

	31-Dec-16	30-Jun-16
	\$	\$
Cash at bank and on hand	4,729,978	1,618,840
	4,729,978	1,618,840

5. Trade and other receivables	31-Dec-16	30-Jun-16
	\$	\$
CURRENT RECEIVABLES		
Sundry debtors	173	10,174
GST Receivable	59,923	96,758
Research and Development rebate (net of tax payable)	465,289	500,336
Deposit paid	151,400	151,400
Other receivable	5,019	-
	681,804	758,668

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CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

6. Exploration and Evaluation expenditure

	31-Dec-16	30-Jun-16
	\$	\$
Carrying amount at the beginning of period	571,904	424,365
Exploration and evaluation expenditure incurred during the period (at cost)	17,164	189,602
Exploration expenditure transferred to Development (at cost)(Meckering)	(199,934)	
Exploration expenditure impaired to profit and loss during the period	(56,706)	(42,063)
Carrying amount at the end of the year	332,428	571,904

7. Development expenditure

	31-Dec-16	30-Jun-16
	\$	\$
Carrying amount at the beginning of the period	3,825,383	1,779,876
Development expenditure incurred during the period (at cost)	6,011,938	2,545,843
Development expenditure transferred from exploration expenditure (at cost)	199,934	
Less: Research and Development tax offset received/receivable	-	(500,336)
Carrying amount at the end of the year	10,037,255	3,825,383

8. Trade and other payables

	31-Dec-16	30-Jun-16
	\$	\$
CURRENT PAYABLES (Unsecured)		
Trade creditors	1,541,041	348,326
Accrued expenses	5,029,949	35,320
Other creditors and accruals	42,481	16,377
Total trade and other payables	6,613,471	400,023

9. Provisions

	31-Dec-16	30-Jun-16
	\$	\$
CURRENT		
Provision for annual leave	78,605	62,672
Total provisions	78,605	62,672

ALTECH CHEMICALS LTD
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CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

10. Contributed Equity	31-Dec-16	30-Jun-16
	\$	\$
(a) Ordinary shares		
Contributed equity at the beginning of the period	13,868,236	9,795,585
shares issued during the period	11,462,735	4,219,004
transaction costs relating to shares issued	(809,354)	(146,353)
Contributed Equity at the end of the reporting period	24,521,617	13,868,236
Movements in ordinary share capital	31-Dec-16	30-Jun-16
Ordinary shares on issue at the beginning of reporting period	179,781,733	112,013,117
Shares issued during the period:		
04-Aug-15 at nil per share (Vesting of Employee Performance Rights)	-	50,000
11-Aug-15 at \$0.059 per share - Placement	-	500,000
11-Aug-15 at \$0.059 per share - Placement	-	8,474,576
24-Aug-15 at \$0.059 per share - Placement	-	52,100
25-Aug-15 at nil per share (Vesting of Managing Director Performance Rights)	-	5,000,000
24-Sep-15 at \$0.059 per share - Placement (partial conversion of loan to equity)	-	6,779,663
7-Oct-15 at \$0.10 per share (Conversion of Listed Options)	-	28,750
8-Oct-15 at nil per share (Vesting of Employee Performance Rights)	-	55,600
19-Oct-15 at \$0.059 per share - Placement	-	8,474,577
25-Oct-15 at \$0.059 per share - Placement (balance of Loan converted to equity)	-	7,033,902
10-Nov-15 at \$0.059 per share - Placement	-	1,694,915
03-Dec-15 at \$0.10 per share (Conversion of Listed Options)	-	137,166
17-Dec-15 at \$0.10 per share (Conversion of Listed Options)	-	171,666
18-Dec-15 at \$0.10 per share (Conversion of Listed Options)	-	199,750
04-Jan-16 at Nil per share (Vested Employee Rights converted to shares)	-	1,950,000
18-Mar-16 at Nil per share (Vested Director Rights converted to shares)	-	1,750,000
05-Apr-16 at \$0.086 per share (Placement)	-	14,264,776
12-Apr-16 at \$0.086 per share (Share Purchase Plan)	-	8,651,175
09-Jun-16 at \$0.10 per share (Exercise of unlisted options)	-	500,000
13-Jun-16 at \$0.10 per share (Exercise of unlisted options)	-	750,000
27-Jun-16 at \$0.10 per share (Exercise of unlisted options)	-	1,250,000
03-Aug-16 at \$0.14 per share (Placement - Tranche 1)	43,911,209	-
04-Aug-16 at \$0.086 per share (Placement to MAA Group Berhad)	11,627,907	-
04-Aug-16 at \$0.086 per share (Placement)	116,280	-
21-Sept-16 at \$0.14 per share (Placement - Tranche 2)	30,751,183	-
Ordinary shares on issue at the end of the reporting period	266,188,312	179,781,733

(b) Employee Performance Rights

The Company issued 3,400,000 Performance Rights at Nil per Performance Right during the reporting period to various directors and employees pursuant to the Altech Chemicals Limited Incentive Rights Plan ("the Plan").

No Performance Rights vested during the period.

At 31 December 2016, the Company had the following unlisted Performance Rights on issue:

Performance Rights - Managing Director (exercise price Nil)	10,000,000
Performance Rights - Employee's & Consultants (exercise price Nil)	5,200,000
Performance Rights - Non-Executive Directors (exercise price Nil)	5,500,000
Total Performance Rights on issue at 31 December 2016	20,700,000

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 vesting conditions.

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

10. Contributed Equity (continued)

(c) Listed Options

The Company did not issue any Listed Options during the reporting period.

At 31 December 2016, the Company did not have any Listed Options on issue.

(d) Unlisted Options

The Company did not issue any Unlisted Options during the reporting period.

During the period no Unlisted Options expired.

At 31 December 2016 the Company had the following Unlisted Options on issue:

Exercise price \$0.20, expiry date 18-12-2017	1,000,000
Exercise price \$0.25, expiry date 18-12-2017	1,000,000
Exercise price \$0.30, expiry date 18-12-2017	1,000,000
Exercise price \$0.20, expiry date 31-01-2017	600,000
Total unlisted options on issue at 31 December 2016	3,600,000

(e) Share Based Payments

Consultant Shares

The Company issued 3,271,429 fully paid ordinary shares at \$0.14 per share (total value \$458,000) during the period to a consultant for corporate advisory and capital raising services. An expense of \$248,000 was recorded in the profit and loss account as a share based payments expense in relation to the corporate advisory service, with \$210,000 recorded in the balance sheet as transaction costs relating to share issues.

Performance Rights

The Company issued 3,400,000 Performance Rights during the period and recorded a total share based payments expense of \$250,383.

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. 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.

Fair Value of Performance Rights

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		
	Directors	Employee	Employee
Exercise price for the Performance Right	\$0.00	\$0.00	\$0.00
Market price for the shares at date of issue	\$0.15	\$0.14	\$0.135
Volatility of company share price	178.63%	178.63%	178.63%
Dividend yield	0%	0%	0%
Risk free rate	1.58%	1.44%	1.44%
Expiry from date of grant (number of years)	5.00	7.00	7.00
Number of Rights issued	2,000,000	1,000,000	400,000

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 has been expensed during the period and accounted for in the share based payments reserve is \$250,383. Vesting of the Performance Rights are subject to the attainment of the applicable performance milestones.

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

10. Contributed Equity (continued)

Performance Rights Plan

The establishment of the Altech Chemicals Limited Employee Incentive Rights Plan ("the Plan") was approved by ordinary resolution at a General Meeting of shareholders on 5 November 2014. 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 3,400,000 issued during the reporting period. Details of Performance Rights that vested during the reporting period are shown in note 10(a), above

11. Reserves

	31-Dec-16	30-Jun-16
	\$	\$
Share based payments reserve	2,912,353	2,661,970
Carrying amount at the end of the year	2,912,353	2,661,970

Movements:

Share based payments reserve

Balance at the beginning of the period	2,661,970	1,900,830
Fair value of Performance Rights issued	250,383	761,140
Balance at end of period	2,912,353	2,661,970

12. Accumulated losses

	31-Dec-16	30-Jun-16
	\$	\$
Carrying amount at the beginning of the period	(10,193,106)	(8,960,030)
Profit (loss) for the period	(2,393,345)	(1,233,076)
Carrying amount at the end of the year	(12,586,451)	(10,193,106)

13. Property, Plant and Equipment

	31-Dec-16	30-Jun-16
	\$	\$
PLANT AND OFFICE EQUIPMENT		
At cost	157,758	97,478
Less: accumulated depreciation	(80,190)	(72,479)
Total plant and office equipment	77,567	25,000
LAND (30 year lease - Malaysia)		
At cost	5,680,563	-
Less: accumulated depreciation	-	-
Total land	5,680,563	-
MOTOR VEHICLES		
At cost	33,689	33,182
Less: accumulated depreciation	(33,689)	(33,182)
Total motor vehicles	-	-
Total property, plant and equipment	5,758,130	25,000

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

14. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The financial statements presented above are the same as the reports the directors review. The company operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the company is domiciled and operates in one segment being Australia.

15. Related Party Disclosures

Mr Peter H Atkins and Mrs Elizabeth M Atkins (the parents of Luke Atkins, a director of the Company) are the Registered Proprietors of the premises that the Company rented for its registered office during the half year, Suite 8, 295 Rokeby Road, Subiaco WA 6005. The property is held by the Registered Proprietors on trust for the PH Atkins Children's Trust of which Luke Atkins is a beneficiary. During the half year the Company paid \$49,999 (2015: \$49,999) to, or on behalf of the Registered Proprietors on normal commercial terms and conditions.

Mr Luke Atkins' remuneration as Chairman of the Company is \$60,000 p.a. (2014/15: \$60,000 p.a.). In addition to his role as Chairman, Executive Resource Personnel Pty Ltd, a company controlled by Mr Atkins provides consulting services to the company, the services were billed at a monthly rate of \$2,500 per month to 31 July 2016 and then \$16,767 per month from 1 August 2016 (2015: \$30,000 p.a.). The consultancy agreement with Executive Resource Personnel Pty Ltd will cease on 31 July 2017.

16. Contingent Liabilities

There are no material contingent liabilities not provided for in the financial statements of the company as at 31 December 2016.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

17. Events subsequent to balance date

There have been no significant developments for the Company since 31 December 2016.

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 2016 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
16 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

MOORE STEPHENS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTECH CHEMICALS LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Altech Chemicals Limited which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of Altech Chemicals Limited 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 Standard on Review Engagements ASRE 2410: Review of a Financial Report 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: giving a true and fair view of Altech Chemicals Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Altech Chemicals Limited, 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 other 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.

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 Altech Chemicals Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

INDEPENDENT AUDITOR'S REVIEW REPORT

MOORE STEPHENS

Conclusion

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 Altech Chemicals Limited is not in accordance with the *Corporations Act 2001* including:

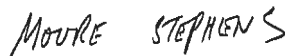
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicate that the consolidated entity is dependent upon various funding alternatives in order to fund its working capital and discharge its liabilities in the ordinary course of business. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 16th day of March 2017