



Altech Chemicals
Limited

ABN 45 125 301 206

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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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 for Tunku Yaacob Khyra)

COMPANY SECRETARY

Shane Volk

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Perth WA 6000

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
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STOCK EXCHANGE LISTING

The Company is listed 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
Frankfurt Stock Exchange:
FWB Code: A3Y

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2018.

DIRECTORS

The names and details of the directors of Altech Chemicals Limited during the financial year and until the date of this report are:

Ignatius (Iggy) Tan B.Sc, MBA, GAICD
Managing Director
Appointed: 25 August 2014

Mr Tan is a highly experienced mining and chemical executive with a number of significant achievements in commercial mining projects such as capital raisings, funding, construction, start-ups and operations. Mr Tan has over 30 years chemical and mining experience and been an executive director of a number of ASX-listed companies. He holds a Master of Business Administration from the University of Southern Cross, a Bachelor of Science from the University of Western Australia and is a Graduate of the Australian Institute of Company Directors.

Mr Iggy Tan became the Company's Managing Director in August 2014. He is responsible for leading the Company as it proceeds to commercialise its Meckering kaolin deposit via the construction and operation of a high purity alumina (HPA) production plant in Johor, Malaysia. Having been involved in the commissioning and start-up of seven resource projects in Australia and overseas, including high purity technology projects, Mr Tan is an accomplished project builder and developer. Mr Tan previously held Managing Director positions at ASX listed Kogi Iron Limited (ASX: KFE) (23-08-2013 to 1-05-2014) and Galaxy Resources Limited (ASX: GXY) (11-11-2011 to 11-06-2013).

Luke Frederick Atkins LLB
Non-Executive Chairman
Appointed: 8 May 2007

A highly qualified mining executive and a lawyer by profession, Mr Atkins has had extensive experience in capital raisings and has held a number of executive and non-executive directorships of private and publicly listed companies including a number of mining and exploration companies.

Mr Atkins is the co-founder and is currently a Non-Executive Director of ASX-listed Bauxite Resources Limited (ASX: BAU). Mr Atkins formerly held the role of executive Chairman of Bauxite Resources Limited after co-founding the company in 2007. Mr Atkins brings to the board extensive experience in the areas of mining, exploration and corporate governance.

Peter Bailey
Independent Non-Executive Director
Appointed: 8 June 2012

Mr Peter Bailey is a highly experienced and qualified engineer with over 40 years experience in the mining and industrial chemical production industry. Mr Bailey spent the majority of his career in the alumina chemicals and alumina refining industries. He was previously chief executive officer at Sherwin Alumina, an alumina refinery located in Texas, USA.

Prior to Sherwin, in 1998 Mr Bailey was president of Alcoa Worldwide Chemical's industrial chemicals department. He was responsible for managing the company's 13 alumina plants that were located in eight countries, with combined annual revenue of approximately US\$700 million. In 1996, Mr Bailey was president of Alcoa Bauxite and Alumina and was responsible for 8 alumina plants outside of Australia. He was also the Chairman of the Alcoa Bauxite joint venture in Guinea, Africa. He has a solid business network throughout the global alumina industry. Mr Bailey has not held any other listed company directorships in the past 3 years.

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For the year ended 30 June 2018

Daniel Lewis Tenardi
Non-Executive Director

Appointed: 17 September 2009

Mr Dan Tenardi is a highly experienced global resource executive with over 40 years of experience in the mining and processing sectors. During his extensive career, Mr Tenardi spent 13 years at Alcoa's alumina refinery in Kwinana as well as the company's bauxite mines in the Darling Ranges of Western Australia.

Mr Tenardi was the founding Managing Director of Bauxite Resources Limited (ASX: BAU), where he led the rapid growth of the company from its initial exploration phase, expansion of land holdings, to the commencement of trial shipments of ore and securing supportive strategic partnerships with key Chinese investors. Having built strong networks with industry leaders in the alumina sector, Mr Tenardi provides valuable alumina-specific industry experience. Mr Tenardi is currently Non-Executive independent director of Australian iron ore producer, Grange Resource Limited (ASX: GRR). He was previously CEO of Ngarda Civil & Mining and has also held senior executive and operational roles at CITIC Pacific, Alcoa, Roche Mining and Rio Tinto.

Tunku Yaacob Khyra B.Sc (Hons), CA
Non-Executive Director

Appointed: 22 October 2015

Tunku Yaacob Khyra is the executive Chairman of the Melewar Khyra Group of Companies (Melewar), a Malaysian base diversified financial and industrial services group. He is the major owner and shareholder of Melewar and sits on the boards of Khyra Legacy Berhad, Mycron Steel Berhad, MAA Group Berhad, Melewar Industrial Group Berhad, Ithmaar Bank B.S.C. (listed on Bahrain Stock Exchange) and several other private companies.

Tunku Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He started his career as an Auditor with Price Waterhouse, London from 1982 to 1985 and subsequently joined Price Waterhouse Kuala Lumpur from 1986 to 1987. He joined Malaysian Assurance Alliance Berhad in 1987 and retired as its Chief Executive Officer in 1999. Tunku Yaacob has not held any other Australian listed company directorships in the years.

Uwe Ahrens
Alternate Non-Executive Director (for Tunku Yaacob Khyra)

Appointed: 22 October 2015

Mr Uwe Ahrens is executive director of Melewar Industrial Group Berhad and Managing Director of Melewar Integrated Engineering Sdn Bhd. He also sits on the board of several other private limited companies. Mr Ahrens holds Masters degrees in both Mechanical Engineering and Business Administration from the Technical University Darmstadt, Germany. Upon graduation, Mr Ahrens joined the international engineering and industrial plant supplier, KOCH Transporttechnik GmbH in Germany, now belonging to FLSmidth Group, where he held a senior management position for 12 years, working predominantly in Germany, USA and South Africa. Mr Ahrens has not held any other Australian listed company directorships in the past 3 years. Mr Ahrens is the Alternate Non-Executive Director for Tunku Yaacob Khyra.

COMPANY SECRETARY

Shane Volk B.Bus (Accounting), Grad Dip (Applied Corp. Gov.), AGIA
Company Secretary and Chief Financial Officer

Appointed: 12 November 2014

Mr Volk is an experienced company secretary and chief financial officer having served in these positions for numerous ASX listed companies since 2007. His experience also includes senior management roles in the resources industry (gold and coal) in Indonesia, Papua New Guinea and Australia, with a variety of international resources companies. Mr Volk is a member of the Governance Institute of Australia and has in excess of 30 years of experience in the mining and resources industries.

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DIRECTORS' REPORT
For the year ended 30 June 2018

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the continuation of its efforts to secure senior debt project financing for its proposed Malaysian high purity alumina (HPA) plant and associated kaolin (aluminous clay) mine at Meckering, Western Australia; and continued research and development activities in support of the commercialisation of the Company's Meckering kaolin deposit.

Aside from project financing, research and development and commercialisation activities, there have been no other significant changes in the Company's activities during the financial year.

FINANCIAL POSITION & RESULTS OF OPERATIONS

The financial results of the Group for the financial year ended 30 June 2018 are:

	2018	2017
	\$	\$
Cash and cash equivalents	261,319	1,432,347
Net Assets	31,389,336	17,574,009
Revenue	87,067	100,870
Net loss after tax	(4,566,331)	(3,791,502)
Loss per share	(0.018)	(0.015)
Dividend	-	-

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

REVIEW OF OPERATIONS AND ACTIVITIES

The Final Investment Decision Study (FIDS) results for the Company's proposed high purity alumina (HPA) project were published in October 2017. The project envisages the construction of a 4,500tpa HPA plant in Johor, Malaysia and the development of a kaolin mine at Meckering, Western Australia along with an associated kaolin loading facility (the HPA Project). The FIDS incorporated up-to-date project assumptions including the final capital cost estimate which included a fixed-price lump-sum engineering, procurement and construction (EPC) contract value for the proposed plant; a fixed-price lump-sum EPC contract value for construction of a container loading facility at Meckering, Western Australia; and the capital cost for the initial kaolin mining campaign. The financial metrics for the FIDS are extremely robust. Project Net Present Value (NPV) is US\$505.6 million at a discount rate of 7.5%; payback (at full rate) is 3.9 years; and annual EBITDA at full production is US\$75.7 million. The internal rate of return (IRR) is 21.9%, with a gross margin on sales of 63%. Publication of the FIDS results was a significant milestone for the Company. The FIDS results, combined with the extensive and detailed project due diligence conducted by bank appointed independent due diligence consultants, provided the foundation for a US\$190 million debt package negotiated with German government owned KfW IPEX-Bank.

The focus for the Company since publication of the FIDS has been to secure an optimal project financing solution that would allow for the commencement of the Project's construction. In parallel with financing activities, the Company worked closely with its appointed engineering, procurement and construction (EPC) contractor, SMS group GmbH of Germany, to finalise the detailed design and engineering of the HPA plant. Substantial progress was achieved in both key activity areas, and it is pleasing to report that post year-end, on 8 August 2018, an official "ground breaking ceremony" marking the commencement of Stage-1 construction of the HPA plant was held in Johor, Malaysia. Stage-1 construction activities will include bulk earthworks; extensive foundation piling; the construction of retaining walls; underground stormwater/process discharge tanks; and the construction of an electrical substation and workshop building. The Company is funding these works from a successful capital raise completed in July 2018.

Financing

On 15 December 2017, Altech announced that it had been advised that the German government inter-ministerial committee (IMC) had reached a positive decision on the Company's application for project finance export credit cover relating to its proposed Malaysian HPA plant. Following the IMC decision, the Company was advised by the German government owned KfW IPEX-Bank that it had successfully processed credit approval for a project finance debt package of US\$190 million, comprising US\$170 million of project finance export credit cover (available at long tenure and at highly attractive terms) and US\$20 million at customary lending terms. In February 2018, the Company announced that it had executed commitment, terms and conditions documentation with KfW IPEX-Bank to formalise the US\$190 million debt package. A condition precedent to draw-down of the KfW IPEX-Bank debt is that the Company secures the balance of funds, which will likely include additional equity. The final equity component of project funding will be determined as the Company continues to work through various funding options, which may include the inclusion of mezzanine debt, revenue streaming, and/or project level equity participation. In May 2018, the Company announced that it had received terms for a mezzanine project debt facility of US\$120 million from an international investment bank consisting of a draw-down amount of US\$90 million against the US\$120 million facility; at the date of this report due diligence in relation to this non-binding proposed facility was well advanced.

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In October 2017, the Company was successful in arranging a \$17.0 million placement of new shares to a variety of existing and new shareholders and in July 2018 (post year-end) the Company announced the raising of an additional ~\$21 million via a combined share placement to a variety of professional and sophisticated investors and via a share purchase plan offered to Company shareholders.

Proceeds from the October 2017 share placement were primarily used to continue the detailed design and engineering of the proposed HPA plant and to make final payments for land at Meckering (kaolin mine and loading facility) and at Johor (4Ha site for the HPA plant). Funds raised from the July 2018 will be applied to funding Stage-1 construction, the continuation of detailed design and engineering of the HPA plant and for corporate and working capital purposes. Both share placements and the subsequent share purchase plan were strongly supported. The appointed EPC contractor SMS group GmbH subscribed to US\$4.0 million (A\$5.3 million) of shares in the October 2017 share placement and Malaysian shareholders subscribed to A\$3.0 million. As at the date of this report SMS group holds approximately 6.8% for the Company's issued shares and the Melewar group of companies ~8.7%.

Other significant developments during the year ended 30 June 2018 included:

- The grant of a Malaysian Manufacturing Licence for the operation of the Company's proposed 4,500tpa HPA plant at Johor.
- Payment of the final instalments to Johor Corporation for the 30-year lease (with option to renew for 30-years) for the Johor HPA site.
- The Company exercised its option to purchase the ~94Ha of freehold farm-land, within which sits granted mining lease M70/1334 which hosts the Meckering kaolin deposit.
- Works approval was received from the Western Australian Department of Water and Environmental Regulation for construction of the proposed kaolin screening and loading facility at the Company's Meckering kaolin deposit.
- The design of the proposed Malaysian HPA plant was optimised and resulted in an increase in plant capacity to 4,500tpa (was 4,000tpa) and the design now incorporates a flexible finished product line capable of producing HPA for both the synthetic sapphire industry and HPA for the lithium-ion battery industry.
- SMS group GmbH, the German engineering firm appointed as the engineering, procurement and construction (EPC) contractor for the Company's proposed HPA plant committed to US\$15.0 million of equity support for the Company. US\$4.0 million was provided to the Company as part of the \$17.0 million share placement announced in October 2017. The balance of equity support (US\$11.0 million) is proposed at project funding financial close upon satisfaction of the various conditions precedent to draw-down of the KfW IPEX-Bank project finance debt.
- The Company launched a German language version of its website in response to the increased interest in its HPA project from European based retail and institutional investors and various German-based stakeholders.

Risk Management

Due to its size and scope of operations, the Company does not have a dedicated Risk Management Committee. The board, as a whole is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company, with the Managing Director having ultimate responsibility to the board for the risk management and control framework.

The Managing Director highlights areas of significant business risk and the board has arrangements in place whereby it monitors risk management, including the periodic reporting to the board in respect of operations and the financial position of the Company.

The Company does not have a dedicated internal audit function, however it works closely with its external auditors and management for the evaluation and continual improvement of the effectiveness of its risk management and internal control procedures.

EMPLOYEES

The Company had 3 full-time permanent employees, 5 part-time permanent employees and no casual employees as at 30 June 2018 (2017: 4 full-time permanent employees, 4 part-time permanent employees and 2 casual employees).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company is primarily focussed on securing the project finance balance of funds that will enable it to draw-down on the project finance senior debt from KfW IPEX-Bank to extend the construction activities of its proposed HPA plant beyond the recently initiated Stage-1 construction, which is being equity funded by the Company from the July 2018 equity raise. In the 2016/17 financial year, the Company completed the rationalisation of its non-core mineral tenements and does not anticipate incurring any significant exploration expenditure on its remaining kaolin exploration licence in the foreseeable future. The Company currently holds two kaolin mineral tenements, M70/1334 (Meckering) and E70/4718-1 (Kerrigan).

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

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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:

- On 8 August 2018, an official "ground breaking" ceremony was held at the site of the Company's proposed HPA plant in Johor, Malaysia to mark the commencement of Stage-1 construction works.
- The Company announced the completion of a \$4.3 million share purchase plan (SPP) on 1 August 2018 and a ~\$17.0 million share placement on 9 July 2018. All shares issued in the SPP and the placement was priced at \$0.165 per share.
- Execution of the Stage-1 construction agreement with SMS group for the Company's proposed Malaysian HPA plant. Stage-1 works will include bulk earthworks, foundation piling, retaining wall construction, and the construction of stormwater management and discharge systems, a maintenance workshop and the site for the electrical substation. The value of the Stage-1 construction agreement is ~US\$7.2 million (~A\$9.7 million).
- The completion of site clearance works at the ~4Ha HPA plant site in Johor, Malaysia.

OPTIONS OVER UNISSUED CAPITAL

During the financial year, the Company did not grant any options to directors or Key Management Personnel.

Since 30 June 2018 and up until the date of this report there have been no options issued by the Company.

As at the date of this report there no unissued ordinary shares of the Company under option.

PERFORMANCE RIGHTS OVER UNISSUED CAPITAL

As at the date of this report unissued ordinary shares of the Company subject to performance rights are:

Performance Right Series	Rights outstanding	Exercise Price	Rights Vested	Rights not Vested	Expiry Date
Managing Director	10,000,000	Nil	Nil	10,000,000	19/11/22
Managing Director	5,000,000	Nil	Nil	10,000,000	11/06/25
Non-executive Directors	5,500,000	Nil	Nil	5,500,000	17/03/20
Employees & consultants	3,400,000	Nil	Nil	3,400,000	1/01/22
Employees & consultants	400,000	Nil	Nil	400,000	1/02/23
Employees & consultants	1,400,000	Nil	Nil	1,400,000	4/08/23
Total	25,700,000		Nil	25,700,000	

Details of performance rights issued to the directors and Key Management Personnel of the Company during the period of this report are contained in the Remuneration Report.

The above performance rights represent unissued ordinary shares of the Company under option as at the date of this report. These performance rights do not entitle the holder to participate in any share issue of the Company. The holders of performance rights are not entitled to any voting rights until the performance rights are exercised into ordinary shares, which is only possible if the vesting conditions attached to the performance rights have been attained.

The names of all persons who currently hold performance rights granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001* and the register may be inspected free of charge.

CORPORATE STRUCTURE

Altech Chemicals Limited (ACN 125 301 206) is a Company limited by shares that was incorporated on 8 May 2007 and is domiciled in Australia.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The near term focus for the Company is to secure the necessary debt and equity funding that will enable it to continue with the construction of its proposed Malaysian HPA plant beyond the current Stage-1 and enable the Company to construct the associated kaolin mine and loading facility at Meckering, Western Australia.

Business Strategy and Reasoning

HPA is a high-value, high margin and highly demanded product because it is the critical ingredient required for the production of sapphire substrates which are used in the manufacture of light emitting diode (LED) lighting, for the manufacture of alumina semiconductors and for the manufacture of scratch resistant synthetic sapphire glass. Increasingly, HPA is used as a coating on the

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separator sheets in lithium-ion batteries. HPA is a premium priced material (selling for up to US\$40 per kg – 4N quality) with forecast significant annual demand growth driven primarily by the rapidly expanding lithium-ion battery and LED industries. There is currently no substitute for HPA for the manufacture of synthetic sapphire.

Global HPA demand is estimated at approximately 25,315tpa (2016) and demand is forecast to grow at an annual rate of 16.7% during the period 2016-2024. HPA demand growth is primarily driven by the LED lighting industry, as this energy efficient, longer lasting and lower operating cost lighting rapidly replaces traditional but energy hungry incandescent globes. Global HPA demand is forecast to at least double over the coming decade.

The successful construction and operation of its proposed HPA plant will see the Company positioned as the world's largest single producer of HPA (based on 2014 annual HPA production data), and with annual HPA demand expected to increase to approximately 86,830 tonnes by 2024 (from an estimated 25,315 tonnes in 2016), the HPA market is expected to more than fully absorb the planned additional HPA supply from the Company's plant. Current HPA producers predominantly use an expensive and highly processed feedstock material such as aluminium metal to produce HPA. The Company's proposed plant will produce HPA directly from kaolin clay via hydrogen chloride (HCl) leaching, using a production process that will employ conventional "off-the-shelf" plant and equipment. HPA production costs from the Company's plant are anticipated to be considerably lower than established HPA producers.

Development Risk

The proposed mining, beneficiation and HPA plant construction and operation activities are all high-risk undertakings. The Company is on a proposed development path and in 2015 completed a bankable feasibility study (BFS) that determined the technical and commercial viability for the construction and operation of a 4,000tpa high purity alumina (HPA) processing plant at Tanjung Langsat, Johor, Malaysia, and an associated kaolin quarry and container loading facility at Meckering, Western Australia to provide feedstock for the HPA plant. The BFS was updated in March 2016 and this update confirmed the technical and commercial viability of the project compared to the original study. In October 2017 the Company published a definitive feasibility study (DFS) for the Project based on an increased plant output of 4,500tpa and in February 2018 announced that it had executed definitive terms for a US\$190 million senior project finance debt facility with German government owned KfW IPEX-Bank. However, there is no certainty that the financing, mining, construction and operation of the abovementioned operations and facilities will be able to proceed as envisaged, and if they do proceed as envisaged that the operations will function as expected in the DFS (or any subsequent study update) and deliver the results that were foreshadowed. Amongst other things, equity and additional debt financing at terms acceptable to the Company must be secured, capital cost and operating cost estimates and assumptions must be confirmed and various design, operational, processing, supply chain, market, regulatory, industrial and development risks, amongst others, will need to be identified and successfully managed to deliver the development and operating outcomes envisaged in the DFS and any subsequent study updates. Inescapably, the DFS and subsequent study updates are detailed studies of what is possible based on a combination of detailed information on hand at the time, and a series of professional judgements, assumptions and estimates at the time; inevitably situations and circumstances change, judgements, assumptions and estimates are different from what actually transpires, debt and equity markets constantly change and as a result actual outcomes will almost certainly vary from those contemplated in a DFS and any subsequent study updates.

MINERAL RESOURCE STATEMENT AND MINERAL RESOURCE ORE RESERVE ESTIMATION GOVERNANCE STATEMENT

Altech Chemicals Limited ensures that its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. Mineral Resource and Ore Reserve estimation procedures are well established and are subject to periodic systematic peer and technical review by competent and qualified professionals.

Altech reviews and reports its Mineral Resource and Ore Reserve estimates at a minimum on an annual basis and in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. The most recent annual review for the year ended 30 June 2018 has not identified any material issues.

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The table below sets out the Mineral Resources and Ore Reserves comparatives as at 30 June 2018 and 30 June 2017.

Meckering kaolin (aluminous clay) deposit

Classification	Mineral Resource estimate (JORC 2012) as at 30 June 2018					Mineral Resource estimate (JORC 2012) as at 30 June 2017				
	In Fraction < 300µ					In Fraction < 300µ				
	Tonnes	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	Yield %	Tonnes	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	Yield %
Measured	1,500,000	30.0	1.01	0.62	69	1,500,000	30.0	1.01	0.62	69
Indicated	3,300,000	30.0	0.97	0.61	69	3,300,000	30.0	0.97	0.61	69
Inferred	7,900,000	29.1	1.0	0.63	69	7,900,000	29.1	1.0	0.63	69
Total Mineral Resources*	12,700,000	29.5	0.99	0.62	69	12,700,000	29.5	0.99	0.62	69

* rounded to the nearest one hundred thousand tonnes

- Notes: 1. The minus 45 micron percentage was measured by wet screening
2. Brightness is the ISO brightness of the minus 45 micron material

Classification	Mineral Reserve estimate (JORC 2012) as at 30 June 2018						Mineral Reserve estimate (JORC 2012) as at 30 June 2017					
	Tonnes	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	K ₂ O %	Yield %	Tonnes	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	K ₂ O %	Yield %
	Proven	454,000	30.1	0.9	0.6	0.5	69	454,000	30.1	0.9	0.6	0.5
Probable	770,000	30.0	0.9	0.6	0.4	71	770,000	30.0	0.9	0.6	0.4	71
Total Proven & Probable*	1,224,000	30.0	0.9	0.6	0.4	70	1,224,000	30.0	0.9	0.6	0.4	70

* rounded to the nearest one thousand tonnes

Competent Persons Statement – Meckering kaolin deposit Mineral Resource estimate

The information in this report that relates to Mineral Resources for the Company's Meckering kaolin (aluminous clay) deposit is based on information compiled by Ms Sue Border, who is a Fellow the AusIMM and of AIG and is a consultant to the Company and is employed by Geos Mining mineral consultants. Ms Border has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that she 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". The information contained in this report pertaining to the Mineral Resource estimate as at 30 June 2017 is extracted from the ASX announcement entitled "Altech updates kaolin resource for its Meckering Mining Lease" dated 8 July 2016, and for the Mineral Resource estimate as at 30 June 2018 is extracted from the ASX announcement entitled "Maiden Ore Reserve at Altech's Meckering Kaolin Deposit" dated 11 October 2016. Both announcements are available to view on the Company web site www.altechchemicals.com. The Company confirms that there are no material changes to the Company's Mineral Resources since its ASX announcement of 11 October 2016. Ms Sue Border has reviewed and approved this annual statement of resources and approves the form and context in which it appears.

Competent Persons Statement – Meckering kaolin deposit Mineral Reserve estimate

The information in this report that relates to Mineral Reserves for the Company's Meckering kaolin (aluminous clay) deposit is based on information compiled by Mr Carel Moormann who is employed by Orelogy Consulting Pty Ltd as a Principal Consultant. Orelogy Consulting Pty Ltd is an independent mine planning consultancy based in Perth, Western Australia. Orelogy was requested by Altech Chemicals Ltd to prepare a reserve estimate for the Meckering kaolin deposit to provide feedstock for high purity alumina production. Mr Moormann is a Fellow of the Australasian Institute of Mining and Metallurgy and a Competent Person as defined by the 2012 JORC Code. Mr Moorman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. The information contained in this report pertaining to the Mineral Reserve estimate as at 30 June 2018 is extracted from the ASX announcement entitled "Maiden Ore Reserve at Altech's Meckering Kaolin Deposit" dated 11 October 2016. The announcement is available to view on the Company web site www.altechchemicals.com. The Company confirms that there are no material changes to the Company's Mineral Reserve estimate and the assumptions underpinning the Mineral Reserve estimate since its ASX announcement of 11 October 2016. Mr Carel Moormann has reviewed and approved this annual statement of resources and approves the form and context in which it appears.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds an exploration licence and a mining licence that regulate its exploration and future mining activities in Western Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration or future mining activities. So far as the directors are aware, there has been no known breach of the Company's licence conditions and all exploration activities comply with relevant environmental regulations.

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DIRECTORS' REPORT

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DIRECTORS' SHARE HOLDINGS, OPTION HOLDINGS AND PERFORMANCE RIGHTS HOLDINGS

As at the date of this report the directors interests in shares and unlisted options of the Company are as follows:

Director	Interest in Ordinary Shares	Interest in Listed options	Interest in Unlisted Options	Interest in Performance Rights
Ignatius Tan	7,718,000	-	-	15,000,000
Luke Atkins	10,049,746	-	-	1,000,000
Daniel Tenardi	7,794,915	-	-	1,000,000
Peter Bailey	3,774,710	-	-	1,500,000
Tunku Yaacob Khyra	51,005,631	-	-	1,000,000
Uwe Ahrens	-	-	-	1,000,000

DIRECTORS' MEETINGS

The number of meetings of the Company's directors held in the period each director held office during the financial year and the numbers of meetings attended by each director were:

Director	Board of Director Meetings	
	Meetings Attended	Meetings held whilst a Director
Luke Atkins	7	7
Ignatius Tan	7	7
Daniel Tenardi	7	7
Peter Bailey	6	7
Tunku Yaacob Khyra	2	7
Uwe Ahrens (Alternate director for Tunku Yaacob)	7	7

REMUNERATION REPORT

Remuneration Committee

Recommendation 8.1 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (3rd edition)* states that the board should establish a Remuneration Committee. The board has formed the view that given the number of directors on the board, this function could be performed just as effectively with full board participation. Accordingly it has been determined that there is no separate board sub-committee for remuneration purposes.

Use of Remuneration Consultants

The board did not engage a remuneration consultant to make any recommendations in relation to its remuneration policies for any of the key management personnel for the Company during the financial year covered by this report. However the board did benchmarked key management personnel and board remuneration against independently prepared remuneration reports during the year.

Voting and comments made at the Company's 2017 Annual General Meeting

The Company received 40,000 proxy votes against its 2017 remuneration report (from the 19,741,507 proxy votes received and eligible to vote on the resolution) tabled at the 2017 Annual General Meeting. The company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This report details the amount and nature of remuneration of each director of the Company and executive officers of the Company during the year.

Overview of Remuneration Policy

The board of directors is responsible for determining and reviewing compensation arrangements for the directors and executive management. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The board believes that the best way to achieve this objective is to provide the non-executive directors, executive director and the executive management with a remuneration package consisting of both fixed and variable components that together reflects the positions responsibilities, duties and personal performance. An equity based remuneration arrangement for the board and executive management is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component, with appropriate vesting (performance) conditions. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities that it undertakes, and is appropriate in aligning director and executive objectives with shareholder and business objectives.

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

REMUNERATION REPORT *(continued)*

The remuneration policy in regard to setting the terms and conditions for the non-executive directors has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

All remuneration paid to directors is valued at cost to the Company and expensed. Performance rights are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these performance rights are expensed over the relevant vesting period.

Non-Executive Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting, and has been set not to exceed \$500,000 per annum. Actual remuneration paid to the Company's non-executive directors is disclosed below. Cash remuneration fees paid to non-executive directors are not linked to the performance of the Company. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the Company and the directors are awarded performance rights that are subject to vesting conditions, with the approval of Shareholders.

Board fees (per year)

	2018	2017
Chairman	\$60,000	\$60,000
Other non-executive directors (excluding alternate director)	\$40,000	\$40,000

The Chairman's board fees are paid monthly, other non-executive director board fees are paid quarterly, in arrears.

In addition to receiving Non-Executive Director fees, Executive Resources Personnel Pty Ltd ("ERP"), a company controlled by Non-Executive Chairman Mr Luke Atkins, was contracted by the Company to provide various services including research and development management and advice, process analysis and market research and technical services. The agreement with ERP commenced on the day the Company listed on the Australian Securities Exchange, 27 January 2010, was for an initial term of 3 years, which was renewed for one year in January 2014 and subsequently renewed for an additional 1 year terms in February 2015 and 2016, and it was agreed in August 2016 that the arrangement cease on 31 July 2017.

Executive management

The remuneration of the executive management is stipulated in individual services agreements.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- fixed remuneration;
- short term incentive scheme; and
- performance rights

Fixed remuneration

Fixed remuneration consists of a fixed monthly salary, which is set so as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff that report directly to the Managing Director are based on the recommendation of the Managing Director, subject to the approval of the board.

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

REMUNERATION REPORT *(continued)*

Short term incentive scheme

Executives and employees of the Company participate in a short-term incentive scheme that makes available an annual cash incentive (bonus) to individuals based on the attainment of overall Company and group objectives, which are set annually. The scheme is structured to encourage executives and employees to work as a team for the attainment of the Company's overall objectives, as opposed to prescriptive individual performance objectives. Under the scheme, executives and employees can be awarded a cash bonus up to a maximum of between 40% and 10% of individual annual base salary, depending upon their role in the Company.

The board, on the recommendation of the Managing Director, sets annual bonus objectives, and the board also on the recommendation of the Managing Director, approves annual bonus awards. The board has complete discretion over the short-term incentive scheme.

During the period covered by this report short-term incentives were awarded by the board to executives for the attainment of pre-determined milestones. Mr Tan was awarded an amount of \$142,466, plus superannuation of 9.5% (2017: nil) and Mr Volk \$70,740, plus superannuation of 9.5% (2017: nil). The board does not participate in the short term incentive scheme.

Performance rights

The board considers equity based incentive compensation to be an integral component of the Company's remuneration platform enabling it to offer market-competitive remuneration arrangements, the award of performance rights is intended to enable recipients to share in any increase in the Company's value (as measured by share price) beyond the date of allocation of the performance rights, provided the specific performance conditions (milestones) are met.

The performance conditions that were chosen for the performance rights issued to the directors, executive management, employees and key consultants of the Company are on the basis that the achievement of each milestone will represent a significant and challenging performance outcome which will require the performance rights recipients to devote effort, time and skill above and beyond what would normally be expected for their respective fixed compensation. The attainment of each vesting condition (milestone) is not certain, but if achieved could be expected to see an increase in the value of the Company (as measured by share price), enabling the individuals to participate in this increase in value. Each milestone is transparently measureable, with the vesting condition either achieved or not achieved, with the achievement publicly announced to the ASX. The respective recipients must be employed or otherwise retained by the Company at the time of vesting for the performance rights to vest, subject to a milestone being achieved.

During the financial year the following performance rights have been awarded to directors following the approval of shareholders in General Meeting on 12 June 2018.

Name	Position	Number of Rights awarded	Exercise Price	Expiry Date
Ignatius Tan	Managing Director	10,000,000	nil	11/06/25
Luke Atkins	Non-Executive Chairman	1,000,000	nil	11/06/23
Daniel Tenardi	Non-Executive Director	1,000,000	nil	11/06/23
Peter Bailey	Non-Executive Director	1,000,000	nil	11/06/23
Tunku Yaacob Khyra	Non-Executive Director	1,000,000	nil	11/06/23
Uwe Ahrens	Alternate Director	1,000,000	nil	11/06/23
Total		15,000,000		

Each performance right entitles the holder to one fully paid ordinary share of the Company, upon exercise of the performance right. Each performance right is exercisable subject to the attainment of the vesting conditions attached to the performance right, the vesting conditions are set by the Company's board at the time the performance rights are offered.

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

REMUNERATION REPORT (continued)

The objectives of the award of performance rights are to provide a remuneration mechanism, through share ownership, to motivate, retain and reward the performance of employees, key consultants and Company directors. All performance rights vest based on pre-determined vesting conditions. As at the date of this report the following performance rights held by directors or key management personnel that were outstanding as at 30 June 2018 or awarded since that date, have vested:

Name	Position	Performance Rights vested since 30 June 2018	Exercise Price	Expiry Date
Ignatius Tan	Managing Director	5,000,000	nil	11/06/25
Luke Atkins	Non-Executive Chairman	1,000,000	nil	11/06/23
Daniel Tenardi	Non-Executive Director	1,000,000	nil	11/06/23
Peter Bailey	Non-Executive Director	1,000,000	nil	11/06/23
Tunku Yaacob Khyra	Non-Executive Director	1,000,000	nil	11/06/23
Uwe Ahrens	Alternate Director	1,000,000	nil	11/06/23
Shane Volk	Chief Financial Officer	2,000,000	nil	11/06/25
Total		12,000,000		

On 12 June 2018, the Company awarded 5,000,000 performance rights to non-executive directors (1,000,000 each to Mr Atkins, Tenardi, Bailey and Khyra) and an Alternate Director (1,000,000 to Mr Ahrens) on terms and conditions identical to those of the Company's performance rights plan. Shareholder approval for the award of the performance rights was received at a general meeting held on 12 June 2018. The performance rights were issued for nil cash consideration and no consideration will be payable upon the vesting of the performance rights on the achievement of the specified performance criteria. The performance rights are considered performance based incentive remuneration and the performance rights do not vest until the following performance condition (milestone) is achieved; the vesting conditions attributable to the performance rights was the completion of clearance of the site for the Company's proposed HPA plant in Johor, Malaysia.

Each performance right converted to a fully paid ordinary share in the capital of the Company upon attainment of the vesting condition.

Details of remuneration

The following tables show details of the remuneration received by Altech Chemicals Limited key management personnel for the current and previous financial year.

2017/18	Primary Compensation		Post-Employment	Equity Compensation	Total
	Base Salary/Fees \$	Short Term Incentive \$	Superannuation Contributions \$	Performance Rights \$	
Directors					
I Tan – Managing Director	365,873	142,466	48,292	364,161	920,792
L Atkins – Non-Executive Chairman ⁽ⁱ⁾	76,767	-	5,700	54,217	136,684
D Tenardi – Non-Executive	40,000	-	3,800	54,217	98,017
P Bailey – Non-Executive ⁽ⁱⁱ⁾	40,000	-	-	55,611	95,611
Tunku Yaacob Khyra - Non-Executive	40,000	-	-	59,486	99,486
U Ahrens - Alternate Director	-	-	-	59,486	59,486
Executives					
S Volk – CFO & Company Secretary	252,900	70,740	30,746	115,950	470,336
TOTAL	815,540	213,206	88,538	763,128	1,880,412

(i) Service fees were paid to Executive Resources Personnel Pty Ltd (\$16,767) and the balance, including superannuation directly to L Atkins as director fees.

(ii) Directors' fees were all paid to Waylen Bay Capital Pty Ltd.

Note: The fair value of performance rights is estimated at each balance date taking into account, amongst other factors, the likelihood that the various tranches of performance rights will vest to the respective participants by the vesting date. At 30 June 2018, in the case of all participants, it was deemed likely that the vesting conditions pertaining to the respective tranches of performance rights be achieved by the vesting dates and accordingly a pro-rata portion of the deemed value of the performance rights has been expensed to the Profit and Loss account and accordingly has been disclosed as deemed income for each key management personnel.

ALTECH CHEMICALS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2018

REMUNERATION REPORT (continued)

2016/17	Primary Compensation		Post-Employment	Equity Compensation	Total
	Base Salary/Fees	Short Term Incentive	Superannuation Contributions	Performance Rights/Options	
	\$	\$	\$	\$	\$
Directors					
I Tan – Managing Director	356,164	-	33,836	98,888	488,888
L Atkins – Non-Executive Chairman ⁽ⁱ⁾	247,043	-	5,700	14,362	267,105
D Tenardi – Non-Executive	40,000	-	-	14,362	54,362
P Bailey – Non-Executive ⁽ⁱⁱ⁾	40,000	-	-	21,543	61,543
Tunku Yaacob Khyra – Non-Executive	40,000	-	-	82,231	122,231
U Ahrens – Alternate Director	-	-	-	82,231	82,231
Executives					
S Volk – CFO & Company Secretary	232,900	-	22,125	22,988	278,013
TOTAL	956,107	-	61,661	336,605	1,354,373

(i) Service fees were paid to Executive Resource Personnel Pty Ltd (\$187,043) and the balance, including superannuation directly to L Atkins as director fees.

(ii) Directors' fees were all paid to Waylen Bay Capital Pty Ltd.

Note: The fair value of performance rights is estimated at each balance date taking into account, amongst other factors, the likelihood that the various tranches of performance rights will vest to the respective participants by the vesting date. At 30 June 2018, in the case of all participants, it was deemed likely that the vesting conditions pertaining to the respective tranches of performance rights be achieved by the vesting dates and accordingly a pro-rata portion of the deemed value of the performance rights has been expensed to the Profit and Loss account and accordingly has been disclosed as deemed income for each key management personnel.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk remuneration	
	2018	2017	2018	2017
Directors				
I Tan – Managing Director	45%	80%	55%	20%
L Atkins – Non-Executive Chairman	60%	95%	40%	5%
D Tenardi – Non-Executive	45%	74%	55%	26%
P Bailey – Non-Executive	42%	65%	58%	35%
Tunku Yaacob Khyra – Non-Executive	40%	33%	60%	67%
U Ahrens – Alternate Non-Executive	n/a	n/a	100%	n/a
Executives				
S Volk – CFO & Company Secretary	60%	92%	40%	8%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the board's discretion. Other major provisions of the services agreements are set out below.

Name	Term of agreement and notice period *	Base salary (including superannuation)	Termination payments **
Ignatius Tan <i>Managing Director</i>	No fixed term 6 months notice	432,525 p.a.	6 months, plus 3 months if terminated because of a change in control of the Company
Shane Volk <i>Chief Financial Officer & Company Secretary</i>	No fixed term 1 month notice	295,650 p.a.	1 month, plus 3 months if terminated because of a change in control of the Company

Non-executive director service arrangements are detailed on the first page of the remuneration report.

* The notice period applies equally to either party

** Termination benefit is payable if the Company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance or gross misconduct).

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

REMUNERATION REPORT (continued)

Details of share based compensation

There was share-based compensation issued to directors and other key management personnel as part of remuneration during the year ended 30 June 2018 (2017: nil).

Details of performance rights (subject to vesting conditions), awarded to directors and other key management personnel as part of remuneration in prior periods and held as at 30 June 2018, are set out below:

Name	Record Date	No. of Performance Rights	Issue price	Fair Value at issue date \$	Vested & Exercised at 30/06/18	Un-vested at 30/06/18	Final date for vesting
Directors							
Mr Iggy Tan	19/11/14	15,000,000	nil	1,500,000	5,000,000	10,000,000	18/11/21
	12/06/18	10,000,000	nil	1,640,625	-	10,000,000	11/06/25
Mr Luke Atkins	18/03/15	1,500,000	nil	105,000	500,000	1,000,000	17/03/20
	12/06/18	1,000,000	nil	160,000	-	1,000,000	11/06/23
Mr Dan Tenardi	18/03/15	1,500,000	nil	105,000	500,000	1,000,000	17/03/20
	12/06/18	1,000,000	nil	160,000	-	1,000,000	11/06/23
Mr Peter Bailey	18/03/15	2,250,000	nil	157,500	750,000	1,500,000	17/03/20
	12/06/18	1,000,000	nil	160,000	-	1,000,000	11/06/23
Tunku Yaacob Khyra	4/08/16	1,000,000	nil	131,250	-	1,000,000	3/08/21
	12/06/18	1,000,000	nil	160,000	-	1,000,000	11/06/23
Mr Uwe Ahrens	4/08/16	1,000,000	nil	131,250	-	1,000,000	3/08/21
	12/06/18	1,000,000	nil	160,000	-	1,000,000	11/06/23
Executives							
Shane Volk	30/04/15	1,500,000	nil	135,000	500,000	1,000,000	1/01/22
	12/06/18	2,000,000	nil	350,000	-	2,000,000	11/06/25

The assessed fair value of the performance rights at issue date to recipients is allocated equally over the period from the grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at issue date and at each subsequent reporting date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

Equity instruments held by key management personnel (KMP)

The tables below show the number of:

- (i) shares in the Company;
- (ii) options over ordinary shares in the Company (both listed and unlisted options); and
- (iii) rights over ordinary shares in the Company

that were held during the financial year by the directors and key management personnel of the Company directly, indirectly or beneficially.

ALTECH CHEMICALS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2018

REMUNERATION REPORT *(continued)*

KMP Holdings of Ordinary Shares

30 June 2018	Balance at Beginning of year	Vested as Remuneration during the year	Acquired/(disposed) during year	Other changes during the year	Balance at End of Year
Directors					
I Tan	3,167,000	-	-	(350,000)	2,817,000
L Atkins	8,958,837	-	-	-	8,958,837
D Tenardi	9,194,915	-	(2,400,000)	-	6,794,915
P Bailey	2,683,801	-	-	-	2,683,801
Tunku Yaacob Khyra	42,862,774	-	7,142,857	-	50,005,631
U Ahrens	-	-	-	-	-
Executives					
S Volk	435,994	-	-	-	435,994

30 June 2017	Balance at Beginning of year	Vested as Remuneration during the year	Acquired/(disposed) during year	Other changes during the year	Balance at End of Year
Directors					
I Tan	5,367,000	-	-	(2,200,000)	3,167,000
L Atkins	7,617,473	-	1,341,364	-	8,958,837
D Tenardi	9,194,915	-	-	-	9,194,915
P Bailey	2,547,437	-	136,364	-	2,683,801
Tunku Yaacob Khyra	16,949,153	-	25,913,621	-	42,862,774
U Ahrens	-	-	-	-	-
Executives					
S Volk	600,000	-	22,727	(186,733)	435,994

KMP Holdings of Options

30 June 2018	Balance at beginning of year	Acquired during the year	Expired unexercised during the year	Exercised during the year	Balance at end of Year	Vested and exercisable at year end	Unvested and unexercisable at year end
Directors							
I Tan	-	-	-	-	-	-	-
L Atkins	-	-	-	-	-	-	-
D Tenardi	-	-	-	-	-	-	-
P Bailey	3,000,000	-	3,000,000	-	-	-	-
Tunku Yaacob Khyra	-	-	-	-	-	-	-
U Ahrens	-	-	-	-	-	-	-
Executives							
S Volk	-	-	-	-	-	-	-

30 June 2017	Balance at beginning of year	Acquired during the year	Expired unexercised during the year	Exercised during the year	Balance at end of Year	Vested and exercisable at year end	Unvested and unexercisable at year end
Directors							
I Tan	-	-	-	-	-	-	-
L Atkins	-	-	-	-	-	-	-
D Tenardi	-	-	-	-	-	-	-
P Bailey	3,000,000	-	-	-	3,000,000	3,000,000	-
Tunku Yaacob Khyra	-	-	-	-	-	-	-
U Ahrens	-	-	-	-	-	-	-
Executives							
S Volk	-	-	-	-	-	-	-

ALTECH CHEMICALS LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2018

REMUNERATION REPORT *(continued)*

KMP Holdings of Performance Rights

30 June 2018	Balance at beginning of year	Awarded or Acquired during the year	Expired unexercised during the year	Exercised during the year	Balance at end of Year	Vested and exercisable at year end	Unvested and unexercisable at year end
Directors							
I Tan	10,000,000	10,000,000	-	-	20,000,000	-	20,000,000
L Atkins	1,000,000	1,000,000	-	-	2,000,000	-	2,000,000
D Tenardi	1,000,000	1,000,000	-	-	2,000,000	-	2,000,000
P Bailey	1,500,000	1,000,000	-	-	2,500,000	-	2,500,000
Tunku Yaacob Khyra	1,000,000	1,000,000	-	-	2,000,000	-	2,000,000
U Ahrens	1,000,000	1,000,000	-	-	2,000,000	-	2,000,000
Executives							
S Volk	1,000,000	2,000,000	-	-	3,000,000	-	3,000,000

30 June 2017	Balance at beginning of year	Awarded or Acquired during the year	Expired unexercised during the year	Exercised during the year	Balance at end of Year	Vested and exercisable at year end	Unvested and unexercisable at year end
Directors							
I Tan	10,000,000	-	-	-	10,000,000	-	10,000,000
L Atkins	1,000,000	-	-	-	1,000,000	-	1,000,000
D Tenardi	1,000,000	-	-	-	1,000,000	-	1,000,000
P Bailey	1,500,000	-	-	-	1,500,000	-	1,500,000
Tunku Yaacob Khyra	-	1,000,000	-	-	1,000,000	-	1,000,000
U Ahrens	-	1,000,000	-	-	1,000,000	-	1,000,000
Executives							
S Volk	1,000,000	-	-	-	1,000,000	-	1,000,000

This concludes the remuneration report, which has been audited

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

INDEMNIFYING OFFICERS AND AUDITOR

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the directors and the company secretary named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. The insurers do not permit the premium amount paid by the Company for this insurance to be disclosed.

The Company has not provided any insurance for an auditor of the Company.

AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Company's auditors Moore Stephens, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

NON-AUDIT SERVICES

There were no non-audit services provided by the external auditors during the year.

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 party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of corporate governance for a Company of the current size. The Company's corporate governance statement is contained in the Annual Report.

Signed in accordance with a resolution of the directors.



Iggy Tan
Managing Director

DATED at Perth this 26th day of September 2018

ALTECH CHEMICALS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2018

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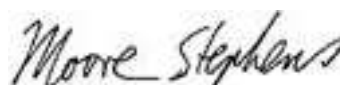
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS
OF ALTECH CHEMICALS LIMITED & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

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



NEIL PACE
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 26th day of September 2018

ALTECH CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Notes	30-Jun-18 \$	30-Jun-17 \$
Revenue from ordinary activities			
Interest Income	2(a)	87,067	80,870
Other income	2(a)	-	20,000
Total Income		87,067	100,870
Expenses			
Employee benefit expense (incorporating director fees)		(1,792,003)	(1,624,727)
Depreciation		(9,692)	(10,499)
Other expenses	2(b)	(1,834,036)	(1,413,388)
Exploration & evaluation		7,904	(64,629)
Share-based payments	12(e)	(1,025,571)	(779,130)
Loss before income tax expense		(4,566,331)	(3,791,502)
Income tax expense		-	-
Net loss from continuing operations		(4,566,331)	(3,791,502)
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		(4,566,331)	(3,791,502)
Basic loss per share (\$'s per share)	4	(0.018)	(0.015)
Diluted loss per share (\$'s per share)	4	(0.018)	(0.015)

The above consolidated statement of Profit & Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

ALTECH CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	30-Jun-18 \$	30-Jun-17 \$
Current Assets			
Cash and cash equivalents	5(a)	261,319	1,432,347
Trade and other receivables	6	55,456	67,255
Total Current Assets		316,775	1,499,603
Non-Current Assets			
Property, plant and equipment	7	8,228,399	5,751,565
Exploration and evaluation expenditure	8	359,996	334,481
Development expenditure	9	25,776,306	17,198,222
Total Non-Current Assets		34,364,701	23,284,268
TOTAL ASSETS		34,681,476	24,783,870
Current Liabilities			
Trade and other payables	10	3,113,504	7,067,201
Provisions	11	139,704	109,830
Total Current Liabilities		3,253,208	7,177,031
Non-Current Liabilities			
Provisions	11	38,941	32,830
Total Non-Current Liabilities		38,941	32,830
TOTAL LIABILITIES		3,292,149	7,209,861
NET ASSETS		31,389,327	17,574,009
Equity			
Contributed Equity	12	45,721,596	28,365,517
Reserves	13	4,218,670	3,193,100
Accumulated losses	15	(18,550,939)	(13,984,608)
TOTAL EQUITY		31,389,327	17,574,009

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

ALTECH CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total \$
At 1 July 2017	28,365,517	(13,984,608)	3,193,100	17,574,009
Loss after income tax for the half year	-	(4,566,331)	-	(4,566,331)
Total comprehensive profit (loss) for the year	-	(4,566,331)	-	(4,566,331)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	17,356,079	-	-	17,356,079
Share based payments (net movement)	-	-	1,025,571	1,025,571
At 30 June 2018	45,721,596	(18,550,939)	4,218,670	31,389,327

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total \$
At 1 July 2016	13,868,236	(10,193,106)	2,661,970	6,337,100
Loss after income tax for the half year	-	(3,791,502)	-	(3,791,502)
Total comprehensive profit (loss) for the year	-	(3,791,502)	-	(3,791,502)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	14,497,281	-	-	14,497,281
Share based payments (net movement)	-	-	531,130	531,130
At 30 June 2017	28,365,517	(13,984,608)	3,193,100	17,574,009

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

ALTECH CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2018

Consolidated statement of cash flows

	Notes	30-Jun-18 \$	30-Jun-17 \$
Cash Flows from Operating Activities			
Payments to suppliers, contractors and employees		(2,386,171)	(2,618,593)
Interest received		86,841	79,886
Deposits Refunded		-	146,492
Deposits Paid		(17,195)	-
Net cash flows used in operating activities		(2,316,524)	(2,392,214)
Cash Flows from Investing Activities			
Purchase of land, property, plant and equipment		(7,214,311)	(903,678)
Sale of plant and equipment and other interests		10,000	10,000
Payments for development expenditure		(9,159,763)	(11,644,320)
Research and development tax refund		298,492	494,439
Net cash used in investing activities		(16,065,583)	(12,043,559)
Cash Flows from Financing Activities			
Proceeds from issue of shares		17,221,079	14,249,281
Borrowing costs		(10,000)	-
Net cash flows from financing activities		17,211,079	14,249,281
Net decrease in cash and cash equivalents		(1,171,028)	(186,493)
Cash and cash equivalents at the beginning of the financial period		1,432,347	1,618,840
Cash and cash equivalents at the end of the financial period	5(a)	261,319	1,432,347

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

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

GENERAL INFORMATION

The financial statements cover Altech Chemicals Limited as a consolidated entity consisting of Altech Chemicals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Altech Chemicals Limited's functional and presentation currency.

Altech Chemicals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 8, 295 Rokeby Road
Subiaco
Western Australia 6008

The financial statements were authorised for issue, in accordance with the resolution of directors, on 26 September 2018. The directors have the power to amend and reissue the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Altech Chemicals Limited ("ATC" or "Company"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Altech Chemicals Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange (ASX). The financial statements are presented in Australian dollars, which is the Company's functional currency.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and 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.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(e) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(q) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Land

Land is recorded at the total cost of acquisition. The value of land in Australia (Meckering) is not amortised. Land in Malaysia (Johor HPA plant site) is recorded at the total cost of acquisition and is amortised on a straight-line basis over the 30-year term of the land lease.

The carrying amount of land is reviewed annually to ensure that it is not in excess of the recoverable amount from its disposal. In the event that the carrying amount of any land is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss account or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(q) for details of impairment).

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant & equipment	33% to 66%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(g) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Share-based payment transactions

The Company currently operates a performance rights plan and also awards Performance Rights to its directors outside of the plan but on the same terms and conditions, which provides benefits to directors, consultants, executives and employees. The Company may also award performance rights or other equity instruments outside of the performance rights plan to directors, consultants, executives and employees.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Any underlying assumptions are detailed in Note 12(e).

The cost of equity-settled transactions is recognised as a share based payment expense in the profit and loss account with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Where the Company grants equity instruments (i.e. fully paid ordinary shares, or options to acquire fully paid ordinary shares of the Company) to service providers' as consideration for services provided to the Company, the consideration is classified as a share-based payment transaction, and the fair value of the equity instruments granted is measured at grant date by using a Black-Scholes valuation model. The value of equity securities (as measured by the Black-Scholes model) is taken to the profit and loss account or the balance sheet as applicable, together with a corresponding increase in equity.

(h) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(h) Exploration and Development Expenditure *(continued)*

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs will be amortised over their expected useful life once commercial sales commence.

The value of research and development tax incentives received in relation to research and development assets is recognised by deducting the actual rebate/incentive received from the carrying value of the asset.

(j) 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 year ended 30 June 2018 of \$18,382,107 (2017: \$14,435,774). As at 30 June 2018, the Company had net current liabilities of \$2,936,433 (30 June 2017: net current liabilities \$5,710,258).

The directors believe that there are sufficient funds to meet the Company's immediate working capital requirements. However, the directors recognise that the ability of the Company to continue as a going concern is dependent on 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 development, exploration and for working capital.

Based on the above, the Company believes 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 Company be unsuccessful in securing future funding the Company may not be able to continue as a going concern.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). 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 are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(m) Issued Capital
Contributed Equity

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lesser effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Company. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Company has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. Working capital is maintained at its highest level possible and regularly reviewed by the full board.

(q) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(r) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 12(e).

Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy (refer Note 1 (h)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Company applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Company's accounting policy in Note 1(h), a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Company's accounting policy in Note 1(q). The carrying amounts of exploration and evaluation assets are set out in Note 8.

Development expenditure

Judgment is applied by management in determining when development expenditure relating to a project is commercially viable and technically feasible. Any judgments may change as new information becomes available. If, after having commenced the development activity, a judgment is made that a development asset is impaired, the appropriate amount will be written off to the Statement of Profit or Loss & Other Comprehensive Income.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(s) New and Amended Accounting Policies Adopted by the Company

The Company 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

(t) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(t) New Accounting Standards for Application in Future Periods *(continued)*

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 July 2018.

The impact of adopting these standards is not expected to significantly impact future financial statements.

(u) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Altech Chemicals Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Company from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Company.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as “non-controlling interests”. The Company initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(v) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(v) **Financial Instruments** *(continued)*

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) **Available-for-sale investments**

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) **Financial liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Company's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtor or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(v) **Financial Instruments** *(continued)*

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

De-recognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(w) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(x) **Foreign Currency**

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each consolidated statement of profit and loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

(x) **Foreign Currency** (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit and loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

2. Loss for the year includes the following specific income and expenses

	30-Jun-18	30-Jun-17
(a) Revenue	\$	\$
Interest income	87,067	80,870
Sale of assets	-	20,000
	87,067	100,870
(b) Other expenses		
Accounting and audit fees	(33,491)	(38,375)
ASX and share registry fees	(116,951)	(119,688)
Corporate & Consulting	(130,523)	(364,851)
Insurance expense	(118,526)	(117,194)
Occupancy	(105,056)	(121,621)
Legal fees	(40,496)	(13,336)
Investor relations and marketing	(979,831)	(352,526)
Office & Administration	(319,664)	(234,321)
Foreign Exchange Translation	10,502	(38,763)
Income tax expense	-	(12,713)
	(1,834,036)	(1,413,388)

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

3. Income Tax	30-Jun-18	30-Jun-17
Income tax expense	\$	\$
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	-	-
Tax reconciliation		
Accounting profit (loss) before tax from continuing operations	(4,566,331)	(3,791,502)
At statutory tax rate of 30%	(1,369,899)	(1,137,451)
Adjustment for:		
Expenditure subject to the R&D tax offset	-	-
Share based payments	343,671	233,739
Other non-deductible expenses	886,380	683,541
Other deductible expenses	(31,712)	-
Deferred tax assets not recognised	171,560	220,171
Tax rate differential	-	-
	-	-
Deferred tax assets		
Provisions, accruals and other	11,005	95,572
Tax losses	778,539	471,808
	789,544	567,380
Offset by deferred tax liabilities	(789,544)	(567,380)
	-	-
Deferred tax liabilities		
Capitalised mineral exploration and evaluation expenditure	(86,502)	(94,366)
Development expenditure	(703,042)	(473,014)
	(789,544)	(567,380)
Offset by deferred tax assets	789,544	567,380
	-	-
Deferred tax assets not recognised		
Share issue costs	21,090	32,981
Tax losses	1,314,878	932,009
Capital losses	4,677	5,102
	1,340,645	970,092

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

4. Earnings per share	30-Jun-18	30-Jun-17
	\$	\$
Basic profit (loss) per share	(0.018)	(0.015)
Diluted profit (loss) per share	(0.018)	(0.015)
The weighted average number of ordinary shares used in the calculation of basic earnings per share was:	Number	Number
	333,832,236	256,122,685

Options or rights to purchase ordinary shares not exercised at 30 June 2018 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:

	30-Jun-18	30-Jun-17
	\$	\$
Cash at bank and on hand	261,319	1,432,347
	261,319	1,432,347

(b) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities:

	30-Jun-18	30-Jun-17
	\$	\$
Loss from ordinary activities after income tax	(4,566,331)	(3,791,502)
<i>Non-cash items:</i>		
- Depreciation expense	9,692	10,499
- Share based payments	1,160,571	779,130
- Loss on disposal of assets	2,916	-
Reclassification in cash flow statement		
- Exploration & evaluation expenditure	-	64,629
- Sale of plant, equipment and other interests	(10,000)	(10,000)
<i>Change in operating assets and liabilities:</i>		
- Increase / (decrease) in trade and other payables	1,030,355	(193,082)
- (Increase) / decrease in trade and other receivables	24,469	677,619
- Increase / (decrease) in provisions	31,804	70,494
Net cash outflows from Operating Activities	(2,316,524)	(2,392,214)

6. Trade and other receivables

	30-Jun-18	30-Jun-17
	\$	\$
CURRENT RECEIVABLES		
Sundry debtors	15,231	12,562
GST Receivable	18,122	49,786
Deposit paid	16,672	-
Other receivable	5,431	4,908
	55,456	67,255

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

7. Property, Plant and Equipment

	30-Jun-18	30-Jun-17
	\$	\$
PLANT AND OFFICE EQUIPMENT		
At cost	154,941	166,172
Less: accumulated depreciation	(89,567)	(95,170)
Total plant and office equipment	65,374	71,002
MOTOR VEHICLES		
At cost	-	33,182
Less: accumulated depreciation	-	(33,182)
Disposals	-	(20,000)
Profit on sale of asset	-	20,000
Total motor vehicles	-	-
LAND		
At cost	8,182,271	5,680,563
Less: amortisation	(26,614)	-
Total land	8,155,657	5,680,563
Malaysian HPA Plant (works in progress)		
At cost	7,367	-
Total HPA Plant	7,367	-
Total Property, Plant and Equipment	8,228,399	5,751,565

Reconciliation

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

	30-Jun-18	30-Jun-17
	\$	\$
PLANT AND OFFICE EQUIPMENT		
Carrying amount at the beginning of the year	71,002	25,000
Additions	18,879	68,694
Loss on Disposals	(2,918)	-
Depreciation expense (profit & loss account)	(9,692)	(10,499)
Depreciation expense (development expenditure)	(11,897)	(12,194)
Carrying amount at the end of the year	65,374	71,002
LAND		
At cost	5,680,563	-
Additions	2,501,708	5,680,563
Less: amortisation	(26,614)	-
Carrying amount at the end of the year	8,155,657	5,680,563

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

8. Exploration and Evaluation expenditure	30-Jun-18	30-Jun-17
	\$	\$
Carrying amount at the beginning of period	334,481	571,904
Exploration and evaluation expenditure incurred during the period (at cost)	25,515	(37,489)
Exploration expenditure transferred to Development (at cost)(Meckering)	-	(199,934)
Carrying amount at the end of the year	359,996	334,481

9. Development expenditure	30-Jun-18	30-Jun-17
	\$	\$
Carrying amount at the beginning of the period	17,198,222	3,825,383
Development expenditure incurred during the period (at cost)	8,578,084	13,172,905
Development expenditure transferred from exploration expenditure (at cost)	-	199,934
Carrying amount at the end of the year	25,776,306	17,198,222

10. Trade and other payables	30-Jun-18	30-Jun-17
	\$	\$
CURRENT PAYABLES (Unsecured)		
Trade creditors	2,082,746	1,932,978
Accrued expenses	984,891	5,086,640
Other creditors and accruals	45,867	47,584
Total trade and other payables	3,113,504	7,067,201

11. Provisions	30-Jun-18	30-Jun-17
	\$	\$
CURRENT		
Provision for annual leave	139,704	109,830
NON CURRENT		
Provision for long service leave	38,941	32,830
Total provisions	178,645	142,660

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

12. Contributed Equity	30-Jun-18	30-Jun-17
(a) Ordinary shares	\$	\$
Contributed equity at the beginning of the period	28,365,517	13,868,236
Shares issued during the period	18,055,418	15,316,235
Transaction costs relating to shares issued	(699,339)	(818,954)
Contributed Equity at the end of the reporting period	45,721,596	28,365,517

Movements in ordinary share capital	30-Jun-18	30-Jun-17
Ordinary shares on issue at the beginning of reporting period	297,324,057	179,781,733
Shares issued during the period:		
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)	-	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
31-May-17 at \$0.14 per share (Placement - MAA Group)	-	14,285,714
9-June-17 at \$0.11 per share (Share Purchase Plant)	-	15,090,939
9-June-17 at \$0.11 per share (Placement)	-	1,759,092
12-Jul-17 at \$0.11 per share (Placement SMS group)	1,162,979	-
1-Nov-17 at \$0.14 per share (Placement)	65,942,561	-
4-Dec-17 at \$0.14 per share (Placement)	2,811,432	-
11-Dec-17 at \$0.14 per share (Placement)	37,822,369	-
28-Dec-17 at \$0.14 per share (Placement)	7,142,857	-
3-Jan-18 at \$0.14 per share (Placement)	14,334,287	-
Ordinary shares on issue at the end of the reporting period	426,540,542	297,324,057

(b) Performance rights

The Company issued 22,000,000 performance rights at nil per performance right during the reporting period to the Managing Director (10,000,000); non-executive directors (5,000,000) and various employees and consultants (7,000,000) pursuant to the Altech Chemicals Limited performance rights plan ("the Plan").

No performance rights vested during the period.

At 30 June 2018, the Company had the following unlisted performance rights on issue:

Performance rights - managing director (exercise price Nil)	20,000,000
Performance rights - employee's & consultants (exercise price Nil)	12,200,000
Performance rights - non-executive directors (exercise price Nil)	10,500,000
Total performance rights on issue at 30 June 2018	42,700,000

At 30 June 2017, 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 30 June 2017	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.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

12. Contributed Equity (continued)

(c) Listed Options

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

At 30 June 2018, 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.

At 30 June 2018, the Company did not have any unlisted options on issue.

During the period the following unlisted options expired:

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

(e) Share Based Payments

Consultant & Interest Expense Shares

The Company issued 1,071,429 fully paid ordinary shares at \$0.14 per share (total value \$150,000) during the period to a consultant for corporate advisory and capital raising services. An expense of \$120,000 was recorded in the profit and loss account as a consultancy expense in relation to the corporate advisory service, with \$30,000 recorded in the balance sheet as transaction costs relating to share issues. 107,143 shares were issued pursuant to a \$15,000 interest expense for a short term loan taken by the Company against a due research and development tax incentive refund, the interest expense was recorded in the profit and loss account.

Performance Rights

The Company issued 22,000,000 performance rights during the period (managing director 10,000,000, non-executive directors 5,000,000 and staff 7,000,000) and recorded a total share based payments expense of \$1,025,571.

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.

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		
	Managing Director	Non-Executive Directors	Employees
Exercise price for the performance right	\$0.00	\$0.00	\$0.00
Market price for the shares at date of valuation / issue	\$0.175	\$0.16	\$0.175
Volatility of company share price	111.1%	81.52%	111.1%
Dividend yield	0%	0%	0%
Risk free rate	2.00%	2.03%	2.00%
Expiry from date of grant (number of years)	7.00	5.00	7.00
Number of Rights issued	10,000,000	5,000,000	7,000,000

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 \$1,025,571. Vesting of the performance rights are subject to the attainment of the applicable performance milestones.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

12. Contributed Equity (continued)

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 22,000,000 performance rights issued during the reporting period. Details of performance rights that vested during the reporting period are shown in Note 12(a), above

13. Reserves

	30-Jun-18	30-Jun-17
	\$	\$
Share based payments reserve	4,218,670	3,193,100
Carrying amount at the end of the year	4,218,670	3,193,100

Movements:

Share based payments reserve

Balance at the beginning of the period	3,193,100	2,661,970
Fair value of performance rights issued	1,025,571	531,130
Balance at end of period	4,218,670	3,193,100

14. Financial Instruments

The Company's activities expose it to a variety of financial risks and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:

	Notes	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
2018						
Financial Assets						
Cash and cash equivalents	5(a)	2.25%	261,319	-	-	261,319
Other receivables	6		-	-	55,456	55,456
Total Financial Assets			261,319	-	55,456	316,775
Financial Liabilities						
Payables	10	0.00%	-	-	3,113,504	3,113,504
Total Financial Liabilities			-	-	3,113,504	3,113,504
Net Financial Assets/Liabilities			261,319	-	(3,058,048)	(2,796,729)

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

14. Financial Instruments (continued)

2017	Notes	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
Financial Assets						
Cash and cash equivalents	5(a)	2.25%	1,432,347	-	-	1,432,347
Other receivables	6		-	-	67,255	67,255
Total Financial Assets			1,432,347	-	67,255	1,499,603
Financial Liabilities						
Payables	10	6.45%	-	-	7,067,201	7,067,201
Total Financial Liabilities			-	-	7,067,201	7,067,201
Net Financial Assets/Liabilities			1,432,347	-	(6,999,946)	(5,567,599)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(c) Commodity Price Risk & Liquidity Risk

At the present state of the Company's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Company's objective is to maintain a balance between continuity of development funding and flexibility through the use of available cash reserves.

(d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

15. Accumulated losses

	30-Jun-18 \$	30-Jun-17 \$
Carrying amount at the beginning of the period	(13,984,608)	(10,193,106)
Loss for the period	(4,566,331)	(3,791,502)
Carrying amount at the end of the year	(18,550,939)	(13,984,608)

16. Auditors' remuneration

	30-Jun-18 \$	30-Jun-17 \$
Audit - Moore Stephens		
Audit and review of the financial reports	33,491	30,375

17. Related Parties

	30-Jun-18 \$	30-Jun-17 \$
Key management personnel compensation		
Short-term employee benefits	562,640	723,207
Short-term Incentives	142,466	-
Post-employment benefits	57,792	39,536
Share-based payments	647,178	313,617
	1,410,076	1,076,360

During the financial year there were no loans made or outstanding at year end (2017:Nil)

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

17. Related Parties *(continued)*

Other transactions with key management personnel

The parents of Luke Atkins (Non-Executive Chairman) are the owners of the office premises that the Company rents for its registered office and principal place of business. During the year the Company paid \$100,000 (2017:\$100,000) rent and outgoings on normal commercial terms and conditions.

18. Expenditure commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on the various mineral leases that it holds. These obligations may vary over time, depending on the Company's exploration programs and priorities. As at 30 June 2018, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and those which cover the following twelve month period amount to \$166,000 (2017:\$176,000). These obligations are also subject to variations, may be subject to farm-out arrangements, sale of relevant tenements or via application for expenditure exemptions from prior-year commitments from the relevant government department.

(b) Capital commitments

The Company had no capital commitments at 30 June 2018 (2017:Nil).

(c) Loan Facility – KfW IPEX-Bank

On a quarterly basis, commencing from 30 June 2018, the Company is obliged to pay commitment fees to KfW IPEX-Bank for the unused portions of the committed US\$170 million ECA loan and the US\$20 million commercial facility loan. The commitment fees are 1% p.a. on the ECA Loan (US\$425,000 per quarter) and 1.95% p.a. on the commercial loan (US\$97,500 per quarter). The ECA loan facility was made available to the Company for an initial 6-month period which would have expired on 14 June 2018, however the facility availability period was extended to 14 December 2018, and application for further extension beyond this date will need to be made by the Company if all conditions precedent to draw-down of the facility (finance close) are not satisfied by it before the expiry period.

19. Segment Information

The Company 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, which is the development of high purity alumina (HPA) manufacturing, and mineral exploration. Although the Company has established a wholly owned subsidiary in Malaysia, the operations of the Company for the year ended 30 June 2018 were largely centred in one geographic segment, being Australia. The board of directors anticipate including a second geographic segment (being Malaysia) when the proposed construction of the HPA plant in Malaysia is at an advanced stage.

20. Employee entitlements and superannuation commitments

Employee Entitlements

There are the following employee entitlements at 30 June 2018: Annual Leave Provision \$139,704 (2017:\$109,830) and Long Service Leave Provision \$38,941 (2017:\$32,830).

Directors, officers, employees and other permitted persons performance rights Plan

Details of the Company's performance rights Plan are disclosed in the Remuneration Report.

Superannuation commitments

The Company contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability. Accordingly no actuarial assessment of the plans is required.

Funds are available for the purposes of the plans to satisfy all benefits that would have been vested under the plans in the event of:

- termination of the plans;
- voluntary termination by all employees of their employment; and
- compulsory termination by the employer of the employment of each employee.

During the year employer contributions (including salary sacrifice amounts) to superannuation plans totalled \$183,628 (2017: \$158,917).

21. Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2018 other than:

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.

ALTECH CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

22. 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:

- On 8 August 2018, an official “ground breaking” ceremony was held at the site of the Company’s proposed HPA plant in Johor, Malaysia to mark the commencement of Stage-1 construction works.
- The Company announced the completion of a \$4.3 million share purchase plan (SPP) on 1 August 2018 and a ~\$17.0 million share placement on 9 July 2018. All shares issued in the SPP and the placement were priced at \$0.165 per share.
- Execution of the Stage-1 construction agreement with SMS group for the Company’s proposed Malaysian HPA plant. Stage-1 works will include bulk earthworks, foundation piling, retaining wall construction, and the construction of stormwater management and discharge systems, a maintenance workshop and the site for the electrical substation. The value of the Stage-1 construction agreement is ~US\$7.2 million (~A\$9.7 million).
- The completion of site clearance works at the ~4Ha HPA plant site in Johor, Malaysia.

23. Parent entity disclosure

	30-Jun-18	30-Jun-17
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	263,664	1,445,495
Non-Current assets	33,990,090	18,769,037
TOTAL ASSETS	34,253,754	20,214,532
LIABILITIES		
Current liabilities	2,823,827	2,598,636
Non-Current liabilities	38,941	32,830
TOTAL LIABILITIES	2,862,768	2,631,466
NET ASSETS	31,390,986	17,583,066
EQUITY		
Issued capital	45,721,596	28,365,517
Accumulated losses	(18,530,614)	(13,975,551)
Share based payments reserve	4,200,004	3,193,100
TOTAL EQUITY	31,390,986	17,583,066
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net Loss	(4,555,063)	(3,791,502)
Total comprehensive loss for the year	(4,555,063)	(3,791,502)

24. Controlled entities

Investments in controlled entities comprise:

Name	Beneficial percentage held by economic entity		Principal activities
	2018	2017	
	%	%	
Altech Chemicals Ltd			Parent entity
Wholly owned controlled entities:			
Altech Chemicals Sdn Bhd (Malaysia)	100	100	HPA Plant
Altech Meckering Pty Ltd	100	100	Kaolin Mine
Altech Chemicals Australia Pty Ltd	100	100	Intellectual Property/Patent Holder
Canning Coal Pty Ltd	100	100	Mineral exploration

Altech Chemicals Sdn Bhd is incorporated in Malaysia, all other controlled entities are incorporated in Australia. Altech Chemicals Limited is the head entity of the consolidated group, which includes all of the controlled entities.

ALTECH CHEMICALS LIMITED
DIRECTORS' DECLARATION
For the year ended 30 June 2018

The Directors of the Company declare that:

1. The financial statements and note, as set out on pages 1-41, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group.
2. The Managing Director and Chief Financial Officer have given the declaration required by s295A of the Corporations Act 2001.
3. 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.

This declaration is made in accordance with a resolution of the board of directors and is signed by authority for and on behalf of the directors by:



Iggy Tan
Managing Director
DATED at Perth this 26th day of September 2018

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Altech Chemicals Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- c) the accompanying financial report of the Group is 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 2018 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

In forming our opinion on the Group financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(j) to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent upon various funding initiatives in order to fund its working capital and discharge its liabilities in the normal course of business. This condition as explained in Note 1(j) to the financial statements indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Independence

We are independent of the Group in accordance with the auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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 given to the directors as at the time of this auditor's report.

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED (CONTINUED)**

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 year. 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.

Carrying value of Property, Plant and Equipment & Capitalised Development Expenditure (relating to the High Purity Alumina HPA Project)	
Refer to Notes 1(f & i), Notes 7 Property Plant Equipment & 9 Development Expenditure	
<p>Property, plant and equipment (PPE) totalling \$8.22 million as disclosed in Note 7 and capitalised development expenditure (DE) totalling \$25.77 million as disclosed in Note 9 represent significant balances recorded in the consolidated statement of financial position.</p> <p>These assets are predominantly related to the freehold land hosting the Meckering Kaolin deposit, the site lease and preliminary and design costs of the Company's High Purity Alumina (HPA) Project which comprises the proposed construction and operation of a HPA processing plant located in Malaysia. As detailed in the Directors' Report, the final Investment Decision Study results for the HPA project were published in October 2017 and the Company is currently at an advanced stage of securing the final components of project funding.</p> <p>The evaluation of the recoverable amount of these assets requires significant judgment in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Critically evaluating management's methodologies and their documented basis for key assumptions utilised in the valuation models adopted in their HPA Bankable Feasibility Study (BFS) and the final Investment Decision Study. • Assessing and challenging: <ul style="list-style-type: none"> – the identification of cash generating units, including any property, plant and equipment which are critical to the HPA Project and for the purposes of assessing the recoverable amount of the projected cash generating units; – key assumptions for long-term growth rates in the forecast cash flows by comparing them to economic and industry forecasts; – other key inputs that are material to the BFS NPV model such as anticipated commodity pricing and direct operating costs against available industry data; and – the discount rate applied. • Testing HPA Project related expenditures capitalised during the year on a sample basis against supporting documentation such as supplier invoices and various cost agreements and ensuring such expenditures are appropriately recorded in accordance with applicable Accounting Standards. • Discussed indicators of possible impairment with management and the directors. This included assessing the market capitalisation of the Group (\$88.0 million) against its net asset position (\$31.4 million) at balance date to gauge whether there are any indicators the total capitalised PPE and DV costs relating to the HPA Project were impaired. There were no indicators of impairment. • Assessing the appropriateness of the relevant disclosures included in Notes 7 and 9 to the financial report.

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED (CONTINUED)

Key Matters (continued)

Group's ability to continued as a Going Concern	
Refer to Note 1(j)	
<p>The financial statements are prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Group continues to incur significant operating losses in its ongoing efforts to advance the commercialisation and development of its HPA Project. As the directors' assessment of the Group's ability to continue as a going concern is subject to significant judgement, we identified going concern as a significant risk requiring special audit consideration.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts for at least the next 12 months and reviewed and challenged the directors' assumptions. • Reviewed plans by the directors to secure additional funding through either the issue of further shares and/or debt funding or a combination thereof. • An evaluation of the directors plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with the directors. • Review of disclosure in the financial statements to ensure appropriate. <p>Based on our work, we agree with the directors' assessment that the going concern basis of preparation is appropriate and our conclusion on going concern is set out below. However, we also concur that there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern because of the uncertainty over securing future funding. The disclosures in the financial statements appropriately identify this risk.</p>

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED (CONTINUED)

Key Matters (continued)

Accounting for Share Based Payments	
Refer to Note 1(p) and 12	
<p>As detailed in Note 1(p), the Company currently operates a Performance Rights Plan (PRP) which provides benefits to stakeholders including directors, consultants, executives and employees. The total share based payment (SBP) expense during the financial year ended 30 June 2018 was \$1.025 million as detailed in the Statement of Profit or Loss and Other Comprehensive Income.</p> <p>The fair value of the SBP is determined by using the Black Scholes model which takes into account the terms and conditions upon which the instruments were granted and a number of key underlying assumptions.</p> <p>Given the significance of the expense and the level of judgment and estimation in determining the valuation of the SBP, the accounting for share based payments was considered a key audit matter.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Critically evaluating management's valuation methodology and their documented basis for key assumptions utilised in the Black Scholes valuation model. This also included: <ul style="list-style-type: none"> – the assessment of the key assumptions used in the valuation model such as the share price volatility, dividend yield and risk free interest rate against available market data – the proper expensing of SBP on a proportionate basis across the relevant financial period from grant date to vesting date. • Performing our own internal re-computation to ensure the total reported SBP expense is not materially misstated.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ALTECH CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2018.

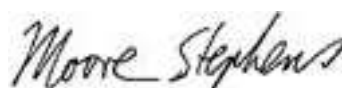
In our opinion, the Remuneration Report of Altech Chemicals Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

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



NEIL PACE
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 26th day of September 2018

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

The board of directors of Altech Chemicals Limited (“ATC”) is committed to conducting the Company’s business in accordance with the highest standards of corporate governance. The board is responsible for the Company’s Corporate Governance and the governance framework, policy and procedures, and charters that underpin this commitment. The board ensures that the Company complies with the corporate governance requirements stipulated in the Corporations Act 2001 (Cth), the ASX Listing Rules, the constitution of the Company and any other applicable laws and regulations.

The table below summarises the Company’s compliance with the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition), in accordance with ASX Listing Rule 4.10.3.

Principles and Recommendations	Disclosure	Compliance
Principle 1 – Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	These matters are disclosed in the Company’s Board Charter, which is available on the Company’s website Complies
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (c) provide security holders with all material information in its possession relevant to a decision on whether to not to elect or re-elect a Director	When a requirement arises for the selection, nomination and appointment of a new directors, the board forms a sub-committee that is tasked with this process, and includes undertaking appropriate checks and any potential candidates. When directors retire and nominate for re-election, the board does not endorse a director who has not satisfactorily performed their role. Complies
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The company executes a letter of appointment with each director and services agreements with senior executives. Complies
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair; on all matters to do with the proper functioning of the board.	The Company Secretary reports to the chair of the board on all matters to do with the proper function of the board. Complies
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objective for achieving gender diversity set by the boards or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or 2. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act.	Due to its size and limited scope of operations, the Company does not currently have a diversity policy. As the Company’s activities increase in size, scope and/or nature, the board will consider the appropriateness of adopting a diversity policy. Does not comply

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

Principles and Recommendations	Disclosure	Compliance
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Currently, the board does not formally evaluate the performance of the board and individual directors, however the board Chairman provides informal feedback to individual board members on their performance and contribution to board meetings, on an ongoing basis.	Does not comply
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The performance of all senior executives is evaluated on an annual basis by the Managing Director and in the case of the Managing Director, by the board.	Complies

Principle 2 – Structure the board to add value		
2.1 A listed entity should: (a) have a nomination committee which; (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent Director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Due to its size and limited scope of operations, the Company does not currently have a nomination committee, however board sub-committees are formed, as required, to manage matters that would normally be dealt with by a formally constituted nomination committee, as was the case with the search and appointment of the current Managing Director. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a nomination committee.	Does not comply
2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A copy of the board skill matrix is appended to this Corporate Governance Statement.	Complies
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; and (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each Director.	Mr Peter Bailey is considered by the board to be an independent director and this is disclosed on the Company web site and in its annual and half-yearly director reports. The length of service of each director is disclosed in the Company's annual and half yearly director reports and in notices of meetings when directors are nominated for re-election.	Complies

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

Principles and Recommendations		Disclosure	Compliance
2.4	A majority of the board of a listed entity should be independent directors.	Mr Peter Baily is the only independent member of the Company's board.	Does not comply however the board is of the view that the skills and experience of the directors allow the board to act in the best interests of shareholders and is appropriate for the size of the Company.
2.5	The chair of the board of a listed entity should be an independent director and, in particular; should not be the same person as the CEO of the entity.	Mr Luke Atkins is the Chairman and is not an independent Non-Executive Director.	Does not comply, however the board is of the view that this is appropriate for the Company, considering its size and stage of development.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company Secretary and Managing Director ensure the comprehensive induction of all new directors to the Company, this includes site visits, presentations and meetings with executives. All directors are afforded opportunities for ongoing professional development at Company expense.	Complies
Principle 3 – A listed entity should act ethically and responsibly			
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct of its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	The Company code of conduct is available on the Company web site.	Complies
Principle 4 – Safeguard integrity in corporate reporting			
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director; who is not the chair of the board, and disclose (3) the relevant qualifications and experience of the members of the committee; and (4) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotations of the engagement partner. 	Due to its size and limited scope of operations, the Company does not currently have an audit committee, however the auditors do meet with the full board, without management present to its audit report and any other matters that have arisen during its audit work. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of an audit committee.	Does not comply, however the auditors have met with the board Chairman without management present and the results of this meeting have been conveyed by the Chairman to the full board.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management, and internal control which is operating effectively.	The board does receive a statement signed by the Managing Director and the Chief Financial Officer.	Complies

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

Principles and Recommendations	Disclosure	Compliance
4.3 A listed entity that has an Annual General Meeting (AGM) should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit,	The Company's auditors are present at the Annual General Meeting	Complies
Principle 5 – Make timely and balanced disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company does have a Continuous Disclosure policy, which is available on the Company web site.	Complies
Principle 6 – Respect the rights of security holders		
6.1 A listed entity should provide information about itself and its governance to investor via its website.	The company does provide information about its governance on the Company's web site.	Complies
6.2 A Listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has implemented an investor relations program targeting retail investors and encourages all investors or potential investors to communicate with the Company via its web site.	Complies
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company Shareholder Communication Policy is available on the Company web site.	Complies
6.4 A listed entity should give security holder the option to receive communications from, and send communication to the entity and is security registry electronically.	Security holder can elect to receive communications from the Company electronically either by contacting the Company's share registrar, or the Company directly.	Complies
Principal 7 – Recognise and manage risk		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Due to its size and limited scope of operations, the Company does not currently have a risk committee, however management does present and discuss risk with the full board, As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a risk committee.	Does not comply
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The board reviews and manages risk on an ongoing basis, however it does not formally set and review the management framework annually nor disclose this in each periodic report.	Does not comply

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

Principles and Recommendations	Disclosure	Compliance
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company does not have an internal audit function.	Does not comply
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does make these disclosures	Complies

Principle 8 – Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Due to its size and limited scope of operations, the Company does not currently have a remuneration committee. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a remuneration committee.	Does not comply
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Director and other senior executive.	The Company discloses its practices in relation to the remuneration of non-executive directors and senior executives in its annual remuneration report.	Complies
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it	The company's Security Trading Policy obliges all directors, officers and employees of the Company to advise the Company, via the company secretary, or any securitisation of Company securities. A copy of the policy is available on the Company's web site. As at the date of this statement the company secretary has not been advised by an officer or employee of the Company of any securitisation of Company securities that they own.	Complies

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the board and amended as appropriate.

Further details of the Company's corporate governance policies and practices are available on the Company's website at www.altechchemicals.com.

ALTECH CHEMICALS LIMITED
CORPORATE GOVERNANCE STATEMENT
For the year ended 30 June 2018

Board experience, skills and attributes matrix

Experience, skills and attributes	Altech Chemicals Limited board
<i>Total directors</i>	5
Experience	
Corporate leadership	5
International experience	4
Resources Industry experience	4
Other board level experience	4
Capital projects experience	4
Equity and debt raising / capital markets	4
Aluminium and/or chemicals industry experience	3
Knowledge and skills	
Legal	1
Minerals and/or chemicals processing	3
Engineering and project development	3
Finance and Accounting	2
Tertiary qualifications	
Law	1
Engineering	1
Commerce/Business	2

ALTECH CHEMICALS LIMITED
ADDITIONAL INFORMATION
For the year ended 30 June 2018

The shareholder information set out below was applicable as at 24 August 2018.

TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage % of Issued Shares
SMS INVESTMENTS S A	38,985,348	6.81%
MAA GROUP BERHAD	33,056,478	5.77%
HSBC CUSTODY NOMINEES	31,711,548	5.54%
CITICORP NOMINEES PTY LIMITED	22,738,466	3.97%
LAKE MCLEOD GYPSUM PTY LTD	18,678,752	3.26%
J P MORGAN NOMINEES AUSTRALIA	17,940,379	3.13%
MORGAN STANLEY AUSTRALIA	13,780,746	2.41%
NATIONAL NOMINEES LIMITED	12,612,260	2.20%
MR SI FOCK CHANG	6,500,000	1.14%
MR DANIEL LEWIS TENARDI	6,294,915	1.10%
GWYNVILL TRADING PTY LTD	6,100,000	1.07%
CS FOURTH NOMINEES PTY LIMITED	5,792,089	1.01%
LJ & K THOMSON PTY LTD	5,600,000	0.98%
MR LINDSAY GEORGE DUDFIELD &	5,245,497	0.92%
MRS JUDITH MELISSA TAN	5,000,000	0.87%
HSBC CUSTODY NOMINEES	4,837,761	0.84%
BNP PARIBAS NOMINEES PTY LTD	4,019,220	0.70%
AUSTRALIAN MINERAL INVESTMENT	3,750,000	0.65%
LAKE MCLEOD GYPSUM PTY LTD	3,669,201	0.64%
DR ROGER PATERSON	3,387,273	0.59%
Total Top 20	249,699,933	43.61%
Others	322,860,059	56.39%
Total Ordinary Shares on Issue	572,559,992	100.00%

ALTECH CHEMICALS LIMITED
ADDITIONAL INFORMATION
For the year ended 30 June 2018

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding as at 24 August 2018:

Ordinary Shares

Distribution	Number of Shareholders	Number of Shares
1 – 1,000	106	6,085
1,001 – 5,000	346	1,282,817
5,001 – 10,000	518	4,167,844
10,001 – 100,000	1,787	68,061,374
100,001 – and over	644	499,041,872
Totals	3,401	572,559,992

There were 223 holders of less than a marketable parcel of ordinary shares.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding Company's register as at 24 August 2018 are:

Substantial Shareholder	Number of Shares
MELEWAR EQUITIES (BVI) LIMITED & MAA GROUP BERHAD	51,005,631
SMS INVESTMENTS SA	38,985,348

UNQUOTED SECURITIES

The names of the holders holding more than 20% of each class of unlisted securities are listed below:

1 Performance Rights

Holder	Number
Employee Performance Rights	
Jane Carew-Reid	1,000,000
Jingyuan Liu	1,000,000
Shane Volk	1,000,000
Roger Pover	1,000,000
Summer Qi	400,000
Bill Robinson	400,000
Helen Bourke	200,000
Daniela Christodoulakis	200,000
Total	5,200,000
Managing Director Performance Rights	
Iggy Tan	15,000,000
Total	15,000,000
Non-Executive Director Performance Rights	
Peter Bailey	1,500,000
Luke Atkins	1,000,000
Dan Tenardi	1,000,000
Tunku Yaacob Khyra	1,000,000
Uwe Ahrens	1,000,000
Total	5,500,000

ALTECH CHEMICALS LIMITED
ADDITIONAL INFORMATION
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VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

ON-MARKET BUY BACK

There is currently no on-market buyback program for any of Altech Chemicals Limited's listed securities.

EXPLORATION AND MINING INTERESTS

As at 30 June 2018, the Company has an interest in the following tenements:

Tenement ID	Registered Holder	Location	Project	ATC Interest	Grant Date
M70/1334	Altech Meckering Pty Ltd	WA Australia	Meckering	100%	19/05/16
E70/4718-1	Canning Coal Pty Ltd	WA Australia	Kerrigan	100%	1/12/15