Altech Chemicals
Limited

2016
Annual Report

COMPANY PROFILE

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the world's leading suppliers of 99.99% (4N) high purity alumina (HPA) (Al_2O_3) through the construction and operation of a HPA processing plant located in Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to the processing plant in Malaysia.

Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrochloric (HCl) acid-based process. Production costs are anticipated to be considerably lower than established HPA producers - in the bottom quartile of the production cost curve. The Company's HPA project is a high margin, high value proposition, requiring a relatively low level of capital investment.

HPA is a high-value, highly demanded product as it is the critical ingredient required for the production of synthetic sapphire.

Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of synthetic sapphire.

Global HPA demand was estimated at approximately **25,315tpa in 2016** (Persistence Market Research) and is expected to reach **86,831tpa by 2024**, growing at a CAGR of 16.7% (2016-2024).

Current HPA producers predominantly use expensive and highly processed feedstock materials such as aluminium metal to produce HPA.

Altech has completed a bankable feasibility study (BFS) for the construction and operation of a 4,000tpa HPA plant at Tanjung Langsat, Malaysia. The plant will produce HPA directly from kaolin clay, which will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia.

HPA DEMAND GROWTH FROM THE BOOMING LED SECTOR IS WIDELY RECOGNISED - THIS GROWTH IS NOW COMPLEMENTED BY THE LITHIUM-ION BATTERY SECTOR WHERE ALTECH'S HPA IS EXPECTED TO BE A HIGHLY SOUGHT-AFTER PRODUCT

OUR VISION

to be one of the world's
leading producers of
high purity alumina (HPA)

HIGH PURITY ALUMINA (HPA)

- is aluminium oxide Al_2O_3 with >99.99% (4N) purity
- is the vital raw ingredient for synethetic sapphire (single crystal):
  - Base substrate for LEDs
  - Sapphire glass for smartphone components

99.99% 4N HIGH PURITY ALUMINA (HPA)

HPA Demand

GLOBAL HPA DEMAND

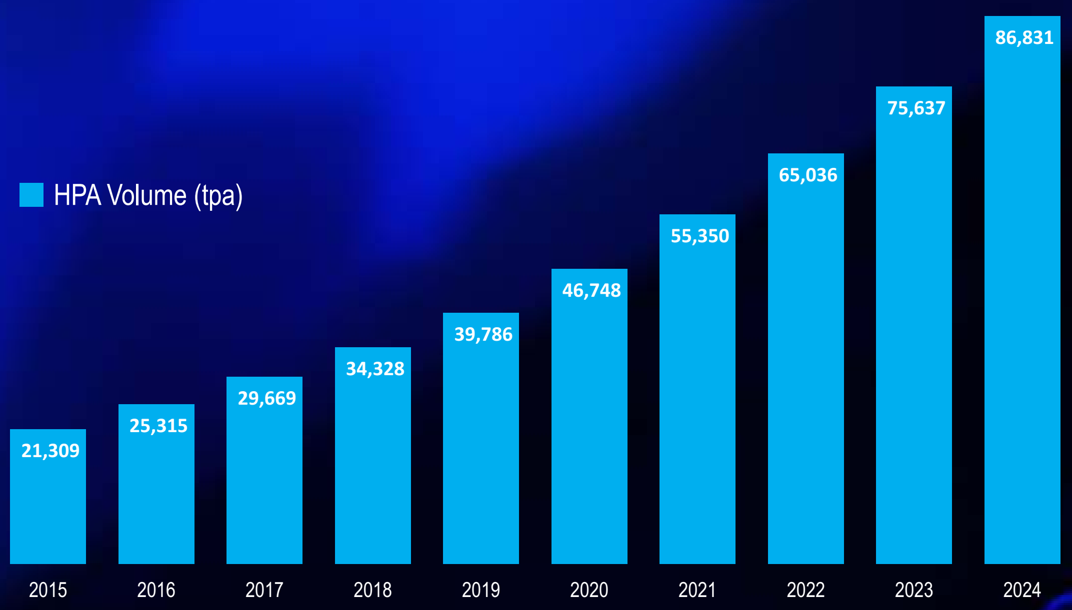
According to Persistence Market Research, global consumption of HPA for 2015 was 21,309tpa, and by the end of 2016, HPA consumption is estimated at 25,315tpa. This demand is expected to increase to 86,831tpa by 2024, growing by 16.7% (CAGR) over the forecast period (2016-2024).

The consumption of HPA is concentrated predominantly in electronics production hubs such as China, Japan, South Korea, and Taiwan (Asia Pacific region). The largest market for global HPA consumption in 2015 was the Asia Pacific region, accounting for nearly 72% of the global HPA market.

Demand for HPA has witnessed a strong growth over the last decade fuelled primarily by the increasing demand for and proliferation of LEDs – televisions, general purpose lighting, automotive lighting for example.

GLOBAL HPA DEMAND FORECAST TO INCREASE BY 16.7% (CAGR) FROM 2016-2024

HPA DEMAND
2016: 25,315TPA
2024: 86,831TPA
SOURCE. PERSISTENCE MARKET RESEARCH



GLOBAL HPA DEMAND FORECAST 2016-2024
SOURCE: PERSISTENCE MARKET RESEARCH

USE OF HPA
FOR LITHIUM-ION BATTERY
SEPARATOR SHEETS IS ON THE
RISE AS HPA IMPARTS SUPERIOR
PERFORMANCE PROPERTIES TO
THE END PRODUCT

HPA Demand

Lithium-ion Battery Separators

Based on the global push for electric vehicles and energy storage, the growing demand for lithium-ion batteries is now apparent. Use of HPA for lithium-ion battery separator coatings is therefore expected to grow rapidly. HPA is used as a coating on the ceramic separator sheets that divide the cathode and anode electrodes within the lithium-ion battery. The separator sheet membrane acts as a critical safety barrier inside the battery. HPA-coated separators withstand unusually high temperature incursions, increase battery discharge rates, lower self-discharge, and lengthen battery life cycles.

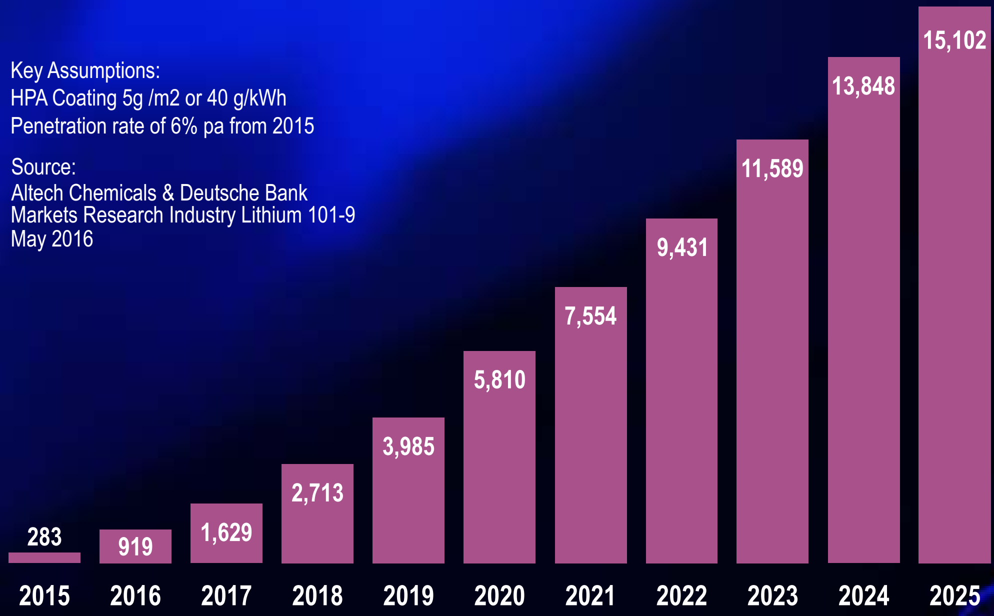
Based on discussions with various lithium-ion battery separator sheet manufacturers at the China International Battery Fair (CIBF) (May, 2016) the Company established that electric vehicle manufacturers are demanding lithium-ion batteries with 99.99% (4N) HPA-coated separators. These manufacturers are reporting usage of between 40-120g of HPA per battery kilowatt-hour (kWh). Altech reviewed the potential consumption of HPA from the lithium-ion battery manufacturing sector in China alone, and estimated that by the end of 2020 demand will reach around 3,936tpa – the annual production capacity of Altech's proposed HPA plant.

The Company then estimated that demand for HPA from the global lithium-ion battery manufacturing sector will grow significantly over the next decade from approximately 1,000tpa in 2016 to around 15,000tpa by 2025, as per the adjacent graph.

HPA IS CURRENTLY BEING SUPPLIED TO CHINESE LITHIUM-ION BATTERY SEPARATOR SHEET MANUFACTURERS AT ~RMB200/KG (US$30/KG) – SUPPORTING ALTECH'S BFS PRICE ASSUMPTION OF US$23/KG

Key Assumptions:
HPA Coating 5g /m2 or 40 g/kWh
Penetration rate of 6% pa from 2015

Source:
Altech Chemicals & Deutsche Bank
Markets Research Industry Lithium 101-9
May 2016



GLOBAL FORECAST HPA DEMAND
HPA USED IN LITHIUM-ION BATTERY SEPARATORS

BOARD OF DIRECTORS

Mr Luke Atkins LLB
Non-Executive Chairman

Mr Atkins is a lawyer by profession and one of the founders of the Company. Mr Atkins brings to the board extensive experience in the areas of mining, exploration, and corporate governance. Mr Atkins is also a non-executive director of ASX-listed mining company Bauxite Resources Ltd (BRL). Mr Atkins formerly held the role of executive chairman of BRL after co-founding the company in 2007. 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.

Mr Iggy Tan B.Sc MBA GAICD
Managing Director

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 has been an executive director of a number of ASX-listed companies. 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 the positions of managing director of Nickelore Limited, Galaxy Resources Limited and Kogi Iron Limited.

Mr Peter Bailey B.Sc(Hons) Elect. Eng MIEE C Eng
Non-Executive Director

Mr Bailey is a highly experienced and qualified engineer with over 40 years' experience in the mining and industrial mineral production industries. With an electrical engineering degree from the University of London, Mr Bailey's career spans iron ore, bauxite and zinc-lead-copper mining, alumina refining and alumina chemicals industries respectively. Mr Bailey was president of Alcoa Bauxite & Alumina in 1996, and was responsible for Alcoa's eight alumina plants outside of Australia. He was also the chairman of the Alcoa Bauxite joint venture in Guinea, Africa. In 1998, he was appointed president of Alcoa Worldwide Chemicals' industrial chemicals department. Post Alcoa, Mr Bailey was CEO of Sherwin Alumina, an alumina refinery located in Texas, USA.

Mr Dan Tenardi
Non-Executive Director

Mr Tenardi is a highly experienced mining executive with some 40 years in the industry, including with a number of global resource industry leaders across a range of commodities, including iron ore, gold, bauxite, and copper. Mr Tenardi previously spent 13 years with Alcoa, at its bauxite mines in the Darling Range in Western Australia, and a further two years at Alcoa's Kwinana refinery. Mr Tenardi subsequently worked at executive level for Rio Tinto's Robe River Iron Associates. Mr Tenardi was managing director of Bauxite Resources Ltd, and general manager of operations and chief operating manager at CITIC Pacific Mining. Mr Tenardi is currently non-executive director of Grange Resources Ltd.

ALUMINA/CHEMICAL INDUSTRY EXPERIENCE

ALTECH WELCOMES NEW DIRECTORS HIS ROYAL HIGHNESS TUNKU YAACOB KHYRA AND MR UWE AHRENS - THEIR EXPERIENCE AND KNOWLEDGE OF MALAYSIAN BUSINESS IS INVALUABLE TO THE COMPANY'S GROWTH PLANS

Tunku Yaacob Khyra
Non-Executive Director

Tunku Yaacob Khyra is the executive chairman of the Melewar Khyra Group of Companies (Melewar), a Malaysian based diversified financial and industrial services group. He is the major owner and shareholder of Melewar. Tunku Yaacob 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 and 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.

Mr Uwe Ahrens
Alternate Director

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 companies. Mr Ahrens holds Masters Degree's in both mechanical engineering and business administration from the Technical University Darmstadt, Germany. Upon graduation, Mr Ahrens joined the international engineering plant supplier, KOCH Transporttechnik GmbH in Germany, now belonging to FLSmidth Group, where he held a senior management position for 12 years, working mainly in Germany, USA and South Africa.

In 1997, he was based in Kuala Lumpur as general manager of KOCH in South East Asia and became managing director in 1999. He joined Melewar Group in 2002 and is also currently chief technical officer of the Melewar Group of companies being responsible for engineering, upgrading, modification and extension of machinery and plant as well as overall maintenance.

CHAIRMAN'S LETTER

Dear fellow Shareholders,

It is a great pleasure to present the Company's annual report for the 2015/16 financial year.

Since the signing of a Project Finance Mandate with KfW IPEX-Bank earlier in the year, Altech has been working with its banking partners to assist with the due diligence required to finalise project debt funding. The positive pre-assessment of the Company's proposed application for export credit insurance cover by Euler Hermes, the German Export Credit Agency, and the subsequent receipt of loan indicative terms and conditions from KfW IPEX-Bank for up to US$70m of debt funding are noteworthy positive steps towards securing finance.

During the year, an off-take sales arrangement with Mitsubishi Corporation's Australia subsidiary, Mitsubishi Australia Ltd was achieved; the arrangement appoints Mitsubishi as the exclusive buyer of 100% of Altech's HPA production for an initial 10 year period.

At Meckering, a granted mining lease and a purchase agreement for the freehold land beneath which the kaolin resource resides were each secured. An exploration tenement surplus to Altech's requirements was disposed of, raising $2m. In Johor, Malaysia, the Company secured a site within the established Tanjung Langsat Industrial Complex as the location for the HPA plant.

Tunku Yaacob Khyra was invited to join the Company's board in October 2015, with Mr Uwe Ahrens nominated as his alternate director – we look forward to a long and successful partnership with them.

During the year the Company raised an initial $3m via a well-supported share purchase plan, supplemented by share placements. A further $10m was raised in an oversubscribed private share placement to various institutional, professional and sophisticated investors.

The year has seen the number of shareholders in the Company almost triple, from around 650 in July 2015 to almost 1,500 presently, with market capitalisation growing by a similar multiple.

The outlook for HPA demand continues to remain positive, with forecast demand increasing over the coming years off the back of global growth in the electric car and LED lighting sectors.

On behalf of the board, I would like to congratulate managing director Iggy Tan, who has consistently led the Company from challenge to achievement, and to his hard-working team in bringing the Company to where it is today. Their achievements to date give me the greatest confidence of their capacity to realise the successful conclusion of the HPA project.

Finally, as valued shareholders I sincerely thank you for your continuing interest and support during this exciting period of growth and project realisation.

Yours sincerely,

Luke Atkins
Non-Executive Chairman

REVIEW OF OPERATIONS

During the year the Company made considerable progress on advancing the commercialisation opportunity for its kaolin deposit at Meckering. The proposed route to commercialisation is the construction of a high purity alumina (HPA) plant at Johor, Malaysia for the production of 99.99% (4N) HPA (Al_2O_3) and the associated development of a kaolin quarry and container loading facility at Meckering.

In March 2016 Altech released the results of an update to its positive bankable feasibility study (BFS) (29 June 2015). The financial and technical outcomes of the updated BFS confirm the results of the 2015 BFS.

The Company has made significant progress towards securing the requisite debt financing for its HPA project. In December 2015 Altech announced the appointment of German bank KfW IPEX-Bank Gmbh (KfW IPEX) to provide advisory and structuring services in relation to the provision of debt financing. The senior debt structure contemplates maximising the use of available German Export Credit Agency (ECA) insured debt, as interest charged by lenders is typically on attractive terms and long loan tenure.

Altech is targeting total maximum project debt of US$70m, of which US$60m is ECA cover, with the balance of up to US$10m at normal commercial terms. The finalisation of project finance, the debt structure and the availability of debt finance remains subject to ongoing due diligence by KfW IPEX and the ECA. Due diligence consultants were appointed in August 2016 and the work is progressing.

Where possible, the Company has continued to rationalise tenement holdings, which resulted in the sale of surplus tenement E70/3923 for $2m cash.

Other noteworthy achievements during the year included:

- the grant of Meckering mining lease (ML) M70/1334;
- execution of an off-take sales arrangement with Mitsubishi Corporation appointing them exclusive buyer of Altech's full HPA plant capacity;
- the reservation of the HPA plant site within the Tanjung Langsat Industrial Complex, Johor, Malaysia;
- the appointment of M+W Group as the EPC contractor for the Malaysian HPA plant; M+W Group commenced detailed design in March 2016;
- the addition of board members Tunku Yaacob Khyra and Mr Uwe Ahrens as his alternate, which followed the subscription by Melewar International of $1m of shares;
- a well-supported share purchase plan (SPP) in April 2016; raising ~$0.750m followed by a share placement of ~$1.2m to sophisticated investors;
- appointment of Dr Jingyuan Liu as general manager (operations) and Mr Martin Ma as marketing manager (China); and
- an updated Indicated Mineral Resource (JORC 2012) for M70/1334.

I look forward to updating you on the progress that the Company makes in the 12 months ahead, next year.

Iggy Tan
Managing Director

BANKABLE FEASIBILITY STUDY

ALTECH IMPROVES FINANCIALS WITH BFS UPDATE

In March 2016 Altech released the results of an update to its bankable feasibility study (BFS) (2015), which incorporated an optimised process flow sheet, updated operating parameters and consumables pricing, and the relocation of the kaolin beneficiation plant from Meckering to the proposed HPA plant site at Johor, Malaysia.

The estimated lower operating costs for kaolin beneficiation in Malaysia will more than offset the freight associated with transporting raw kaolin from Meckering to Johor.

The revised operation at Meckering (post campaign mining) will consist of the simple loading of ore directly into containers for shipment to Malaysia.

Overall the Company anticipates that it will be in the bottom quartile of the production cost curve for the world's HPA producers. This is because Altech:

- Owns its own feedstock supply (kaolin)
- Will operate the largest HPA plant in the industry
- Recycles its primary reactant (HCl)
- Uses a low-impurity, alumina-rich feedstock
- Will operate in a low-cost country (Malaysia)

THE BFS CONFIRMS THE TECHNICAL AND COMMERCIAL VIABILITY FOR THE CONSTRUCTION AND OPERATION OF A 4,000TPA HPA PLANT IN MALAYSIA AND THE ASSOCIATED DEVELOPMENT OF A MINING AND CONTAINER LOADING OPERATION AT MECKERING, TO PROVIDE FEEDSTOCK FOR THE PLANT

BFS RESULTS UPDATE

	2016 BFS US$m	2015 BFS US$m
Project Capital Costs	78.7	76.9
Revenue p.a.	92.0	92.0
Operating Costs p.a.	36.3	32.6
EBITDA p.a.	55.7	59.4
Net Present Value (9%) (was 10%)	357.5	326.1
Payback	3.7 years	3.8 years
IRR	33.3%	30.3%
NPV/Capex Ratio	4.54	4.24
Gross Margin on sales	61%	65%
Project Life	30 years	30 years
Annual HPA production (full production)	4,000tpa	4,000tpa
USD:AUD (capex & construction)	0.70	0.78
USD:AUD (operations)	0.80	0.90
HPA Sales Price (per kg)	US$23	US$23
Discount Rate	9%	10%

Cash flow modelling of the Project (BFS 2016) shows a pre-tax net present value of US$357.5m (NPV) (A$432.8m), applying a discount rate of 9%. The 9% discount rate applied to cash flows for the 30-year project life (was 10%) reflects a lower cost of debt financing due to the Company's intended application for ~US$60m of German export credit finance from a total project debt estimated at ~US$70m.

The Project generates annual average net free cash of ~US$55.7m (A$69.6 million) at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~61%. At full production, total annual sales revenue is US$92m (A$115m) applying an FOB sales price of US$23,000/t (A$25,560/t) of final HPA product.

Total operating costs, including mining, shipping and chemical processing are US$36.3m (A$45.4m) per annum or US$9,070/t (A$11,340/t) of final HPA product.

IT'S NOT OFTEN YOU HAVE A PROJECT WHERE THE NPV IS FOUR TIMES (4X) THE CAPEX

MECKERING KAOLIN DEPOSIT

MINING LEASE GRANT

Altech's kaolin mining lease (ML) application M70/1334 at Meckering, Western Australia was granted on 19 May 2016 - marking a significant milestone in the advancement of the Company's HPA project.

The grant of M70/1334 followed a settlement agreement for the freehold between the Company and the private landowner. In addition to obtaining landowner approval, the Company negotiated an option to purchase the freehold land over M70/1334.

The grant of the ML also triggered an imminent cash injection of $2 million for the Company, which resulted from the sale of an exploration licence (EL) E70/3923 to Dana Shipping and Trading S.A. (Dana). The EL was surplus to Altech's feedstock requirements for its proposed HPA plant.

Further, upon the grant of M70/1334, the Company was able to progress to the next stages of mine development, which included the submission of a mining proposal (MP) and a mine closure plan (MCP). Upon Department of Mines & Petroleum (DMP) approval of these items, the site at Meckering will be ready for the development of the campaign mining and the container loading operation.

Indicated Mineral Resource at M70/1334

	TONNAGE	%-45µ[1]	Brightness[2]
Indicated Resource (JORC 2012)	11,000,000	45%	82.7%

1. 30% minus 45um cut-off
2. 80% brightness cut-off (ISO standard)

UPDATED MINERAL RESOURCE

Following the completion of grade control drilling in April 2016, Altech announced an update to the kaolin mineral resources for its 100%-owned mining lease (ML) M70/1334, at Meckering, Western Australia.

An Indicated Mineral Resource of 11 million tonnes (Mt) of kaolin containing 45% minus 45 micron clay with a brightness of 82.7% (ISO standard) was announced on 8 July 2016. The Mineral Resource was estimated using an 80% brightness cut-off, and a 30% minus 45 micron cut-off and is in accordance with JORC 2012.

An Ore Reserve statement is now being finalised.

PROPOSED MECKERING LAYOUT

At Meckering, Altech proposes to campaign mine once every three years in short two-month campaigns. This simple, quarry-style operation will be conducted by a mining contractor. A mining area has been identified, an open pit designed and a mine plan for an initial 30-year mine life developed.

Stage 1 will campaign mine the first three years of feedstock (approximately 129,000t); the kaolin ore will be hauled from the Company's Meckering quarry to the nearby run of mine (ROM) stockpile. Ore will be screened with a trommel and a telescopic conveying unit will load the screened material into standard shipping containers at the rate of around 40,000tpa (770t per week); the ore will be transported by road to the port of Fremantle, Western Australia and shipped to Johor, Malaysia, for processing into HPA at the Company's proposed plant.

The Meckering kaolin deposit is low in impurities, especially iron and sodium, and consequently is an ideal feedstock for HCl processing to HPA.

ASIA PACIFIC HELD 72% OF GLOBAL HPA MARKET IN 2015 (CHINA, JAPAN, SOUTH KOREA, TAIWAN)
SOURCE. PERSISTENCE MARKET RESEARCH

HPA PLANT – MALAYSIA

HPA PLANT SITE SECURED

During the year the Company finalised an agreement with Johor Corporation for a ~4Ha plot of land in the Tanjung Langsat Industrial Complex, Johor, Malaysia as the site for its proposed HPA plant. The Company previously announced the reservation of the land (refer ASX announcement dated 30 Sept 2015), which is in a section of the industrial complex that is set aside for chemical facilities. The agreement is for a 30-year lease with an option to extend for an additional 30 years (standard terms for land in the industrial complex).

The Company selected Johor as the location for its proposed HPA plant based on the significant economic and developmental benefits, including the ready availability of required consumables such as hydrochloric acid, limestone, quicklime, electrical power and natural gas – all at highly competitive prices. The availability of skilled labour, proximity to an international container sea-port and international airports (Johor Bahru and Singapore) and the various investment incentives on offer were additional benefits.

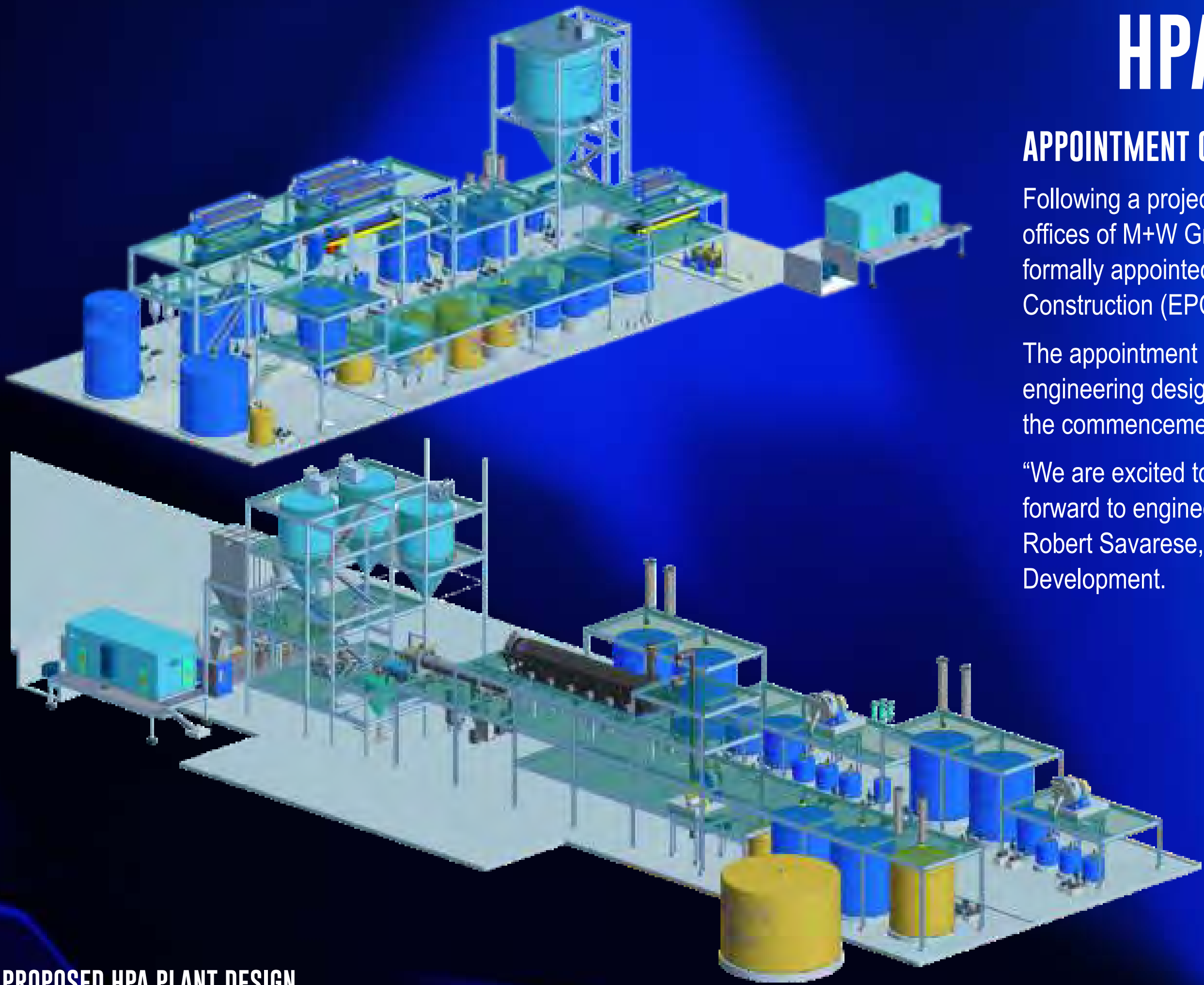
HPA PLANT – MALAYSIA

APPOINTMENT OF EPC CONTRACTOR

Following a project familiarisation and design hand-over meeting held at the offices of M+W Group in Stuttgart, Germany, in March 2016, the Company formally appointed M+W Group as its Engineering, Procurement and Construction (EPC) contractor for its HPA project.

The appointment marked the formal commencement of the final detailed engineering design phase of the Company's HPA project, in preparation for the commencement of construction.

"We are excited to have been appointed EPC contractor and we look forward to engineering an efficient sustainable solution for Altech", said Mr Robert Savarese, Head of M+W Group Global Chemicals Business Development.



PROPOSED HPA PLANT DESIGN

WITH A STRONG PRESENCE IN ASIA, AND CONSTRUCTION EXPERIENCE IN MALAYSIA, THE USE OF M+W'S LOCAL MALAYSIAN OFFICES WITH DETAILED DESIGN IN GERMANY IS A PERFECT COMBINATION

PROJECT FUNDING

GERMAN ECA DEBT FUNDING

Since January 2016, Altech has been working with German government-owned KfW IPEX-Bank on project finance structuring for its proposed HPA project.

Initially the Company contemplated total project debt of US$60m; US$40m of which would be subject to ECA cover (refer ASX announcement 10 December 2015 for details).

In June 2016, Altech's German EPC contractor M+W Group made representation to German export credit agency (ECA) Euler Hermes for an increase in the proposed export credit cover contract value of the HPA project, from US$40m to US$60m.

The representation was based on the significant German and European project content (plant, equipment and services) and overall benefit of the HPA project to German industry. In line with the results of the cursory pre-assessment undertaken by Euler Hermes, Altech received approval to conduct the respective due diligence process with the target to make application to Euler Hermes for US$60m of ECA cover.

Following the approval, Altech received a positive pre-assessment by the German government inter-ministerial committee (IMC) and Euler Hermes of its export credit project finance application (refer ASX announcement 3 August 2016 for details).

Due diligence consultants were then appointed (in August 2016) to undertake the definitive technical, market and legal review of the HPA project on behalf of the proposed financier, KfW IPEX-Bank, supported by Euler Hermes.

INTRODUCTORY MEETING HELD IN STUTTGART, GERMANY

THE DEBT FINANCING IS PROGRESSING WELL AND THE SENIOR FACILITY AGREEMENT INDICATIVE TERMS AND CONDITIONS PRESENTED BY ALTECH'S BANKING PARTNERS KFW IPEX-BANK IS THE NEXT IMPORTANT STEP TOWARDS SECURING FINANCE

PROJECT FUNDING

ACCESS TO US$70M OF GERMAN DEBT

In August 2016 the Company announced an increase to the targeted debt financing for its proposed Malaysian HPA project – US$70m (previously US$60m).

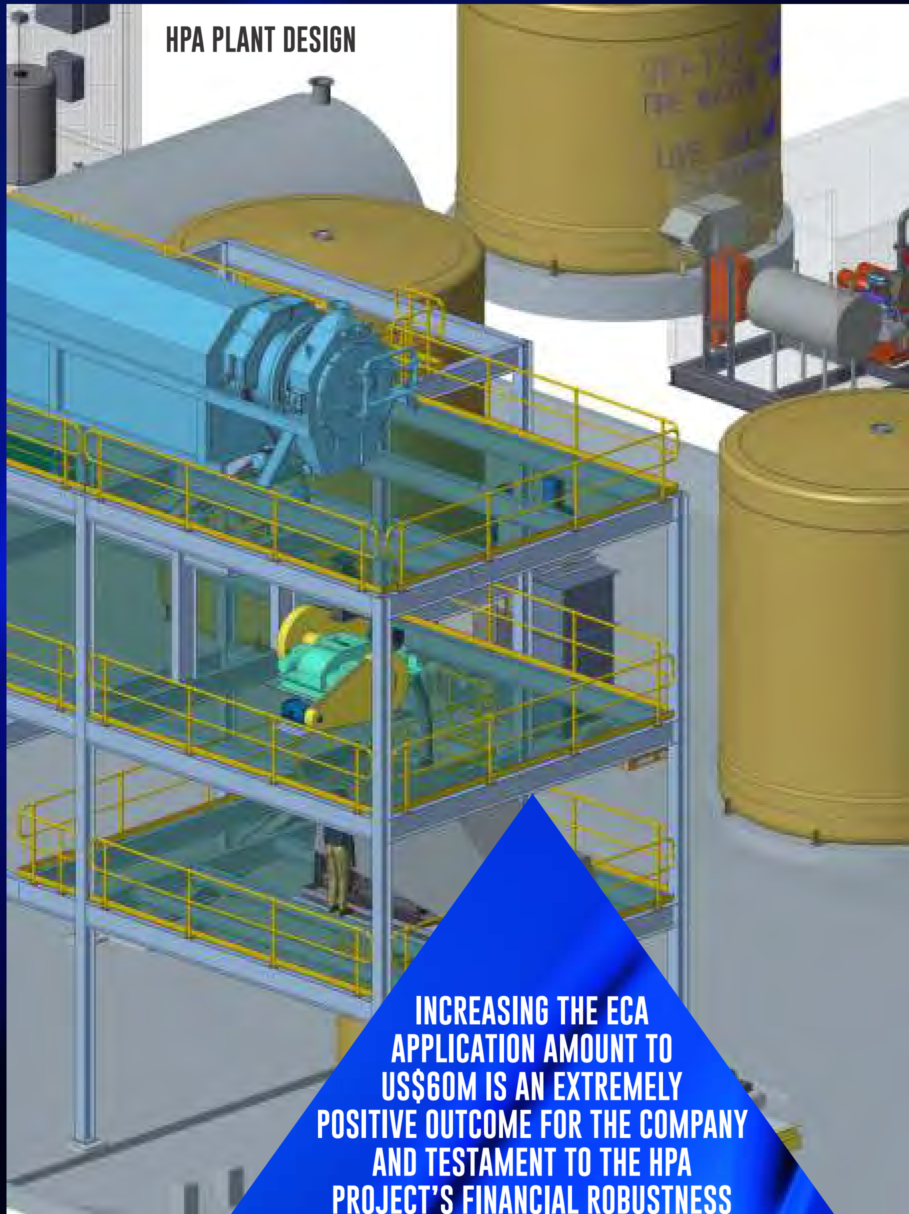
The export credit cover component of the debt covered by the German export credit agency (ECA), Euler Hermes increased from US$40m to US$60m.

Accordingly, Altech reduced the targeted amount for the remaining uncovered debt portion from US$20m to US$10m, which resulted in a revised total project debt target of US$70m.

In accordance with the positive cursory pre-assessment undertaken by Euler Hermes (refer to ASX Announcement of 3 August 2016), the ongoing due diligence process has the objective of an application for ECA cover incorporating the above mentioned adjusted debt structure.

Furthermore, KFW IPEX proposed a simple and cost effective "sole lender" debt structure whereby the entire US$70m of project debt is provided exclusively by KfW IPEX (subject to ongoing due diligence and respective loan approval).

The interest rate of project finance debt supported by ECA cover is very attractive, consequently the overall cost of debt for the Company shall be reduced compared to the originally contemplated structure.



INCREASING THE ECA APPLICATION AMOUNT TO US$60M IS AN EXTREMELY POSITIVE OUTCOME FOR THE COMPANY AND TESTAMENT TO THE HPA PROJECT'S FINANCIAL ROBUSTNESS

THE 10 YEAR OFF-TAKE ARRANGEMENT FOR THE SALE OF 100% OF ALTECH'S HPA PRODUCTION IS A SIGNIFICANT MILESTONE AND A STRONG VOTE OF CONFIDENCE IN THE COMPANY, THE HPA PROJECT AND THE TEAM WORKING TO BRING IT TO FRUITION

HPA OFF-TAKE

MITSUBISHI OFF-TAKE

During the year the Company executed a 10 year off-take sales arrangement (Agreement) with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) for 100% of the HPA production from the Company's proposed Malaysian HPA plant.

The Agreement appointed Mitsubishi as the exclusive buyer of the full 4,000tpa production capacity and will commence on the date of first shipment of final HPA product.

The contracted sales quantities will mirror Altech's proposed HPA plant's production ramp-up and account for 100% of planned production. Under the Agreement both parties set specific off-take sales target quantities, which will be at prevailing market prices (refer to adjacent table).

Altech managing director, Mr Iggy Tan said that securing the off-take arrangement with Mitsubishi for all of the production from the Company's proposed HPA plant was an integral step towards securing project financing.

"The 10-year off-take arrangement for the sale of 100% of Altech's HPA production is a significant milestone and a strong vote of confidence in the Company, the HPA project and the team working to bring it to fruition", he said.

OFF-TAKE SALES QUANTITIES

Contract Year	Forecast Production	Contracted Sales
Year 1	2,700t	2,700t
Year 2	3,000t	3,000t
Year 3	3,400t	3,400t
Year 4	3,800t	3,800t
Year 5	4,000t	4,000t
Year 6	4,000t	4,000t
Year 7	4,000t	4,000t
Year 8	4,000t	4,000t
Year 9	4,000t	4,000t
Year 10	4,000t	4,000t

INSTITUTIONAL INVESTORS ON ALTECH'S SHARE REGISTER HAVE INCREASED FROM 9% TO 23% FOLLOWING THE SHARE PLACEMENT

CAPITAL RAISING

SHARE PURCHASE PLAN

The Company's well-supported share purchase plan (SPP) in March 2016 resulted in $0.75m raised with 250 shareholders participating at 8.6c per share, as well as $1.2m raised via a placement of shares to several professional investors at 8.6c per share.

$10M OVERSUBSCRIBED SHARE PLACEMENT

Following the successful SPP and share placement, the Company welcomed a number of institutional investors onto its share register as a result of a AU$10m oversubscribed share placement in August 2016.

Placement shares were issued at 14c per share, which represented a 14% discount to the price of the Company's shares at the close of trade on the ASX on 21 July 2016. Approximately 71.4m shares were issued in two tranches, the first tranche settled in early August 2016, with the second tranche approved by shareholders in mid-September 2016, in accordance with the Company's residual placement capacity under ASX Listing Rules 7.1 and 7.1 A.

Altech continues to focus on building institutional support for its HPA project in preparation for a project finance equity raising that will be required once debt funding arrangements have been finalised.

ALTECH MEETING WITH EULER HERMES, GERMANY (MARCH 2016)

CAPITAL RAISING

MALAYSIAN INVESTOR SUPPORT

During the year the Company secured two cornerstone Malaysian investors: Melewar International Investment Company Limited (Melewar), a diversified Malaysian industrial firm with steel, energy and engineering businesses; and MAA Group Berhad (MAAG), a Malaysian publicly listed insurance, investment, credit and finance group with total assets of RM1.45b and annual turnover of RM484m.

Melewar, a company controlled by Altech non-executive director Tunku Yaacob Khyra, subscribed to $1m of Altech shares in August 2015. Melewar holds approximately 7% of the Company.

Subsequent to the Company's March 2016 share placement, MAAG subscribed to $1m of Altech shares (or 11,627,907 shares), which were issued to MAAG at 8.6c per share (the March 2016 share placement price). MAAG holds 4.9% of the issued shares of Altech.

Managing director Iggy Tan said that both Melewar and MAAG were high calibre Malaysian companies.

“We are very excited to have cornerstone investors with the pedigree of Melewar and MAAG join our register.

“Altech continues to be most appreciative of the support for the Company and its HPA project by Tunku Yaacob Khyra and his associated companies”, Mr Tan said.

WE ARE VERY EXCITED TO HAVE CORNERSTONE INVESTORS WITH THE PEDIGREE OF MELEWAR AND MAAG JOIN OUR SHARE REGISTER

Corporate Directory

Altech Chemicals Limited

ABN 45 125 301 206

DIRECTORS

Luke Atkins	Non-Executive Chairman
Iggy Tan	Managing Director
Peter Bailey	Non-executive Director
Dan Tenardi	Non-executive Director
Tunku Yaacob Khyra	Non-executive Director
Uwe Ahrens	Alternate Director

COMPANY SECRETARY

Shane Volk

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia, 6153
Telephone:+61 (0)8 9315 2333
Facsimile: +61 (0)8 9315 2233

STOCK EXCHANGE LISTING

Australia Securities Exchange
ASX Code: ATC

AUDITORS

Moore Stephens
Level 15, Exchange Tower,
2 The Esplanade,
Perth, Western Australia, 6000

SOLICITORS

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth, Western Australia, 6000

BANKERS

Australian & New Zealand Group (ANZ)
7/77 St Georges Terrace
Perth, Western Australia, 6000

FINANCIAL INFORMATION

(as at 30 June 2016)

Share Price:	$0.185
Shares:	180m
Unlisted Options:	3.6m
Performance Rights:*	17.2m
Market Cap:	$33.12m
Cash:	$1.6m

*subject to vesting conditions

COMPETENT PERSONS STATEMENT

The information in this public report that relates to sampling techniques and data, exploration results, geological interpretation and resources has been reviewed by Llyle Sawyer M.App.Sc. and Sue Border B.Sc. Sue Border and Llyle Sawyer are not employees of the Company, but are employed by Geos Mining as contract consultants. Sue Border is a Fellow of the Australian Institute of Mining and Metallurgy as well as the Australian Institute of Geoscientists. Llyle Sawyer is a member of the Australian Institute of Geoscientists. Both have sufficient experience with the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as competent persons as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Sue Border and Llyle Sawyer consent to the inclusion in this report of the contained technical information in the form and context as it appears. The information is extracted from the ASX announcement entitled 'Altech updates kaolin resource for its Meckering mining lease' lodged on 8 July 2016 and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

CAUTIONARY STATEMENT

Readers should use caution when reviewing the data and historical information results presented and ensure that the Modifying Factors described in the 2012 edition of the JORC Code are considered before making an investment decision. Potential quantity and grade is conceptual in nature, there has been sufficient exploration to define a Mineral Resource as defined in the 2012 edition of the JORC Code, and that it has not yet been determined if further work will result in the determination of a Mineral Reserve.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.


TESLA

Altech Chemicals
Limited

www.altechchemicals.com

ABN 45 125 301 206

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 June 2016

CONTENTS PAGE

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Shane Volk

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Suite 8, 295 Rokeby Road,
Subiaco, Western Australia 6008

Phone:	+618 6168 1555
Facsimile:	+618 6168 1551
Email:	info@altechchemicals.com
Website:	www.altechchemicals.com

AUDITORS

Moore Stephens
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2 The Esplanade
PERTH WA 6000

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: +618 9315 2333
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STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited

Home Exchange:	Perth
ASX Code:	ATC

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 2016.

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 Bsc 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 managing and implementing the next stage of the Company's development, the commercialisation of the Company's 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 (23-08-2013 to 1-5-2014) and Galaxy Resources Limited (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 non-executive director of the successful ASX-listed mining company, Bauxite Resources Limited (ASX: BAU). Mr Atkins played a key role in successfully negotiating funding, joint venture partnerships, land access and infrastructure. Mr Atkins formerly held the role of executive chairman of Bauxite Resources Limited after co-founding the company in 2007 and is currently a non-executive director. Mr Atkins was a former director of Reclaim Industries Limited, he brings to the board extensive experience in the areas of mining, exploration, and corporate governance.

Peter Bailey
Independent 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 Chemicals' 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 last 3 years.

Daniel Lewis Tenardi
Non-Executive Director

Appointed: 17 September 2009

Mr Dan Tenardi is a highly experienced global resource executive with over 40 years 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.

He 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 up 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
Non-Executive Director

Appointed: 22 October 2015

Tunku Yaacob Khrya 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 last 3 years.

Uwe Ahrens
Alternate Non-Executive Director

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 last 3 years.

COMPANY SECRETARY

Shane Raymond 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 most recently served in these positions for ASX listed companies Kogi Iron Limited, African Iron Limited and Emmerson Resources Limited. His experience also includes senior management roles with Kaltim Prima Coal (Indonesia) and Placer Dome (Indonesia and Papua New Guinea). Mr Volk is an active member of the Governance Institute of Australia and has in excess of 30 years of experience in the mining and resources industry in both operational and corporate roles.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were research and development activities for the commercialisation of its aluminous clay (kaolin) deposit at Meckering, Western Australia.

In December 2015, the Company announced that it had executed an exclusive mandate with German bank KfW IPEX-Bank Gmbh (KfW IPEX) to provide advisory and structuring services in relation to the provision of senior debt project financing to support the construction of a high purity alumina (HPA) plant at Johor, Malaysia for the manufacture of HPA using the Company's Meckering kaolin as feedstock. As at the date of this report, the Company was actively working with KfW-IPEX to secure the required project financing. Detailed due diligence of the project by bank appointed experts commenced in August 2016 and loan indicative terms and conditions have been received.

Aside from research and development and commercialisation activities relating to the Company's Meckering kaolin deposit, there has 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 2016 are:

	2016 $	2015 $
Cash and cash equivalents	1,618,840	574,810
Net Assets	6,337,101	2,736,385
Revenue	2,021,575	42,394
Net loss after tax	(1,233,076)	(1,391,646)
Loss per share	(0.008)	(0.012)
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

During the period of this report the Company has made considerable progress on advancing the commercialisation opportunity for its kaolin (aluminous clay) deposit at Meckering, Western Australia. The proposed route to commercialisation is the construction of a high purity alumina (HPA) plant at Johor, Malaysia to extract alumina from the Meckering kaolin feedstock for the production of 99.99% alumina (Al_2O_3) or HPA, and the associated development of a kaolin quarry and container loading facility at Meckering.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry and scratch-resistant sapphire glass. Increasingly, HPA is used as a coating on the separator sheets in large format lithium-ion batteries. HPA is a premium priced material selling for up to US$30 per kg, with significant demand growth in coming years forecast, driven primarily by the rapidly expanding LED and lithium-ion battery industries.

In March 2016, the Company released the results of an update to its positive bankable feasibility study (BFS) originally published on 29 June 2015, into the technical and commercial viability of the construction of a HPA plant at Johor, Malaysia and supporting kaolin quarry and container loading facility at Meckering, Western Australia (the Project). The financial and technical outcomes of the updated BFS confirmed the initial results from the BFS, as summarised below:

	Updated BFS (US$m)	Original BFS (US$m)
Project Capital Costs	78.7	76.9
Revenue p.a.	92.0	92.0
Operating Costs p.a.	36.3	32.6
EBITDA p.a.	55.7	59.4
Net Present Value (@9.0%)(10% for Original BFS)	357.5	326.1
Payback	3.7 years	3.8 years
IRR	33.3%	30.3%
NPV/Capex Ratio	4.54	4.24
Gross Margin on sales	61%	65%

	Updated BFS	Original BFS
Project Life	30 years	30 years
Annual HPA production (at full rate production)	4,000tpa	4,000tpa
USD:AUD (capex & construction)	0.70	0.78
USD:AUD (operations)	0.80	0.90
HPA Sales Price (per kg)	US$23.00	US$23.00
Discount Rate	9%	10%

In December 2015, the Company announced the appointment of German bank KfW IPEX-Bank Gmbh (KfW IPEX) to exclusively provide advisory and structuring services in relation to the provision of senior debt project financing for the Project. During the reporting period the Company made significant progress towards securing the requisite financing.

Currently, debt financing contemplates maximising the use of available German Export Credit Agency (ECA) insured debt, as interest charged by lenders on such debt is on attractive terms and the debt is typically available for longer tenure. As at the date of this report, the Company has announced that it is targeting total maximum project debt of US$70million, of which application will be made for up to US$60 million of ECA cover, with the balance of up to US$10 million at normal commercial terms. The finalisation of finance, the finance debt structure and the availability of debt finance remains subject to ongoing due diligence by KfW IPEX and the ECA, and is also subject to respective loan and ECA cover approvals processes. Due diligence consultants were appointed in August 2016, and at the date of this report due diligence work is ongoing.

Other noteworthy achievements of the Company during the year just past included:

- the sale of exploration licence E70/3923 which was excess to the Company's requirements, for $2.0 million cash;
- the grant of mining lease M70/1334 at Meckering, Western Australia. The mining lease is estimated to contain ~11 million tonnes of kaolin mineral resources, representing over 250 years of feedstock supply for the Company's proposed 4,000tpa HPA plant;
- execution of an off-take sales arrangement with Mitsubishi Australia Ltd, appointing it as the exclusive buyer of the entire annual production capacity from the Company's proposed Malaysian HPA plant for an initial period of 10 years;
- finalisation of an agreement with Johor Corporation for the lease of a ~4 hectare plot of land in the Tanjung Langsat Industrial Complex, Johor, Malaysia as the site for the Company's proposed HPA plant;
- appointment of German engineering firm M+W Group (M+W) as the engineering, procurement and construction (EPC) firm for the Company's proposed Malaysian HPA plant. M+W commenced the detailed design of the plant in March 2016 and at the date of this report this work is ongoing;
- the addition of Prince (Tunku) Yaacob Khyra to the Company's board of directors as a non-executive director and Mr Uwe Ahrens as his alternate. The appointments followed the subscription by Melewar International Investment Company of $1.0 million of shares in the Company, which settled in October 2015;
- a well supported share purchase plan (SPP) in April 2016. The SPP raised approximately $0.750 million from existing shareholders and followed a share placement of ~$1.2 million to a variety of professional and sophisticated investors;
- the conversion by lenders in October 2015, of the entire $0.815 million short term loan to fully paid ordinary shares in the Company. The loan was secured against the Company's 2015 research and development incentive rebate;
- a bolstering of executive employee numbers with the appointment of Dr Jingyuan Liu as the General Manager Operations, initially based in Perth, Western Australia, Mr Shane Volk as Chief Financial Officer and Company Secretary and Mr Martin Ma as Marketing Manager – China; and
- completion of grade control drilling at the Company's Meckering kaolin deposit and the subsequent release of an updated kaolin Mineral Resource for the deposit.

<u>Other activities</u>

Where possible, the Company has continued to rationalise mineral tenement holdings that are not prospective (**non-core mineral tenements**) or are excess to the Company's requirements, as it focuses on its HPA project. The Company has endeavoured to realise value from non-core mineral tenement disposals and was successful in selling exploration licence E70/3923 for $2.0 million cash during the year.

Risk Management

Due to its size and scope of operations the Company does not have a dedicated Risk Management Committee, rather 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 4 full-time permanent employees, 3 part-time permanent employees and one casual employee as at 30 June 2016 (2015: 3 full time permanent employees).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company is now primarily focussed on the commercialisation of its Meckering kaolin deposit via the construction and operation of a high purity alumina plant for the production of 99.99% alumina (Al_2O_3) (high purity alumina (HPA)). The Company will continue to rationalise its non-core mineral tenements and does not anticipate incurring any significant exploration expenditure on the non-core mineral tenements in the foreseeable future.

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.

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 27 July 2016 the Company announced an oversubscribed $10 million placement of fully paid ordinary shares to a variety of institutional, professional and sophisticated investors. The placement be will allotted in two tranches, an initial tranche of 43,911,209 shares was allotted on 3 August 2016 and the balance of the placement shares was allotted following shareholder approval in General Meeting on 16 September, 2016; and

- On 17 August 2016 it was announced that the Company's targeted debt financing for its proposed Malaysian high purity alumina project has increased to US$70 million from the previous US$60 million. The proposed export credit cover (ECA) component of debt has increased from US$40 million to US$60 million and the remaining uncovered debt portion has reduced from US$20 million to a maximum of US$10 million, which has resulted in a total revised project debt target of US$70.0 million.

OPTIONS OVER UNISSUED CAPITAL

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

Since 30 June 2016 and up until the date of this report there have been no options issued by the Company.

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options on Issue	*Exercise Price*	*Expiry Date*	*Listed/Unlisted*
600,000	20 cents each	31 January 2017	Unlisted
1,000,000	20 cents each	18 December 2017	Unlisted
1,000,000	25 cents each	18 December 2017	Unlisted
1,000,000	30 cents each	18 December 2017	Unlisted

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These options do not entitle the holder to participate in any share issue of the Company.

The holders of options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options 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.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

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
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	**20,700,000**		**Nil**	**20,700,000**	

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 attainted.

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 commence the construction of its proposed 4,000tpa Malaysian HPA plant and associated kaolin quarry and container 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 separator sheets in large format lithium-ion batteries. HPA is a premium priced material (selling for up to US$30 per kg) with forecast significant annual demand growth, driven primarily by the rapidly expanding LED and lithium-ion battery industries. There is currently no substitute for HPA in the manufacture of sapphire substrates, sapphire semiconductors or scratchproof sapphire glass.

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 2016-2014. 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 bulbs. Global HPA demand is forecast to at least double over the coming decade.

The successful construction and operation of its proposed HPA plant at 4,000tpa will see the Company positioned as the worlds 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 anticipated 4,000tpa of 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, and the production process that will employ conventional "off-the-shelf" plant and equipment to extract HPA. Production costs 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. 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 BFS (and subsequent updates) and deliver the results that were foreshadowed. Amongst other things, equity and debt financing at terms acceptable to the Company must be secured and various design, operational, processing, supply chain, market, regulatory, industrial and development risks, amongst others, will need to be identify and successfully managed to deliver the development and operating outcomes envisaged in the BFS and any subsequent updates. Unescapably, the BFS and subsequent updates are detailed studies of what is possible based on a combination of detailed information on hand and a series of professional judgements, assumptions and estimates at the time; inevitably situations and circumstances change, judgements, assumptions and estimates are slightly 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 BFS and subsequent 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 2016 has not identified any material issues.

The table below sets out the Mineral Resources and Ore Reserves comparatives as at 30 June 2016 and 30 June 2015.

Meckering Kaolin (Aluminous Clay) Deposit

	Mineral Resources (JORC 2012) as at 30 June 2016			Mineral Resources (JORC 2004) as at 30 June 2015		
Classification	**Tonnes**	**–45 micron (%)[1]**	**Brightness[2] (80% cut-off)**	**Tonnes**	**–45 micron (%)[1]**	**Brightness[2]**
Indicated	11,000,000	45%	82.7	16,770,000	42.3	83.2
Inferred	-	-	-	48,280,000	41.8	83.5
Total Mineral Resources*	**11,000,000**	**45%**	**82.7**	**65,000,000**	**41.9**	**83.4**

** 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*

Competent Persons Statement – Meckering Kaolin Deposit

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. 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 is extracted from the ASX announcement entitled *"Altech updates kaolin resource for its Meckering Mining Lease"* dated 8 July 2016 and is available to view on the Company web site www.altechchemicals.com. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original ASX market announcement.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds various exploration licences that regulate its exploration activities in Western Australia and Queensland. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration 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.

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	5,367,000	-	-	10,000,000
Luke Atkins	7,617,473	-	-	1,000,000
Daniel Tenardi	9,194,915	-	-	1,000,000
Peter Bailey	2,547,437	-	3,000,000	1,500,000
Tunku Yaacob Khyra	28,577,060	-	-	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	6	7
Peter Bailey	7	7
Tunku Yaacob Khyra	-	4
Uwe Ahrens (alternate director)	2	4

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.

Voting and comments made at the company's 2015 Annual General Meeting

The Company received no proxy votes against (from the 14,581,465 proxy votes received and eligible to vote on the resolution) its 2015 remuneration report tabled at the 2015 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.

Remuneration report *(continued)*

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.

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. Options (in the case of Mr Peter Bailey) and Performance Rights are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these options and 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 initially set not to exceed $200,000 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 non-executive directors are awarded Performance Rights that are subject to vesting conditions, with the approval of Shareholders.

Board fees (per year)

Chairman	$60,000
Other non-executive directors	$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, is 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 term in February 2015 whereby the monthly fee was reduced to $2,500 (2015: $2,500/month), reflecting a reduction in the amount of time and effort required of ERP.

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

Remuneration report *(continued)*

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.

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 the managing director and the chief financial officer & company secretary were awarded short-term incentives, which are disclosed in the details of remuneration, below.

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 Right 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 no Performance Rights were granted to directors and Key Management Personnel (KMP).

Since 30 June 2016 and up until the date of this report the following Performance Rights have been awarded to directors.

Name	***Position***	***Number of Rights awarded***	***Exercise Price***	***Expiry Date***
Tunku Yaacob Khyra	Non Executive Director	1,000,000	Nil	17/03/20
Uwe Ahrens	Alternate Director	1,000,000	Nil	17/03/20
Total		**2,000,000**		

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.

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 its directors. All Performance Rights vest based on pre-determined vesting conditions and at the date of this report none of the Performance Rights held by directors or Key Management Personnel and outstanding as at 30 June 2016, or awarded since that date, have vested.

Remuneration report *(continued)*

(a) Non-Executive Director and Alternate Director

On 4 August 2016, the Company awarded 2,000,000 Performance Rights to a non-executive director and an alternate director (1,000,000 Performance Rights to Tunku Yaacob Khyra and 1,000,000 Performance Rights to Uwe 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 29 July, 2016.

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 conditions (milestones) are achieved; the vesting conditions attributable to the Performance Rights are as follows:

Tranche 1: ½ of the Performance Rights will vest upon successful funding of the HPA project and the first anniversary of the issue of the Performance Rights.

Tranche 2: ½ of the Performance Rights will vest upon the first tonne of HPA product sold and when the HPA plant is at a steady state of production (plant is stable and producing at a constant and consistent rate) and the second anniversary of the issue of the Performance Rights.

Each Performance Right will convert to a fully paid ordinary share in the capital of the Company upon attainment of the vesting conditions.

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.

	Primary Compensation		**Post-Employment**	**Equity Compensation**	
2015/16	**Base Salary/Fees $**	**Short Term Incentive $**	**Superannuation Contributions $**	**Performance Rights/Options $**	**Total $**
Directors					
I Tan – Managing Director (i)	381,540	124,658	20,301	362,123	**888,622**
L Atkins – Non-Executive Chairman(ii)	83,333	-	5,067	55,568	**143,968**
D Tenardi – Non-Executive (iii)	37,333	-	950	55,568	**93,851**
P Bailey – Non-Executive (iv)	36,712	-	-	83,351	**120,063**
Tunku Yaacob Khyra	27,644	-	-	-	**27,644**
U Ahrens	-	-	-	-	**-**
Executives					
S Volk – CFO & Company Secretary (v)	208,350	60,375	23,059	60,295	**352,079**
TOTAL	**774,912**	**185,033**	**49,377**	**616,905**	**1,626,227**

(i) Service fees were paid to Lofthouse One Pty Ltd (1-7-15 until 31-3-16), and from then directly to I Tan as employment remuneration.
(ii) Service fees were paid to Executive Resource Personnel Pty Ltd ($30,000) and balance, including superannuation directly to L Atkins as director fees.
(iii) Directors' fees were all paid to Tenardi Daniel Lewis Pty Ltd (1-7-2015 until 31-3-16) and from then directly to D Tenardi as director fees.
(iv) Directors' fees were all paid to Waylen Bay Capital Pty Ltd.
(v) Service fees were paid to Hamersley Consulting Pty Ltd.(1-7-2015 until 30-08-2015) and from then directly to S Volk as employment remuneration.

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 2016, in the case of all participants, it was deemed likely that the vesting conditions pertaining to the three 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.

Remuneration report *(continued)*

2014/15	Primary Compensation		Post-Employment	Short Term Incentive	Equity Compensation	Total
	Base Salary/Fees	Motor Vehicle	Superannuation Contributions		Performance (Note) Rights/Options	
	$	$	$	$	$	$
Directors						
I Tan – Managing Director (i)	332,500	-	-	-	455,740	**788,240**
L Atkins – Non-Executive Chairman (ii)	165,835	10,150	1,900	-	12,434	**190,319**
D Tenardi – Non-Executive (iii)	20,000	-	-	-	12,434	**32,434**
P Bailey – Non-Executive (iv) **	20,500	-	-	-	29,196	**49,696**
R Dawson – Managing Director (v)	49,544	-	-	-	-	**49,544**
Executives						
S Volk – CFO & Company Secretary (vi)	43,000	-	-	-	34,011	**77,011**
P Lewis – CFO & Company Secretary (vii)	25,245	-	-	-	-	**25,245**
TOTAL	**656,624**	**10,150**	**1,900**	**-**	**543,815**	**1,212,489**

(i) Service fees were paid to Lofthouse One Pty Ltd.
(ii) Service fees were paid to Executive Resource Personnel Pty Ltd and the $20,000 p.a. (plus superannuation) Chairman fee paid directly to Luke Atkins.
(iii) Directors' fees were all paid to Tenardi Daniel Lewis Pty Ltd.
(iv) Directors' fees were all paid to Waylen Bay Capital Pty Ltd.
(v) Ceased 9 July 2014. Remuneration consisted of a termination benefit of 2 months salary ($43,264) and remuneration from 1 to 9 July 2014 ($6,280).
(vi) Service fees were paid to Hamersley Consulting Pty Ltd.
(vii) Company Secretary fees were paid to Smallcap Corporate Pty Ltd.

** For Mr Bailey, the amount of $29,196 relating to the fair value of Performance Rights/Options comprises $18,651 for the fair value of Performance Rights awarded during the period and $10,545 for the fair value of unlisted options awarded in December 2012.

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

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk remuneration 2016	At risk remuneration 2015
Directors				
I Tan – Managing Director^	43%	42%	57%	58%
L Atkins – Non-Executive Chairman	58%	92%	42%	8%
D Tenardi – Non-Executive	40%	62%	60%	38%
P Bailey – Non-Executive	31%	41%	69%	59%
R Dawson – Managing Director^^	n/a	100%	n/a	0%
Tunku Yaacob Khyra ^^^	100%	n/a	0%	n/a
U Ahrens ^^^	n/a	n/a	n/a	n/a
Executives				
S Volk – CFO & Company Secretary *	59%	n/a	41%	44%
P Lewis – CFO & Company Secretary **	n/a	100%	n/a	0%

^ In 2015, represents from 25 August 2014 to 30 June 2015
^^ In 2015, represents from 1 July 2014 to 9 July 2014
^^^ In 2016, represents from 22 October 2015 to 30 June 2016
* In 2015, represents from 12 November 2014 until 30 June 2015
* * In 2015, represents from 1 July 2014 until 12 November 2014

Remuneration report *(continued)*

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 *Managing Director (Appointed as permanent employee 1 April 2016)*	No fixed term 1 month notice	390,000 p.a.	1 month, plus 3 months if terminated because of a change in control of the Company
Shane Volk *Chief Financial Officer & Company Secretary (Appointed as permanent employee 1 September 2015)*	No fixed term 1 month notice	251,850 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).

Details of share based compensation

There was no share based compensation issued to directors and other key management personnel as part of remuneration during the year ended 30 June 2016.

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 2016, are set out below:

Name	Record Date	No. of Performance Rights	Issue price	Fair Value at issue date $	Vested & Exercised 30/06/16	Un-vested 30/06/16	Final date for vesting
Directors							
I Tan – Managing Director^	18/11/14	15,000,000	Nil	1,500,000	5,000,000	10,000,000	19/11/22
L Atkins – Non-Executive Chairman	18/03/15	1,500,000	Nil	105,000	500,000	1,000,000	17/03/20
D Tenardi – Non-Executive	18/03/15	1,500,000	Nil	105,000	500,000	1,000,000	17/03/20
P Bailey – Non-Executive	18/03/15	2,250,000	Nil	157,500	750,000	1,500,000	17/03/20
Tunku Yaacob Khyra - Non-Executive	n/a	-	n/a	n/a	n/a	n/a	
Uwe Ahrens - Non-Executive	n/a	-	n/a	n/a	n/a	n/a	
Executives							
S Volk – CFO & Company Secretary	30/04/15	1,500,000	Nil	135,000	500,000	1,000,000	1/01/22

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.

Remuneration report *(continued)*

KMP Holdings of Ordinary Shares

30 June 2016	Balance at Beginning of year	Vested as Remuneration during the year	Acquired during the year	Other changes during the year	Balance at End of Year
Directors					
I Tan	**367,000**	5,000,000	-	-	**5,367,000**
L Atkins	**6,943,055**	500,000	174,418	-	**7,617,473**
D Tenardi	**7,000,000**	500,000	1,694,915	-	**9,194,915**
P Bailey	**1,797,437**	750,000	-	-	**2,547,437**
Tunku Yaacob Khyra	**-**	-	16,949,153	-	**16,949,153**
Uwe Ahrens	**-**	-	-	-	**-**
Executives					
S Volk	**100,000**	500,000	-	-	**600,000**

30 June 2015	Balance at Beginning of year	Vested as Remuneration during the year	Acquired during the year	Other changes during the year	Balance at End of Year
Directors					
I Tan	**-**	-	367,000	-	**367,000**
L Atkins	**6,443,055**	-	500,000	-	**6,943,055**
D Tenardi	**7,000,000**	-	-	-	**7,000,000**
P Bailey	**1,437,949**	-	359,488	-	**1,797,437**
Executives					
S Volk	**-**	-	100,000	-	**100,000**

KMP Holdings of Options

30 June 2016	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	**250,000**	-	(250,000)	-	**-**	-	-
L Atkins	**500,000**	-	(500,000)	-	**-**	-	-
D Tenardi	**-**	-	-	-	**-**	-	-
P Bailey	**3,359,000**	-	(359,000)	-	**3,000,000**	3,000,000	-
Tunku Yaacob Khyra	**-**	-	-	-	**-**	-	-
Uwe Ahrens	**-**	-	-	-	**-**	-	-
Executives							
S Volk	**100,000**	-	(100,000)	-	**-**	-	-

30 June 2015	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	**-**	250,000	-	-	**250,000**	250,000	-
L Atkins	**6,000,000**	500,000	(6,000,000)	-	**500,000**	500,000	-
D Tenardi	**-**	-	-	-	**-**	-	-
P Bailey	**3,000,000**	359,000	-	-	**3,359,000**	3,359,000	-
Executives							
S Volk	**-**	100,000	-	-	**100,000**	100,000	-

Remuneration Report *(continued)*

KMP Holdings of Performance Rights

30 June 2016	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	**15,000,000**	-	-	(5,000,000)	**10,000,000**	-	10,000,000
L Atkins	**1,500,000**	-	-	(500,000)	**1,000,000**	-	1,000,000
D Tenardi	**1,500,000**	-	-	(500,000)	**1,000,000**	-	1,000,000
P Bailey	**2,250,000**	-	-	(750,000)	**1,500,000**	-	1,500,000
Tunku Yaacob Khyra	**-**	-	-	-	**-**	-	-
Uwe Ahrens	**-**	-	-	-	**-**	-	-
Executives							
S Volk	**1,500,000**	-	-	(500,000)	**1,000,000**	-	1,000,000

30 June 2015	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	**-**	15,000,000	-	-	**15,000,000**	-	15,000,000
L Atkins	**-**	1,500,000	-	-	**1,500,000**	-	1,500,000
D Tenardi	**-**	1,500,000	-	-	**1,500,000**	-	1,500,000
P Bailey	**-**	2,250,000	-	-	**2,250,000**	-	2,250,000
Executives							
S Volk	**-**	1,500,000	-	-	**1,500,000**	-	1,500,000

This concludes the remuneration report, which has been audited

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 premium paid during the year for the insurance policy was $11,840 (2015:$16,632).

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 21st day of September 2016

MOORE STEPHENS

Auditors Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S307C 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 2016 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Suan-Lee Tan   MOORE STEPHENS

Suan-Lee Tan   **Moore Stephens**
Partner   **Chartered Accountants**

Signed at Perth this 21st day of September 2016

ALTECH CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Notes	30-Jun-16 $	30-Jun-15 $
Revenue from ordinary activities			
Interest Income		21,575	37,267
Other income	2(a)	2,000,000	5,127
Total Income		**2,021,575**	**42,394**
Expenses			
Depreciation		(11,980)	(8,397)
Exploration & Evaluation expenditure	8	(42,063)	(67,072)
Employee benefit expense (incorporating directors fees)		(948,875)	(40,486)
Finance costs		-	(65,575)
Other expenses	2(b)	(1,490,593)	(574,569)
Share-based payments	12(e)	(761,140)	(677,941)
Profit/(loss) before income tax expense		**(1,233,076)**	**(1,391,646)**
Income tax expense	3	-	-
Net profit/(loss) from continuing operations		**(1,233,076)**	**(1,391,646)**
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		**(1,233,076)**	**(1,391,646)**
Basic profit (loss) per share ($'s per share)	4	(0.008)	(0.012)
Diluted profit (loss) loss per share ($'s per share)	4	(0.008)	(0.012)

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 2016

	Notes	30-Jun-16 $	30-Jun-15 $
Current Assets			
Cash and cash equivalents	5	1,618,840	574,810
Trade and other receivables	6	758,668	974,061
Total Current Assets		**2,377,508**	**1,548,871**
Non-Current Assets			
Property, plant and equipment	7	25,000	26,589
Exploration and evaluation expenditure	8	571,904	424,365
Development expenditure	9	3,825,383	1,779,876
Total Non-Current Assets		**4,422,287**	**2,230,830**
TOTAL ASSETS		**6,799,795**	**3,779,701**
Current Liabilities			
Trade and other payables	10	400,023	215,967
Loan	13	-	815,000
Provisions	11	62,672	12,349
TOTAL CURRENT LIABILITIES		**462,695**	**1,043,316**
TOTAL LIABILITIES		**462,695**	**1,043,316**
NET ASSETS		**6,337,100**	**2,736,385**
Equity			
Contributed equity	12	13,868,236	9,795,585
Reserves	15	2,661,970	1,900,830
Accumulated losses	17	(10,193,106)	(8,960,030)
TOTAL EQUITY		**6,337,100**	**2,736,385**

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 2016

	Contributed Equity	Accumulated losses	Reserves	Total
	$	$	$	$
At 1 July 2015	**9,795,585**	**(8,960,030)**	**1,900,830**	**2,736,385**
Profit (Loss) after income tax for the year	-	(1,233,076)	-	**(1,233,076)**
Total comprehensive profit (loss) for the year	**-**	**(1,233,076)**	**-**	**(1,233,076)**
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	4,072,651	**-**	**-**	**4,072,651**
Share based payments	-	-	761,140	**761,140**
Transferred to accumulated losses	-	-	-	**-**
At 30 June 2016	**13,868,236**	**(10,193,106)**	**2,661,970**	**6,337,100**

	Contributed Equity	Accumulated losses	Reserves	Total
	$	$	$	$
At 1 July 2014	**9,422,571**	**(7,825,969)**	**1,480,474**	**3,077,076**
Profit (Loss) after income tax for the year	-	(1,391,646)	-	**(1,391,646)**
Total comprehensive profit (loss) for the year	**-**	**(1,391,646)**	**-**	**(1,391,646)**
Transactions with owners in their capacity as owners:				
Issue of share capital (net of issue costs)	373,014	**-**	**-**	**373,014**
Share based payments	-	-	677,941	**677,941**
Transferred to accumulated losses	-	257,585	(257,585)	**-**
At 30 June 2015	**9,795,585**	**(8,960,030)**	**1,900,830**	**2,736,385**

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 2016

	Notes	30-Jun-16 $	30-Jun-15 $
Cash Flows from Operating Activities			
Miscellaneous Receipts		-	3,127
Payments to suppliers, contractors and employees		(2,888,641)	(825,947)
Interest received		21,561	37,267
Deposits refunded		250	-
Deposits paid		(151,400)	-
Net cash flows used in operating activities	5(b)	**(3,018,230)**	**(785,553)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(10,390)	(28,161)
Sale of plant and equipment and other interests		2,000,000	5,000
Payments for development expenditure		(2,036,112)	(1,985,492)
Research and development tax refund		851,111	462,173
Net cash used in investing activities		**804,609**	**(1,546,480)**
Cash Flows from Financing Activities			
Proceeds from Loan funds		-	815,000
Interest paid Loan funds		-	(65,575)
Proceeds from issue of shares		3,257,651	373,014
Net cash flows from financing activities		**3,257,651**	**1,122,439**
Net decrease in cash and cash equivalents		**1,044,030**	**(1,209,594)**
Cash and cash equivalents at the beginning of the financial period		574,810	1,784,404
Cash and cash equivalents at the end of the financial period	5(a)	**1,618,840**	**574,810**

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

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 21 September 2016. 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. 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.

(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) Plant and equipment and motor vehicles

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

Plant and equipment and motor vehicles

Plant and equipment and motor vehicles are stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment and motor vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant & equipment 33%
- Motor vehicles 22.5%

(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 remeasurements 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.

(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.

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 2016 of $2,213,621 (2015: $2,332,033). As at 30 June 2016, the Company had net current assets of $1,914,815 (30 June 2015: $505,555).

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.

Cash flows are included in the statement of cash flows on a net basis. 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.

(m) 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.

(n) 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.

(o) 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.

(p) Share-based payment transactions

The Company currently operates a Performance Rights Plan and also awards Performance Right 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 employee 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-settles 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 are 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 as a share based payment expense, together with a corresponding increase in equity.

(q) Comparative Figures

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

(r) 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.

(s) 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.

(t) 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(s). 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.

(u) 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.

(v) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group 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 January 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.

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

The key changes that may affect the Group 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.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 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. Except for 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.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 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 include:

- recognition of a right-to-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-to-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;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- 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.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

- *AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (*applicable to annual reporting periods beginning on or after 1 January 2016).

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

(v) 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 January 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 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 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(w) 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 26.

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.

(x) 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.

(x) 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 remeasurements 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 debtors 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.

Impairment *(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.

Derecognition

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.

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

	2016	2015
(a) Revenue	$	$
Interest revenue	21,575	37,267
Sale of exploration licence	2,000,000	-
Other	-	5,127
	2,021,575	**42,394**
(b) Other Expenses		
Accounting and audit fees	(55,731)	(32,476)
ASX and share registry fees	(86,504)	(44,400)
Corporate & Consulting	(382,168)	(95,903)
Insurance expense	(21,948)	(24,385)
Occupancy	(109,236)	(87,048)
Legal fees	(365,408)	(53,659)
Investor relations and marketing	(215,886)	(36,905)
Office & Administration	(253,712)	(199,793)
	(1,490,593)	**(574,569)**

3. Income Tax

	2016	2015
	$	$
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	(1,233,076)	(1,391,646)
At statutory tax rate of 30%	(369,923)	(417,494)
Adjustment for:		
Expenditure subject to the R&D tax offset	121,901	49,549
Share based payments	228,342	203,382
Other non-deductible expenses	19,233	109,570
Deferred tax assets not recognised	447	54,462
Tax-rate differential	-	531
	-	-
Deferred tax assets		
Provisions, accruals and other	134,718	11,057
Tax losses	1,033,247	1,143,967,
	1,167,964	1,155,024
Offset by deferred tax liabilities	(1,734,786)	(1,155,023)
	(566,821)	-
Deferred tax liabilities		
Capitalised mineral exploration and evaluation expenditure	(171,571)	(127,310)
Development expenditure	(1,563,215)	(1,027,714)
	(1,734,786)	(1,155,023)
Offset by deferred tax assets	1,167,964	1,155,024
	(566,821)	-
Deferred tax assets not recognised		
Tax losses	932,569	904,749
Capital losses	5,102	-
	937,671	**904,749**

4. Earnings per share

	30-Jun-16	30-Jun-15
	$	$
Basic profit (loss) per share	(0.008)	(0.012)
Diluted profit (loss) per share	(0.008)	(0.012)

	Number
The weighted average number of ordinary shares used in the calculation of basic earnings per share was:	148,276,115

Options or rights to purchase ordinary shares not exercised at 30 June 2016 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-16	30-Jun-15
	$	$
Cash at bank and on hand	1,618,840	574,810
	1,618,840	**574,810**

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

	2016	2015
	$	$
Loss from ordinary activities after income tax	(1,233,076)	(1,391,646)
Non-cash items:		
- Depreciation expense	11,980	8,397
- Share based payment	761,140	677,941
Change in operating assets and liabilities:		
- (Increase) / decrease in exploration and evaluation expenditure	(147,539)	(190,143)
- (Increase) / decrease in development expenditure	(2,045,507)	(676,000)
- (Increase) / decrease in trade and other receivables	215,393	791,261
- Increase / (decrease) in trade and other payables	(630,944)	(5,363)
- Increase / (decrease) in provisions	50,323	-
Net cash outflows from Operating Activities	**(3,018,230)**	**(785,553)**

6. Trade and other receivables

	30-Jun-16	30-Jun-15
	$	$
CURRENT RECEIVABLES		
Sundry debtors	10,173	32,741
GST Receivable	96,758	91,346
Research and Development Taxation rebate	500,336	849,068
Deposit Paid	151,400	-
Other receivable	-	906
	758,668	**974,061**

7. Property, Plant and Equipment

	30-Jun-16	30-Jun-15
	$	$
PLANT AND OFFICE EQUIPMENT		
At cost	**97,478**	**87,088**
Less: accumulated depreciation	(72,479)	(60,499)
Total plant and office equipment	**25,000**	**26,589**
MOTOR VEHICLES		
At cost	**33,182**	**33,182**
Less: accumulated depreciation	(33,182)	(33,182)
Total motor vehicles	**-**	**-**

Reconciliation

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

	30-Jun-16	30-Jun-15
	$	$
PLANT AND OFFICE EQUIPMENT		
Carrying amount at the beginning of the year	**26,589**	**6,622**
Additions	10,390	28,161
Disposals	-	(5)
Depreciation expense	(11,980)	(8,189)
Carrying amount at the end of the year	**25,000**	**26,589**
MOTOR VEHICLES		
Carrying amount at the beginning of the year	**-**	**-**
Additions	-	-
Depreciation expense	-	-
Carrying amount at the end of the year	**-**	**-**

8. Exploration and Evaluation expenditure

	30-Jun-16	30-Jun-15
	$	$
Carrying amount at the beginning of period	**424,365**	**234,222**
Exploration and evaluation expenditure incurred during the period (at cost)	189,602	257,215
Exploration expenditure impaired to profit and loss during the period	(42,063)	(67,072)
Carrying amount at the end of the year	**571,904**	**424,365**

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

9. Development expenditure

	30-Jun-16	30-Jun-15
	$	$
Carrying amount at the beginning of the period	**1,779,876**	**1,103,876**
Development expenditure incurred during the period (at cost)	2,545,843	1,987,241
Less: Research and Development tax offset received/receivable	(500,336)	(1,311,241)
Carrying amount at the end of the year	**3,825,383**	**1,779,876**

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation of processes developed.

10. Trade and other payables

	30-Jun-16	30-Jun-15
	$	$
CURRENT PAYABLES (Unsecured)		
Trade creditors	348,326	181,345
PAYG payable	35,320	15,317
Other creditors and accruals	16,377	19,305
Total trade and other payables	**400,023**	**215,967**

11. Provisions

	30-Jun-16	30-Jun-15
	$	$
CURRENT		
Provision for annual leave	62,672	12,349
Total provisions	**62,672**	**12,349**

12. Contributed Equity

(a) Ordinary shares	30-Jun-16	30-Jun-15
	$	$
Contributed equity at the beginning of the period	**9,795,585**	**9,422,571**
shares issued during the period	4,219,004	402,774
transaction costs relating to shares issued	(146,353)	(29,760)
Contributed Equity at the end of the reporting period	**13,868,236**	**9,795,585**

Movements in ordinary share capital	**30-Jun-16**	**30-Jun-15**
Ordinary shares on issue at the beginning of reporting period	**112,013,117**	**107,758,502**
Shares issued during the period:		
29-Dec-14 at $0.10 per share (Entitlement Offer)	-	3,777,735
23-Feb-15 at Nil per share (Vested Employee rights converted into shares)	-	226,880
18-Mar-15 at $0.10 per share (Entitlement Offer participation - I Tan)	-	250,000
08-Aug-15 at Nil per share (Vested Employee Rights converted to shares)	50,000	-
11-Aug-15 at $0.059 per share (Placement)	8,974,576	-
25-Aug-15 at Nil per share (Vested Employee Rights converted to shares)	52,100	-
25-Aug-15 at Nil per share (Vested Managing Director Rights converted to shares)	5,000,000	-
24-Sept-15 at $0.059 per share (Convert part of short term loan to shares)	6,779,663	-
07-Oct-16 at $0.10 per share (Exercise of Listed Options)	28,750	-
08-Oct-15 at Nil per share (Vested Employee Rights converted to shares)	55,600	-
19-Oct-15 at $0.059 per share (Placement)	8,474,577	-
27-Oct-15 at $0.059 per share (Convert balance of short term loan to shares)	7,033,902	-
10-Nov-15 at $0.059 per share (Placement)	1,694,915	-
03-Dec-16 at $0.10 per share (Exercise of listed options)	137,166	-
17-Dec-16 at $0.10 per share (Exercise of listed options)	171,666	-
18-Dec-16 at $0.10 per share (Exercise of listed options)	199,750	-
04-Jan-16 at Nil per share (Vested Employee Rights converted to shares)	1,950,000	-
18-Mar-16 at Nil per share (Vested Director Rights converted to shares)	1,750,000	-
05-Apr-16 at $0.086 per share (Placement)	14,264,776	-
12-Apr-16 at $0.086 per share (Share Purchase Plan)	8,651,175	-
09-Jun-16 at $0.10 per share (Exercise of unlisted options)	500,000	-
13-Jun-16 at $0.10 per share (Exercise of unlisted options)	750,000	-
27-Jun-16 at $0.10 per share (Exercise of unlisted options)	1,250,000	-
Ordinary shares on issue at the end of the reporting period	**179,781,733**	**112,013,117**

12. Contributed Equity (continued)

(b) Employee Performance Rights

The Company issued 400,000 Performance Rights to various employees during the period under the Company's Performance Rights Plan.

At 30 June 2016 the Company had the following unlisted Performance Rights on issue:

Performance Rights - Managing Director (exercise price Nil)	10,000,000
Performance Rights - Employee's & Consultants (exercise price Nil)	3,800,000
Performance Rights - Non-Executive Directors (exercise price Nil)	3,500,000
Total Performance Rights on issue at 30 June 2016	**17,300,000**

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 pre-determined vesting conditions.

(c) Listed Options

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

537,332 listed options were exercised during the reporting period and 3,490,403 listed options expired unexercised during the reporting period.

At 30 June 2016 the Company did not have any listed options on issue.

(d) Unlisted Options

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

During the period 2,500,000 unlisted options were exercised (exercise price $0.10) and no unlisted options expired, unexercised

At 30 June 2016 the Company had the following unlisted options on issue:

Exercise price $0.20, expiry date 18-12-2017	1,000,000
Exercise price $0.25, expiry date 18-12-2017	1,000,000
Exercise price $0.30, expiry date 18-12-2017	1,000,000
Exercise price $0.20, expiry date 31-01-2017	600,000
Total unlisted options on issue at 30 June 2016	**3,600,000**

(e) Share Based Payments

The total share based payments expense during the current financial year was $761,140 (2015:$677,941)

Details of the share based payments are set out below:	**30-Jun-16**		**30-Jun-15**	
	Value recognised during year	Value to be recognised in future years	Value recognised during year	Value to be recognised in future years
	$	$	$	$
Consultant Options	-	-	38,895	-
Director Options	-	-	10,545	-
Performance Rights*	761,140	504,039	628,501	1,213,649
	761,140	504,039	677,941	1,213,649

The fair value of equity settled options and 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 options or Performance Rights were awarded.

* The fair value of Performance Rights is re-assessed each balance date by reference to the fair value of the Performance Rights at the time of award, adjusted for the probability of achieving the vesting conditions, which may change from balance date to balance day and consequently impact the amount to be expensed via profit and loss in future periods.

12. Contributed Equity (continued)

(e) Share Based Payments *(continued)*

Fair Value of Performance Rights
The fair value of the Options and the Performance Rights at the issue 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	Assumptions		
	Performance Rights		
	Managing Director	Non-Executive Directors	Employees and Consultants
Exercise price for the Performance Rights/Options	$0.00	$0.00	$0.00
Market price for the shares at date of issue	$0.10	$0.07	$0.09
Volatility of company share price	81.8%	75.6%	75.6%
Dividend yield	0%	0%	0%
Risk free rate	2.57%	1.85%	2.19%
Expiry from date of grant (number of years)	7.00	5.00	5.00

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 year to 30 June 2016 and accounted for in the share based payments reserve is $761,140 (2015: 677,941). Vesting of the Performance Rights are subject to the attainment of the applicable performance milestones.

Consultant Shares
Year ended 30 June 2016
On 6 April 2016 the Company issued 141,235 fully paid ordinary shares at $0.086 per share (total $12,146) to independent service providers, as consideration for assistance provided in arranging a share placement. The value of this share based payment was accounted for as Share Issue Costs in the balance sheet.

Year ended 30 June 2015
Nil.

Key Management Personnel: Share based payment expense – Performance Rights

2016 Name	Issue date	Fair Value of Performance Rights at reporting date $	Expense during current period $	Life to date expense at 30/06/2016 $
Directors				
I Tan – Managing Director	18/11/14	875,000	362,123	841,988
L Atkins – Non-Executive Chairman	18/03/15	61,250	55,568	68,011
D Tenardi – Non-Executive	18/03/15	61,250	55,568	68,011
P Bailey – Non-Executive	18/03/15	91,875	83,351	102,016
Executives				
S Volk – CFO & Company Secretary	30/04/15	78,750	60,295	94,306
Total		**1,887,811**	**616,905**	**1,174,331**

13. Loan

	30-Jun-16 $	30-Jun-15 $
CURRENT		
Loan Amount (R&D Finance Facility)	-	815,000
Total provisions	**-**	**815,000**

The loan of $815,000 (8.75% interest rate) was converted to fully paid ordinary shares at $0.059 per share, resulting in the issue of 13,813,565 fully paid ordinary shares. The conversion was completed in two separate tranches, an initial tranche of 6,779,663 on 24 September 2015 and a second tranche of 7,033,902 shares on 27 October 2015.

In December 2015, the Company announced the appointment of German bank KfW IPEX-Bank Gmbh (KfW IPEX) to exclusively provide advisory and structuring services in relation to the provision of senior debt project financing for the HPA Project. During the reporting period the Company made significant progress towards securing the requisite financing. Currently, debt financing contemplates maximising the use of available German Export Credit Agency (ECA) insured debt, as interest charged by lenders on such debt is on attractive terms and the debt is typically available for longer tenure. As at the date of this report, the Company has announced that it is targeting total maximum project debt of US$70million, of which application will be made for up to US$60 million of ECA cover, with the balance of up to US$10 million at normal commercial terms. The finalisation of finance, the finance debt structure and the availability of debt finance remains subject to ongoing due diligence by KfW IPEX and the ECA, and is also subject to respective loan and ECA cover approvals processes. Due diligence consultants were appointed in August 2016, and at the date of this report due diligence work is ongoing.

14. Performance Rights Plan

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

The Plan allows the Company to issue rights to acquire fully paid ordinary shares of the Company to eligible persons, rights are typically awarded subject to the attainment of pre-determined vesting (performance) conditions. The rights can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

Details of all Performance Rights issued by the Company during the current financial year and the basis for the valuation of the Performance Rights are detailed in Note 12(e). Details of Performance Rights awarded to key management personnel during the financial year, including the vesting conditions attached to the Performance Rights, are detailed in the Remuneration Report that accompanies these financial statements.

15. Reserves

	30-Jun-16 $	30-Jun-15 $
Share based payments reserve	2,661,970	1,900,830
Option issue reserve	-	-
Carrying amount at the end of the year	**2,661,970**	**1,900,830**
Movements:		
Share based payments reserve		
Balance at the beginning of the period	**1,900,830**	**1,222,889**
Fair value of Performance Rights issued	761,140	628,501
Fair value expense of options issued	-	49,440
Balance at end of period	**2,661,970**	**1,900,830**
Options reserve		
Balance at the beginning of the period	**-**	**257,585**
Cash consideration received for listed options	-	-
Transferred to accumulated losses	-	(257,585)
Balance at end of period	**-**	**-**

16. 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:

2016	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)	2.50%	1,618,840	-	-	**1,618,840**
Other receivables	6		-	-	758,668	**758,668**
Total Financial Assets			**1,618,840**	**-**	**758,668**	**2,377,507**
Financial Liabilities						
Payables	10		-	-	400,023	**400,023**
Loan	13		-	-	-	**-**
Total Financial Liabilities			**-**	**-**	**400,023**	**400,023**
Net Financial Assets/Liabilities			**1,618,840**	**-**	**358,645**	**1,977,485**

2015	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)	4.13%	574,810	-	-	**574,810**
Other receivables	8		-	-	974,061	**974,061**
Total Financial Assets			**574,810**	**-**	**974,061**	**1,548,871**
Financial Liabilities						
Payables	10		-	-	215,967	**215,967**
Loan	13	8.75%	-	815,000	-	**815,000**
Total Financial Liabilities			**-**	**815,000**	**215,967**	**1,030,967**
Net Financial Assets/Liabilities			**574,810**	**(815,000)**	**758,094**	**517,904**

(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.

17. Accumulated losses

	30-Jun-16	30-Jun-15
	$	$
Carrying amount at the beginning of the period	**(8,960,030)**	**(7,825,969)**
Profit (loss) for the period	(1,233,076)	(1,391,646)
Transferred from Options Reserve	-	257,585
Carrying amount at the end of the year	**(10,193,106)**	**(8,960,030)**

18. Auditors' remuneration

	2016	2015
	$	$
Audit - Moore Stephens		
Audit and review of the financial reports	25,931	24,455

19. Related Parties

Key management personnel compensation	2016	2015
	$	$
Short-term employee benefits	774,913	666,774
Short-term Incentives	185,033	-
Post-employment benefits	49,377	1,900
Share-based payments	616,905	543,815
	1,626,228	**1,212,489**

During the financial year there were no loans made or outstanding at year end (2015:Nil)

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 $99,999 (2015:$72,785) rent and outgoings on normal commercial terms and conditions.

20. 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 2016, 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 $491,000 (2015:$375,500). 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 2016 (2015:Nil). However, Altech Chemicals Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a staged payment agreement for the lease of a ~4ha site at the Tanjung Langsat Industrial Complex, Johor, Malaysia. The site is the identified location for the Company's proposed HPA plant. The proposed lease of the site is for a term of 30 years, with an option to renew for an additional 30 years. Pursuant to the terms of the staged payment agreement, Altech Chemicals Snd Bhd made progress payments totalling Malaysian Ringgit (RM) 805,419 (~A$270,000) during the reporting period, a further RM805,219 (~A$270,000) is due by 1 October 2016 with the balance of RM14,497,538 (~A$4,800,000) due by 1 December 2016. The Company believes that there may be an opportunity to further stagger, or defer until a later date, the final payment under the agreement.

21. 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 recently established a wholly owned subsidiary in Malaysia, the operations of the Company for the year ended 30 June 2016 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 a more advanced stage.

22. Employee entitlements and superannuation commitments

Employee Entitlements

There are the following employee entitlements at 30 June 2016: Annual Leave Provision $62,670 (2015:$12,349).

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 $118,835 (2015: $33,322).

23. Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2016.

Native Title and Aboriginal Heritage

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

24. 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 27 July 2016 the Company announced a $10.0 million capital raising via the placement of fully paid ordinary shares to a variety of institutional, professional and sophisticated investors at 0.14 per share. The placement is in two tranches, Tranche 1 (43,911,200 shares) was completed on 3 August 2016 and Tranche 2 (30,679,282 shares) was approved by Company shareholders in a General Meeting on 16 September 2016.

On 4 August 2016, the Company placed 11,627,907 fully paid ordinary shares at $0.086 per share to MAA Group Berhad, a related party to Company non-executive director Tunku Yaacob Khyra. Shareholder approval for the placement of the shares was received in General Meeting on 29 July 2016.

25. Parent entity disclosure

	2016 $	2015 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	2,377,507	1,548,871
Non-Current assets	4,422,286	2,241,453
TOTAL ASSETS	**6,799,793**	**3,790,324**
LIABILITIES		
Current liabilities	462,693	1,043,316
TOTAL LIABILITIES	**462,693**	**1,043,316**
NET ASSETS	**6,337,100**	**2,747,008**
EQUITY		
Issued capital	13,868,236	9,795,585
Accumulated losses	(10,193,106)	(8,949,407)
Option reserve	2,661,970	1,900,830
TOTAL EQUITY	**6,337,100**	**2,747,008**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net profit (loss)	(1,233,076)	(1,381,023)
Total comprehensive loss for the year	**(1,233,076)**	**(1,381,023)**

26. Controlled entities

Investments in controlled entities comprise:

Name	Beneficial percentage held by economic entity		Principal activities
	2016 %	2015 %	
Altech Chemicals Ltd			Parent entity
Wholly owned controlled entities:			
Altech Chemicals Sdn Bhd	100	100	HPA Plant
Altech Meckering Pty Ltd	100	100	Mineral exploration
Yilgarn Iron Pty Ltd	100	100	Mineral exploration
Canning Coal Pty Ltd	100	100	Energy exploration
East Pilbara Pty Ltd	De-registered	100	Mineral exploration
Australia Mineral Sands Pty Ltd	100	100	Mineral exploration
Musselbrook Iron Pty Ltd	100	100	Mineral exploration
Altech Chemicals Australia Pty Ltd	100	100	Intellectual Property/Patent Holder

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.

The Directors of the Company declare that:

1. The financial statements and notes, 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 2016 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 21st day of September 2016

MOORE STEPHENS

Independent Audit Report

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

Report on the Financial Report

We have audited the accompanying financial report of Altech Chemicals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

MOORE STEPHENS

Auditor's Opinion

In our opinion:

a. the financial report of Altech Chemicals Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of Altech Chemicals Limited for the year ended 30 June 2016 complies with s 300A of the *Corporations Act 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(j) to the financial statements, which indicate that the consolidated entity is dependent upon various funding alternatives in order to fund its working capital and discharge its liabilities in the ordinary course of business. This condition, along with other matters as set forth in Note 1(j), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Moore Stephens

Suan-Lee Tan	**Moore Stephens**
Partner	**Chartered Accountants**

Signed at Perth this 21st day of September 2016

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	Comply
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 directs, 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 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

	Principles and Recommendations	Compliance	Comply
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 it 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 no 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

Principles and Recommendations		Compliance	Comply
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.
Principle 3 – A listed entity should act ethically and responsibly			
3.1	A listed entity should: (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: (a) have an audit committee which: (1) has at lease 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 do meet with the full board without management present.
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

	Principles and Recommendations	Compliance	Comply
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.		Complies
6.2	A Listed entity should design and implement an investor relations program to facilitate effective tow-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 lease 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 the company's risk management framework at least annually and disclose this in each periodic report.	Complies

Principles and Recommendations		Principles and Recommendations	Principles and Recommendations
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 lease 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.

Board experience, skills and attributes matrix

Experience, skills and attributes	Altech Chemicals Limited Board
Total directors	*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

The shareholder information set out below was applicable as at 31 August 2016.

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
LAKE MCLEOD GYPSUM PL	24,883,752	10.57%
MELEWAR INTERNATIONAL INVESTMENT COMPANY LIMITED	16,949,153	7.20%
MAA GRP BERHAD	11,627,907	4.94%
TENARDI DANIEL LEWIS	8,694,915	3.69%
ABN AMRO CLRG SYD NOM PL	6,292,270	2.67%
TAN JUDITH MELISSA	5,367,000	2.28%
DUDFIELD L G + Y S D	5,109,133	2.17%
YEUNG JACKIE AU	4,700,000	2.00%
AUST MINERAL INV GRP PL	4,250,000	1.81%
CLEANSER PL	3,028,140	1.29%
DILKARA NOM PL	3,000,000	1.27%
ATKINS LUKE FREDERICK	2,500,000	1.06%
WAYLEN BAY CAP PL	2,312,500	0.98%
J P MORGAN NOM AUST LTD	2,006,392	0.85%
COHAN COLMAN	1,898,000	0.81%
QUERION PL	1,881,000	0.80%
HSBC CUSTODY NOM AUST LIM	1,759,323	0.75%
UNAVAL NOM PL	1,289,000	0.55%
CUNNINGHAM A R + SNOOKS N	1,243,334	0.53%
A & K MOORE NOM PL	1,215,694	0.52%
Total Top 20	**110,007,513**	**46.74%**
Others	125,429,616	53.26%
Total Ordinary Shares on Issue	**235,437,129**	**100.00%**

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding as at 31 August 2016:

			Ordinary Shares	
Distribution			Number of Shareholders	Number of Shares
1	–	1,000	32	6,817
1,001	–	5,000	94	398,543
5,001	–	10,000	214	1,901,817
10,001	–	100,000	847	37,262,737
100,001	–	and over	306	195,867,215
Totals			**649**	**235,437,129**

There were 59 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 31 August 2016 are:

Substantial Shareholder	Number of Shares
MELEWAR INTERNATIONAL INVESTMENT COMPANY LIMITED	28,577,060
LAKE MCLEOD GYPSUM PTY LTD	25,189,420

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
Helen Bourke	200,000
Daniela Christodoulakis	200,000
Total	**4,800,000**

Managing Director Performance Rights	
Iggy Tan	10,000,000
Total	**10,000,000**

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**

2 Unlisted Options

$0.20 Options Expiring 31 January 2017	
Piers Lewis	600,000
$0.20 Options Expiring 18 December 2017	
Peter Bailey	1,000,000
$0.25 Options Expiring 18 December 2017	
Peter Bailey	1,000,000
$0.30 Options Expiring 18 December 2017	
Peter Bailey	1,000,000

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 INTERESTS
As at 30 June 2016, the Company has an interest in the following tenements:

Tenement ID	Registered Holder	Location	Project	ATC Interest	Grant Date
EMP183575	Altech Chemicals Ltd	Qld Australia	Constance Range	100%	27/04/12
E70/4713	Altech Chemicals Ltd	WA Australia	Southdown	100%	9/06/15
E70/4341	Australian Mineral Sands	WA Australia	Beenup	100%	16/01/13
E70/4643	Australian Mineral Sands	WA Australia	SW Titanium	100%	25/03/15
M70/1334	Altech Meckering Pty Ltd	WA Australia	Meckering	100%	19/05/16
E70/4718	Canning Coal Pty Ltd	WA Australia	Kerrigan	100%	1/12/15
E70/4852	Altech Meckering Pty Ltd	WA Australia	Meckering	100%	Application
E70/4856	Canning Coal Pty Ltd	WA Australia	Green Range	100%	Application
E70/4857	Canning Coal Pty Ltd	WA Australia	Meckering	100%	Application