



# QUARTERLY REPORT

December 2019

## HPA Plant Stage 1 Construction Completed

- Stage 1 construction completed on budget and on schedule
- Successful inspection and handover of facilities to Altech
- Achievement of 100,000 hours of lost time injury (LTI) free work on site
- Stage 2 construction continues to progress
- Electrical substation construction has commenced

## Malaysian Investment Tax Allowance Incentive Approved

- Altech's Investment Tax Allowance (ITA) incentive approved by Malaysian Government
- No corporate profit tax on business income until year 10 of operations
- Positive impact to project free cash flow during the tax relief period

## \$4.6 million raised during the quarter

- \$1.8 million via a share placement
- \$2.8 million from a share purchase plan (SPP)
- In excess of 300 shareholders participated in the SPP
- Construction work at HPA plant site continues as scheduled

## High Purity Alumina use in semi-conductor applications

- HPA adopted as a filler in epoxy moulding compounds for semi-conductors
- HPA as a filler improves semi-conductor heat dissipation
- Market size 700 – 900 tonnes per annum
- HPA price of ~US\$100/kg
- Altech to develop a HPA product specification for the EMC market

## Drilling campaign completed at Altech's 100% owned Kerrigan kaolin project, WA

- 27 air core drill holes completed
- Potential to upgrade kaolin mineral resource
- First significant exploration since 1995

## Altech – \$2 Million deferred share placement funds received

- \$2 million share placement funds received from Melewar Group
- Follows re-approval by shareholders at 14 November 2019 AGM
- Melewar remains the Company's second largest shareholder at 9%

## Altech Advanced Materials appoints experienced German executive to Supervisory Board

- Mr Werner Klatten appointed to the supervisory board of AAM AG
- Highly experienced German industry executive
- Formerly CEO of SAT.1 GmbH, SpiegelNet AG and EMTV AG

## Altech Advanced Materials AG fund raising update

- AAM is aiming to raise approx US\$100 million for 49% of HPA project
- Capital Increase Prospectus approved by BaFin
- Two phases – rights issue and then external placement
- Rights issue subscription period extended to 16 December 2019
- AMM to seek shareholder approval to extend second phase to 16 April 2020

## Altech Advanced Materials AG fund raising update

- AAM is aiming to raise new equity to acquire 49% of HPA project
- Two phases – a rights issue and then a share placement
- Re-commencement of capital increase in current quarter
- Altech/AAM marketing roadshows to proceed as planned



## HPA Plant Stage 1 Construction Completed

The completion of stage 1 construction at the Company's high purity alumina (HPA) plant site in Johor, Malaysia was announced during the quarter. Stage 1 construction was completed on budget and on schedule and the final site inspection of the works was completed by Altech, with no defects or significant "punch-list" items identified. The stage 1 facilities have now been formally handed-over to Altech by the EPC contract consortium (SMS group and Metix). The handover items consisted of the maintenance workshop building; all site retaining walls; and the on-site detention (OSD) storm water tanks at the rear of the plant site.

As at the end of October 2019 a total of 100,000 lost time injury (LTI) free working hours have been completed at the HPA plant construction site, a notable achievement. The stage 1 activities have seen a total of 207 employees and contractors inducted on site, with the maximum site workforce reaching a complement of 82 workers. All activities were completed with zero (0) first aid or medical treatment cases, and zero (0) lost time injuries. These results are a clear testament to the professionalism of the construction consortium, sub-contractors and all others engaged in the construction activities to date.

During the quarter stage 2 engineering activities continued to progress, with SMS group (SMS) having placed various orders with approximately 50% of the long lead item vendors for the commencement of vendor engineering packages. Completion of the packages will position SMS to progress to final detailed engineering of structures and piping in readiness for plant construction.

Also, during the quarter construction of the on-site electrical substation commenced. Preliminary excavation, earthworks and the pouring of concrete foundations were completed; construction of the structure proper commenced during November 2019.





## Malaysia Investment Tax Allowance Incentive Approved

The application made by Altech's wholly owned Malaysian subsidiary, Altech Chemicals Sdn Bhd for an Investment Tax Allowance (ITA) incentive was approved during the quarter, under the High Technology category by the Ministry of Finance, Malaysia. Malaysia has enacted several tax incentives to encourage particular forms of economic activity and investment. The current corporate profits tax rate in Malaysia is 24%, however with certain tax incentives like the Investment Tax Allowance (ITA) program, eligible companies might pay only minimal corporate tax during a project's start-up phase.

The ITA program is specifically suitable for companies with large capital investment and provides a tax relief period, usually from 5 to 10 years based on the value of qualifying capital expenditure (e.g. factory and machinery). Altech has estimated that based on its modelling and applying the approved ITA, it is expected that its high purity alumina (HPA) project will not be liable for Malaysian profits tax on its statutory business income until after year 10 of operations.

Commenting on the ITA incentive approval, Altech managing director Mr Iggy Tan said, *"The Company is delighted with the decision of the Ministry of Finance, Malaysia to award ITA incentive to our HPA project for a 10-year period. This is an outstanding outcome for the project and Altech. The unwavering advocacy, guidance and support of MIDA (Malaysian Investment Development Authority) for our HPA project through the ITA incentive application process has been much appreciated. Construction of our HPA plant continues to progress in accordance with schedule, completion of electrical substation is the next significant construction milestone."*

## Altech Chemicals raises a total of \$4.6 million

The Company raised a total of A\$4.6 million during the quarter consisting of A\$1.8 million from a share placement and A\$2.8 million from a share purchase plan (SPP) that was well supported by existing shareholders. Both the placement shares and the SPP shares were issued at a price of 9.75 cents per share, representing a 15% discount to the price of the Company's shares as traded on the ASX at the close of trade on Monday, 2 December 2019.

The share placement was anchored by the Company's major shareholders Deutsche Balaton AG / Delf, which subscribed to \$0.6 million of new shares, the balance of the share placement was supported by a range of professional and sophisticated investors, many of whom are long-term holders of Altech shares. The number of applications for new shares that the Company received from existing shareholders under the SPP was pleasing. In excess of 300 shareholders participated in the SPP and contributed an additional \$2.8 million, which is an excellent outcome – especially considering the timing of the SPP which coincided with the Christmas/New Year period.

Proceeds will be applied to the Company's project funding strategy, payments for Stage 2 engineering and construction activities at the Company's high purity alumina (HPA) plant in Johor, Malaysia, and for administration and working capital purposes.



## High Purity Alumina use in Semi-conductor applications

During the quarter, the Company provided information regarding the use of high purity alumina (HPA) in the manufacture of epoxy moulding compounds (EMC's) that are used in the semi-conductor industry to improve heat dissipation. Altech recently commenced an investigation of the EMC for semi-conductor market for the purpose of targeting some of its future HPA product into this market segment.

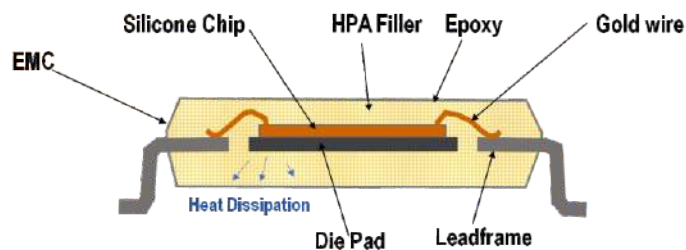
## Introduction of alumina into EMC's used in semi-conductors

Typically industrial-strength epoxy compounds are used for the package assembly of semi-conductors, as the epoxy compounds provide the required physical protection, mechanical strength, as well as a number of desired performance properties – primarily in relation to heat and moisture, both of which can destroy a semi-conductor, warp an electronic device (that the semi-conductor is used in), or even cause a device to catch fire. Electronic devices continue to become more compact – largely due to Moore's Law – the exponential growth in the number of transistors that can be packed into a single semi-conductor. However, thermal or heat dissipation is a real problem as semi-conductors become smaller, heat could represent the ultimate barrier to the ever smaller semi-conductors that end-users have become accustomed to.

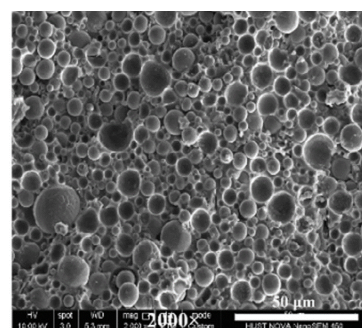
The epoxy resins that have traditionally been used for semi-conductor package assembly are reaching their limits in terms of effective heat dissipation. However, adding thermally conductive materials into the resins has been demonstrated to improve heat dissipation and thereby improve the protection of semi-conductors against heat related failure. Thermally conductive fillers that are being used include HPA, crystalline silica, and magnesium oxide. HPA however is a preferred filler due to its heat conductivity (7 times higher than silica) and a much lower thermal expansion coefficient (50% lower).

Figure 1 illustrates a typical semi-conductor chip encased in an epoxy resin compound with HPA used as a thermal filler. The heat produced from a semi-conductor chip and the die pad more efficiently dissipates via the alumina rich epoxy resin and lowers thermal stress related problems for the semi-conductor and the assembly package (integrated circuit board).

**Figure 1: Schematic Diagram of a SOP (Small Outline Package)**



**Figure 2 SEM Image of Alumina Filled EMC (50% v/v)**



The purity of the material selected as the conductive filler in an epoxy resin for use in the semi-conductor industry is extremely important, consequently there are very stringent (and low) limits on the impurities permitted in the chosen filler. Of the impurities, sodium is probably the most detrimental element. Radioactive material is another detrimental impurity, as gamma rays from an impurity such as thorium increases the likelihood of semi-conductor and/or CPU malfunction. Thorium is present in bauxite, the traditional feedstock used for the production of aluminium, and a small amount of thorium residue will remain in any HPA produced via the conventional bauxite – alumina – aluminium production process (Bayer process). Thorium is not present in HPA that is produced from Altech's kaolin HCL processing route.

Altech's preliminary investigation into the demand for high quality HPA from the EMC semi-conductor market indicates a global market size in the range of 700 – 900tpa, with a price of US\$100/kg being commanded by product that meets required specifications. Year-on-year growth in the market is typically in line with growth experienced in the semi-conductor business. Altech believes that its low sodium HPA, and the morphology of its HPA may be ideal for the EMC semi-conductor application, and the Company intends to commence the development of a product specification that may suit this market sector's requirements.



## Drilling campaign completed at Altech's 100% owned Kerrigan Kaolin Project, WA

The Company completed a drilling program at its 100% owned Kerrigan kaolin project in Western Australia during the quarter, which ensured it met its minimum exploration expenditure requirement for the tenement. The Kerrigan project is located 20kms south of the central wheat belt town of Hyden, Western Australia and covers an area of approximately 230km<sup>2</sup>. The drilling program consisted of 27 air core holes for a total of 765 metres. All holes were drilled vertically with average hole depth of 28 metres; samples were collected at one-metre intervals.

Whilst Altech's flagship Meckering kaolin deposit will provide feedstock for its Johor HPA plant, Kerrigan hosts a high quality kaolin deposit. The completed drilling program is expected to enable the Company to update the Kerrigan mineral resource estimate and assist it in determining the next steps for the project.

The Kerrigan project was initially identified as containing high quality kaolin in 1992 by Graphite Holdings Pty Ltd which subsequently drilled the project area, as did CRA Exploration Pty Ltd (CRAE). At Kerrigan, kaolin forms part of an unusually thick and well-developed weathering profile and is found under overburden of laterite and mottled clays, with overburden thickness ranging from 1 to 12m. Since 1995 the only significant exploration conducted at Kerrigan was the bulk sample and evaluation of ~6 tonnes of kaolin (from two test pits) and the processing of samples from the pits. Also, in 2011 the Company announced an initial JORC inferred kaolin mineral resource of 85Mt at an ISO brightness of 85.1% for Kerrigan (refer ASX Announcement dated 24 August 2011 for complete details). The current drill program is expected to enable the Company to update the 2011 resource estimate in accordance with JORC (2012).



### Altech – \$2 million deferred share placement funds received

Following re-approval by shareholders at the Company's 2019 Annual General Meeting, in mid-November 2019 the Company announced that it had received \$2 million from the Melewar Group (Melewar), being settlement of its commitment as part of the \$18 million share placement announced by Altech in April 2019. As a related party by virtue of Tunku Yaacob Khyra's position as a non-executive director on the board of Altech, the approval of Company shareholders was required for Melewar to participate in the April 2019 share placement. Shareholder approval was originally obtained at a General Meeting of the Company on 6 June 2019, however as the approval was valid for a period of only 30 days re-approval by shareholders was necessary..

Due to various administration issues, Melewar was unable to remit the settlement funds within the originally prescribed 30-day. Rather than convene a shareholder meeting for the sole-purpose of re-approving Melewar's participation in the share placement, the Company decided to include a resolution at its Annual General Meeting (AGM) of shareholders, which was held on 14 November 2019. At the AGM shareholders overwhelmingly re-approved Melewar's participation in the share placement, and as a result Melewar has promptly remitted the settlement funds to the Company.

### Mezzanine Debt Update

Altech continued to work with Macquarie during the quarter, and will continue to do so this quarter with the aim of bringing about closure of its due diligence process. However, the Mezzanine debt due diligence process has been unexpectedly protracted, initially due to the proposed mezzanine lender's team resources being diverted to other projects, and then logistics associated with coordinating legal firms across three jurisdictions for settlement of a final agreed scope.

### Altech Advanced Materials AG appoints experienced German executive to Supervisory Board

Experienced German executive Mr. Werner Klatten was appointed to the supervisory board of Altech Advanced Materials AG (AAM), the German listed company that holds a right to acquire up to a 49% interest in Altech's HPA project for US\$100 million.

Mr. Klatten, a lawyer by profession, has held a number of significant positions in the German media industry including chairman of the management board and chief executive officer (CEO) of Sat.1 GmbH, and CEO of EMTV AG (now Constantin Medien AG). Most recently, Mr Klatten held the position as CEO of Deutsche Sporthilfe, where he moved to the supervisory board in March 2010 as chairman. Mr Klatten is also chairman of the advisory board of teNeues Verlag GmbH Co.KG, chairman of the real estate company Puma Brandenburg Ltd. and chairman of the advisory board of Tamara Comolli Fine Jewellery GmbH.

Mr. Klatten said that he was pleased to be invited to join the supervisory board of AAM. Commenting on Altech's high purity alumina (HPA) project and its European strategy, Mr. Klatten said, *"Europe would seem to be a natural fit for Altech's HPA production technology given the impending unprecedented scale of capital investment that European auto-makers and their suppliers have in the pipeline to underpin the transition from traditional internal combustion engines to electric vehicles – HPA is an often understated but key part of this transition. Minimising supply chain risks for electric vehicle and associated battery component production has been identified as important, incentives to assist with the regional integration of the supply chain and production processes are being prioritised. I am very pleased to be part of Altech's European HPA strategy – and the opportunity to be involved at the very start of this exciting journey is most satisfying,"* he said.

## Altech Advanced Materials AG (AAM) fund raising update

During the quarter the Company provided updates on the fund-raising efforts of Frankfurt Stock Exchange listed Altech Advanced Materials AG (AAM). AAM is aiming to raise new equity to position it to exercise its option to acquire up to a 49% interest in Altech's high purity alumina (HPA) project for US\$100 million. As part of AAMs funding strategy, AAM shareholders approved for it to issue up to 63,102,080 new shares, which would raise €69.4 million fully subscribed at an issue price of €1.10 per share (the Capital Increase). AAM was required to prepare a Capital Increase Prospectus which was approved during the quarter by German corporate regulator BaFin (Federal Financial Supervisory Authority).

The Capital Increase was planned to be conducted in two phases, the first phase a 1:40 rights offer to existing AAM shareholders (who may also take-up any unsubscribed rights not taken by other existing shareholders), followed by a placement of any remaining unsubscribed shares.

On 13 January 2020 AAM announced that it has received subscriptions of approximately €2 million from its existing shareholders for the rights offer, which was in line with expectations considering the small number of predominately

retail shareholders. However, unfortunately on 21 January 2020 Altech announced that it had been advised by AAM that because of technical issues, including recent changes to regulations, the registration of the new shares that would be issued from the rights offer was denied, and consequently all funds were returned to participants.

AAM has since advised Altech that it will move quickly to re-commence the capital increase process, which will involve the lodgement of an updated prospectus with BaFin and a shareholder meeting for re-approval. The re-introduced capital increase will again consist of a rights offer and subsequent share placement. In conjunction with Altech, AAM will proceed with its planned marketing roadshows for the re-introduced capital increase during the current quarter.

## Results of Annual General Meeting

An Annual General meeting was held on 14 November 2019 at the Company's office in Subiaco, Western Australia. All resolutions were passed by the required majority, on a show of hands with the following results.

Resolution	For	Against	Proxy Discretion	Abstain/ Ineligible
Adoption of the Remuneration Report	158,553,057	2,415,143	787,581	58,976,723
Approval of additional 10% annual share placement capacity	219,190,059	418,000	1,123,945	-
Re-election of Mr Peter Bailey as a director	219,423,559	185,000	1,123,945	-
Approval of prior issue of shares	149,856,855	238,500	1,123,945	69,513,204
Approval of placement of shares to the Melewar Group	168,119,185	483,744	1,123,945	51,005,631





**Altech Chemicals**  
Limited

# QUARTERLY REPORT

December 2019

## Company Snapshot

Altech Chemicals Limited (ASX:ATC) (FRA:A3Y)  
ABN 45 125 301 206

### FINANCIAL INFORMATION

(as at 31 December 2019)

Share Price:	\$0.10
Shares:	780.2m
Options:	Nil
Performance Rights:*	27.2m
Market Cap:	\$78m
Cash:	\$1.2m

### DIRECTORS

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

### COMPANY SECRETARY/CFO

Shane Volk

### HEAD OFFICE

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

T. +61 8 6168 1555

F. +61 8 6168 1551

E. [info@altechchemicals.com](mailto:info@altechchemicals.com)

W. [www.altechchemicals.com](http://www.altechchemicals.com)

\*subject to vesting conditions



## Schedule of Tenements

As per ASX Listing Rule 5.3.3, the Company held the following tenements (exploration and mining leases) as at 31 December 2019:

Tenement ID	Registered Holder	Location	Project	Grant Date	Interest end of quarter
E70/4718-I	Canning Coal Pty Ltd	WA Australia	Kerrigan	01/12/2015	100%
M70/1334	Altech Meckering Pty Ltd	WA Australia	Meckering	19/05/2016	100%

### ABOUT ALTECH CHEMICALS LTD (ASX:ATC) (FRA:A3Y)

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the world's leading suppliers of 99.99% (4N) high purity alumina (Al<sub>2</sub>O<sub>3</sub>) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to Malaysia.

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 used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand will be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.

### Competent Persons Statement - Kerrigan Kaolin Project

The information in this report that relates to Mineral Resources is extracted from the report titled "AMMG increases global kaolin resources to 150 million tonnes, Western Australia" published on 24 August 2011; the report is available to view on the ASX Company Announcements platform and on the Company's web site: [www.altechchemicals.com](http://www.altechchemicals.com). 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, 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 in this report have not been materially modified from the original market announcement.

### Forward-looking Statements

This announcement 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 the 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.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Altech Chemicals Ltd

ABN

45 125 301 206

Quarter ended ("current quarter")

December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(456)	(926)
	(c) production	-	-
	(d) staff costs	(310)	(658)
	(e) administration and corporate costs	(436)	(915)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,200)</b>	<b>(2,484)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities (29% interest in Altech Advanced Materials AG)	-	(821)
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) exploration & evaluation (if capitalised)	(105)	(114)
	(e) investments		
	(f) HPA Plant (stage 1 & 2 construction payments)	(3,060)	(6,578)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) Entities	-	-
	(b) Tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Sale of right to acquire up to 49% interest in HPA project)	-	815
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,168)</b>	<b>(6,701)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,781	3,781
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(53)	(62)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings (Facility Fee: KfW IPEX-Bank)	(767)	(1,562)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,961</b>	<b>2,157</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(1,406)</b>	<b>(7,028)</b>
4.1	Cash and cash equivalents at beginning of period	2,646	8,267
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,200)	(2,484)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,167)	(6,701)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,960	2,157



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,239	1,239

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,209	2,616
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,239	2,646

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

199

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
-	-
-	-
-	-
-	-

**7.5 Unused financing facilities available at quarter end**

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,200)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(105)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	<b>(1,305)</b>
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,239
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	<b>1,239</b>
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.95

- 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes – the entity completed a Share Purchase Plan in January 2020 which raised \$2.8 million of addition funds. In addition the entity has sold a right to Frankfurt Stock Exchange listed Altech Advanced Materials AG (AAM), whereby it may acquired up to a 49% interest in Altech's high purity alumina (HPA) project for US\$100 million.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?



**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

Answer: Yes – by applying funds from its recently completed SPP and via funds from the exercise of the right to acquire 49% of its HPA project.

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 January 2020

Date: .....

SHANE VOLK – Company Secretary

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.