



ABN 45 125 301 206

INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 December 2015

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CORPORATE DIRECTORY

DIRECTORS

Luke Atkins (Chairman)
Ignatius Tan (Managing Director)
Daniel Tenardi (Non-Executive Director)
Peter Bailey (Non-Executive Director)
Tunku Ya'acob bin Tunku Tan Sri Abdullah (Non-Executive Director)
Uwe Ahrens (Alternate Director)

COMPANY SECRETARY

Shane Volk

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Website: www.altechchemicals.com

AUDITORS

Moore Stephens
Level 15, Exchange Tower,
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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

DIRECTORS' REPORT

The Directors present their report on Altech Chemicals Ltd for the half-year ended 31 December 2015.

BOARD OF DIRECTORS

The names and details of the Altech Chemicals Ltd ("Company") directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| | |
|--|--|
| Luke Atkins | Chairman |
| Ignatius Tan | Managing Director |
| Daniel Tenardi | Non-Executive Director |
| Peter Bailey | Non-Executive Director |
| Tunku Ya'acob bin Tunku Tan Sri Abdullah | Non-Executive Director (appointed 22 October 2015) |
| Uwe Ahrens (Alternate Director) | Alternate Director (appointed 22 October 2015) |

COMPANY SECRETARY

Shane Volk

REVIEW OF OPERATIONS

On 29 June 2015, the Company released the results of its Bankable Feasibility Study (BFS) for the development of a 4,000tpa high purity alumina (HPA) manufacturing plant at Tanjung Langsat, Johor, Malaysia. The financial and technical outcomes of the BFS were compelling, they included total estimated capital cost for the project of US\$76.9 million, project net present value of US\$326.1 million (10% discount rate), annual revenues at full production of US\$92.0 million and annual EBITDA at full production of US\$59.4 million (refer ASX Announcement dated 29 June 2015 for complete details and key assumptions of the BFS).

During the half-year ended 31 December 2015, the Company made important progress towards the proposed development of the HPA plant by significantly advancing its efforts to secure project finance. In December 2015, the Company announced the execution of an exclusive mandate with German KfW IPEX-Bank GmbH (KfW-IPEX), a wholly owned subsidiary of the German promotional bank KfW, to provide advisory and structuring services in relation to senior debt project financing. The mandate with the bank contemplates financing that will maximise the use of German Export Credit Agency (ECA) insurance cover under the German government backed project finance export credit scheme, an instrument for the promotion of German exports which provides cover to bank lenders to insure against the risk of a project loan. The scheme is administered by Euler Hermes Aktiengesellschaft (Hermes), the German export credit agency. Furthermore, in mid December 2015, the Company announced that following a presentation by the Company, KfW-IPEX and its German based advisers to Hermes in Hamburg Germany, that it had received a Letter of Interest (LOI) from Hermes confirming its in principal support for the HPA project. The availability of ECA insurance cover and the securing of debt financing for the HPA project each remain subject to detailed due diligence, which commenced in January 2016. Whilst there is no guarantee for the completion of debt financing or ECA cover, the Company is encouraged by the interest shown in the HPA project by the highly experienced and well regarded KfW-IPEX and Hermes.

Other significant developments during the half year included:

- Malaysian company Melewar IIC Limited (Melewar) invested \$1.0 million via the subscription to 16.9 million fully paid ordinary shares of the Company, which completed in October 2015. Melewar is now the second largest shareholder, holding approximately 11% at 31 December 2015;
- His Royal Highness Prince Ya'acob bin Tunku Tan Sri Abdullah of Melewar joined the Board as a non-executive director, and Mr Uwe Ahrens (also from Melewar IIC Limited) was appointed as his alternate director. The combined experience of Prince Ya'acob and Mr Ahrens in building businesses in Malaysia will be important to the Company's plans for the construction and operation of its HPA plant;
- The execution of a sales and distribution agreement with Mitsubishi Corporations Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi), appointing Mitsubishi as the exclusive seller and distributor of the Company's proposed high purity alumina production into the Japanese market;
- A 4Ha site was reserved within the Tanjung Langsat Industrial Complex, Johor, Malaysia for the Company's HPA plant;
- Dr Jingyuan Liu, a highly experienced chemicals engineer, was appointed as General Manager Operations. Dr Liu will manage the detailed design, construction, commissioning and transition to steady state operation of the Company's proposed HPA plant;
- The Company optimised the location of the kaolin beneficiation circuit for the HPA project. Kaolin beneficiation will now be located in Malaysia rather than Meckering, Western Australia, thereby reducing both capital and beneficiation operating costs;

DIRECTORS' REPORT (CONT.)

- A kaolin mining rights agreement for bulk kaolin was finalised with Dana Shipping and Trading S.A. (Dana) on 28 October 2015. The agreement granted Dana the exclusive right to mine up to 10mt of bulk kaolin for a \$1.0 million cash payment to Altech and a 2% gross sales royalty on all bulk kaolin sales. The right was subject to the grant of ML70/1334 within 3 months of the date of the agreement (First Condition) or the grant of any alternate mining licence that provides Dana with access to bulk kaolin within an area of exploration licence EL70/3923 within 9 months. If the First Condition had not been satisfied by the First End Date (28 January 2016), then either party may terminate the mining rights agreement by notice to the other. On 9 March 2016, subsequent to the half-year end, the Company announced that it had terminated the agreement with Dana.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2015 was \$1,581,690 (Restated 2014: loss \$392,042). The Company's basic loss per share for the period was 0.013 cents (Restated 2014: loss of 0.004 cents).

No dividend has been paid during or is recommended for the financial period ended 31 December 2015.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities at 31 December 2015 was \$537,723 (30 June 2015: \$505,555).

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS SINCE 31 December 2015

On the 9 March 2016, the Company announced that it has terminated the agreement with Dana Shipping and Trading S.A. (Dana) to grant Dana the exclusive right to mine up to 10Mt of kaolin from the Company's Meckering kaolin deposit.

There have been no other significant developments for the Company since 31 December 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2015 has been received and immediately follows the Directors' Report.

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



Ignatius Tan
Managing Director

Dated at Perth this 14th day of March 2016

AUDITORS INDEPENDENCE DECLARATION

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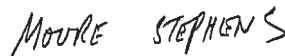
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ALTECH CHEMICALS LIMITED

As lead auditor for the review of Altech Chemicals Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 14th day of March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **As at 31 December 2015**

| | Notes | 31-Dec-15 \$ | 30-Jun-15 \$ |
|--|-------|------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 5 | 998,850 | 574,810 |
| Trade and other receivables | 6 | 82,186 | 974,061 |
| Total Current Assets | | 1,081,036 | 1,548,871 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 24,144 | 26,589 |
| Exploration and evaluation expenditure | 7 | 505,025 | 424,365 |
| Development expenditure | 8 | 2,572,965 | 1,779,876 |
| Total Non-Current Assets | | 3,102,134 | 2,230,830 |
| TOTAL ASSETS | | 4,183,170 | 3,779,701 |
| Current Liabilities | | | |
| Trade and other payables | 9 | 538,866 | 215,967 |
| Loan | 10 | - | 815,000 |
| Provisions | 11 | 4,447 | 12,349 |
| TOTAL CURRENT LIABILITIES | | 543,313 | 1,043,316 |
| TOTAL LIABILITIES | | 543,313 | 1,043,316 |
| NET ASSETS | | 3,639,857 | 2,736,385 |
| Equity | | | |
| Issued Capital | 12 | 11,993,818 | 9,795,585 |
| Reserves | 14 | 2,187,759 | 1,900,830 |
| Accumulated losses | 15 | (10,541,720) | (8,960,030) |
| TOTAL EQUITY | | 3,639,857 | 2,736,385 |

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME **For the Half-Year Ended 31 December 2015**

| | | 31-Dec-15 | (Restated) 31-Dec-14 |
|--|-------|--------------------|-------------------------|
| | Notes | \$ | \$ |
| Revenue from ordinary activities | | | |
| Interest Income | | 8,814 | 17,271 |
| Other income | | - | 5,127 |
| Total Income | | 8,814 | 22,398 |
| Expenses | | | |
| Accounting and audit fees | | (39,240) | (12,811) |
| ASX and share registry fees | | (57,430) | (32,001) |
| Corporate & Consulting | | (267,234) | (34,518) |
| Directors' fees | | (6,667) | (10,000) |
| Depreciation | | (5,255) | (3,004) |
| Employee benefit expense | | (354,990) | 4,438 |
| Exploration & Evaluation expenditure | 7 | (36,640) | (37,187) |
| Insurance expense | | (21,948) | (29,311) |
| Occupancy | | (64,507) | (43,049) |
| Office & Administration | | (249,664) | (104,624) |
| Share-based payments | 13 | (486,929) | (112,372) |
| Profit/(loss) before income tax expense | | (1,581,690) | (392,042) |
| Income tax expense | | - | - |
| Net profit/(loss) from continuing operations | | (1,581,690) | (392,042) |
| 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 | | (1,581,690) | (392,042) |
| Basic profit (loss) per share (\$'s per share) | 4 | (0.013) | (0.004) |
| Diluted profit (loss) loss per share (\$'s per share) | 4 | (0.013) | (0.004) |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2015

| | 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 half year | - | (392,042) | - | (392,042) |
| Total comprehensive profit (loss) for the half year | - | (392,042) | - | (392,042) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital (net of issue costs) | 348,014 | - | - | 348,014 |
| Share based payments (net movement) | - | - | 112,372 | 112,372 |
| Transferred to accumulated losses | - | 257,585 | (257,585) | - |
| At 31 December 2014 | 9,770,585 | (7,960,426) | 1,335,261 | 3,145,421 |
| | | | | |
| | Contributed Equity \$ | Accumulated losses \$ | Reserves \$ | Total \$ |
| At 1 July 2015 | 9,795,585 | (8,960,030) | 1,900,830 | 2,736,385 |
| Profit (Loss) after income tax for the half year | - | (1,581,690) | - | (1,581,690) |
| Total comprehensive profit (loss) for the half year | - | (1,581,690) | - | (1,581,690) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital (net of issue costs) | 2,198,233 | - | - | 2,198,233 |
| Share based payments (net movement) | - | - | 286,929 | 286,929 |
| At 31 December 2015 | 11,993,818 | (10,541,720) | 2,187,759 | 3,639,857 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2015

| | | 31-Dec-15 | (Restated) 31-Dec-14 |
|---|-------|------------------|-------------------------|
| | Notes | \$ | \$ |
| Cash Flows from Operating Activities | | | |
| Payments to suppliers, contractors and employees | | (681,397) | (261,801) |
| Payments for exploration and evaluation | | (22,607) | (54,086) |
| Interest received | | 11,345 | 17,271 |
| Net cash flows used in operating activities | | (692,659) | (298,616) |
| Cash Flows from Investing Activities | | | |
| Purchase of property, plant and equipment | | (2,810) | (11,570) |
| Sale of property, plant and equipment | | - | 5,000 |
| Payments for research and development | | (914,835) | (947,701) |
| Research and development tax refund | | 851,111 | 462,173 |
| Net cash used in investing activities | | (66,534) | (492,098) |
| Cash Flows from Financing Activities | | | |
| Proceeds from issue of shares | | 1,183,233 | 180,555 |
| Net cash flows from financing activities | | 1,183,233 | 180,555 |
| Net decrease in cash and cash equivalents | | 424,040 | (610,159) |
| 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 | 998,850 | 1,174,245 |

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

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Altech Chemicals Ltd (the Company) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 14th March 2016. Altech Chemicals Ltd is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

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

2. Restatement of Comparatives

Errors were made in both the 2014 and the 2013 financial statements in relation to the accounting for the R & D tax incentive offset that the consolidated entity received in relation to its (HPA) development expenditure. With effect from 1 July 2012, the consolidated entity has retrospectively applied AASB 120 – Accounting for Government Grants and Disclosure of Government Assistance. Under this policy, any R & D Tax Incentive Offsets received are now being offset against the carrying value of the relevant development assets. The change in policy has resulted in a reduction in the carrying value of this asset.

In addition, the R & D Tax Incentive Offset received has been recognised as cash from investing and not from operating activities.

Adjustments made to consolidated statement of profit or loss and other comprehensive income

| | Half year ended 31 December 2014 | | |
|--|----------------------------------|------------------|------------------|
| | As Reported | Adjustment | Restated |
| | \$ | \$ | \$ |
| Total Income | 484,571 | (462,173) | 22,398 |
| Expenses | | | |
| Accounting and audit fees | (12,811) | | (12,811) |
| ASX and share registry fees | (32,001) | | (32,001) |
| Corporate & Consulting | (34,518) | | (34,518) |
| Directors' fees | (10,000) | | (10,000) |
| Depreciation | (3,004) | | (3,004) |
| Employee benefit expense | 4,438 | | 4,438 |
| Exploration & Evaluation expenditure | (37,187) | | (37,187) |
| Insurance expense | (29,311) | | (29,311) |
| Occupancy | (43,049) | | (43,049) |
| Office & Administration | (104,624) | | (104,624) |
| Share-based payments | (112,372) | | (112,372) |
| Profit/(loss) before income tax expense | 70,131 | (462,173) | (392,042) |
| Income tax expense | - | | - |
| Net profit/(loss) from continuing operations | 70,131 | (462,173) | (392,042) |
| 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 | 70,131 | (462,173) | (392,042) |
| Basic profit (loss) per share (\$ per share) | 0.001 | | (0.004) |
| Diluted profit (loss) loss per share (\$ per share) | 0.001 | | (0.004) |

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Altech Chemicals Ltd and its controlled entities (referred to as the consolidated group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

Accounting Policies

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

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report.

Going concern

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

The company has incurred net cash outflow from operating and investing activities for the half year ended 31 December 2015 of \$692,659 (restated 2014: \$298,616). As at 31 December 2015, the consolidated entity had net current assets of \$537,723 (30 June 2015: 505,555).

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

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

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

4. Earnings per share

| | 31-Dec-15 | 30-Jun-15 |
|---|---------------|---------------|
| | \$ | \$ |
| Basic profit (loss) per share | (0.013) | (0.004) |
| Diluted profit (loss) per share | (0.013) | (0.004) |
| | Number | Number |
| The weighted average number of ordinary shares used in the calculation of basic earnings per share was: | 122,297,438 | 111,752,785 |

Options or rights to purchase ordinary shares not exercised at 31 December 2015 have not been included in the determination of basic earnings per share.

5. Cash and cash equivalents

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

| | 31-Dec-15 | 30-Jun-15 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at bank and on hand | 998,850 | 574,810 |
| Deposits at call | - | - |
| | 998,850 | 574,810 |

6. Trade and other receivables

| | 31-Dec-15 | 30-Jun-15 |
|--|---------------|----------------|
| | \$ | \$ |
| CURRENT RECEIVABLES | | |
| Sundry debtors | - | 32,741 |
| GST Receivable | 81,281 | 91,346 |
| 2014/15 Research and Development Taxation rebate | - | 849,068 |
| Other receivable | 906 | 906 |
| | 82,186 | 974,061 |

7. Exploration and Evaluation expenditure

| | 31-Dec-15 | 30-Jun-15 |
|---|----------------|----------------|
| | \$ | \$ |
| Carrying amount at the beginning of period | 424,365 | 234,222 |
| Exploration and evaluation expenditure incurred during the period (at cost) | 117,300 | 257,215 |
| Exploration expenditure impaired to profit and loss during the period | (36,640) | (67,072) |
| Carrying amount at the end of the year | 505,025 | 424,365 |

8. Development expenditure

| | 31-Dec-15 | 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) | 793,089 | 1,987,241 |
| Less: Research and Development tax offset received/receivable | - | (1,311,241) |
| Carrying amount at the end of the year | 2,572,965 | 1,779,876 |

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

9. Trade and other payables

| | 31-Dec-15 | 30-Jun-15 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| CURRENT PAYABLES (Unsecured) | | |
| Trade creditors | 209,751 | 181,345 |
| PAYG payable | 63,541 | 15,317 |
| Other creditors and accruals | 265,574 | 19,305 |
| Total trade and other payables | 538,866 | 215,967 |

10. Loan

| | 31-Dec-15 | 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 repayable on 27 October 2015 and was secured against the Company's future entitlement to Research and Development Taxation rebates and credits. On 2 November 2015, the Company received an \$851,111 Research and Development fund rebate for 2013/14, and pursuant to the terms of the loan agreements, the Lenders converted the Loan Amounts to fully paid ordinary shares of the Company at the price of \$0.059 per share.

11. Provisions

| | 31-Dec-15 | 30-Jun-15 |
|----------------------------|--------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Provision for annual leave | 4,447 | 12,349 |
| Total provisions | 4,447 | 12,349 |

12. Issued Capital

(a) Ordinary shares

Contributed equity at the beginning of the period

| | 31-Dec-15 | 30-Jun-15 |
|--|-----------|-----------|
| | \$ | \$ |
| Contributed equity at the beginning of the period | 9,795,585 | 9,422,571 |
| shares issued during the period | 1,998,233 | 402,774 |
| shares issued from the vesting of performance rights during the period | 200,000 | - |
| transaction costs relating to shares issued | - | (29,760) |

Contributed Equity at the end of the reporting period

| | |
|-------------------|------------------|
| 11,993,818 | 9,795,585 |
|-------------------|------------------|

Movements in ordinary share capital

Ordinary shares on issue at the beginning of reporting period

| | 31-Dec-15 | 30-Jun-15 |
|--|--------------------|--------------------|
| | 112,013,117 | 107,758,502 |
| Shares issued during the period: | | |
| 29-Dec-2014 at \$0.10 per share (Entitlement Offer) | - | 3,777,735 |
| 23-Feb-2015 at nil per share (Employee rights converted into shares) | - | 226,880 |
| 18-Mar-2015 at \$0.10 per share (Entitlement Offer participation - I Tan) | - | 250,000 |
| 04-Aug-2015 at nil per share (Vesting of Employee Performance Rights) | 50,000 | - |
| 11-Aug-2015 at \$0.059 per share - Placement | 500,000 | - |
| 11-Aug-2015 at \$0.059 per share - Placement | 8,474,576 | - |
| 25-Aug-2015 at nil per share (Vesting of Employee Performance Rights) | 52,100 | - |
| 25-Aug-2015 at nil per share (Vesting of Managing Director Performance Rights) | 5,000,000 | - |
| 24-Sep-2015 at \$0.059 per share - Placement (part conversion of Loan to equity) | 6,779,663 | - |
| 7-Oct-2015 at \$0.10 per share (Conversion of Listed Options) | 28,750 | - |
| 8-Oct-2015 at nil per share (Vesting of Employee Performance Rights) | 55,600 | - |
| 19-Oct-2015 at \$0.059 per share - Placement | 8,474,577 | - |
| 25-Oct-2015 at \$0.059 per share - Placement (balance of conversion of Loan to equity) | 7,033,902 | - |
| 10-Nov-2015 at \$0.059 per share - Placement | 1,694,915 | - |
| 03-Dec-2015 at \$0.10 per share (Conversion of Listed Options) | 137,166 | - |
| 17-Dec-2015 at \$0.10 per share (Conversion of Listed Options) | 171,666 | - |
| 18-Dec-2015 at \$0.10 per share (Conversion of Listed Options) | 199,750 | - |
| Ordinary shares on issue at the end of the reporting period | 150,665,782 | 112,013,117 |

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

12. Issued Capital (continued)

(b) Employee Performance Rights

The Company did not issue any Performance Rights during the reporting period.

5,157,700 Performance Rights vested during the period and were converted to fully paid ordinary shares of the Company, as detailed in note 12(a), above.

At 31 December 2015, the Company had the following unlisted Performance Rights on issue:

| | |
|--|-------------------|
| Performance Rights - Managing Director (exercise price nil) | 10,000,000 |
| Performance Rights - Employee's & Consultants (exercise price nil) | 5,700,000 |
| Performance Rights - Non-Executive Directors (exercise price nil) | 5,250,000 |
| Total Performance Rights on issue at 31 December 2015 | 20,950,000 |

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.

During the reporting period, 3,490,401 Listed Options expired (exp. 15-Dec-2015, ex. \$0.10) and 537,332 Listed Options were exercised at \$0.10 per option, each option converting to a fully paid ordinary share of the Company as detailed in note 11(a), above.

At 31 December 2015, the Company did not have any Listed Options on issue.

(d) Unlisted Options

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

During the period no Unlisted Options expired.

At 31 December 2015, 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 |
| Exercise price \$0.10, expiry date 30-06-2016 | 2,500,000 |
| Total unlisted options on issue at 31 December 2015 | 6,100,000 |

(e) Share Based Payments

The Company did not make any Share Based Payments during the reporting period.

13. Share Based Payments (Performance Rights Plan)

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

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

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

There were no Performance Rights issued during the reporting period. Details of Performance Rights that vested during the reporting period are shown in note 12(a), above.

CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

14. Reserves

| | 31-Dec-15 | 30-Jun-15 |
|---|------------------|------------------|
| | \$ | \$ |
| Share based payments reserve | 2,187,759 | 1,900,830 |
| Carrying amount at the end of the year | 2,187,759 | 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 | - | 628,501 |
| Fair value expense of unlisted options issued | - | 49,440 |
| Fair value of Performance Rights vested during reporting period | (200,000) | - |
| Net Fair Value movement in probability of Performance Rights Vesting | 486,929 | - |
| Balance at end of period | 2,187,759 | 1,900,830 |

15. Accumulated losses

| | 31-Dec-15 | 30-Jun-15 |
|--|---------------------|--------------------|
| | \$ | \$ |
| Carrying amount at the beginning of the period | (8,960,030) | (7,825,969) |
| Profit (loss) for the period | (1,581,690) | (1,391,646) |
| Transferred from Options Reserve | - | 257,585 |
| Carrying amount at the end of the year | (10,541,720) | (8,960,030) |

16. Segment Information

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

17. Related Party Disclosures

Mr Peter H Atkins and Mrs Elizabeth M Atkins (the parents of Luke Atkins, a director of the Company) are the Registered Proprietors of the premises that the Company rented for its registered office during the half year, suite 8, 295 Rokeby Road, Subiaco WA 6005. The property is held by the Registered Proprietors on trust for the PH Atkins Children's Trust of which Luke Atkins is a beneficiary. During the half year the Company paid \$49,999 (2014: \$30,474) to, or on behalf of the Registered Proprietors on normal commercial terms and conditions.

Mr Luke Atkins' remuneration as Chairman of the Company is \$60,000 p.a. (2013/14 \$20,000 p.a.). In addition to his role as Chairman, Executive Resource Personnel Pty Ltd, a company controlled by Mr Atkins provides consulting services to the Company, the services were billed at a monthly rate of \$2,500 per month during the reporting period (\$30,000 per annum).

18. Contingent Liabilities

There are no material contingent liabilities not provided for in the financial statements of the company as at 31 December 2015 other than:

Native Title and Aboriginal Heritage

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

19. Events subsequent to balance date

On the 9 March 2016, the Company announced that it has terminated the agreement with Dana Shipping and Trading S.A. (Dana) to grant Dana the exclusive right to mine up to 10Mt of kaolin from the Company's Meckering kaolin deposit.

ALTECH CHEMICALS LTD
ABN 45 125 301 206

DIRECTOR'S DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and of the performance for the half-year ended on that date of the Company; and
 - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ignatius Tan
Managing Director

Perth, Western Australia
14 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

MOORE STEPHENS

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Altech Chemicals Limited which comprises the consolidated condensed statement of financial position as at 31 December 2015, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Altech Chemicals Limited's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Altech Chemicals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

INDEPENDENT AUDITOR'S REVIEW REPORT

MOORE STEPHENS

Conclusion

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

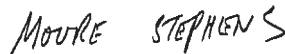
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 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 3, 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.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 14th day of March 2016