

**ALCORE** Limited  
ACN 626 023 078

Advanced aluminium technology

**ALCORE LIMITED**  
**ANNUAL REPORT 2021**

<b>Table of Contents</b>	<b>Page</b>
CORPORATE DIRECTORY	2
REVIEW OF OPERATIONS	3
DIRECTORS' REPORT	6
AUDITOR'S INDEPENDENCE DECLARATION	9
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14
DIRECTORS' DECLARATION	26
INDEPENDENT AUDITORS' REPORT	27

## CORPORATE DIRECTORY

### **Alcore Limited**

ACN 626 023 078  
ABN 53 626 023 078

### **Registered and Corporate Office**

Level 5, 52 Phillip Street  
Sydney NSW 2000  
Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500  
Email: [corporate@abxgroup.com.au](mailto:corporate@abxgroup.com.au)  
Website: [www.abxgroup.com.au](http://www.abxgroup.com.au)

### **Auditor**

K.S. Black & Co  
Level 1, 251 Elizabeth Street  
Sydney NSW 2000  
Telephone: +61 2 8839 3000

### **Bankers**

Australia & New Zealand Banking Group Limited  
20 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9227 1818

### **Directors**

Paul Lennon  
Ian Levy  
Rex Adams  
Derek Sinclair Firth

### **Company Secretary**

Henry Kinstlinger

### **Share Registry**

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000, Australia  
Telephone: 1300 327 328 or +61 2 8234 5000

Alcore Limited is a company limited by shares, incorporated and domiciled in Australia.

## REVIEW OF OPERATIONS

Aluminium fluoride is an essential chemical for aluminium smelting. Australia has never produced aluminium fluoride, and the four aluminium smelters in Australia import aluminium fluoride mostly from China. Australia is the largest aluminium producing region in the world without local aluminium fluoride production. It is of strategic benefit for the \$4.5b Australian aluminium industry to reduce reliance on imports and have access to a secure supply of domestically produced aluminium fluoride.

Most modern aluminium smelters produce bath waste, which they are finding increasingly difficult to sell. Alcore, an 87% owned subsidiary of ABx, has developed a world-first process to recover fluorine from aluminium smelter bath and use this to produce aluminium fluoride. The production of aluminium fluoride from aluminium smelter bath is an exemplary illustration of the circular economy (see Figure 1).

Alcore is also investigating the use of bauxite and dross, another aluminium smelter waste, as the source of aluminium for aluminium fluoride.

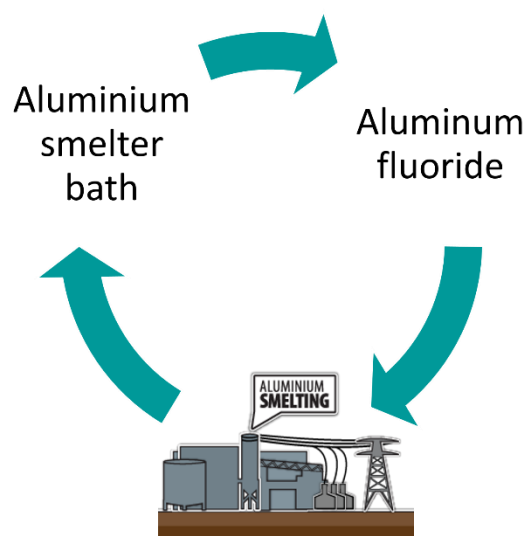


Figure 1: Circular economy approach of recycling aluminium smelter bath into aluminium fluoride.

Alcore works closely with major aluminium producers to secure feedstock materials, assess product quality and plan Alcore's path to market.

### Technical Progress

During 2021, Alcore continued laboratory development of the process at the Alcore Research Centre in Berkeley Vale, NSW. It demonstrated recovery of fluorine from aluminium smelter bath and produced aluminium fluoride samples from dross with a chemical composition comparable to typical commercial specifications.

Alcore engaged international process engineers to model the process and develop conceptual designs for a commercial plant. The results provide further confidence in the Alcore process and support Alcore's approach to process development.

This progress enabled Alcore to commence the pilot plant program to generate engineering data for the commercial plant. It commenced construction of its pilot plant facility to recover fluorine from aluminium smelter bath, located at the Alcore Research Centre (see Figure 2 and Figure 3).



Figure 2: Pilot scale reactors for production of precursor chemicals



Figure 3: Pilot scale reactors being assembled in pilot plant facility

### Commercialisation Plan

Alcore's first commercial plant will be located at Bell Bay, northern Tasmania, near an existing port and hydro-powered aluminium smelter. This will be the first aluminium fluoride plant in Australia.

Alcore has close relationships with industrial and government stakeholders and will seek direct government assistance from both Federal and Tasmanian governments to expedite this important project that will create up to 150 ongoing skilled jobs and generate over \$50 million revenue per year.

Initial production will commence using aluminium hydroxide, as it is economically attractive, lower risk and offers the fastest path to market. Alcore will then start using low-cost feed materials such as bauxite and dross, which provides a major cost advantage.

### Process Economics

Aluminium fluoride prices quoted monthly typically range from US\$1,000/t to US\$1,800/t ex China, before transport costs – see Figure 4. Producers' costs range between US\$1,000/t and US\$1,700/t (Roskill) and raw materials typically represent 75% of the production cost; mainly fluorspar and aluminium hydroxide.

The operating cost for Alcore's initial production, using aluminium hydroxide, is expected to place Alcore in the lowest cost quartile of global production. Future cost reductions from using bauxite or dross are upsides. Future growth will enhance returns and other technologies will arise from this core business.



Figure 4: Aluminium fluoride prices FOB China (US\$/t)

### Intellectual Property

Alcore holds the following licences to CORE technologies that are owned by CORE Intelligence Australia Pty Ltd (CIAPL):

- Worldwide (Exclusive)
  - Refining of bauxite, aluminium-rich materials and waste streams.
  - Refining of manganese ores, manganese-rich materials and waste streams.
  - Refining of coal for the production of corethane as the energy source for Alcore's refining plants
- Australia (Non-exclusive)
  - All CIAPL technologies, except for the production of graphite
- Tasmania (Exclusive)
  - All CIAPL technologies, except for the production of graphite

Furthermore, Alcore has developed significant knowhow for all parts of the process, and some is patentable.

### Competitor Analysis

To our knowledge, no other party is attempting to (1) Recover fluorine from tapped bath, or (2) Produce aluminium fluoride from bauxite or dross. Strict safety requirements for the use of concentrated fluorine acids represent a significant barrier to entry for potential competitors.

## DIRECTOR'S REPORT

Your directors present their report together with the financial statements at the end of or during the year ended 31 December 2021.

**Principal activities** The principal continuing activities of the Company for the financial year were conducting research and development programs in New South Wales.

**Consolidated results** The net loss of the company for the year was \$1.47 million (2020: loss \$0.38 million). The loss arises largely from research and development activities during the year. Total Shareholders' Funds as at 31 December 2021 are \$0.70 million (2020: \$0.07 million). Additional information on the operations of the Group is disclosed in the Review of Operations section on page 3 to 5 of this Annual Report.

**Review of operations** Information on the operations and financial position of the Company and its business strategies and prospects are set out in the Review of Operations on page x to x of this Annual Report.

**Dividends** The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

**Directors** The following persons were directors of Alcore Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul A Lennon	Non-Executive Director	Appointed 13 <sup>th</sup> June 2018
Ian Levy	Executive Director	Appointed 25 <sup>th</sup> October 2019
Rex Adams	Non-Executive Director	Appointed 13 <sup>th</sup> June 2018
Derek Firth	Non Executive Director	Appointed 13 <sup>th</sup> June 2018

### Likely developments

Information on likely developments in the operations of the Company, known at the date of this report, has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Company.

### Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

### Significant changes in nature of activities

Please refer Review of Operations section for details.

**Matters subsequent to balance date**

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- The operations in financial years subsequent to 31 December 2021 of the Company;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2021 of the Company.

**Environmental regulations**

The Company is subject to significant environmental regulation in respect of its activities as follows:

- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

**Loans to Directors and Key Management Personnel**

There was no loan made to Directors or Specified Executives of the Company during the period commencing at the beginning of the financial year and up to the date of this report.

**Shares under option**

There was no unissued ordinary shares of Alcore Limited under option at the date of this report.

**Shares issued on the exercise of options**

No options were issued or exercised during the year.

**Proceedings on behalf of the Company**

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

**Auditor's independence declaration**

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 9.



**Non-audit services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

	2021	2020
	\$	\$
<b>Audit services:</b>		
Amounts paid or payable to auditors for audit and review of the financial report for the entity		
Audit services	7,995	7,675
<b>Taxation and other advisory services:</b>		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity		
Taxation	1,925	1,825
Advisory services	-	-
	<u>9,920</u>	<u>9,500</u>

The Directors' Report is signed in accordance with a Resolution of the Board of Directors.



**Ian Levy**  
Executive Director



**Paul Lennon**  
Non-Executive Director

31 March 2022

## AUDITOR'S INDEPENDENCE DECLARATION

Level 6  
350 Kent Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

# K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

### *Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001*


To the Members of Alcore Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Alcore Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this *31st* day of *March* 2022



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2020
		\$	\$
	Notes		
Revenue	3	-	3,599
Other income and expenses	3	-	831,885
Administrative and development expenses	4	<b>(1,473,924)</b>	(1,224,157)
Finance costs	4	<b>(230)</b>	(110)
<b>Profit/(Loss) before income tax</b>		<b>(1,474,154)</b>	(388,783)
Income tax	5(a)	-	-
<b>Profit/(Loss) after tax for the year</b>		<b>(1,474,154)</b>	(388,783)
<b>Other Comprehensive Income</b>			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income after tax		-	-
<b>Total comprehensive income/(loss) attributable to members of the entity</b>	5(b)	<b>(1,474,154)</b>	(388,783)
<b>Earnings/(Loss) per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents)	13	<b>(2.03)</b>	(0.57)
Diluted earnings/(loss) per share (cents)	13	<b>(2.03)</b>	(0.57)

The above Statement should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	939,268	45,030
Trade and other receivables	7	31,456	8,601
Total current assets		<u>970,724</u>	<u>53,631</u>
<b>Non-current assets</b>			
Plant and equipment	8	33,378	247,266
Total non-current assets		<u>33,378</u>	<u>247,266</u>
<b>Total Assets</b>		<u>1,004,102</u>	<u>300,897</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	176,365	187,291
Total current liabilities		<u>176,365</u>	<u>187,291</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	124,640	43,314
Total non-current liabilities		<u>124,640</u>	<u>43,314</u>
<b>Total Liabilities</b>		<u>301,005</u>	<u>230,605</u>
<b>Net Assets</b>		<u>703,097</u>	<u>70,292</u>
<b>EQUITY</b>			
Issued capital	10	4,505,949	2,398,990
Accumulated losses		(3,802,852)	(2,328,698)
<b>Total Equity</b>		<u>703,097</u>	<u>70,292</u>

The above Statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2021</b>	10	2,398,990	(2,328,698)	70,292
Share issued		2,124,464	-	2,124,464
Share issuing cost		(17,505)	-	(17,505)
Business combination		-	-	-
Profit/(loss) for the year		-	(1,474,154)	(1,474,154)
<b>Balance at 31 December 2021</b>	10	<b>4,505,949</b>	<b>(3,802,852)</b>	<b>703,097</b>
<b>Balance at 1 January 2020</b>		2,114,907	(1,939,915)	174,992
Share issued		284,083	-	284,083
Business combination		-	-	-
Profit/(loss) for the year		-	(388,783)	(388,783)
<b>Balance at 31 December 2020</b>	10	<b>2,398,990</b>	<b>(2,328,698)</b>	<b>70,292</b>

The above Statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		-	-
Payments to suppliers, service providers and employees		<b>(1,258,578)</b>	(954,930)
Interest paid		-	-
Interest received	3	-	3,599
<b>Net cash (used in)/provided by operating activities</b>		<b>(1,258,578)</b>	<b>(951,331)</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	8	<b>(35,468)</b>	-
Advanced from/(repayment to) other party		<b>81,325</b>	(80,430)
Government fund refunded		-	740,782
<b>Net cash provided by/(used in) investing activities</b>		<b>45,857</b>	<b>660,352</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		<b>2,124,464</b>	284,083
Share issuing costs		<b>(17,505)</b>	-
<b>Net cash provided by/(used in) financing activities</b>		<b>2,106,959</b>	<b>284,083</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>894,238</b>	<b>(6,896)</b>
Cash and cash equivalents at the beginning of the year		<b>45,030</b>	51,926
<b>Cash and cash equivalents at the end of the year</b>	6	<b>939,268</b>	<b>45,030</b>

The above Statement should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1. CORPORATE INFORMATION

The financial statement and notes of Alcore Limited for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors and covers Alcore Limited as required by the *Corporations Act 2001*.

The financial statement and notes is presented in Australian currency.

Alcore Limited is a company limited by shares incorporated and domiciled in Australia.

The Company was incorporated as an unlisted public company on 13 June 2018.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

##### *Statement of Compliance*

Compliance with Australian Accounting Standards ensures that the financial report of Alcore Limited complies with International Financial Reporting Standards ("IFRS").

##### *Critical to accounting estimates*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

##### *Critical judgements*

Management have made the following judgements when applying the Company accounting policies:

##### *Going Concern*

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

##### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

##### *Material Accounting Policies*

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### b. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

### c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

#### *Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or services provided is receivable.

### d. 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 or substantively enacted for each jurisdiction. 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 tax asset or liability is recognised in relation to these 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 deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### e. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### f. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period. 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.

### g. Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

### h. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

### i. Financial Instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company 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*

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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 value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets are classified at 'fair value through profit or loss' when they are either 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 value 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

### (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.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

### (v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued***(vi). Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*(vii). Impairment*

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

*(viii). Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expired. The difference between the carrying value 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.

**j. Trade and other payables**

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

**k. Employee benefits***(i) Short term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Other long term employee benefits*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

**l. Contributed equity**

Ordinary shares are classified as equity

**m. Other equity**

Convertible notes which are settled for a fixed amount of cash; may only be converted into a fixed number of shares and may not be redeemed for cash or other financial asset, are treated as other equity.

## 2. SUMMARY OF significant ACCOUNTING POLICIES continued

### n. Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

### o. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### p. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. We have viewed these standards and interpretations and there are none having any material effect.

## 3. REVENUE

	2021	2020
	\$	\$
<b>Revenue</b>		
Sale of mineral	-	-
Interest income	-	3,599
	<u>-</u>	<u>3,599</u>
<b>Other Income and expenses</b>		
Government research and development concession refunded	-	740,782
Other	-	91,103
	<u>-</u>	<u>831,885</u>

**4. EXPENSES**

	2021	2020
	\$	\$
Profit/(loss) before income tax arrived after (charging)/crediting the following specific items:		
<b>Administrative and development expenses</b>		
Development expenses not capitalised	(1,454,797)	(1,204,983)
Other	(19,127)	(19,174)
	<u>(1,473,924)</u>	<u>(1,224,157)</u>
<b>Finance costs</b>		
Other	(230)	(110)
	<u>(230)</u>	<u>(110)</u>

**5. INCOME TAX****a. Income tax**

	2021	2020
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	<u>-</u>	<u>-</u>
Deferred tax expense		
Increase/(decrease) in deferred tax expense	<u>-</u>	<u>-</u>

**b. Numerical reconciliation of income tax expense****to prima facie tax payable**

	2021	2020
	\$	\$
Profit/(Loss) from continuing operations before income tax expense	<u>(1,474,154)</u>	<u>(388,783)</u>
Income tax expense (benefit) calculated at 25% (2020:26%)	(368,539)	(101,083)
Group tax losses brought to account		
Tax losses not brought to account accrued during the year	<u>368,539</u>	<u>101,083</u>
Income tax expense at effective tax rate of 25% (2020:26%)	<u>-</u>	<u>-</u>

**c. Unrecognised deferred tax assets and liabilities**

	2021	2020
	\$	\$
Deferred tax assets and liabilities have not been recognised in the statement of financial position for the following items:		
Deferred tax asset in respect of losses not brought to account	<u>368,539</u>	<u>101,083</u>

**6. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	2020
	\$	\$
Cash and cash equivalents	<b>939,268</b>	45,030
Cash held in trust – tenement deposit and guarantee	-	-
	<b>939,268</b>	45,030

**a. Reconciliation to cash at the end of the year**

	<b>2021</b>	2020
	\$	\$
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents	<b>939,268</b>	45,030
Balances per Statement of Cash Flows	<b>939,268</b>	45,030
Weighted Average Interest Rates	<b>0%</b>	0%

**7. TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	2020
	\$	\$
<b>Current</b>		
Receivables - GST	<b>31,456</b>	8,601
Provision for doubtful debt	-	-
	<b>31,456</b>	8,601

**a. Impaired receivables and receivables past due**

None of the current or non-current receivables are impaired or past due but not impaired.

**b. Receivables - GST**

These amounts relate to receivables for GST paid.

**c. Fair value and credit risk***Current trade and other receivables*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

**8. PLANT AND EQUIPMENT**

	2021	2020
	\$	\$
<b>Plant and equipment – development project</b>		
At cost	531,358	495,891
Accumulated depreciation	(497,980)	(248,625)
Carrying value	<u>33,378</u>	<u>247,266</u>

**Reconciliations**

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

	Plant & equipment development project	Total
	\$	\$
<b>2021</b>		
Carrying amount at 1 January 2021	247,266	247,266
Additions	35,468	35,468
Depreciation	(249,356)	(249,356)
Carrying amount at 31 December 2021	<u>33,378</u>	<u>33,378</u>
<b>2020</b>		
Carrying amount at 1 January 2020	495,891	495,891
Additions	-	-
Depreciation	(248,625)	(248,625)
Carrying amount at 31 December 2020	<u>247,266</u>	<u>247,266</u>

**9. TRADE AND OTHER PAYABLES**

	2021	2020
	\$	\$
<b>Current</b>		
Trade payables	9,699	20,625
Accrued payable	166,666	166,666
Other payables	-	-
	<u>176,365</u>	<u>187,291</u>

**10. ISSUED CAPITAL**

	2021	2020	2021	2020
	Number of Shares	Number of Shares	\$	\$
Ordinary shares issued	<u>78,209,240</u>	68,440,384	<u>4,505,949</u>	2,398,990

**a. Movements during the year:**

Opening balance	68,440,384	66,851,767	2,398,990	2,114,907
Share issued	9,768,856	1,588,617	2,124,464	284,083
Share issuing costs	-	-	(17,505)	-
Closing balance	<u>78,209,240</u>	68,440,384	<u>4,505,949</u>	2,398,990



**10. ISSUED CAPITAL CONTINUED****b. Performance Employee Options**

No employee performance options were exercised during the year. (2020: \$nil option)

No other performance option is granted or exercised during the reporting period.

**c. Terms and Conditions**

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

**d. Options**

There were no options on unissued ordinary shares outstanding at the end of the financial year.

**11. COMMITMENTS AND CONTINGENT LIABILITIES****Executive services agreement**

The Company has agreed with Dr Mark Cooksey as General Manager in providing the services to the Company at an agreed rate for the calendar year 2021.

There are no other material contingent liabilities as at the date of this report.

**12. EVENTS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- the operations in financial years subsequent to 31 December 2021 of the Company;
- the results of those operations; or
- the state of affairs in financial years subsequent to 31 December 2021 of the Company.

**13. EARNINGS/(LOSS) PER SHARE**

	<b>2021</b>	2020
	<b>Cents</b>	Cents
Basic earnings/(loss) per share	<b>(2.03)</b>	(0.57)
Fully diluted earnings/(loss) per share	<b>(2.03)</b>	(0.57)
	<b>2021</b>	2020
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	<b><u>(1,474,154)</u></b>	<u>(388,783)</u>
	<b>2021</b>	2020
	<b>Number</b>	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>72,667,739</b>	68,440,384
Adjustments for calculation of diluted earnings per share:		
Options issued	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<b><u>72,667,739</u></b>	<u>68,440,384</u>

**14. REMUNERATION OF AUDITORS**

	<b>2021</b>	2020
	<b>\$</b>	\$
<b>Audit services:</b>		
Amounts paid or payable to auditors for audit and review of the financial report for the entity		
Audit services	<b>7,995</b>	7,675
<b>Taxation and other advisory services:</b>		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity		
Taxation	<b>1,925</b>	1,825
Advisory services	-	-
	<b><u>9,920</u></b>	<u>9,500</u>

**15. SHARE BASED PAYMENTS**

In 2021 the Company did not issue any shares in lieu of services rendered.

**16. RELATED PARTY TRANSACTIONS****a. Parent Entities**

The parent entity within the Group is ABx Group Limited.

**b. Outstanding Balance**

	<b>2021</b>	2020
<b>Receivable</b>	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Advance to holding entities	-	-
<b>Payable</b>		
<b>Non-current</b>		
Advance from holding entities	<b>124,640</b>	43,314

**c. Guarantees**

No guarantees were given or received from related parties during the year.

**d. Terms and Conditions**

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for repayment of loans between the parties and that no interest is charged on outstanding balances.

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Company.
2. 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 for and on behalf of the Directors by:



**Ian Levy**  
**Executive Director**



**Paul Lennon**  
**Non-Executive Director**

31 March 2022

## **INDEPENDENT AUDITORS' REPORT**

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# K.S. Black & Co.

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20 Grose Street  
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North Parramatta NSW 1700

## INDEPENDENT AUDITOR'S REPORT

To the Members of Alcore Limited

### Opinion

We have audited the financial report of Alcore Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

### Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

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

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Standards Legislation



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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Directors' responsibility for the financial report

The directors 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 controls as the directors determine is necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

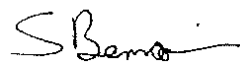
In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to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

### Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

KS Black & Co  
Chartered Accountants



Scott Bennison

Partner

Dated: 31/3/2022

Sydney

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