



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

12 July 2017

ALTECH – SMS GROUP COMPLETES US\$100,000 SHARE SUBSCRIPTION

Highlights

- Initial subscription of US\$100,000 of Altech shares by SMS group
- Demonstrates support and confidence for Altech's HPA project
- Project equity or subordinated debt support at project financial close

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to advise that German engineering firm SMS group GmbH (SMS) has now completed a US\$100,000 initial subscription of fully paid ordinary shares of the Company. The share subscription was originally announced on 16 May 2017, when Altech advised of the appointment of SMS as the engineering, procurement and construction (EPC) contractor for the Company's proposed Malaysian high purity alumina (HPA) plant.

SMS is a large privately owned German engineering company with an annual turnover of approximately 3.3 billion Euros. SMS builds turnkey solutions based on innovative plant technology, complete with buildings, infrastructure and auxiliary equipment for processing plants such as Altech's proposed HPA plant. SMS was founded in 1871 and is based in Düsseldorf, Germany with office locations worldwide. SMS has recent EPC contract experience in Malaysia, having successfully completed the Sakura smelting project, in Sarawak.

This initial share subscription by SMS, is in the opinion of the Company, a sound endorsement of its HPA project, especially given SMS's prior experience with the kaolin-HPA hydrogen chloride processing technique that Altech will use in its proposed Malaysian HPA plant.

For the share subscription, Altech has issued 1,162,979 fully paid ordinary shares to SMS at \$0.11 per share, the same price paid by shareholders that participated in the Company's recently completed share purchase plan.

Commenting on the share subscription by SMS, Altech managing director Iggy Tan said, *"This initial upfront investment in Altech is a very real demonstration of SMS's confidence in the process, project and the Company. It is not common for an EPC contractor to be demonstrating this type of upfront support. In addition, SMS's commitment for additional equity or subordinated debt support at project financial close is also an outstanding indication of its support and confidence of this project. SMS have prior experience with the Company's proposed kaolin to HPA hydrogen chloride acid leaching process, and SMS are amongst the top three users of German government export credit (ECA) facility."*

- Ends -

For more information, please contact:

Corporate

Iggy Tan
Managing Director
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Shane Volk
Company Secretary
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Investor Relations (Europe)

Kai Hoffmann
Soar Financial Partners
Tel: +49 69 175 548320
Email: hoffmann@soarfinancial.com
Wir sprechen Deutsch.

About Altech Chemicals (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 (HPA)** (Al_2O_3).

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. There is no substitute for HPA in the manufacture of synthetic sapphire.

Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) of 16.7% (2016-2024), primarily driven by the growth in worldwide adoption of LEDs. As an energy efficient, longer lasting and lower operating cost form of lighting, LED lighting is replacing the traditional incandescent bulbs.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Bankable Feasibility Study (BFS) for the construction and operation of a 4,000tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, Malaysia. The plant will produce HPA directly from kaolin clay, which will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia. Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrochloric (HCl) acid-based process. Production costs are anticipated to be considerably lower than established HPA producers.

The Company is currently in the process of securing project financing with the aim of commencing project development in Q4, 2017.



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.

Also, there is no certainty that German government project finance export credit cover (ECA) and/or project debt finance for the project will be approved. The Company makes no representations or warranties whatsoever as to the outcome of the ECA application process. In addition, the Company to date has not been provided with any estimates of the capital costs of the project from its appointed proposed EPC contractor, which is still finalising the detailed design of the proposed Malaysian high purity alumina (HPA) plant and has not been provided with sufficient firm quotations of costs to provide the estimate.