



18 November 2020

ALTECH – DISPATCH OF PROSPECTUS PRO-RATA ENTITLEMENT OFFER

On 9 November 2020, Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) announced the launch of a \$14.5 million partially underwritten non-renounceable pro-rata entitlement offer on the basis of two (2) new shares at \$0.04 each for every five (5) shares held at the **Record Date** by eligible shareholders, plus one free attaching option for each two (2) new shares subscribed and issued (exercise price \$0.08, expiry 31 May 2022) to raise up to \$14.5 million before costs (Offer). ASX quotation will be sought for the options.

The Company has today despatched the attached letter to Shareholders eligible to participate in the Offer, accompanied by a personal Entitlement Application Form and a copy of the Offer Prospectus. A copy of the Offer Prospectus is also available on the Company web site: www.altechchemicals.com and via the Company's share Registry, Automic (see instructions below).

Rather than wait to receive the application form by post, shareholders may make application for the Offer on-line using the instructions below. This may be the best option for eligible overseas shareholders as there may be a delay in receiving your application form by post because of the impact of COVID-19.

INSTRUCTIONS TO MAKE ON-LINE APPLICATION FOR ENTITLEMENT OFFER SHARES

| I already have an online account with Automic share register | I don't have an online account with Automic – but wish to register for one | I don't have an online account with Automic – but will use for this Offer only |
|---|--|--|
| <p>https://investor.automic.com.au</p> <p>Select: <i>"Existing Users Sign In"</i></p> <p>Once you have successfully signed in, click on <i>"Documents and Statements"</i></p> <p>Download separately: "Prospectus" and "Entitlement Application Form"</p> | <p>https://investor.automic.com.au/#/signup</p> <p>Select: Altech Chemicals from the dropdown list in the ISSUER field</p> <p>Enter you holder number SRN / HIN (from your latest Holding Statement)</p> <p>Enter Postcode (Aust only) or Country of Residence (if not Australia)</p> <p>Tick box <i>"I am not a robot"</i>, then Next</p> <p>Complete prompts to set up a username and password</p> <p>Once you have successfully signed in, click on <i>"Documents and Statements"</i></p> <p>Download separately: "Prospectus" and "Entitlement Application Form"</p> | <p>https://investor.automic.com.au/#/loginsah</p> <p>Select: Altech Chemicals from the dropdown list in the ISSUER field</p> <p>Enter you holder number SRN / HIN (from your latest Holding Statement)</p> <p>Enter Postcode (Aust only) or Country of Residence (if not Australia)</p> <p>Tick box <i>"I am not a robot"</i>, then Access</p> <p>Once you have successfully signed in, click on <i>"Documents and Statements"</i></p> <p>Download separately: "Prospectus" and "Entitlement Application Form"</p> |

If you have any questions about this Offer please call the Company Secretary, Mr Shane Volk on +61 8 6168 1555 or e-mail: shane@altechchemicals.com

Authorised by: Iggy Tan (Managing Director)

For more information, please contact:

Corporate

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Soar Financial Partners
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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 (Al₂O₃) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to Malaysia.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand is forecast to be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.



German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a USD280 million fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. Altech has executed an off-take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) covering the first 10-years of HPA production from the plant.

Conservative (bank case) cash flow modelling of the project shows a pre-tax net present value of USD505.6million at a discount rate of 7.5%. The Project generates annual average net free cash of ~USD76million at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~63%. (Refer to ASX Announcement "Positive Final Investment Decision Study for 4,500TPA HPA project" dated 23 October 2017 for complete details. The Company confirms that as at the date of this announcement there are no material changes to the key assumptions adopted in the study).

The Company has been successful in securing senior project debt finance of USD190 million from German government owned KfW IPEX-Bank as senior lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for the project. The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to USD90 million. To maintain project momentum during the period leading up to financial close, Altech has raised ~A\$39 million in the last 24 months to fund the commencement of Stage 1 and 2 of the plant's construction; Stage 1 construction commenced in February 2019 with Stage 2 early works completed at the end of June 2020.

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.



18 November 2020

Dear Shareholder

Non-Renounceable Pro-Rata Entitlement Offer (2 new shares at \$0.04 for each 5 shares currently held)

I write to you as the registered holder of Altech Chemicals Limited (ASX: ATC) (Altech or the Company) shares as at 13 November 2020 (**Record Date**).

As announced on 9 November 2020, Altech is undertaking a non-renounceable pro-rata entitlement offer to eligible shareholders of ordinary fully paid shares in the Company on the basis of two (2) new shares at \$0.04 each for every five (5) shares held by Altech shareholders at the **Record Date** (Friday 13 November 2020), plus one free attaching option for each two (2) new shares subscribed and issued (exercise price \$0.08, expiry 31 May 2022), to raise up to \$14.5 million before costs (Offer). ASX quotation will be sought for the options.

Fully subscribed, the Offer would result in the issue of up to approximately 363,334,788 new shares and 181,667,394 new options to raise approximately \$14.5 million, before costs. Proceeds from the Offer will be applied to the Company's various European initiatives including listed Green Bonds, payments for stage 2 early works construction in Malaysia, development activities associated with an anode grade HPA product and coating know-how, outstanding consideration for the acquisition of shares in Altech Advanced Materials AG and for corporate costs and working capital – further details are contained in section 5 of the Offer Prospectus.

The Offer is open to all eligible Altech shareholders that have a registered address in Australia, New Zealand, Hong Kong, Malaysia, Singapore and Germany. **Also, eligible shareholders are able to make application for new shares** (and attaching option) **in addition to their pro-rata 2 for 5 entitlement, via a shortfall offer.**

The Company's major shareholders have agreed to subscriptions for approximately 52% of the Offer (\$7.6 million), via a combination of agreeing to take up their respective pro-rata entitlements to shares under the Offer, and/or underwriting any shortfall as summarised in the Table 1 below.

Table 1: Major shareholder participation in the Offer

| Shareholder/Group | Offer participation | | Totals |
|---------------------------|---------------------|--------------------|--------------------------|
| | Entitlement | Underwriting | |
| Deutsche Balaton / Delphi | \$2,043,085 | \$2,956,915 | \$5,000,000 ¹ |
| Melewar | \$1,111,021 | \$1,512,814 | \$2,623,835 |
| Totals | \$3,154,106 | \$4,469,729 | \$7,623,835 |

¹ The total participation amount for Deutsche Balaton / Delphi is conditional on the shareholders (who are associates) not attaining a 20% voting interest in Altech; and/or exceeding a 20% interest in Altech in aggregate (including the attaching options), without Foreign Investment Review Board (FIRB) approval; application for FIRB approval has been lodged. For full details please refer to the Offer Prospectus.

At 4 cents per share, the Offer shares are priced at a 15% discount to the 5 day volume weighted average price (VWAP) of the Company's shares as traded on the ASX to Thursday 5 November 2020 and an 18% discount to the closing price on Thursday 5 November 2020. In addition to the discount, a free attaching option will be issued for each two new shares subscribed and issued.

Enclosed with this letter is a personalised **Offer Application Form** (which shows the number of shares that you are entitled to under the Offer) and a copy of the **Offer Prospectus** (which has been lodged with ASIC and

ASX) and which is also available on the Company's web site: www.altechchemicals.com. **Shareholders may also apply for additional new shares over and above their individual Entitlement.**

Actions required of Eligible Shareholders

Your acceptance of the Offer can be made by making payment as detailed on the Entitlement and Acceptance Form or via the on-line form at the Company's share registry's web site (see below). As an Eligible Shareholder, you may:

- accept your full entitlement; or
- accept your full entitlement and apply for additional shares (the Shortfall Offer); or
- accept part of your entitlement; or
- if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

THE CLOSING DATE FOR ACCEPTANCES AND APPLICATIONS IS MONDAY 7 DECEMBER 2020

The timetable for the Offer is:

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|--|-------------------------------|
| Announcement of Offer & Appendix 3B | 10 November 2020 (pre-market) |
| Lodgement of Prospectus with ASIC & ASX | 10 November 2020 (pre-market) |
| Ex-date | 12 November 2020 |
| Record Date for determining Entitlements | 13 November 2020 |
| Offer opening date and Prospectus sent to eligible Shareholders | 18 November 2020 |
| Last day to extend the Closing Date | 2 December 2020 |
| Closing Date as at 5:00pm* | 7 December 2020 |
| Announce results of issue and Underwriters notified of under subscriptions | 10 December 2020 |
| Issue date and lodge Appendix 2A with ASX; apply for quotation of Securities | 14 December 2020 |
| Quotation of Securities issued under the Offer | 15 December 2020 |

* The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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|--|---|---|
| https://investor.automic.com.au Select: "Existing Users Sign In" Once you have successfully signed in, click on "Documents and Statements" Download separately: "Prospectus" and "Entitlement Application Form" | https://investor.automic.com.au/#/signup Select: Altech Chemicals from the dropdown list in the ISSUER field Enter you holder number SRN / HIN (from your latest Holding Statement) Enter Postcode (Aust only) or Country of Residence (if not Australia) Tick box "I am not a robot", then Next Complete prompts Once you have successfully signed in, click on "Documents and Statements" Download separately: "Prospectus" and "Entitlement Application Form" | https://investor.automic.com.au/#/loginsah Select: Altech Chemicals from the dropdown list in the ISSUER field Enter you holder number SRN / HIN (from your latest Holding Statement) Enter Postcode (Aust only) or Country of Residence (if not Australia) Tick box "I am not a robot", then Access Once you have successfully signed in, click on "Documents and Statements" Download separately: "Prospectus" and "Entitlement Application Form" |

Yours sincerely,



Iggy Tan – Managing Director

If you have any questions about this Offer or the Offer Acceptance process, please call the Company Secretary, Mr Shane Volk on +61 8 6168 1555 or e-mail: shane@altechchemicals.com