



**Altech Chemicals**  
Limited

## ASX ANNOUNCEMENT AND MEDIA RELEASE

16 December 2020

# ALTECH – \$12.5 MILLION RAISED FROM RIGHTS ISSUE

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to advise that \$12.5 million has been raised (before costs) via its non-renounceable entitlement offer that was launched on 9 November 2020, and closed 11 December 2020.

The entitlement offer was 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** (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) (the Offer).

Applications for entitlement shares (inclusive of applications for shortfall shares in excess of entitlement) were received from 655 shareholders for a total of \$7,337,213 (183,430,336 new shares and 91,715,168 attaching options).

In addition, applications totalling \$1,111,853 (27,796,315 new shares and 13,898,157 attaching options) were received under the shortfall offer, and the underwriters of the Offer (Deutsche Balaton/Delphi and Melewar) will subscribe to their respective underwriting amounts which will total \$4,087,070 (102,176,748 new shares and 51,088,374 attaching options).

The issue and allotment of the entitlement offer new shares and options is scheduled for Friday 18 December 2020, and the underwritten portion of the shortfall offer will be issued and allotted upon settlement; the residual shortfall offer may be placed at the directors discretion within 3 months of the close of the Offer. Holding statements for the new shares and options will be dispatched at the end of December 2020.

Commenting on the results of the offer, Altech managing director Iggy Tan said *“the Company is extremely pleased with the outcome of the Offer and the number of shareholders that have elected to participate. This new funding will be applied to Altech’s various European initiatives – including listed green bonds, development activities associated with anode grade high purity alumina (HPA), activities in support of securing the balance of finance for Altech’s Malaysian HPA plant, payments for early works stage 2 construction and the balance of consideration for the acquisition of shares in Altech Advanced Materials AG, plus ongoing corporate costs and working capital. 2021 is poised to be an extremely busy year for the Company as we aim to finalise the project funding for our Johor HPA project”*.

- end -

Authorised by: Iggy Tan (Managing Director)

For more information, please contact:

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

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