

9 November 2017

ALTECH – SMS COMMITS TO US\$ 15 MILLION EQUITY SUPPORT

Highlights

- SMS approves US\$ 11 million of additional equity support for Altech
- Subject to financial close of the targeted US\$ 185 million debt facility
- Follows the US\$ 4 million commitment announced on 27 October 2017
- SMS total equity commitment totals US\$ 15 million
- Demonstrates confidence and commitment by Altech's EPC contractor

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that the board of German engineering firm SMS group GmbH (SMS) has approved an additional equity investment of US\$ 11 million in Altech. SMS is the lead engineering, procurement and construction (EPC) contractor of the consortium appointed for construction of Altech's proposed Malaysian high purity alumina (HPA) plant.

The additional investment by SMS is subject to financial close of Altech's targeted US\$ 185 million project finance debt facility, which the Company is aiming to achieve during the first half of 2018.

SMS's US\$ 11 million additional equity investment commitment follows the Company's recent ASX announcement (27 October 2017) regarding an A\$ 17 million share placement, which SMS jointly cornerstoned for an amount of US\$ 4 million. SMS group's total committed equity support of Altech to date is US\$ 15 million, which is a strong demonstration of its confidence and support of Altech and its HPA project.

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.

Commenting on the additional equity commitment of SMS, Altech's managing director Mr Iggy Tan said, "*The Company welcomes the additional direct investment by SMS in Altech; it demonstrates the commitment and confidence of the EPC contractor to the HPA project and the Company. We are very fortunate to have such a supportive partner in this project*", he said.

- Ends -

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About Altech Chemicals Ltd (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 traditional incandescent light bulbs.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Final Investment Decision Study (FIDS) for the construction and operation of a 4,500tpa 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 2018.



Forward-looking Statements

There is no certainty that German government project finance export credit cover (ECA) and/or project debt finance will be approved. The Company makes no representations or warranties whatsoever as to the outcome of the ECA application process.

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.