



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

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ALTECH RECEIVES FIRST MEZZANINE DEBT TERM SHEET

Highlights

- US\$120 million indicative mezzanine debt term sheet received
- Follows extensive preliminary project due diligence
- Global investment banking group

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has received an indicative mezzanine debt term sheet for up to US\$ 120 million from an international investment bank, for its proposed Malaysian high purity alumina (HPA) plant and associated kaolin mine in Meckering, Western Australia (the Project).

On 2 February 2018 the Company announced that it had executed commitment and final terms for a US\$ 190 million senior debt package with German government-owned KfW IPEX-Bank. Since then, the Company has been working with a number of advisors to secure the balance of funds for the Project, which is one of the conditions precedent to draw-down on the senior debt. One of the work streams being pursued by the Company and its advisors is a mezzanine debt facility of up to US\$ 120 million, which will be subordinate to the senior debt.

The Company has now received an indicative mezzanine debt term sheet from a global investment bank equal to US\$120 million, representing a facility amount of US\$ 90 million plus accrued interest during construction and plant commissioning. The investment bank has already conducted extensive preliminary due diligence on the Project, including accessing the Company's data room, which contains detailed project information and various due diligence reports commissioned by the senior lender, KfW IPEX-Bank.

The investment bank is a diversified financial services group with a global presence and more than US\$ 300 billion in assets under management. As is customary with these types of transactions, the public disclosure of the bank's name and the proposed lending terms remain confidential at this point in time. The Company expects similar term sheets from other potential lenders currently in due diligence and evaluation during the course of the month.

Altech managing director Iggy Tan said, *"From the outset the Company has been targeting 'vanilla' mezzanine debt from top-tier lenders. This approach does take longer and involves a higher level of scrutiny (due diligence), however securing mezzanine debt from top tier providers will be a far better outcome for the Company and shareholders. We are now starting to see some reward from this strategy and our efforts,"* Mr Tan concluded.

- End -

The mezzanine debt term sheet referred to in this ASX announcement is indicative in nature; it is non-binding and contains the general terms of a proposed transaction. Any future commitment will be subject to and is contingent upon all internal approvals of the financial institution as well as the completion of due diligence (including but not limited to legal and technical due diligence) and legally binding documentation. There is no certainty that the mezzanine project debt will be approved or a transaction concluded based on what is presented in the term sheet. The Company makes no representations or warranties whatsoever as to the outcome of the mezzanine debt process.

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 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 mid-2018.



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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.