



2 December 2019

ALTECH ADVANCED MATERIALS AG FUND RAISING UPDATE

Highlights

- AAM is aiming to raise approximately US\$100 million of new equity
- First phase is a Capital Increase of up to €69.4 million (fully subscribed)
- Capital Increase Prospectus approved by BaFin
- Subscription period open from 3 to 16 December 2019

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) in conjunction with Altech Advanced Materials AG (AAM) is pleased to announce that the German corporate regulator BaFin (Federal Financial Supervisory Authority) has approved AAM's Capital Increase Prospectus.

AAM is aiming to raise approximately US\$100 million of new equity, which if successful would position it to exercise its option to acquire up to a 49% interest in Altech's high purity alumina (HPA) project. As part of AAM's funding strategy, AAM shareholders have approved for it to issue up to 63,102,080 new shares, which would raise €69.4 million fully subscribed at an issue price of €1.10 per share (the Capital Increase). AAM was required to prepare a Capital Increase Prospectus which is now approved and the Capital Increase can proceed.

The Capital Increase will be conducted in two phases, the first phase will be a 1:40 rights issue offer to current shareholders (who may also take-up any unsubscribed rights not taken by existing shareholders), this will be followed by a placement of any remaining unsubscribed rights to external investors.

The subscription period will run from 3 December to 16 December 2019.

Capital Increase process

The process that AAM must now follow is:

- firstly, the new shares will be offered to AAM's existing shareholders for subscription at a ratio of 1:40, i.e. for each 1 existing share the holder is entitled to subscribe to 40 new shares at a subscription price of €1.10 per share;
- any new shares not subscribed (the "oversubscription shares") may then be subscribed by those existing shareholders that have subscribed for all of the new shares to which they were entitled in accordance with their 1:40 subscription rights. The allocation of the oversubscription shares shall take place at least at the issue price of €1.10 per share; and
- any remaining unsubscribed shares can then be placed, at least at the issue price of €1.10 but aiming at a price of €1.20 per share or higher, to others that are currently not AAM shareholders.

The prescribed timetable for the Capital Increase, which is contained in the AAM Prospectus is:

29 Nov. 2019	Approval of the Prospectus by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") Publication of the Prospectus on the Company's website
2 Dec. 2019	Publication of Subscription Offer in the German Federal Gazette (Bundesanzeiger)

2 Dec. 2019	Book-entry delivery of the subscription rights of the Company's shareholders
3 Dec. 2019	Commencement of the subscription period
16 Dec. 2019	End of the subscription period and last date for payment of the subscription price
17 Dec. 2019 to 19 Dec. 2019	Placement of the new shares not subscribed for during the subscription period including the oversubscription.
20 Dec. 2019	Announcement of the results of the offering on the Company's website
30 Dec. 2019	Registration of the consummation of the capital increase with the Commercial Register
7 Jan. 2020	Book-entry delivery of the new shares
10 Jan. 2020	Admission of the Admission Shares to the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) segment General Standard
13 Jan. 2020	Settlement of the new shares
	First day of trading for the Admission Shares at the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) segment General Standard

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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, semi-conductor 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 now underway.

Altech recently announced the sale of an option to Frankfurt stock exchange listed Youbisheng Green Paper AG (since renamed Altech Advanced Materials AG (AAM)), whereby AAM can acquire up to a 49% interest in Altech's HPA project for USD100 million. AAM has commenced the process of securing the funds to enable it to exercise its option, which once complete is anticipated would be a catalyst for project financial close.

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.