



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

6 January 2020

ALTECH – SHARE PURCHASE PLAN RAISES \$2.8 MILLION

Highlights

- \$2.8 million raised via Share Purchase Plan
- In excess of 300 shareholders participated
- Construction work at HPA plant site continues as scheduled

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it received applications from existing shareholders for \$2.8 million of new shares at an offer price of \$0.0975 per share under its Share Purchase Plan (SPP), which closed on Friday 3 January 2020.

The response to the SPP from shareholders is extremely positive. The Company is pleased to advise that all applications will be accepted in full and that the new shares are expected to be allotted on Wednesday 8 January 2020.

Altech managing director Mr Iggy Tan said, *“the Company is extremely pleased with the number of applications for new shares that it received from shareholders under the SPP. In excess of 300 shareholders participated, which is an excellent outcome – especially considering the timing of the SPP just prior to the Christmas/New Year period.”*

Work at the Company’s Malaysian high purity alumina (HPA) plant site continues, with construction of the electrical sub-station progressing in accordance with the construction schedule.”

– end –

Authorised by: Iggy Tan (Managing Director)

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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, 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 will 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.



Conservative (bank case) cash flow modelling of the Project shows a pre-tax net present value of US\$505.6m at a discount rate of 7.5%. The Project generates annual average net free cash of ~US\$76m 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).

Altech has executed a 10-year off take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) for production from the Company's Malaysian HPA plant. The Company has been successful of securing senior project debt finance of US\$190 million with German government owned KfW IPEX-Bank as sole lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for its HPA project. The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to US\$90 million.

German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. To maintain project momentum, the Company raised A\$39 million in the last 24 months to fund Stage 1 and 2 construction of its HPA plant in Johor, Malaysia. Stage 1 construction commenced in February 2019 with stage 2 now underway.

Altech is aiming to raise the balance of the project equity amount (~US\$100 million) via a Frankfurt stock exchange listed company, Altech Advanced Materials AG (AAM), as a 49% joint venture partner of the HPA project.

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.