

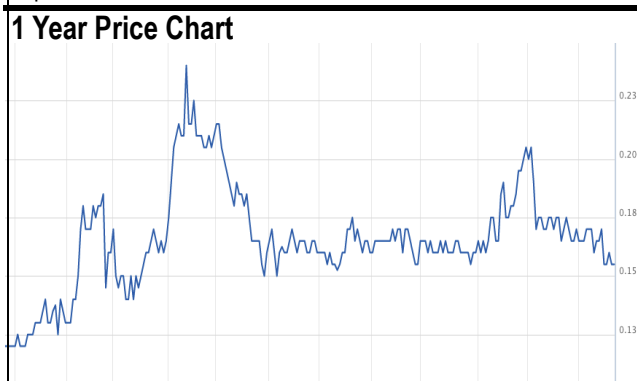


ALTECH CHEMICALS LIMITED (ASX: ATC)(FRA: A3Y) EMERGING HIGH PURITY ALUMINA PRODUCER

Company Information	
ASX Code	ATC
Share Price (22/08/2018)	A\$0.16
Ordinary Shares	572.6m
Options	Nil
Performance Rights	25.7m
Market Cap	A\$92m
Cash (31-Jul-17)	~A\$14.0m
Total Debt	Nil
Enterprise Value	A\$78m
Directors and Management	
Non-Exec Chairman	Luke Atkins
Managing Director	Iggy Tan
Non-Exec Director	Dan Tenardi
Non-Exec Director	Peter Bailey
Non-Exec Director	Tunku Ya'acob
Alternative Director	Uwe Ahrens
Company Secretary	Shane Volk

Company Details	
Address	8/295 Rokeby Road, Subiaco, WA 6008
Phone	+61 8 6168 1555
Web	www.altechchemicals.com

Top Shareholders	
Melewar/MAAG	8.9%
SMS group	6.8%
Board and Management (excl Melewar)	6.0%
Top 20	43.7%



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. Initial construction works for the Malaysian HPA plant commenced in August 2018 with clearance of the ~4Ha plant site. 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 - in the bottom quartile of the production cost curve. The Project is a high margin, high value proposition.

High Demand Market

HPA is a high-value (USD28,000 – USD40,000 per tonne) high margin and highly demanded product, as it is the critical ingredient required for the production of synthetic sapphire and is increasingly consumed in the manufacture of large format lithium-ion batteries. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers for 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. Lithium-ion battery manufacturers require HPA as a coating for the plastic anode/cathode separator to reduce separator shrinkage and combustibility. Global HPA demand is approximately 25,315tpa (2016) and demand is growing at an annual rate of 16.7%.

Project Economics

Cash flow modelling of the Project (**price of \$40/kg**) shows a pre-tax net present value of **USD 1.1 billion** applying a discount rate of 7.5%. The **payback period is 2.2 years** at full rate and the pre-tax internal rate of return is **33%**. The Project generates annual average net free cash of **~USD133 million** at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of **~74%**. Annual sales revenue is **USD180 million** applying a conservative FOB sales price of USD40,000 per tonne of finished product HPA. Total operating costs, including mining, shipping and chemical processing are average USD47.3 million per annum or USD10,500 per tonne of finished product HPA.

Off Take Secured

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 Agreement appoints Mitsubishi as the exclusive buyer of the HPA from the plant and will commence on the date of first shipment of final HPA product. The contracted sale quantities will mirror Altech's proposed HPA plant's production ramp up.

Project at Funding Stage

The Company has been successful of securing senior project debt finance of **USD190 million** with German government owned KfW IPEX-Bank as sole lender. The debt package consists of **USD170 million** of Export Credit Agency (ECA) cover under German-backed project finance export guarantees; this debt is at low interest rate with long tenure (typically 10 years). The additional USD20m of senior debt is at normal commercial terms with a 5-year repayment period. The Company is now proceeding to secure the balance of project funding. In addition, in May/June 2018 Altech announced that it had executed term sheets for a US\$90 million mezzanine debt facility and a US\$60 million stream finance facility, with both facilities subject to due diligence and various approvals. Altech is also continuing to pursue project partner opportunities, either at the project level or at head-company level.

German EPC Contractor

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. In addition, having prior experience with the kaolin-HPA HCl processing technique that Altech will use, SMS has proposed process and final product guarantees that will meet the 99.99% HPA quality specification of Mitsubishi. The guarantee provided by SMS are extremely positive outcomes that significantly mitigate project risk. SMS is a large privately owned German engineering firm with annual turnover of approximately 3.3 billion Euros. SMS has recent EPC contract experience in Malaysia, having successfully completed the Sakura smelting project, in Sarawak.

Corporate

Altech Chemicals Limited is listed on the Australian Securities Exchange and the Frankfurt Stock Exchange, with 572.56 million shares on issue. Board and Management control ~18% of Company shares. Non-executive director Tunku Yaacob Khrya has a ~9% stake in the Company via the holdings of Malaysian publicly listed company MAA Group Berhad (~6%) and the Melewar group (~2%). SMS group (the appointed EPC contractor) holds 6.8%. The top 20 shareholders account for 44% of shares on issue.

The Company's Board consists of Luke Atkins (Chairman), Iggy Tan (CEO & Managing Director), Dan Tenardi (NED), Peter Bailey (NED), Tunku Yaacob Khyra (NED) and Uwe Ahrens (Alternate Director). The current market capitalisation of the Company is circa A\$92 million. State 1 construction in Malaysia commenced in August 2018, with site clearance. First finished product for sale is expected in late 2020/early 2021.



Altech's Proposed 4,500 tpa HPA plant

For more information, please contact:

Corporate

Iggy Tan
Managing Director
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Shane Volk
Company Secretary
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com