

Altech Chemicals

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Altech has now raised A\$1.13M for a detailed design phase of the company's High Purity Alumina Project. Royal Highness Prince Ya'acob Bin Tunku Tan Sri Abdullah said the project is very exciting, and that he looked forward to assisting with its development plans.

Altech Chemicals (ASX:ATC) is positioned to transition into a leading producer of 99.99% (4N) High Purity Alumina (HPA) at a low cost.

The company's focus is to produce HPA directly from kaolin clay which will be sourced from the company's 100% owned kaolin deposit at Meckering, Western Australia.

Around 70% of HPA demand is in the Asia Pacific region, and Altech's HPA plant in Malaysia would be well-positioned to benefit.

Altech has now raised A\$1.13 million at A\$0.059 for a detailed design phase of the company's HPA project.

A\$1 million of the placement went to Malaysian cornerstone investor Melewar IIC Limited.

Melewar's executive chairman, Royal Highness Prince Ya'acob Bin Tunku Tan Sri Abdullah, said that Altech's High Purity Alumina Project is very exciting, and that he looked forward to assisting the company with its development plans.

Melewar is a diversified Malaysia industrial firm with steel, energy and engineering businesses, and as a result of the placement Melewar will hold 12.9%, and will be the second largest shareholder of the company.

Prince Ya'acob Bin Tunku Tan Sri Abdullah, added:

"The potential for Altech to be one of the worlds' leading producers of high purity alumina at a low cost, with its plant in Malaysia is what attracted our attention and has culminated in this investment.

"The rapid growth in demand for sapphire based products from LED lighting manufacturers, and the electronics and smart phone sectors is compelling.

"Altech management team, led by Mr Iggy Tan with his proven track record of developing these type of projects, was another key consideration."

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Malaysia's Richest

Earlier in the year it was reported that Royal Highness Prince Ya'acob Bin Tunku Tan Sri Abdullah was 29th on the list of Malaysia's Richest.

What is HPA

HPA is a high-value product because it is the major source material for scratch-resistant artificial sapphire glass.

Sapphire glass is used to produce a range of high-performance electronic applications such as LEDs, semi-conductors, phosphor display screens, as well as new emerging products such as smartphones and tablet devices.

The global HPA market is circa 19,040tpa (2014) and is expected to at least double over the coming decade.

BFS for HPA project

Earlier in the year Altech completed a Bankable Feasibility Study that highlighted the potential of its HPA project to deliver high margins, strong cash flows, and rapid payback period.

Key metrics from the BFS included:

- Capital cost estimate US\$76.9 million (A\$98.6million);
- Payback period 3.8 years;
- Estimated pre-tax NPV of US\$326.1 million (A\$362.4 million) (at 10% discount);
- IRR of 30.3%;
- Long-term sale price forecast of US\$23,000/tonne (A\$25,560/tonne) for 99.99% (4N) product;
- Cost of goods sold US\$8,140/tonne (A\$9,050/tonne); and
- EBITDA of US\$59.4 million (A\$66.0 million) per annum.

Analysis

Altech has now raised funds for a detailed design phase of the company's High Purity Alumina Project.

Around 70% of HPA demand is in the Asia Pacific region, and Altech's HPA plant in Malaysia would be well-positioned to benefit.

Ya'acob Bin Tunku Tan Sri Abdullah said the project is very exciting, and that he looked forward to assisting with its development plans. He is Malaysia's 29th richest.

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