



10 December 2015

ALTECH RECEIVES LETTER OF INTEREST FOR GERMAN EXPORT CREDIT COVER

Highlights

- Letter of Interest (LOI) received from Euler Hermes for German export credit cover (ECA)
- Approximately US\$40.0 million of project capital estimated to qualify for ECA cover
- Debt supported by ECA cover is typically at attractive conditions, including long tenure

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to report that following a recent presentation to Euler Hermes Aktiengesellschaft ("Hermes") in Hamburg, Germany and its preliminary evaluation of the Company's proposed high purity alumina (HPA) project, Hermes has issued a Letter of Interest (LOI) confirming in principle support under the export credit insurance guarantee scheme of the Federal Republic of Germany (ECA cover).

The LOI is based on the information provided and subject to further in-depth due diligence. In addition, the LOI is not legally binding and has been issued without prejudice to any decision of authorities to provide cover for this project.

The Company has estimated that approximately US\$40.0 million of project capital expenditure (from total project capital expenditure of ~US\$77.0 million) should qualify for ECA cover and additional senior debt in the region of US\$ 15 million, for total project debt financing of around US\$ 55 million. Interest rates charged by lenders on debt that is supported by ECA cover is typically at attractive conditions, as the repayment of the debt is insured, also long tenure is usually available in accordance with OECD guidelines.

The initial assessment by Hermes of the availability of ECA cover for Altech's HPA project is a significant financing milestone and closely follows the Company's 2 December 2015 announcement that it has executed a mandate with German bank KfW IPEX-Bank in relation to senior debt project financing.

The next step in securing ECA cover is the submission of a formal application accompanied by a detailed project information memorandum and various supporting documents. Detailed project due diligence follows, and will be co-ordinated by the Company's mandated bank and its German based project financing consultants.

Altech's managing director, Mr Iggy Tan said that the Letter of Interest from Hermes is a very significant milestone in the Company's endeavours for funding its HPA project. *"Obtaining this LOI from Hermes in such a short period of time has been a complete team effort involving our Perth based management, German based financing consultants, KfW IPEX-Bank and our general EPC contractor M+W Group. Feedback from our financing consultants is that only selected projects pass the very important initial assessment by Hermes and that cover is awarded to the vast majority of the projects that succeed at the initial evaluation. ECA cover and subsequent senior debt project financing is still subject to detailed due diligence and there is no guarantee that ECA cover or final debt funding for the project will eventuate, however the Hermes LOI is a significant milestone."*

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Hermes and ECA cover

Hermes is the appointed export credit agency that administers the ECA scheme for the German government. ECA is an instrument for the promotion of German exports. It provides a cover to bank lenders to insure against the risk of an export loan. ECA was identified as applicable to Altech's HPA Project because the majority of the plant and equipment will be sourced from German and other European Union manufacturers.

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About Altech Chemicals (ASX: ATC)

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) (Al₂O₃)**.

HPA is a high-value, high margin and highly demanded product, as it is the critical ingredient required for the production of sapphire substrates which are used in the manufacture of LED lights, for the manufacture of alumina semiconductor wafers that are widely used in the electronics industry, and for the manufacture of scratch resistant artificial sapphire glass used for watch faces, camera lenses and by various smartphone manufacturers. There is no substitute for HPA in the manufacture of sapphire substrates, sapphire semiconductor wafers or scratchproof sapphire glass.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in LED's, as this energy efficient, longer lasting and lower operating cost form of lighting replaces traditional incandescent bulbs. HPA demand is expected to at least double over the coming decade.

Current HPA producers use an expensive and highly processed feedstock material such as aluminium metal to produce HPA. Altech has completed a Bankable Feasibility Study (BFS) for the construction and operation of a 4,000tpa HPA plant at Tanjung Langsat, 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 acid (HCl) leaching 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 Q1-2016.



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 our 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.