



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

27 July 2016

ALTECH RAISES \$10 MILLION IN OVERSUBSCRIBED SHARE PLACEMENT

Highlights

- \$10 million raised via share placement to institutions, professional and sophisticated investors
- Placement was heavily oversubscribed
- A range of quality institutional investors join Altech's share register

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) has welcomed a number of institutional investors onto its share register as a result of a AU\$10 million oversubscribed share placement (the Placement). Placement shares will be issued at 14 cents per share, which represents a 14% discount to the price of the Company's shares at the close of trade on the Australian Securities Exchange (ASX) on 21 July 2016.

Funds raised from the Placement will be applied to finalising the detailed design of the Company's proposed Malaysian high purity alumina (HPA) plant, completion of independent due diligence associated with finalising debt financing, closure of debt financing and for general working capital purposes.

Approximately 71.4 million new shares will be issued under the Placement in two tranches. An initial tranche of approximately 39.2 million shares, in accordance with the Company's residual placement capacity under ASX Listing Rules 7.1 and 7.1A, will be settled on 3 August 2016. A second tranche for the balance of the shares will be subject to shareholder approval at a general meeting of the Company to be convened in mid-September 2016.

The Company is delighted that high-quality investment institutions predominantly from Australia, New Zealand, Hong Kong and Asia have participated in the Placement and now join the Company's share register. The Company will continue to focus on building institutional support for its HPA project in preparation for a project finance equity raising that will be required once debt funding arrangements have been finalised.

Altech managing director, Mr Iggy Tan said, "*The Company is extremely pleased with the quality and calibre of institutions that have joined our share register as part of the Placement. Most of the participants were surprised as to how advanced the Company is with its HPA project, with the bankable feasibility study completed, off-take in place and the advanced nature of debt funding, all of which has transferred directly into demand for the Placement, which was subsequently heavily oversubscribed.*

"Institutional investor representation on the Company's share register has increased from around 9% to closer to 23% following the Placement, with plans to grow it over time", Mr Tan concluded.

Perth stockbroking firm DJ Carmichael Pty Ltd and Empire Capital Partners with offices in Hong Kong and Perth were the respective lead and co-manager of the Placement.

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As the Company has already conducted a share purchase plan (SPP) during the proceeding 12-months (March 2016), the Company is unable to offer an SPP to existing shareholders as part of this capital raising (ASIC regulation of not more than \$15,000 per shareholder via an SPP each 12 month period).

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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 artificial sapphire. Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant artificial sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of artificial sapphire.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in worldwide adoption of LEDs. As an energy efficient, longer lasting and lower operating cost form of lighting, LED lighting is replacing the 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 (HCl) acid-based 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 Q1-2017.



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.

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