



3 August 2016

ALTECH – POSITIVE PRE-ASSESSMENT OF GERMAN EXPORT CREDIT FINANCE

Highlights

- Positive pre-assessment by German inter-ministerial committee
- Important milestone in the assessment process of Altech's ECA application
- Formal detailed due diligence of the project to commence

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to report that it has been officially advised by Euler Hermes Aktiengesellschaft (Hermes), the German Export Credit Agency (ECA), of a positive pre-assessment by the German Government inter-ministerial committee (IMC) and Hermes, of Altech's export credit project finance application for cursory review (refer ASX Announcement dated 22 March 2016 for details).

The positive pre-assessment of Altech's export credit application is an important milestone in the assessment process of the Company's high purity alumina (HPA) project and its ECA application. Whilst it is not legally binding and issued without prejudice to any decision to provide ECA cover, it reflects significant progress of the German Government approvals process.

The positive pre-assessment of the ECA application sets in motion a formal detailed due diligence of the project (including addressing specific requirements for Hermes), that will be undertaken by various consultants appointed by the Company's mandated German financier, KfW IPEX-Bank GmbH (KfW IPEX-Bank). The due diligence process culminates in an "expert opinion" report on the project to the IMC, and will form the basis of a decision on the approval to offer ECA cover by the IMC and Hermes. The Company will be working with KfW IPEX-Bank to select and appoint Lenders consultants to undertake the definitive technical, market and legal review of the project.

Altech's managing director, Mr Iggy Tan said that the positive pre-assessment by the IMC and Hermes is a very significant milestone in the Company's endeavours for funding its HPA project. *"Obtaining this positive pre-assessment of the project from Hermes in such a short period of time is a real boost to the team. Another great effort by our Perth based management team, our German based financing consultants, KfW IPEX-Bank and our German EPC contractor M+W Group"*.

Hermes and ECA cover

Hermes is the appointed export credit agency that administers the export credit scheme for the German government. The scheme 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. The scheme was identified as applicable to Altech's HPA project because the majority of the project's plant and equipment will be sourced from German and other European Union manufacturers and the appointed EPC contractor is Germany company M+W Group.

For personal use only

For more information, please contact:

Corporate

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

Media Contact

Tony Dawe
Consultant
Professional Public Relations
Tel (office): +61 8 9388 0944
Email: tony.dawe@ppr.com.au

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)** (Al_2O_3).

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 Q1-2017.



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.

For personal use only

