



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

29 January 2018

ALTECH – MEZZANINE DEBT TECHNICAL REVIEW COMPLETED

Highlights

- Final mezzanine lender's technical advisor report issued
- Extensive review of the HPA process including visit to SMS facility in Dusseldorf, Germany
- Positive findings with satisfactory risk management
- Mezzanine lender reviewing and to advise next steps

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to advise that the technical review of its Malaysian high purity alumina (HPA) project that was initiated by the proposed mezzanine debt provider has now concluded. Advisian, the mezzanine lender's technical advisor, conducted an extensive and thorough review of the Company's HPA project when responding to specific questions from the proposed mezzanine debt provider which has taken six months. After extensive analysis, test work/data review and discussions with Altech and SMS group representatives, Advisian has concluded with a positive report on the project's technical aspects and project flowsheet. The report concludes that the Company has suitable proposed mitigation steps to manage the identified technical risk areas and the report is currently being reviewed by the mezzanine debt provider.

In May 2018, Altech announced that it had received an indicative non-binding mezzanine debt term sheet for US\$90 million from a global investment bank. The term sheet is indicative, non-binding and remains subject to amongst other things; technical review; investment committee approval; agreement on binding terms; and various approvals (including from the senior lender, boards and regulatory authorities). The potential mezzanine debt provider appointed the lender's technical advisor and work started in August 2018. A draft technical advisor's report was issued in October 2018. The draft was updated in mid-November 2018 following the provision of additional technical information and the clarification various matters raised in the draft report. In early December 2018 the remaining outstanding technical matters from the updated draft report were addressed during a meeting in Dusseldorf, Germany attended by representatives from SMS group (the appointed EPC contractor for construction of the HPA plant); m.Plan International (technical advisor for the senior lender KfW IPEX-Bank); and Altech.

The final mezzanine lender's technical advisor report is positive and concludes that the Company has suitable proposed mitigation steps to manage the identified technical risk areas of its HPA project. Altech's HPA project has now been the subject of two detailed independent technical reviews, both of which have culminated in positive and satisfactory conclusions. The proposed mezzanine lender is reviewing technical advisor report thoroughly and will advise the Company of its next steps and timeline.

- End -

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The mezzanine debt term sheet referred to in this ASX announcement is indicative in nature; is non-binding; and contains the general terms of a proposed transaction. Any future commitment for the facility will be subject to and is contingent upon all internal approvals of the financial institution as well as the completion of detailed due diligence (including but not limited to legal, market and technical due diligence) and legally binding documentation and senior lender agreement. There is no certainty that the mezzanine project debt will be approved or a transaction concluded based on what is contemplated in the term sheet. The Company makes no representations or warranties whatsoever as to the outcome of the mezzanine debt process.

About Altech Chemicals (ASX:ATC) (FRA:A3Y)

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 synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in 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.

Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) of 16.7% (2016-2024), 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.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Final Investment Decision Study (FIDS) for the construction and operation of a 4,500tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, 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 and has announced the execution of an agreement with its appointed EPC contractor SMS group for the commencement of Stage 1 construction of its HPA plant at Johor, Malaysia.



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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 the 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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