



**Altech Chemicals**  
Limited

## ASX ANNOUNCEMENT AND MEDIA RELEASE

5 December 2019

# ALTECH – \$1.8 MILLION SHARE PLACEMENT AND INITIATION OF SHARE PURCHASE PLAN

### Highlights

- Successful \$1.8 million share placement
- Initiation of a share purchase plan
- Eligible shareholders can purchase up to \$30,000 of new Altech shares

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce the successful completion of an \$1.8 million (before costs) share placement (Placement) and the initiation of a share purchase plan (SPP) whereby existing shareholders can apply for up to \$30,000 of new Altech shares at the same price as the Placement participants. The Placement and SPP shares will be issued at a price of 9.75 cents per share, representing a 15% discount to the price of the Company's shares as traded on the ASX at the close of trade on Monday 2 December 2019 and the 5-day VWAP.

The Placement was anchored by the Company's major shareholder Deutsche Balaton AG. The balance of the Placement was supported by a range of professional and sophisticated investors, many of whom are long-term holders of Altech shares. Proceeds from the Placement will be applied to the Company's project funding strategy, payments for Stage 2 engineering and construction activities at the Company's high purity alumina (HPA) plant in Johor, Malaysia, and for administration and working capital purposes.

The Placement shares will be issued in a single tranche under the Company's current share placement capacity pursuant to ASX Listing Rule 7.1A. Approximately 18,624,628 shares will be issued.

### Share Purchase Plan

The share purchase plan (SPP) will be open to all existing Altech shareholders with a registered address in Australia or New Zealand, who were recorded on the Company's share register at 4 December 2019 (record date). Participation in the SPP is optional, however any shares purchased via the SPP will not incur any brokerage or other transaction costs. Based on the positive response from the last SPP the Company offered (August 2018), up to an additional \$4.0 million could be raised from this SPP. Funds raised from the SPP will also be applied to the project funding strategy, payments for Stage 2 engineering and construction activities and for administration and working capital purposes. All new shares issued under the SPP will rank equally with existing ordinary shares of the Company.

The closing date for participation in the SPP will be Thursday 19 December 2019. Full details of the SPP and individual letters including acceptance forms will be published on the ASX and mailed to all eligible shareholders on Friday 6 December 2019.

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## PROPOSED SPP TIMETABLE

<b>Event</b>	<b>Date</b>
Record Date for SPP	<b>Wednesday 4 December 2019</b>
Announce SPP and Placement and lodgement of Appendix 3B	<b>Thursday 5 December 2019</b>
Issue of Shares under Placement, lodge Appendix 2A (Placement) and Cleansing Notice lodged with ASIC	<b>Tuesday 10 December 2019</b>
Dispatch SPP Offer Letter to shareholders and release Offer Letter on the ASX	<b>Friday 6 December 2019</b>
Opening Date for SPP	<b>Friday 6 December 2019</b>
Closing Date for SPP	<b>Thursday 19 December 2019</b>
Announcement of results of SPP	<b>Monday 23 December 2019</b>
Issue date of SPP Shares and lodgement of Appendix 2A (SPP) with ASX	<b>Friday 27 December 2019</b>

This timetable is indicative only, and subject to change. The directors reserve the right to alter the above dates at their discretion and without notice to you, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth) (Corporations Act).

– end –

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*Wir sprechen Deutsch.*

**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 (Al<sub>2</sub>O<sub>3</sub>) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to Malaysia.

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, semi-conductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand is forecast to be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.



German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a USD280 million fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. Altech has executed an off-take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) covering the first 10-years of HPA production from the plant.

Conservative (bank case) cash flow modelling of the project shows a pre-tax net present value of USD505.6million at a discount rate of 7.5%. The Project generates annual average net free cash of ~USD76million at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~63%. (Refer to ASX Announcement "Positive Final Investment Decision Study for 4,500TPA HPA project" dated 23 October 2017 for complete details. The Company confirms that as at the date of this announcement there are no material changes to the key assumptions adopted in the study).

The Company has been successful in securing senior project debt finance of USD190 million from German government owned KfW IPEX-Bank as senior lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for the project. The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to USD90 million. To maintain project momentum during the period leading up to financial close, Altech has raised ~A\$39 million in the last 24 months to fund the commencement of Stage 1 and 2 of the plant's construction; Stage 1 construction commenced in February 2019 with Stage 2 now underway.

Altech recently announced the sale of an option to Frankfurt stock exchange listed Youbisheng Green Paper AG (since renamed Altech Advanced Materials AG (AAM)), whereby AAM can acquire up to a 49% interest in Altech's HPA project for USD100 million. AAM has commenced the process of securing the funds to enable it to exercise its option, which once complete is anticipated would be a catalyst for project financial close.

**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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