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ALTECH – UPDATE OF HIGH PURITY ALUMINA PROJECT

Highlights

- KfW IPEX-Bank continues to be in full support of the Company's Malaysia HPA project
- German Government Export Credit Agency Euler Hermes extends US\$170m loan cover
- EPC contractor SMS group reiterates support of the HPA project
- Work continues on US\$144m Green Bond offer
- Project level equity funding is being advanced by US based DelMorgan

Altech Chemicals Limited (Altech/Company) (ASX: ATC) (FRA: A3Y) is pleased to provide an update on its Malaysian high purity alumina (HPA) project, and its continuing efforts to close project finance.

Managing director Iggy Tan, accompanied by executive management, recently completed a visit to Europe. The visit included a meeting with German government owned KfW IPEX-Bank, during which the bank was briefed on the status of Altech's secondary project finance initiatives – a US\$144m green bond offer and the US\$100m project level equity funding initiative. KfW IPEX-Bank confirmed its continued support for the project, and its commitment to the senior loan facility of US\$190m. Importantly, Euler Hermes, the German government export credit agency, has renewed the US\$170m export credit cover (guaranteed) for the KfW IPEX Bank senior loan facility. Both KfW IPEX-Bank and Euler Hermes acknowledged the headwinds facing project finance close from disruptions caused by the pandemic in the last few years as well as the current market uncertainty exacerbated by the Ukraine crisis in Europe.

A meeting was also held with Altech's long-standing strategic engineering partner and metallurgical consultant SMS group GmbH ("SMS"). SMS is contracted to construct the Malaysian HPA plant, and like KfW IPEX-Bank and Euler Hermes, SMS reiterated that it continues to be supportive of the Company's HPA project and looks forward to re-starting work on site. Altech and SMS agreed to extend the long stop date on the HPA plant's EPC contract.

Altech continues to work with London based structuring agent Bedford Row Capital Plc and Perth based Bluemount Capital (WA) Pty Ltd to finalise a US\$144m green bond offering. Detailed presentations and discussions with interested parties are ongoing, and these are expected to continue.

In parallel with the bond offering, Altech is continuing with its endeavours to secure commitments for a project equity investment of US\$100M. US Based global investment bank DelMorgan & Co. has advanced several leads and potential investors in relation to this. Presentations by Altech and detailed discussions with interested parties are ongoing.

Whilst headwinds in the current equity and financial markets are challenging, management remains committed to the project finance process, and for a positive project finance outcome.

In Malaysia, the HPA plant site within the Tanjung Langsat Industrial Complex remains in sound condition. Regular site maintenance work is undertaken and permanent site security is in place. The already constructed maintenance workshop, electrical substation and storm water management infrastructure remain in as-constructed condition.

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

Altech Chemicals ("Altech" or "Company") is a specialty battery materials technology company that has licenced its proprietary high purity alumina coating technology to 75% owned subsidiary Altech Industries Germany GmbH (AIG), which has commenced a definitive feasibility study for the development of a 10,000tpa silicon/graphite alumina coating plant in the state of Saxony, Germany to supply its Silumina Anodes™ product to the burgeoning European electric vehicle market.

This Company recently announced its game changing technology of incorporating high-capacity silicon in lithium-ion batteries. Through in house R&D, the Company has cracked the "silicon code" and successfully achieved a 30% higher energy battery with improved cyclability or battery life. Higher density batteries result in smaller, lighter batteries and substantially less greenhouse gases, and is the future for the EV market. The Company's proprietary silicon graphite product is registered as Silumina Annodes™.

The Company is in the race to get its patented technology to market and recently announced the results of a preliminary feasibility study (PFS) for the construction of a 10,000tpa Silumina Anode™ material plant at AIG's 14 hectare industrial site within the Schwarze Pumpe Industrial Park in Saxony, Germany. The European graphite and silicon feedstock supply partners for this plant will be SGL Carbon and Ferroglobe. The project has also received green accreditation from the independent Norwegian Centre of International Climate and Environmental Research (CICERO). To support the development, AIG has commenced construction of a pilot plant adjacent to the proposed project site to allow the qualification process for its Silumina Anodes™ product. AIG has executed NDAs with two German automakers as well as a European based battery company.

Silumina Anodes™

HPA Project

Altech is also further aiming to become a supplier of 99.99% (4N) high purity alumina (Al_2O_3) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia, and has finalised Stage 1 and Stage 2 construction of its HPA plant in Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned near surface kaolin deposit at Meckering, Western Australia and shipped to Malaysia. The HPA project is significantly de-risked with a bankable feasibility study completed, senior lender project finance from German government owned KfW IPEX-Bank approved, and a German EPC contractor appointed – with initial construction works at the site completed. In addition to the senior debt, conservative (bank case) cash flow modelling of the HPA plant shows a pre-tax net present value of USD 505.6million at a discount rate of 7.5%. The project generates annual average net free cash of ~USD76million at full production. Altech is in the final stages of project finance with a potential raising of US\$100m of secondary debt via the listed green bond market. In addition, US\$100m of project equity is being sought through potential project joint venture partners.

