

6 February 2017

## ALTECH DEBT DUE DILIGENCE AT AN ADVANCED STAGE

### Highlights

- Debt due diligence at an advanced stage
- Confirmatory pilot plant test work in South Africa, Australia and Germany
- HPA market study completed
- Technical due diligence at an advanced stage
- Permitting in Malaysia and Australia progressed

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to provide an update on the due diligence activities associated with the financing of its proposed high purity alumina (HPA) project. The various independent reviews and associated confirmatory pilot plant test work are now well advanced and nearing completion.

Altech has been working exclusively with German KfW IPEX-Bank on project finance structuring. The Company is currently targeting US\$70 million of project debt; the majority of which is aimed to be subject to German export credit cover (ECA), typically offered at attractive interest rates and terms; the remainder is expected to be available on normal commercial loan terms.

On 10 August 2016 the appointment of due diligence consultants by Altech and KfW IPEX-Bank was announced. The consultants are engaged to undertake definitive technical, market and legal reviews of the Company's HPA project, with an independent "expert opinion" report presented at the conclusion of the reviews for the benefit of the ECA.

The due diligence consultants completed site visits to Meckering, Fremantle and Perth, Western Australia and to Johor, Malaysia in early August 2016 and their respective initial reviews did not identify any major flaws in the HPA project. However various pilot plant confirmatory test work programs were requested and detailed audits initiated accordingly. The test work programs and audits are now well advanced.

Commenting on the due diligence activities, Altech managing director Iggy Tan said, *"The last five months have been extremely busy for the Company as we worked with the various due diligence consultants to complete confirmatory pilot plant test work and respond to a large number of detailed information requests."*

### Confirmatory Pilot Plant Test Work – Australia



Acid leach test work – Simulus Laboratories

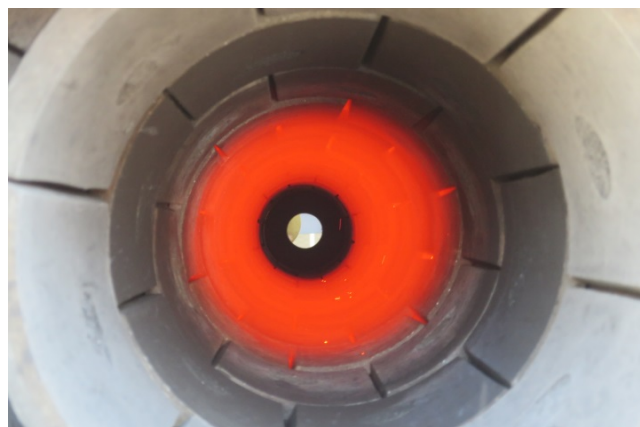


Crystalliser test work – Simulus Laboratories

### Confirmatory Roaster Test Work – South Africa



Roaster test work - Drytech

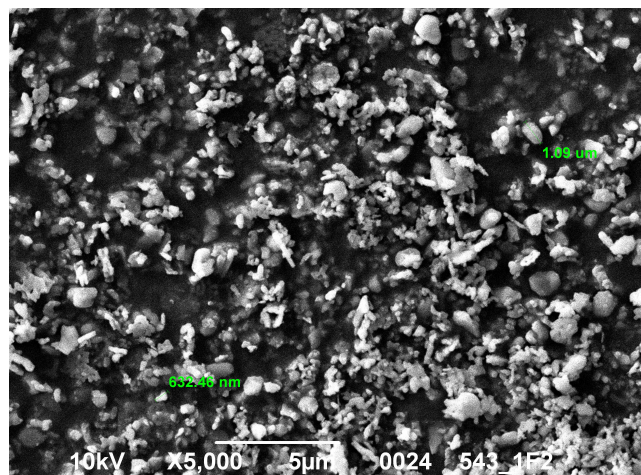


Roaster internal temperature at 700°C

### Confirmatory Jet Milling – Germany



Jet mill test work – Netzsch



SEM photograph of jet milled final product HPA

- Ends -

For more information, please contact:

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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) ( $\text{Al}_2\text{O}_3$ )**.

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 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 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 Q3, 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.