

Altech Chemicals Limited ASX: ATC FSE:A3Y

**121 Mining Investment - London
Company Presentation**

**Iggy Tan
Managing Director**



**Altech Chemicals
Limited**

**World leading producer of
high purity alumina (HPA)**



4,500 tonnes pa

Our Vision



- Sapphire as hard as diamond
- Forms in nature – temp and pressure
- Synthetic sapphire wafers
- Used in LEDs, semiconductors, watches
- Needs pure alumina (99.99%)
- 70% demand - Asia Pacific region

About Sapphire and HPA





**Smelter Grade
Alumina**
SGA 99.5%
US\$400 per t



**High Purity
Alumina**
HPA 99.9% (3N)
US\$6,000 per t



**High Purity
Alumina**
HPA 99.99% (4N)
US\$27,000 per t



**High Purity
Alumina**
HPA 99.999% (5N)
US\$50,000 per t

Our Target Business

4N HPA produces synthetic sapphire glass

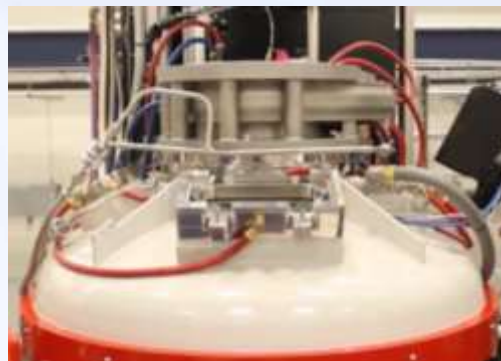
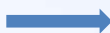
HPA substrate for LEDs

**High price
for purity**

High Purity Alumina



**High Purity
Alumina**



Sapphire Furnace (2,000 °C)



Sapphire Crystal Boule

**Synthetic
Sapphire**



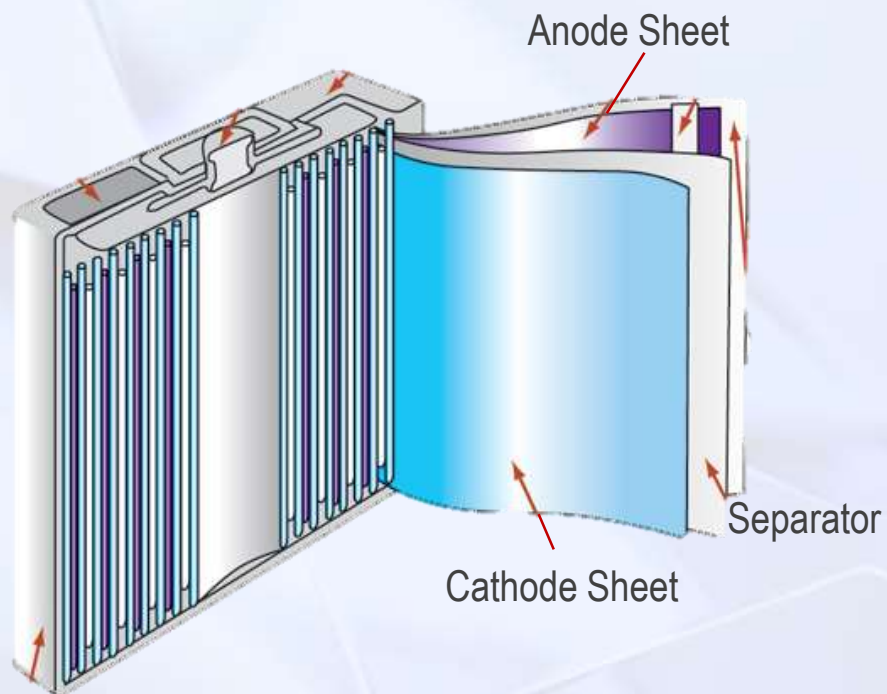
Battery Separators / Cathode / Anode



Lithium-Ion Batteries

**Lithium-Ion
Batteries**

Lithium-ion Battery Separator



HPA is used in lithium-ion battery separator coatings

Sapphire Applications



Sapphire Cores



Sapphire Wafer / Substrate



LEDs

Light Emitting Diodes LED



Sapphire Glass



Glass

Smartphone and Lenses

Sapphire Glass

Vertu TI luxury smartphone



- HTC U Ultra** (128Gb)
- February 2017
 - Sapphire crystal display



- iPhone**
- Sapphire crystal lens
 - Finger print recognition

**Smartphone
sapphire screen**

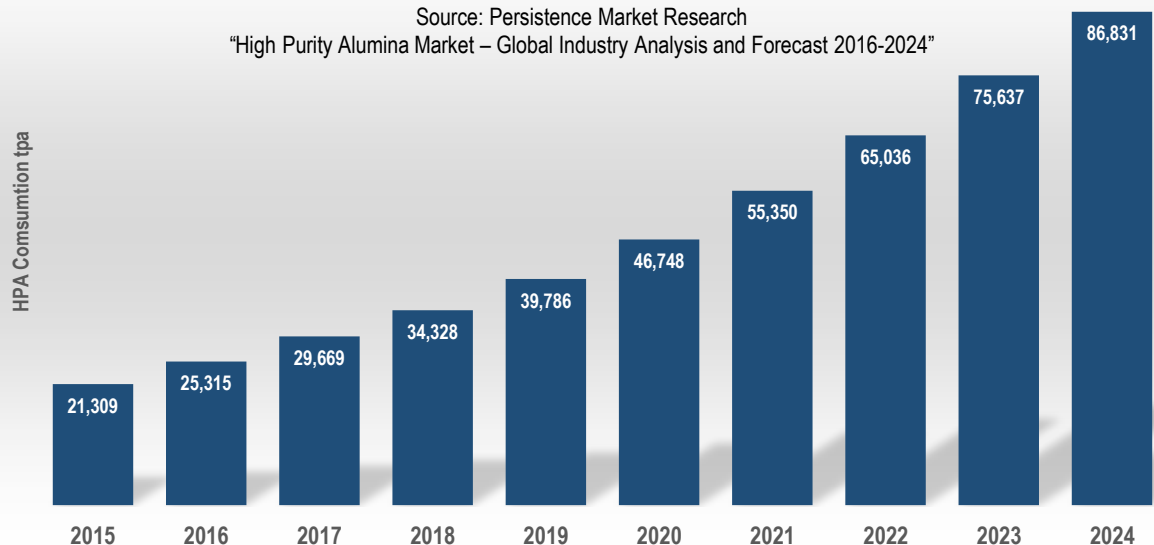
HUAWEI

Sapphire Glass Scratch Test



Global High Purity Alumina Forecast 2015 -2024

Source: Persistence Market Research
"High Purity Alumina Market – Global Industry Analysis and Forecast 2016-2024"

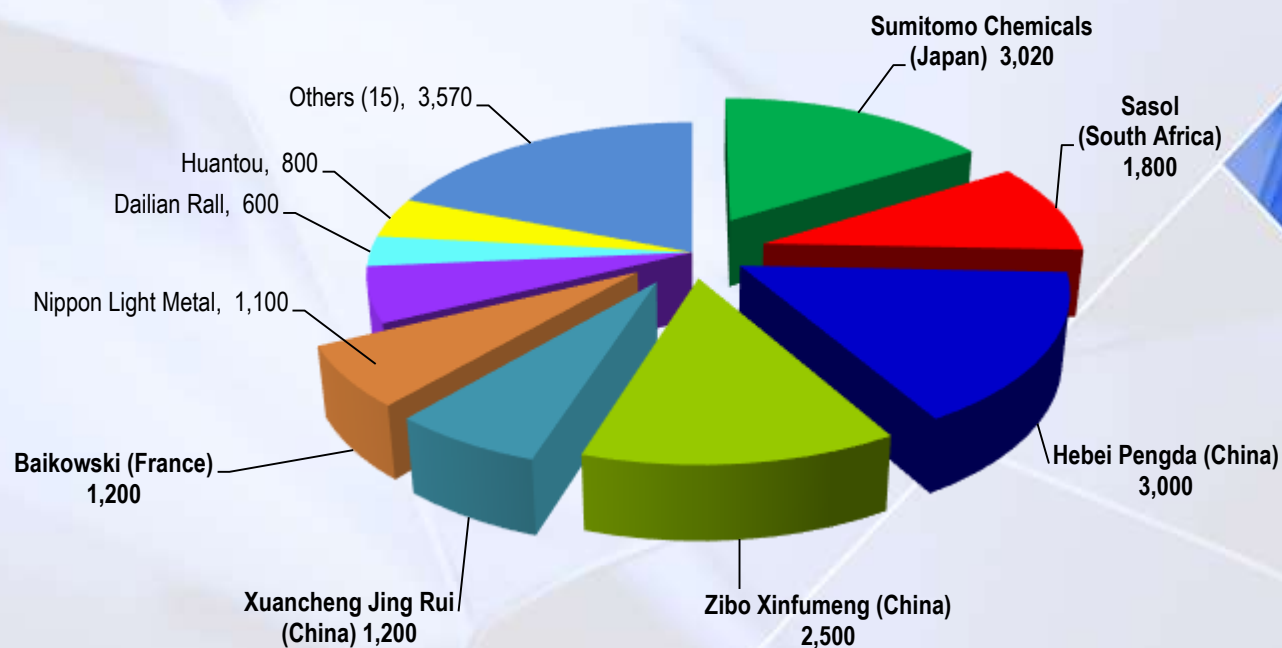


**Demand
for HPA**

- **Global LED light demand forecast to increase to 4.1 billion by 2024 (2015: 864 million)**

Source: Navigant Research "LED Lighting: Global Outlook"

- Six largest HPA producers:
China (3), Japan (1), South Africa (1) France (1)



**Current HPA
Producers**

Altech's Differentiation

Current HPA Producers



Bauxite

**Alumina
Refinery**



Smelter Grade Alumina
99.5%

**Alumina
Smelter**



Aluminium Metal
~US\$3,000 per tonne

**Aluminium
Dissolution**



**99.99% (4N)
HPA**



Kaolin
(aluminous clay)

ALTECH HPA PLANT

One Single Process Step



**99.99% (4N)
HPA**

Typical bauxite deposit

- Very low iron (Fe) due to weathering
- **12.7Mt JORC Mineral Resources[^] (250 yrs)**
 - Measured Resources 1.5Mt @ 30% Al₂O₃
 - Indicated Resources 3.3Mt @ 30% Al₂O₃
 - Inferred Resources 7.9Mt @ 29.1% Al₂O₃
- **Deposit in Western Australia**

**Low-impurity
Kaolin Feedstock**

%	Bauxite Darling Range*	Canadian HPA Project	Altech HPA Project
Al ₂ O ₃	34.5	22.77	30.5
SiO ₂	21.5	53.29	56.3
Fe ₂ O ₃	21.2	8.36	0.7
TiO ₂	2.00	0.98	0.7
K ₂ O	0.24	3.41	0.1
NaO	0.005	1.42	0.1

Altech's kaolin deposit

* Typical Mean Analysis

[^] JORC (2012) Mineral Resources (refer ASX Announcement 11 October 2016); the Company is not aware of any new information or data that materially affects the information included in this announcement and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



Altech Chemicals
Limited

- Altech owns 100% of kaolin deposit in WA
- Low environmental impact
- 130kms from Fremantle Port
- Mining lease (M70/1334) granted
- Ore Reserve 1.2Mt @ 30% Al_2O_3 for 30 year (stage 1) mine-life

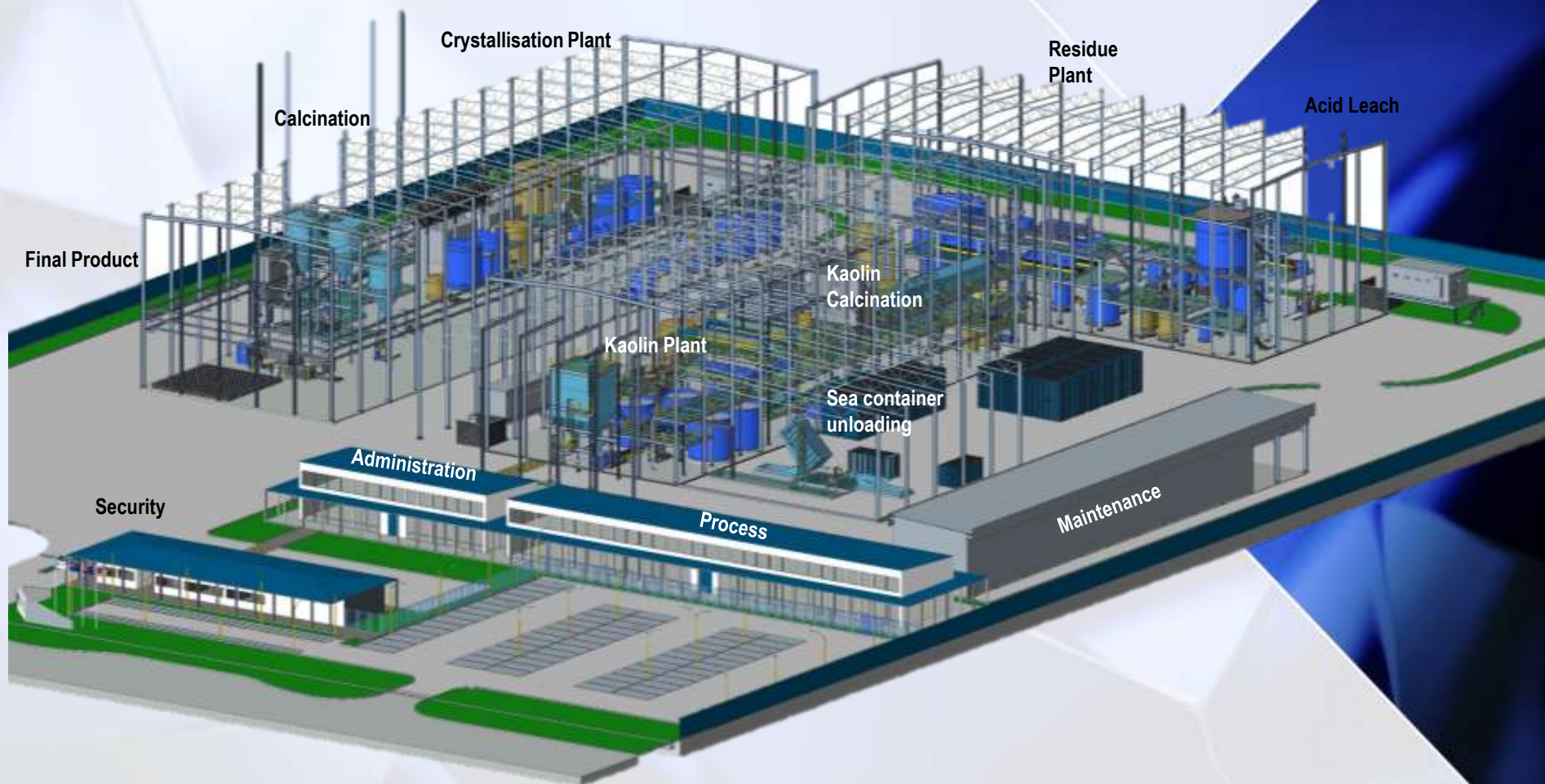
Meckering Kaolin Deposit in Aust





Altech Chemicals
Limited

Altech's HPA Plant – Malaysia





Altech Chemicals
Limited

- Lower quartile costs
- Kaolin feedstock shipped from WA
- Chemical-zoned industrial park (Tanjung Langsat)
- Sea container ports
- Plant site secured
- Malaysian government incentives

**HPA Plant to
be in Johor,
Malaysia**





Altech Chemicals
Limited

**New HPA Demand + Established Process
+ Unique Deposit + Experienced People
→ Shareholder Value**

**Business
Strategy**



***“the last piece of the
puzzle is in place”***



Altech Chemicals
Limited

- **Pre-tax NPV_{7.5} US\$ 505 million**
- **Internal Rate of Return (IRR) 22%**
- **Payback (full rate) 3.9 years**
- **EBITDA US\$ 76 million p.a.**
- **Capital cost US\$ 298 million**
- **Total target debt of US\$ 185 million**
- **Production Costs - US\$ 9.90/kg**
- **LT Sale Price - US\$ 26.9/kg**
- **Gross Margin – 63%**

Final Investment Decision Study FIDS

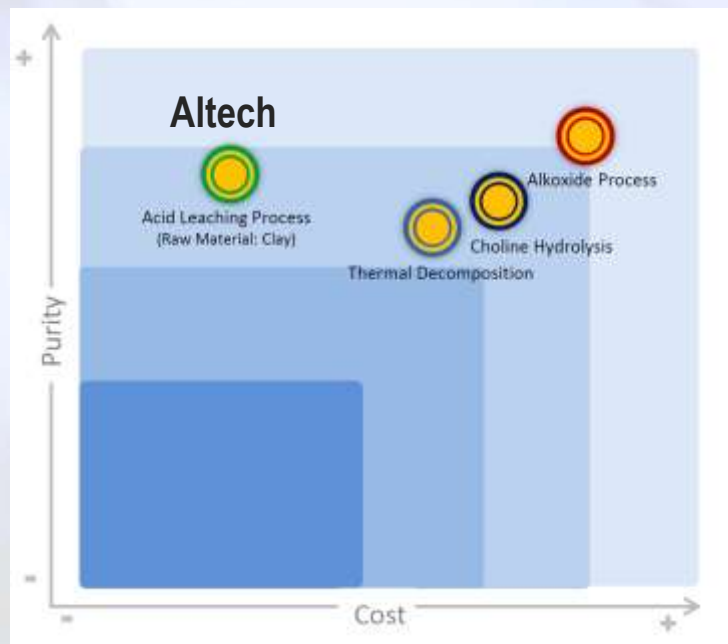


Altech Chemicals
Limited

- Current price in Japan - US\$ 40.0/kg
- Pre-tax NPV_{7.5} US\$ 1.1 billion
- Internal Rate of Return (IRR) 33%
- Payback (full rate) 2.2 years
- EBITDA US\$ 133 million p.a.
- Production Costs - US\$ 10.50/kg
- Sale Price - Gross Margin – 74%

High Case Economics

- **Competitors US\$14 - 17,000/t (Breakaway Research)**
 1. We own our feedstock
 2. Main reactant HCl re-used
 3. Plant in low cost country (Malaysia)



**Bottom
Quartile
for Op Costs**



Altech Chemicals
Limited

- Off-take sales agreement with Mitsubishi
- First 10 years of HPA operations
- Secures sales for HPA plant production
- Exclusive global distributor
- Experienced with HPA
- Strategic priority: lithium-ion batteries



**Mitsubishi
signs
off-take**



mitsubishi

- Target total debt of US\$ 185 million
- US\$ 165 million export credit finance
- Debt funding with KfW IPEX-Bank
- 50% of plant – German suppliers
- Low interest, long tenure
- ECA approval date 14 Dec 2017



**Final Stage of
Debt Funding
Approval**



Altech Chemicals
Limited

- **SMS group German EPC contractor**
- **Lump sum turn key contract**
- **Completion and cost risk**
- **Process & throughput guarantee**
- **Equity investment contribution**
- **Detailed design at advanced stage**
- **Completing EPC cost estimate**

Lump Sum Turn Key Contract



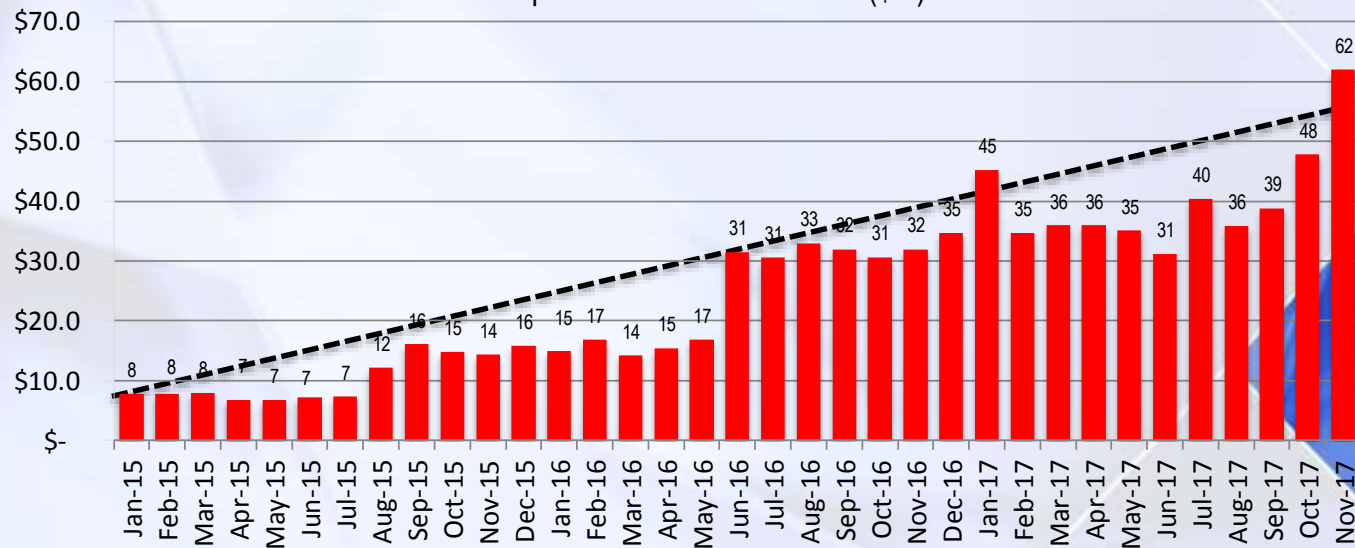


Altech Chemicals
Limited

- Raised A\$17 million on 26 Oct 2017
- SMS commits further US\$11 million at project equity stage (price to be set then)
- All consultants report completed
- Expert opinion report completed
- IMA ECA approval meeting 14 Dec 2017

Latest News & Final ECA Approval

Altech Chemicals Limited
Market Capitalisation - end of month (\$m)



**Altech
Growth
Performance**

- 8.5 fold steady market cap growth
- Ave trade value \$2k/day to \$150k/day
- 350% increase in shareholders to 2,300

Right Place
Right Time
Right Feedstock
Right Technology



Thank you



Forward-looking Statements

The Company reports that the ECA application process is set for end 2017 and there is no certainty that the export credit and debt finance will be approved. The Company makes no representation or warranties whatsoever as to the outcome of the ECA approval process

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.

Competent Persons Statements – Meckering Kaolin Deposit

The information in this announcement that relates to Mineral Resources and Ore Reserves is extracted from the report entitled "Maiden Ore Reserve at Altech's Meckering Kaolin Deposit" released on 11 October 2016; the report is available to view on the Company's website www.altechchemicals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.