



15 April 2019

## **INVESTOR SITE VISIT TO VIEW HPA PLANT CONSTRUCTION PROGRESS**

### **Highlights**

- Successful inaugural investor site visit to observe HPA plant construction progress
- Stage 1 construction progress observed
- Attendees included KfW IPEX-Bank, Macquarie Bank, CIMB Bank and Petra Capital
- Various potential equity and joint venture partners in attendance

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to advise of a successful inaugural investor and stakeholder visit to the site of the Company's high purity alumina (HPA) plant in Johor, Malaysia. Stage 1 construction of the HPA plant commenced in late February 2019 and attendees were able to observe first-hand the progress made during the short ~9-week period since the initiation of site works.

The one day visit commenced at the Company's Johor office located within the Tanjung Langsat Industrial Complex, where Altech managing director Iggy Tan provided a corporate update that covered the stage 1 construction plan; the status of project financing, corporate funding and the option to introduce a joint venture partner at project level; the plan to initiate stage 2 construction; and concluded with a site safety briefing and induction by the appointed EPC contractor SMS group of Germany. An inspection of the ~4 hectare HPA plant site and a detailed explanation of the stage 1 construction works followed – the HPA plant site is conveniently located approximately 300 metres from the Company's Johor office.



**Investor briefing by managing director, Iggy Tan**

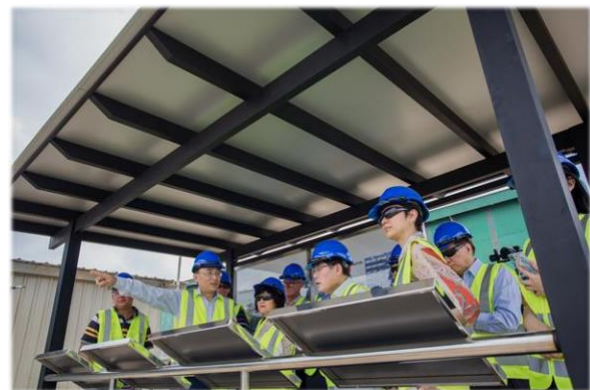
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In attendance for the visit were Altech board chairman Luke Atkins, non-executive director Peter Bailey and alternate director Uwe Ahrens – also representing a major shareholder, the Melewar group. Other attendees included:

- Stefan Eitel (director metals & mining team) of KfW IPEX-Bank, who spoke to the delegation about the US\$ 190 million committed project senior debt facility;
- Mr Herbert Weissenbaeck (senior vice president strategic project development) of SMS group GmbH, the appointed EPC contractor for HPA plant construction and commissioning. Mr Weissenbaeck provided a comprehensive overview of the lump sum, fixed priced, turn key EPC contract and described the completion, throughput, process and quality guarantees that are incorporated in the construction contract. Mr Weissenbaeck explained that whilst such guarantees are unusual for a first-of-kind plant, SMS's confidence in providing the guarantees comes from in excess of 10-years of internal test work and studies at its own laboratory on the kaolin to high purity alumina hydrochloric acid process that Altech will employ in its HPA plant.



Altech Johor office, 300m from site



Display platform at HPA site

- Managing director of Petra Capital, Mr George Marias. Petra Capital is an independently owned wholesale stockbroking firm and has been supporting Altech and its HPA project, and access to capital in the Australian and international equity markets for more than two years. Mr Marias was impressed with construction progress at the site and the excellent infrastructure and facilities that the large Tanjung Langsat Industrial Complex provides.
- A Macquarie Bank representative – as part of its detailed project due diligence for a proposed US\$90m mezzanine debt facility. Altech announced 8 March 2019 that it had signed an exclusive mandate with Macquarie as its preferred mezzanine lender. The bank's appointed adviser (Advisian) has now completed its technical review of the project and the bank has initiated a market review having appointed London firm CRU consulting, and is progressing with legal reviews and the appointment of Australian, Malaysian and German legal firms.

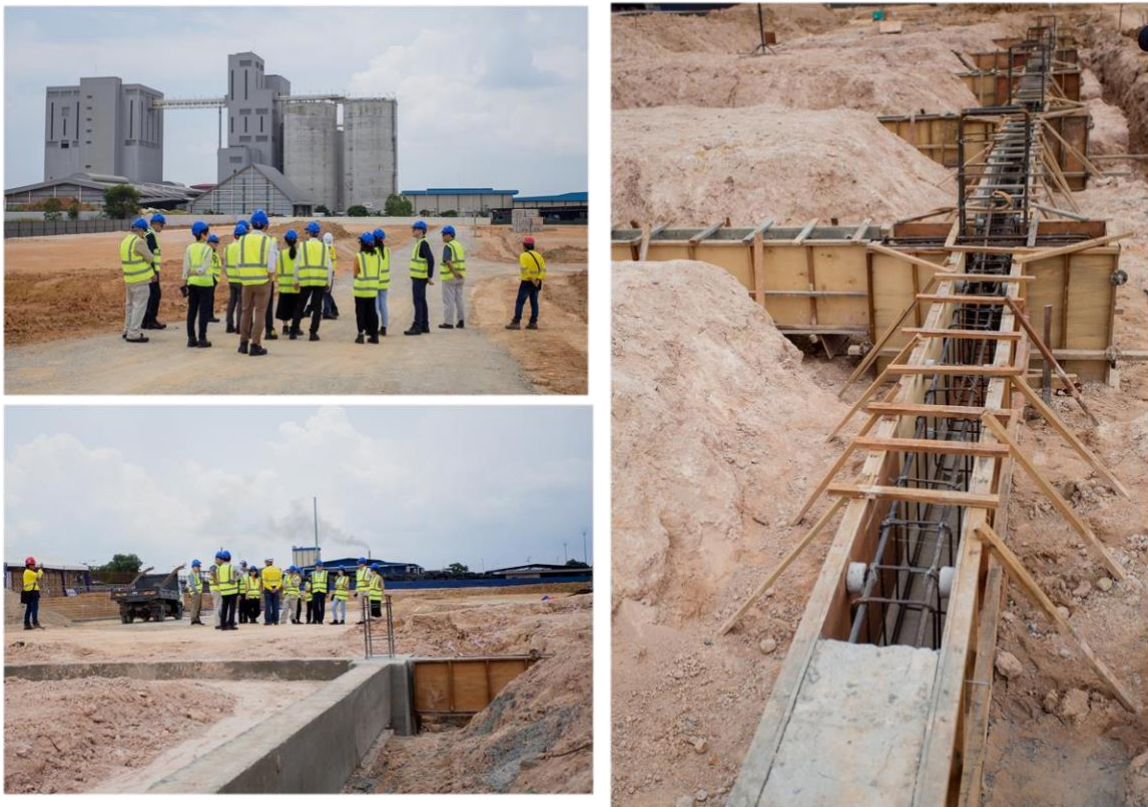


Group 1 of investor delegation



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- Representatives from CIMB bank, Kuala Lumpur. The bank is mandated to introduce potential Malaysian and South Asian joint venture partners and/or equity investors for the project.
  - Representatives of a number of private equity groups, battery manufacturers and specialty materials industry participants from Malaysian, Singapore, South Korean and Hong Kong, as potential investors were also in attendance.
  - Other participants include the representatives from a variety of predominantly Malaysian professional service providers such as legal, taxation and audit; representatives from existing institutional shareholders; selected media; and Altech staff from its Perth office.

For most stakeholders and investors the site visit was their first time to visit the plant location and the Tanjung Langsat Industrial Complex. For some attendees it was their first visit to Malaysia and to Johor, many expressed their surprise at the scale of industrial development in Johor, the established infrastructure and services that are available, and the ease of transit from Singapore airport (where most arrived) to Johor. For potential equity and/or joint venture investors the visit was an important part of their investment decision process – as the Company continues to explore the possibility of selling up to 50% of the project to an industry joint venture partner to share the final project equity funding. The Company plans to conduct regular investor and stakeholder site visits as HPA plant construction activities continue.



**Group 2 investor delegation inspecting workshop foundations**



**Building concrete footings**



**Viewing platform**



**Aerial view showing progress of Stage 1 construction**



**Board and investor delegates**



**Investor de-briefing**

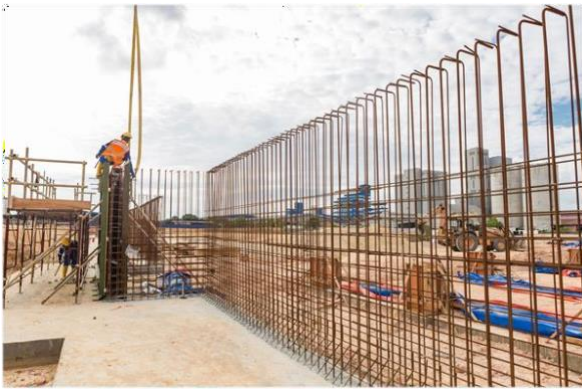




**Boundary retaining wall**



**Building civil footings**



**Administration building retaining wall**



**Workshop building ground works**



**Contractor site office**



**Steel work for concrete retaining wall**

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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 (HPA) (Al<sub>2</sub>O<sub>3</sub>)**.

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 commencement of Stage 1 construction of the HPA plant at Johor, Malaysia.



**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.