



16 April 2019

ALTECH – A\$18 MILLION SHARE PLACEMENT ANCHORED BY GERMAN INSTITUTIONS

Highlights

- New German investors anchor A\$18 million share placement
- Placement well supported by existing significant shareholders
- Stage 2 engineering and construction of HPA plant in Johor, Malaysia to now proceed

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce the successful completion of an A\$18.0 million (before costs) share placement (“placement”).

The placement is anchored by two German institutional investors (Deutsche Balaton and Delphi), each will subscribed to A\$5.425 million worth of new Altech shares. Also, existing Altech shareholders SMS Investments and the Melewar Group have each agreed to subscribe to A\$2.0 million of new shares (subject to shareholder approval in the case of Melewar). SMS group remain committed to an equity contribution of ~A\$13 million at project financial close. A number of other professional and sophisticated investors also supported the placement.

Proceeds from the placement will be applied towards the commencement of Stage 2 engineering and construction of the Company’s high purity alumina (HPA) plant in Johor, Malaysia and for administration and working capital purposes. Petra Capital acted as lead manager and bookrunner to the placement.

In Johor, Stage 2 engineering and construction works will include: third party and supplier engineering, advancing various civil loads in the plant and advancing current Stage 1 activities. Altech is continuing with its strategy of advancing construction of the HPA plant in parallel with project financial close, thereby ensuring that project momentum is maintained.

Placement shares will be issued at a price of \$0.1085 per share, which represents a 16.5% discount to the price of the Company’s shares as traded on the ASX at the close of trade on 11 April 2019 (the day prior to initiation of a trading halt).

Key participants in the share placement are:

• Deutsche Balaton AG:	A\$ 5.425 million
• Delphi Unternehmensberatung AG:	A\$ 5.425 million
• Melewar Group:	A\$ 2.000 million
• <u>SMS Investments:</u>	<u>A\$ 2.000 million</u>
Total for key participants	A\$14.850 million

The Placement Shares will be issued in two tranches:

- Up to 143.1 million shares (~A\$15.5 million) will be issued under the Company’s current placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A. 85,883,999 shares under Listing Rule 7.1A and approximately 57,255,999 shares under Listing Rule 7.1.
- The placement to Melewar Group will be subject to shareholder approval at General Meeting of shareholders to be scheduled on or around 30 May 2019.

Traditionally, whenever the Company has conducted a share placement it has offered all shareholders the opportunity to acquire shares at the same price as the placement shares via a Share Purchase Plan (SPP). The Australian Securities and Investment Commission (ASIC) Class Order by which the Company is able to offer a SPP limits shareholder participation in a SPP to once per 12-month period to a maximum of \$15,000 per shareholder. Because the Company last conducted a SPP in July 2018, a SPP will not be offered in conjunction with this placement.

Altech managing director, Mr Iggy Tan said, *“The Company is extremely pleased with the support that it has received for the placement. We are delighted to welcome German strategic investors’ Deutsche Balaton and Delphi which will have a combined 13.6% shareholding in the Company once the placement is completed. The placement was also well supported by existing substantial shareholders, including SMS Investments and the Melewar Group.*

At our Malaysian HPA site, Stage 1 construction (majority pre-paid) is progressing well and SMS group’s construction team is making solid progress. We are keen to maintain construction momentum at the site whilst project finance is being finalised.

After many months of extensive scrutiny, in February 2019 a positive report with a “no fatal flaws” finding on the HPA project was received from the technical consultant appointed by proposed Mezzanine debt provided Macquarie Bank (Macquarie). Altech has since signed a mandate with Macquarie appointing it as the exclusive mezzanine lender for a proposed facility of up to US\$90 million. Next steps will include non-technical project due diligence such as legal, detailed HPA market research, bank project financial modelling and inter-creditor discussions with KfW IPEX-Bank.

On the final project equity requirement, this will depend on amongst other things the final requirements of both lenders (KfW IPEX-Bank and Macquarie) and on the amount of construction work that has been pre-funded by Altech prior to project financial close. The Company continues to engage closely with a wide variety of investors (both existing and potential), including parties that have expressed interest in investing directly at the project level. Any direct project equity investment is likely to occur only after the mezzanine debt is finalised.

Whilst working towards project financial close, we see it as critical to maintain construction momentum at our HPA plant site, and are delighted that those who have participated in this placement also share this view.”

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About Deutsche Balaton Aktiengesellschaft

Deutsche Balaton Aktiengesellschaft (“Deutsche Balaton”) is a German investment company located in Heidelberg. The shares of Deutsche Balaton are listed at the German Stock Exchange for more than 20 years. Deutsche Balaton has a very stable shareholder structure with one majority shareholder. The company manages its own funds, which are around 250 million EUR of equity (IFRS) and around 500 million EUR of total assets under management. Deutsche Balaton has a very broad investment spectrum ranging from investments in stock listed companies as well as private equity and seed investments to real estate. Within the last two years the group has expanded its investment focus to the Australian resource sector. The major shareholder of Deutsche Balaton is Wilhelm Zours.

About Delphi Unternehmensberatung AG

Delphi Unternehmensberatung AG (“Delphi”) is a private investment company located in Heidelberg, Germany, whose primary business objective is to invest its own funds in a portfolio of companies. Delphi, has been active in other Australian resources investments. Wilhelm Zours is the major shareholder of Delphi.

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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_2O_3).

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 its HPA plant in 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.