



8 March 2019

## **ALTECH SIGNS MANDATE WITH MACQUARIE BANK TO ARRANGE MEZZANINE FINANCE**

### **Highlights**

- Macquarie Bank mandated as preferred Mezzanine lender
- US\$90 million indicative mezzanine debt term sheet

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has officially mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for its proposed Malaysian high purity alumina (HPA) plant.

On 11 May 2018 Altech announced that it had received an indicative and non-binding mezzanine debt (subordinate to senior debt) term sheet for a facility amount of up to US\$90 million. Macquarie subsequently appointed an independent technical advisor to undertake detailed project due diligence, which also takes into consideration the extensive data base of prior due diligence work commissioned by the senior lender German government-owned KfW IPEX-Bank GmbH (KfW IPEX-Bank).

The Company and Macquarie have now reached agreement on mezzanine debt terms and executed a mandate letter, which appoints Macquarie as the exclusive mezzanine debt provider, subject to its usual due diligence processes such as legal, market and technical. Completion of the mezzanine facility by Macquarie is conditional upon its view of all due diligence outcomes and agreement with KfW-IPEX Bank on inter-creditor arrangements.

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*The mezzanine debt referred to in this ASX announcement is indicative in nature; it is non-binding; and contains the general terms of a proposed transaction. Any future commitment will be subject to and is contingent upon all internal approvals of the financial institution as well as the completion of detailed due diligence (including but not limited to legal and technical due diligence) and legally binding documentation and senior lender agreement. There is no certainty that the mezzanine project debt will be approved or a transaction concluded based on what is contemplated in the term sheet. The Company makes no representations or warranties whatsoever as to the outcome of the mezzanine debt process.*

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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)** ( $Al_2O_3$ ).

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 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.