

20 December 2017

ALTECH PROJECT FINANCE DEBT PACKAGE INCREASED TO US\$190 MILLION

Highlights

- Total debt package increased to US\$190 million
- Export credit cover increased to US\$170 million
- Credit approval received from KfW IPEX-Bank
- Long tenor and at attractive terms

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that German government owned KfW IPEX-Bank has advised the Company of credit approval for a total project finance debt package of US\$190 million for its high purity alumina (HPA) project.

The approved finance package is higher than the US\$185 million of project finance initially proposed, reflecting the robust nature of the project. The export credit cover (ECA) component of project finance is increased to US\$170 million (was US\$165 million) and the Company has also been advised that this amount was approved by the German government inter-ministerial committee (IMC). The balance of US\$20 million will be at commercial terms.

The specific terms of the KfW IPEX-Bank loan package including the ECA covered facility are confidential, however as previously stated the ECA covered loan (US\$170 million) is targeted as long tenure and at highly attractive terms. The balance of US\$20 million of borrowing will be at customary lending terms. By comparison to typical project finance the proposed debt package is extremely attractive.

As the sole lender, KfW IPEX-Bank and the Company will move to execute a loan facility agreement.

Commenting on the increase in the total debt package, Altech managing director Mr Iggy Tan said *“the Company is delighted with the increased total debt package offered by KfW IPEX-Bank for the project and especially the additional loan cover made available by the German government (ECA cover).*

In our opinion the additional project finance is another significant vote of confidence for the project and follows an extensive detailed independent due diligence process”, Mr Tan concluded.

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For more information, please contact:

Corporate

Iggy Tan

Managing Director
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Shane Volk

Company Secretary
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Investor Relations (Europe)

Kai Hoffmann

Soar Financial Partners
Tel: +49 69 175 548320
Email: hoffmann@soarfinancial.com
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 (BFS) 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 with the aim of commencing project development in 2018.



Forward-looking Statements

There is no certainty that German government project finance export credit cover (ECA) and/or project debt finance will be approved. The Company makes no representations or warranties whatsoever as to the outcome of the ECA application 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 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.