



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

2 February 2018

ALTECH EXECUTES COMMITMENT AND FINAL TERMS FOR US\$190 MILLION LOAN

Highlights

- Commitment and terms documentation executed with KfW IPEX-Bank
- Total debt package US\$190 million
- Export credit cover US\$170 million
- Long tenure and at attractive terms

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has executed commitment together with agreed terms and conditions from German government-owned KfW IPEX-Bank formalising the total debt package of US\$190 million for its proposed Malaysian high purity alumina (HPA) project.

US\$170 million of the project finance package is covered by the German export credit agency (ECA) with the balance of US\$20 million at normal commercial terms. The specific details of the KfW IPEX-Bank loan package including the ECA covered facility are confidential, however as previously announced the ECA covered loan (US\$170 million) is at long tenure and highly attractive terms. The balance of US\$20 million of borrowing will be a 7-year loan including a 2-year construction period, resulting in a 5-year repayment period and at customary lending terms. By comparison to typical project finance, the project finance agreed with KfW IPEX-Bank is extremely attractive. The final step to finance close is the execution of the facility agreement documentation and the satisfaction of various conditions precedent required before first debt draw-down.

Project Equity Funding

The Company has commenced the project equity funding process, which is a condition precedent to debt draw-down. The final required equity component of project funding will be determined as the Company works through the balance of funding options and financing costs. The final funding mix may include subordinated mezzanine finance and/or project level equity participation. Since the KfW IPEX-Bank debt funding was confirmed in late 2017, there is heightened interest in the Company and its HPA project and a number of project funding options have been presented. The Company is also exploring potential project-level joint venture options with several major industrial groups that could result in a major reduction of the equity amount required to fund the project and subordinated mezzanine finance with associated equity.

The objective is to achieve a robust project funding solution that maximises shareholder returns and minimises dilution.

- End -

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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 (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 mid-2018.



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.