

ALTECH CHEMICALS LIMITED

ACN 125 301 206

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 2 Shares for every 5 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.04 per Share to raise up to \$14,533,392 together with 1 free attaching Option for every 2 Shares subscribed for and issued (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is partially underwritten by Deutsche Balaton Aktiengesellschaft and Delphi Unternehmensberatung Aktiengesellschaft, Melewar Equities (BVI) Limited and MAA Group Berhad (**Underwriters**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreements.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE	2
3.	IMPORTANT NOTES	3
4.	DETAILS OF THE OFFER	5
5.	PURPOSE AND EFFECT OF THE OFFER	14
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES	18
7.	RISK FACTORS	22
8.	ADDITIONAL INFORMATION	31
9.	DIRECTORS' AUTHORISATION	41
10.	GLOSSARY	42

1. CORPORATE DIRECTORY

Directors

Luke Atkins
(Non-Executive Chairman)

Ignatius (Iggy) Tan
(Managing Director)

Peter Bailey
(Non-Executive Director)

Daniel Tenardi
(Non-Executive Director)

Tunku Yaacob Khyra
(Non-Executive Director)

Uwe Ahrens
(Alternate Director for Tunku Yaacob Khyra)

Hansjoerg Plaggemars
(Non-Executive Director)

Company Secretary

Shane Volk

Auditor

Moore Australia Audit (WA)
Level 15
Exchange Tower
2 The Esplanade
PERTH WA 6000

Company Registered Office

Suite 8
295 Rokeby Road
SUBIACO WA 6008

Telephone: + 61 8 6168 1555

Email: info@altechchemicals.com
Website: www.altechchemicals.com

Share Registry*

Automatic Registry Services

Level 2
267 St Georges Terrace
PERTH WA 6000

Telephone: 1300 288 664
(Int): +61 2 9698 5414
Facsimile: +61 2 8583 3040

Stock Exchange Listing

ASX Code: ATC

Frankfurt Stock Exchange: A3Y

Solicitors

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus nor has it consented to being named in this Prospectus.

2. TIMETABLE

Announcement of Offer & Appendix 3B	9 November 2020
Lodgement of Prospectus with ASIC & ASX	9 November 2020
Ex date	12 November 2020
Record Date for determining Entitlements	13 November 2020
Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	18 November 2020
Last day to extend the Closing Date	2 December 2020
Closing Date as at 5:00pm*	7 December 2020
Announcement of results of issue and Underwriters notified of under subscriptions	10 December 2020
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Securities	14 December 2020
Quotation of Securities issued under the Offer	15 December 2020

* The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 9 November 2020 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. **The key risk factors of which investors should be aware are set out in section 7** of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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 our Company, the Directors and our 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 prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of two (2) Shares for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.04 per Share (together with one (1) free attaching New Option at an exercise price of \$0.08 and an expiry date of 31 May 2022 for every (2) Shares subscribed for and issued). Fractional entitlements will be rounded down to the nearest whole number.

As at the date of this Prospectus, the Company has 908,336,970 Shares on issue. Based on the capital structure of the Company as at the date of this Prospectus (and assuming no Performance Rights vest and are exercised) a maximum of 363,334,788 Shares and 181,667,394 New Options will be issued pursuant to this Offer to raise up to \$14,533,392. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 23,700,000 Performance Rights on issue, none of which will vest or be exercised prior to the Record Date and will not be able to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the Performance Rights on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus. The Company will apply to have the New Options quoted on the ASX.

All Shares issued on conversion of the New Options will rank equally with the existing Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 How to participate in the Offer and the Shortfall Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus or by following the instructions for online acceptance provided by the Company's registry.

You may participate in the Offer (and Shortfall Offer) as follows:

- (a) accept your full Entitlement;
- (b) accept your full Entitlement and apply for Shortfall Shares and attaching Options under the Shortfall Offer;
- (c) accept part of your Entitlement; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.4 Payment

4.4.1 By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and
- (c) if you pay for an amount greater than your Entitlement, you are deemed to have applied for Shortfall Securities pursuant to the Shortfall Offer (as set out in Section 4.8) in addition to taking up your full Entitlement.

4.4.2 By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (EFT) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account.

Please note that should you choose to pay by EFT:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and
- (c) if you pay for an amount greater than your Entitlement, you are deemed to have applied for Shortfall Securities pursuant to the Shortfall Offer (as set out in Section 4.8) in addition to taking up your full Entitlement.

It is your responsibility to ensure that your BPAY® or EFT payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.5 Underwriting

The Offer is partially underwritten for the total amount of \$4,469,729 representing 111,743,219 new Shares by:

- (a) the Company's major shareholders Deutsche Balaton Aktiengesellschaft and Delphi Unternehmensberatung Aktiengesellschaft (who are associates of one another for the purposes of section 606 of the Corporations Act) (**DB&D**), which have agreed to jointly conditionally underwrite an amount of up to \$2,956,915 representing up to 73,922,879 Shares, subject to the below (**DB&D Underwriting**).

As DB&D are a "foreign person" for the purposes of the Foreign Acquisitions and Takeovers Act 1975, approval from the Foreign Investment Review Board (**FIRB**) is required for DB&D to increase its interest in the Company above 20%, with such interest inclusive of the right to be issued Shares upon exercise of Options. As such, DB&D's voting power in the Company shall not exceed 20% at completion of the Offer (calculated on the basis that all of its Options have also been exercised) unless DB&D has first obtained approval from the FIRB to exceed that limit (**FIRB Threshold**).

DB&D is not a related party of the Company for the purpose of the Corporations Act. However, as DB&D's current voting power exceeds 10% and they have nominated a Director to the Board (Mr Hansjoerg Plaggemars), they fall under Listing Rule 10.11.3. As a result, the Company cannot issue securities to DB&D without Shareholder approval unless an exception to Listing Rule 10.11 applies. In order to rely on the underwriting exception in Listing Rule 10.12 (Exception 2), the underwritten Securities must be issued to DB&D within 15 Business Days following the Closing Date of the Offer. Accordingly, the DB&D Underwriting will operate as follows:

- (i) DB&D will underwrite up to the FIRB Threshold, with such underwritten Securities to be issued to DB&B in accordance with the timeline set out in Section 2 above;
- (ii) to the extent that the DB&D Underwriting would exceed the FIRB Threshold, the issue of excess underwritten Securities will be deferred and issued to DB&B under the Shortfall Offer within 15 Business Days of the Closing Date of the Offer, subject to DB&B receiving the requisite approval from the FIRB during that period; and
- (iii) after 15 Business Days following the Closing Date of the Offer, any issue of Securities to DB&D under the Shortfall Offer will be subject to both FIRB and Shareholder approval.

Further, the underwriting agreement with DB&B provides that no Shares may be issued to DB&B if the issue will increase its voting power in the Company to 20% or above.

- (b) Major shareholders MAA Group Berhad (**MAAG**) and Melewar Equities (BVI) Limited (**Melewar Equities**) (who are each controlled by Company Director, Tunku Yaacob Khyra and are associates of one another for the purposes of section 606 of the Corporations Act) (together, **Melewar**) have each agreed to underwrite \$756,407 representing up to 18,910,170 Shares, being a total of the amount of up to \$1,512,814 representing 37,820,340 Shares (**Melewar Underwriting**).

In addition to the above underwriting obligations, each of Deutsche Balaton Aktiengesellschaft, Delphi Unternehmensberatung Aktiengesellschaft,

Melewar Equities and MAAG have agreed to take up 100% of their Entitlements under the Offer.

Neither DB&D nor Melewar will increase their shareholding in the Company to 20% or above as a direct result of the issue of Shortfall Securities under the Offer.

Refer to Section 8.4 of this Prospectus for details of the terms and conditions of each of the underwriting agreements.

4.6 Effect on control of the Company

As at the date of this Prospectus, DB&D holds 127,692,804 Shares in the Company. At a maximum, DB&D will be required to subscribe for 73,922,879 Shares and 36,961,440 New Options under the DB&D Underwriting Agreement.

As at the date of this Prospectus, Melewar holds 69,438,811 Shares in the Company as follows:

- (a) MAAG holds 51,489,658 Shares in the Company;
- (b) Melewar Equities holds 1,000,000 Shares directly and 16,949,153 Shares are beneficially held by HSBC Custody Nominees (Australia) Ltd, being a total of 17,949,153 Shares.

As noted above, each of the Underwriters will also take up their full Entitlements under the Offer.

Shareholders should be aware that the extent to which Securities are issued pursuant to the DB&D Underwriting Agreement and the Melewar Underwriting Agreement will result in DB&D and Melewar increasing their voting power in the Company.

The DB&D Underwriting Agreement allows DB&D to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the DB&D Underwriting Agreement.

The Underwriters' present relevant interests and changes under several scenarios are set out in the table below and are based on the assumption that DB&D receives FIRB approval and all Underwriters take up their full entitlements and under each scenario.

Event	Deutsche Balaton / Delphi		Melewar	
	Shares held by Underwriter	Voting power of Underwriter	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus:	127,692,804	14.06%	69,438,811	5.46%
Completion of Entitlement Issue:				
Fully subscribed	178,769,925	14.06%	97,214,335	7.64%
75% subscribed	236,049,528	19.99%	130,768,429	11.07%
50% subscribed	219,676,674	19.99%	135,034,675	12.29%
0% subscribed (aside from the Underwriters)	219,676,674	19.99%	135,034,675	12.29%

Where the Shortfall Securities available are less than the number of underwritten shares, then the Shortfall Securities will be allocated firstly to Eligible shareholders of the Company who have applied for their full entitlement, secondly to DB&D and thirdly to Melewar (each on a pro-rata basis).

The table above shows the respective changes to the voting power of each of the Underwriters after they subscribe for their respective maximum underwriting commitments. However, it is unlikely that no Shareholders, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other Shareholders.

4.7 Potential dilution to Shareholders

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 28.5% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	Voting Power (% post Offer)
Shareholder 1	50,000,000	5.50%	20,000,000	50,000,000	3.93%
Shareholder 2	25,000,000	5.25%	10,000,000	25,000,000	1.97%
Shareholder 3	10,000,000	2.10%	4,000,000	10,000,000	0.79%
Shareholder 4	1,000,000	0.21%	400,000	1,000,000	0.08%
Shareholder 5	100,000	0.02%	40,000	100,000	0.008%

Notes:

1. This is based on a share capital of 908,336,970 Shares, as at the Record Date.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer is \$0.04 being the same price at which Shares have been offered under the Offer, together with 1 free attaching New Option having an exercise price of \$0.08 and an expiry date of 31 May 2022 for every 2 Shares subscribed for and issued.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer.

The Company will allow Eligible Shareholders to apply for Securities under the Shortfall Offer subject to such applications being received by the Closing Date. Details on how to apply for Shortfall Securities are set out in Section 4.3 above. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Securities proposed to be issued under the Offer.

The Board presently intends to allocate Securities under the Shortfall Offer as follows:

- (a) to Eligible Shareholders who apply for their full Entitlement, so long as the issue of Shortfall Securities to that Eligible Shareholder would not take their voting power to 20% or more; and then

- (b) to DB&D in first priority to the other Underwriters (subject to the conditions set out in Section 4.5(a)), so long as the issue of Shortfall Securities to that Eligible Shareholder would not take their voting power to 20% or more; and then
- (c) to Melewar in second priority to the other Underwriters, so long as the issue of Shortfall Securities to that Eligible Shareholder would not take their voting power to 20% or more.

The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all. All decisions regarding the allocation of Shortfall Securities will be made by the Directors, who have sole discretion with respect to allocating Shortfall Securities, and will be final and binding on all applicants under the Shortfall Offer. As such, there is no guarantee that any Securities applied for under the Shortfall Offer will be issued to Eligible Shareholders.

Eligible Shareholders resident in jurisdictions outside Australia should note that their participation in the Shortfall Offer may be restricted by Australia's foreign investment laws. The Company reserves the right to not issue Shortfall Shares to an Eligible Shareholder where it reasonably believes that doing so may infringe on Australia's foreign investment laws.

The Company will have no liability to any Applicant who receives less than the number of additional Securities they applied for under the Shortfall Offer. If the Company scales back any applications for Securities under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

4.9 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at Section 2. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities and will repay all Application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.10 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out in section 2 of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however,

will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.11 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, Singapore, Germany or Malaysia.

The Company also notes that, owing to recent changes to the Foreign Acquisitions and Takeovers Regulation 2015 (Cth), overseas Eligible Shareholders will not be permitted to participate in the Shortfall Offer if their participation would increase that party's voting power in the Company to an amount greater than 5%.

4.12 New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.13 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO).

No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are

intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer.

If you are in doubt about any contents of this document, you should obtain independent professional advice.

4.14 Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

4.15 Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Securities be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Securities in Germany is limited:

- (a) to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- (b) to fewer than 150 natural or legal persons (other than qualified investors); or
- (c) in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

4.16 Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the offer of Securities. The Securities under the Offer may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any Securities not taken up under the Offer may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, pursuant to Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act.

4.17 Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand, Hong Kong, Singapore, Germany or Malaysia without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.18 Enquiries

Any questions concerning the Offer should be directed to Shane Volk, Company Secretary, on +61 8 6168 1555 or shane@altechchemicals.com.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$14,533,392. No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	(\$)	%
1	Deferred consideration - acquisition of shares AAM AG	2,000,000	13.8
2	Stage 2 early works HPA plant payments	5,800,000	39.9
3	Senior Loan Commitment fees	260,000	1.8
4	Development works - HPA Anode product	700,000	4.8
5	Due Diligence & Feasibility Study - German HPA Plant	700,000	4.8
6	Green Bonds	860,000	5.9
7	Land - Schwarze Pumpe, Germany (ATC portion)	1,350,000	9.3
8	Expenses of the Offer	400,000	2.8
9	Corporate costs and working capital	2,463,392	16.9
	Total	14,533,392	100.0

Notes:

1. Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. Corporate costs and working capital comprises the following costs, some of which have already been incurred as at the date of this Prospectus and the balance estimated to be incurred over the ensuing 12-months: general and administrative expenses \$2,014,392; insurance \$250,000; termination of SMI Share Placement Agreement \$100,000; ASX annual listing and chess fees \$90,000, tenement rents \$24,000.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

It is the intention of the Company to cancel its Share Purchase Agreement with Specialty Materials Investments LLC, at a cost of \$100,000 which is included in the corporate costs and working capital.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Performance Rights are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$14,133,392 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 908,336,970 as at the date of this Prospectus to 1,271,671,758 Shares following complete of the Offer; and
- (c) increase the number of Options on issue from nil to 181,667,394.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2020 and the unaudited pro-forma balance sheet as at 30 June 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30-Jun-20	Significant changes since 30- Jun-20	Effect of Offer	PROFORMA (unaudited) post Offer
Current Assets				
Cash and cash equivalents	833,053	(252,000)	14,133,392	14,714,445
Trade and other receivables	368,556	(136,000)		232,556
Total Current Assets	1,201,609			1,201,609
Non-Current Assets				
Property, plant and equipment	36,126,435	223,000		36,349,435
Exploration and evaluation expenditure	566,692			566,692
Development expenditure	36,628,368			36,628,368
Investments in Associates	2,891,364			2,891,364
Total Non-Current Assets	76,212,859			76,212,859
TOTAL ASSETS	77,414,468			77,414,468
Current Liabilities				
Trade and other payables	8,567,021	(404,000)		8,163,021
Provisions	228,085			228,085
Total current liabilities	8,795,106			8,795,106
Non-Current Liabilities				
Provisions	63,924			63,924
Total Non-Current Liabilities	63,924			63,924
TOTAL LIABILITIES	8,859,030			8,859,030
NET ASSETS	68,555,438			68,555,438

	AUDITED 30-Jun-20	Significant changes since 30- Jun-20	Effect of Offer	PROFORMA (unaudited) post Offer
Equity				
Contributed Equity	89,707,030	777,000	14,533,392	105,017,422
Reserves	7,104,340			7,104,340
Accumulated losses	(28,255,932)	(208,000)	(400,000)	(28,863,932)
TOTAL EQUITY	68,555,438			68,555,438

Notes:

- The unaudited pro-forma consolidated balance sheet set out above has been prepared on the basis and assumption that there has been and will be no material movements in the assets and liabilities of the Company between 30 June 2020 and the Closing Date other than those set out in this Prospectus.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, and on the basis that no existing Performance Rights converted, is set out below.

Shares	Number
Shares currently on issue	908,336,970
Shares offered pursuant to the Offer	363,334,788
Total Shares on issue after completion of the Offer	1,271,671,758¹

Options	Number
Options currently on issue	Nil
New Options offered pursuant to the Offer	
Quoted exercisable at 0.08 on or before 31 May 2022	181,667,394
Total Options on issue after completion of the Offer	181,667,394

Performance Rights	Number
Performance Rights currently on issue	
Performance Rights: Employees	6,700,000
Performance Rights: Directors	2,000,000
Performance Rights: Managing Director	15,000,000
Additional new Director Performance Rights, subject to shareholder approval at the Company's Annual General Meeting (AGM) on 27 November 2020	6,000,000
Director Performance Rights to be cancelled prior to AGM	(2,000,000)
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	27,700,000

Note:

None of the Performance Rights have vested. Each Performance Right, when vested converts to one fully paid Share. There is no price payable for the conversion of a Performance Right at vesting. The Performance Rights will vest upon attainment of the vesting conditions set out below:

- 13,600,000 Performance Rights will vest upon successful funding of the HPA project; and
- 14,100,000 Performance Rights will vest upon the sale of the first tonne of HPA product sold and confirmation that the plant is operating at a steady state of production (plant is stable and producing at a constant and consistent rate) within specification quality.

No Shares or Performance Rights currently on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at 9 November 2020 those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Deutsche Balaton Aktiengesellschaft & Delphi Unternehmensberatung Aktiengesellschaft ¹	127,692,804	14.06%
Tunku Yaacob Khyra ²	69,438,811	7.64%
SMS Investments SA	57,418,528	6.32%

Notes:

1. 73,308,004 Shares are held by Deutsche Balaton Aktiengesellschaft, 53,384,800 Shares are held by Delphi Unternehmensberatung Aktiengesellschaft.
2. Melewar Equities (BVI) Limited 17,941,143 Shares and MAA Group Berhad 51,489,658 Shares. Each of these entities are controlled by Company non-executive director Tunku Yaacob Khyra.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled of shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend.

The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Interest may not be paid by the Company in respect of any dividend, whether final or interim. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Director may in their absolute discretion establish on such terms and conditions as they think fit:

- (i) plans (to be called "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and
- (ii) a plan (to be called "dividend election plan") permitting holders of shares to the extent that his shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such shares and to receive instead an issue of shares credited as fully paid up to the extent as determined by the Directors.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of

the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Any variation under this clause shall be subject to Sections 246B and 246E of the Corporations Act.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 **Terms of New Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 May 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- For personal use only
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

There are a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the development of its kaolin mineral deposit and the construction of a high purity alumina (HPA) plant in Malaysia which are not generally associated with other businesses.

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Performance Rights converted, the number of Shares in the Company will increase from 908,336,970 currently on issue to 1,271,671,758. This means that immediately after the Offer each Share will represent a significantly lower proportion of the ownership of the Company.

Further if the New Options are subsequently exercised and Shares are issued on exercise of those New Options, each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX on the last day that the Company's shares traded on the ASX prior to the date of this Prospectus being lodged of \$0.049 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Going Concern Risk

The Company's financial report for the year ended 30 June 2020 recorded a loss after tax of \$3,519,384 for the year 30 June 2020 (2019: loss \$6,185,610) for the Company and its controlled entities (together, the **Consolidated Entity**) and includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

As at 30 June 2020 the Consolidated Entity's current liabilities exceeded current assets by \$7,593,497 (30 June 2019: surplus of \$3,214,964) and in

addition, the net cash outflows of \$2,541,064 and \$10,066,841 were reported for the year ended 30 June 2020 from operations and investing activities respectively.

The Company has reached agreement with a number of its significant creditors regarding extending payment terms beyond their originally contracted payment dates to revised payment dates of 31 December 2020. The Directors' view is that whilst no formal deeds are in place with all of these creditors, correspondence with them does not suggest that their support is not forthcoming.

Further, the Company has prepared a cash flow forecast for the eighteen months from the date of annual financial report, which based on reasonable assumptions demonstrates that the Consolidated Entity will have sufficient cash to continue as a going concern subject to:

- (i) the continued support of creditors noted above;
- (ii) the Company's continued use of the controlled placement agreement that is in place with Acuity Capital (refer ASX Announcement of 27 February 2020); and
- (iii) successful equity and/or debt fund raisings over the next 18 months.

(c) **Coronavirus (COVID-19)**

In March 2020, the World Health Organisation declared that the COVID-19 outbreak had become a pandemic. The nature and extent of the impact of the pandemic on the performance of the Company and its efforts to secure the balance of funds (including equity and debt finance) for the continuation and ultimately the completion of its Malaysian high purity alumina (HPA) project remains unknown. Responses to the pandemic have ranged from locking down citizens to avoid virus spread, to implementing more limited responses. If the pandemic re-emerges throughout Germany and Malaysia and the Government forces its citizens into lockdown, it may have various impacts on the Company, including limiting the Company's operations in Malaysia and/or the operation of the Company's appointed engineering, procurement and construction contractor (SMS group GmbH) and its various subcontractors in Malaysia, Germany and other countries. The Company's share price may be adversely impacted by economic uncertainty caused by COVID-19 and its re-emergence. Furthermore, any government or industry measures taken in response to COVID-19 may positively or adversely impact the Company and its planned operations and any such measures are most likely to be beyond the control of the Company.

The COVID-19 situation is continually evolving, and the consequences of the pandemic are therefore inevitably uncertain. In compliance with its continual disclosure obligations, the Company would update the market in regards to any material impact of COVID-19 on the Company and its operations. Should any of these impacts appear material prior to the close of this Offer, the Company will notify investors under a supplementary prospectus.

(d) **Project Financing and Development stage business**

The Company is on a proposed development path. In October 2017, a Final Investment Decision Study (FIDS) was published that confirmed the technical and commercial viability for the construction and operation of a 4,500tpa high purity alumina (HPA) manufacturing plant in Johor, Malaysia and an associated kaolin quarry and container loading facility in Meckering, Western

Australia to provide feedstock for the plant (the Project). The FIDS estimated pre-tax net present value of US\$505.6m for the Project applying a discount rate of 7.5% for a 30-year Project life and an estimated capital cost of US\$298 million.

(e) **Project Finance**

In February 2018, the Company announced that it had executed definitive terms for a US\$190 million senior project finance debt facility with German government owned KfW IPEX-Bank, and in 2019 the Company appointed Macquarie Bank as the preferred mezzanine debt provider for a US\$90 million mezzanine loan. In addition to these two proposed debt facilities, the HPA project requires approximately US\$100m of further funding to position it for financial close, because in addition to the total project capital cost estimate of US\$298m, the senior lender requires pre-funding of a contingency reserve account of US\$28 million, a debt service reserve account of a similar amount, pre-funded working capital of US\$21m and various bank fees and lending charges need to be funded.

There is no certainty that the proposed project finance debt facilities will be able to proceed as envisaged, or that the funding required that is additional to these two proposed facilities will be secured.

Another Project funding initiative that the Company has in place is its sale of an option to Frankfurt Stock Exchange listed Altech Advanced Materials AG (AAM), whereby AAM may purchase up to a 49% direct Project equity interest for US\$100 million. Under the terms of the option that AAM has acquired, AAM has until 1 January 2021 to exercise its option either in full or partially – with a minimum subscription of 10% of the project (for a payment of US\$20.4 million). There is no certainty that AAM will exercise its option either fully or partially on or before 1 January 2021.

(f) **Development Stage Risks**

The FIDS incorporates a variety of professional assumptions, judgements and estimates and incorporated inputs from various studies, however there is no certainty that the mining, construction and operation of the Project will be able to proceed as envisaged in the FIDS or the project financing will be finalised, and if the Project do proceed – that the operations will function as expected in the FIDS (or any subsequent study update) and deliver the results that were foreshadowed. Amongst other things, equity and additional debt financing at terms acceptable to the Company and the senior lender (KfW IPEX-Bank) must be secured, capital cost and operating cost estimates and assumptions must be confirmed and various design, operational, processing, supply chain, market, regulatory, industrial and development risks, amongst others, will need to be identified and successfully managed to deliver the development and operating outcomes envisaged in the FIDS and (any subsequent study updates). Inescapably, the FIDS (and subsequent study updates) are detailed studies of what is possible based on a combination of detailed information on hand at the time, and a series of professional judgements, assumptions and estimates at the time. Inevitably situations and circumstances change, judgements, assumptions and estimates are different from what actually transpires, debt and equity markets constantly change and as a result actual outcomes will almost certainly vary from those contemplated in the FIDS (and any subsequent study updates).

(g) **Operational Risks**

The Company will be exposed to various construction and operational risks should it advance its Project through the construction phase and into operations, including unanticipated financial, operational or political events, cost overruns, changes in HPA commodity prices and demand, equipment and labour shortages, equipment failure, technical concerns including possible reserves and deliverability difficulties, environmental impacts, increases in operating cost structures, community or industrial actions, natural disasters, interruptions to the supply of power, water, chemicals or fuel, or other circumstances which may result in the delay, suspension or termination of the Project, the total or partial loss of the investment and a material adverse effect on the Company's results of operations and financial condition. In addition, construction, commissioning and operational ramp up of operational assets can be subject to unexpected problems or delays in schedule.

(h) **Processing Risks**

Should the Company be successful in its development and operation of its proposed HPA plant, the Company's operations will be subject to the operating risks associated with HPA processing, including the related risks associated with storage and transportation of raw materials, products and wastes. These operating risks have the potential to cause personal injury, property damage or environmental contamination, and may result in the shutdown of affected facilities, business interruption, or the imposition of civil or criminal penalties, which may impact the Company's standing in the public eye.

There are potential hazards associated with the Company's proposed mining and processing operations and the related storage and transportation of products and wastes. Examples of such hazards that may arise from the Company's proposed operations could include:

- (i) pipeline and storage tank leaks and ruptures;
- (ii) explosions and fires;
- (iii) mechanical failures; and
- (iv) chemical spills and other discharges or releases of toxic or hazardous substances or gases.

These hazards may cause personal injury and loss of life, damage to property or contamination of the environment, which may result in suspension of operations or the imposition of civil or criminal penalties, including fines, expenses for remediation or claims by governmental entities or third parties. Although the Company maintains various insurance type and amounts that it believes is customary for its business activities, the Company may not fully insure against all potential hazards incidental to its operations.

(i) **Supply Chain**

The Company may be dependent on contractors and suppliers to supply vital goods and services to its operations, should operations commence. The Company may therefore be exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supplies may have an adverse effect on the financial performance of the Company.

(j) **Market demand and price risks**

If the Company progresses to become a producer and seller of HPA, the Company's business will rely primarily on the production and sale of its HPA products to a variety of buyers. Fluctuations in the global HPA market may materially affect the future financial performance of the Company.

Demand for, and pricing of, HPA products may be sensitive to external economic and political factors, including:

- (i) worldwide HPA supply and demand;
- (ii) the level of economic activity in the markets the Company may serve;
- (iii) regional political developments in HPA-producing countries and regions
- (iv) the price and availability of new technology; and
- (v) the availability and cost of HPA substitutes.

Strong HPA prices, as well as real or perceived disruptions in supply, may create economic incentives to identify or create alternate technologies that ultimately could depress future long-term demand for HPA. This may, at the same time, incentivise the development of additional projects to produce HPA. If industries reduce their reliance on HPA products, the resulting change in demand could have a material adverse future effect on the Company's proposed business. In particular, if prices or demand for HPA were to decline, this could impair the Company's ability to obtain financing for its planned project and its ability to find purchasers for its products at prices acceptable to the Company.

It is impossible to predict future HPA price movements with certainty. Any sustained low HPA prices or declines in the price of HPA may adversely affect the Company's proposed business, results of operations or its ability to finance the development of its project, if the results of the FIDS are shown to demonstrate the Project's viability.

(k) **Access to capital risk**

The Company's business and, in particular, its development of a large-scale project, relies on access to debt and equity financing. There is a risk that the Company may not be able to access capital from these markets, which would impact the ability to develop its Project.

(l) **General regulatory risks**

The Company's business is subject to, in each of the countries in which the Company operates, or may operate, various national and local laws and regulations relating to the mining, production, marketing, pricing, transportation and storage of the Company's products and/or residues. Permits from a variety of regulatory authorities may be required for aspects of the Company's operations. Many of those permits may be subject to conditions, and a change in the conditions attaching to those permits, or the imposition of new conditions, that could have a material adverse effect on the Company's proposed business and financial condition. A change in the laws which apply to the Company's business or the way in which it is regulated could also have a material adverse effect on the Company's business and financial condition. Other changes in the regulatory environment (including applicable accounting standards) may have a material adverse effect on

the carrying value of material assets or otherwise have a material adverse effect on the Company's business and/or financial condition.

(m) **Environmental risks**

The Company's possible future mine development and processing program will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the Project meeting environmental guidelines and, where required, being approved by governmental authorities and the possible future activities of the Company may be subject to extensive laws and regulations controlling not only the mining of, exploration for and processing of mineral properties, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and the Company could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution or other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of wastes or the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault.

(n) **Regulatory Risk**

The Western Australian Department of Mines and Petroleum (**Department**) from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(o) **Economic Risks**

Economic factors beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the revenue and profitability of the Company.

(p) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(q) **Title Risks and Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(r) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. The Company will require further financing in addition to amounts raised under this Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its planned construction and development programs as the case may be.

(s) **Political risk (Malaysia)**

The Company's planned HPA plant will be constructed and will operate in Malaysia. The 14th Malaysian general election on 9 May 2018, marked the end 61 years of rule by the Malay leaning *National Front* coalition government and although Malaysian federal politics has historically been relatively stable, media coverage of the country's politics has noticeably increased and the incumbent coalition government does not appear as stable as its predecessor.

The fragility of the incumbent Malaysian federal coalition government has as yet not transpired into radical policy or regulation change, however risks remain that a change in political leadership could bring about policy and regulatory changes in the future, that may affect the Company and its planned HPA plant. Hence, there is no assurance that any unfavourable developments or change in the political and economic situation in Malaysia would not adversely affect the Company's ability to conduct business in the country.

7.3 **General risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.4 Risks associated with the Offer

(a) **Value of the New Options**

The New Options that are issued as part of the Offer are issued for no additional consideration but require the Option Exercise Price to be paid at the time of exercise. If the prevailing trading price of the Company's shares during the Option Exercise Price is lower than the Option Exercise Price, then

For personal use only

it is likely that the New Options will not be exercised. In this case, for investors, the unexercised Options will not have value and will lapse on the Option Expiration Date.

If the New Options are not exercised, or only some of the New Options are exercised, then the Company may not receive the proceeds that would otherwise be generated if holders pay the Option Exercise Price. This possibility may reduce the amount of capital that the Company would receive if all of the New Options are exercised on or before the Option Expiry Date by up to \$14.5 million.

(b) **Liquidity of the New Options**

Although the New Options are proposed to be listed on ASX, there can be no guarantee that there will be a liquid market for trading of the New Options.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
28/09/2020	Cleansing Notice and Appendix 2A
23/09/2020	Potential Longer Battery Life from Anode Grade HPA
28/09/2020	Cleansing Notice and Appendix 2A
06/10/2020	Annual General Meeting Date and Director Nominations
06/10/2020	Interview with Managing Director Iggy Tan
12/10/2020	Change of Director's Interest Notice
12/10/2020	Cleansing Statement and Appendix 2A
13/10/2020	\$12m of Grant Support from Saxony State Government
26/10/2020	Altech - Sale of Altech Industries Germany for A\$8.3m
26/10/2020	Notice of Annual General Meeting/Proxy Form
26/10/2020	Altech - Sale of 25% of Altech Industries Germany for A\$8.3m
28/10/2020	Quarterly Activities and Cashflow Reports
29/10/2020	Annual Report to shareholders
30/10/2020	Altech to Commence Listed Green Bond Offering Process
06/11/2020	Request for Trading Halt
06/11/2020	Update on proposed Capital Raise
09/11/2020	Altech Signs Collaboration Agreement with Leading Silicon Producer

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.altechchemicals.com.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	Price	Date
Highest	\$0.067	29 September 2020
Lowest	\$0.037	16 September 2020
Last	\$0.049	5 November 2020

8.4 Underwriting Agreements

8.4.1 DB&D Underwriting Agreement

Pursuant to an underwriting agreement with the Company (**DB&D Underwriting Agreement**), DB&D has agreed to conditionally underwrite up to \$2,956,915 (representing up to 73,922,879 Shares) of the Offer. Additionally, DB&B have agreed to take up their full Entitlements under the Offer, representing an additional \$2,043,085 (51,077,121 Shares).

As detailed in section 4.5(a) above, the DB&D Underwriting will operate as follows:

- (a) DB&D will underwrite up to the FIRB Threshold, with such underwritten Securities to be issued to DB&B in accordance with the timeline set out in Section 2;
- (b) to the extent that the DB&D Underwriting would exceed the FIRB Threshold, the issue of excess underwritten Securities will be deferred and issued to DB&B under the Shortfall Offer within 15 Business Days of the Closing Date of the Offer, subject to DB&B receiving the requisite approval from the FIRB during that period; and
- (c) after 15 Business Days following the Closing Date of the Offer, any issue of Securities to DB&D under the Shortfall Offer will be subject to both FIRB and Shareholder approval.

Further, the DB&D Underwriting Agreement provides that no Shares may be issued to DB&B if the issue will increase its voting power in the Company to 20% or above.

Pursuant to the DB&D Underwriting Agreement, the Company has agreed to pay DB&D a fee of 6% of their underwritten amount plus the amount of their Entitlement that they have agreed to take up.

The obligation of DB&D to underwrite the Offer is subject to certain events of termination. DB&D may terminate its obligations under the DB&D Underwriting Agreements if:

- (a) **(events not qualified by materiality):**
 - (i) the All 200 Index as published by ASX falls 10% or more below its level as at close of business prior to the date of the DB&D Underwriting Agreement;
 - (ii) the Company does not lodge the Prospectus on or prior to 9 November 2020 (or such other date agreed between the parties) or the Prospectus or the Offer is withdrawn by the Company;
 - (iii) hostilities, political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has

been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (iv) there is:
 - (A) introduced into the Parliament of the Commonwealth of Australia or an Australian State or Territory a law intended to come into effect within 12 months; or
 - (B) any official announcement on behalf of the Government of the Commonwealth of Australia or of the Government of an Australian State or Territory that a law will be introduced or policy adopted (as the case may be) with effect from the date of the announcement or within 3 months afterwards,which has altered adversely or could reasonably be expected to alter adversely:
 - (C) any condition or circumstances relating to the Issue or the Prospectus existing at the time of execution of DB&D Underwriting Agreement; or
 - (D) the income tax position of the Company;
- (v) the Company chooses to or comes under an obligation, (including in accordance with the Corporations Act), to issue a supplementary or replacement prospectus or to repay any moneys received by the Company from any applicant, and fails to do so;
- (vi) ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- (vii) ASIC gives notice of intention to hold a hearing examination, inspection, investigation, or it requires information to be disclosed, in connection with the Company, the Prospectus or the Issue;
- (viii) an order is made in connection with the Prospectus or the Issue, including under sections 1324 and 1325 of the Corporations Act;
- (ix) any director or general manager of the Company is prosecuted for a criminal offence;
- (x) there is an omission from, or a statement which is, or has become, false or misleading in the Prospectus and such omission or statement is or is likely to be materially adverse from the point of view of an investor;
- (xi) any person, other than DB&D, who has previously consented to being named in the Prospectus, withdraws that consent whether publicly or not;
- (xii) the Prospectus is withdrawn by the Company at any time prior to all the Securities having been allotted;

- (xiii) ASIC gives notice of an intention to prosecute the Company, any director or employee of the Company (or any related party of the Company), unless it withdraws that intention in writing on or before 7 December 2020; and
- (xiv) ASX does not or indicates to the Company or DB&D that it will not permit official quotation of the Securities comprised in the Issue to commence;
- (b) **(events qualified by materiality):**
- (i) the Company or any of its related parties fail to comply with:
 - (A) a clause of its Constitution;
 - (B) a statute; or
 - (C) any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any governmental agency;
 - (ii) the Company or any of its related parties charges or agrees to charge (or grant any other form of security) over the whole or a substantial part of its business or property to any third party;
 - (iii) there is a delay in any date specified in the timetable which is greater than 5 Business Days;
 - (iv) the Company or any of its related parties:
 - (A) disposes or agree to dispose of the whole or a substantial part of its business or property; Or
 - (B) ceases or threatens to carry on business,
 in either case, without the prior written consent of the Underwriters; or
 - (v) if a new circumstance has arisen since the Prospectus was lodged and would have been required under Chapter 6D of the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged and is, or is likely to be, materially adverse from the point of view of an investor.

8.4.2 Melewar Underwriting Agreements

Pursuant to two separate underwriting agreements with the Company (**Melewar Underwriting Agreements**), Melewar Equities and MAAG have agreed to conditionally underwrite up to \$756,407 (representing up to 18,910,170 Shares) each, being a total of the amount of up to \$1,512,814 (representing 37,820,340 Shares). Additionally, Melewar Equities and MAAG have agreed to take up their full Entitlements under the Offer, representing an additional \$1,111,021 (27,775,524 Shares).

There are no termination rights or fees payable to Melewar under the Melewar Underwriting Agreements.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director, alternate Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
- (ii) the Offer; or
- (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
- (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director / Alternate	Shares	Performance Rights ⁶	Voting Power	Entitlement for this Offer		
				Shares	Options	\$
L Atkins ¹	10,357,438	-	1.14%	4,142,975	2,071,488	165,719
I Tan ²	7,817,000	15,000,000	0.86%	3,126,800	1,563,400	125,072
D Tenardi ³	5,594,915	-	0.62%	2,237,966	1,118,983	89,519
P Bailey ⁴	3,774,710	-	0.42%	1,509,884	754,942	60,395
T Yaacob Khyra ⁵	69,438,811	1,000,000	7.64%	27,775,524	13,887,762	1,111,021
U Ahrens	1,000,000	1,000,000	0.11%	400,000	200,000	16,000
H Plaggemars	-	-	-	-	-	-

Notes:

- 3,750,000 Shares held by Australian Mineral Investment Group Pty Ltd, 3,867,473 Shares held personally and 2,739,965 held by The Atkins Super Fund.
- Held by Judith Melissa Tan as Trustee for the Tan Family trust.
- 4,100,000 Shares held by Jankowska-Tenardi S/F, 794,915 Shares held by D Tenardi as trustee for the Tenardi Family trust and 700,000 Shares held personally
- 2,774,710 Shares held by Waylen Bay Capital Pty Ltd and 1,000,000 shares held personally
- 51,489,658 Shares are held by MAA Group Berhad, 16,949,153 Shares are held by HSBC Custody Nominees and 1,000,000 Shares are held directly by Melewar Equities (BVI) Limited.
- The Performance Rights will vest in two tranches:
 - 50% of the Performance Rights will vest upon successful funding of the HPA project; and
 - 50% of the Performance Rights will vest upon first tonne of HPA product sold and plant is at a steady state of production (plant is stable and producing at a constant and consistent rate) within specification quality.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total

maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual cash remuneration (including consulting fee's) paid to both executive and non-executive directors.

Director	FY2020 \$'s	FY2021 \$'s
Luke Atkins	104,025	104,025
Iggy Tan	450,775	476,325
Daniel Tenardi	76,650	76,650
Peter Bailey	70,000	70,000
Tuku Yaacob Khyra	70,000	70,000
Uwe Ahrens ¹	60,000	60,000
Hansjoerg Plaggemars ²	-	62,250
TOTAL	831,450	919,250

Notes:

1. Mr Uwe Ahrens is paid a monthly consulting fee of \$5,000 for consulting services provided to the Company in Malaysia and Germany. Separately, since mid-January 2020, the Company has reimbursed Mr Ahrens employer, Melewar Integrated Engineering Snd Bhd, MYR 75,000 (~A\$25,000) each month whilst Mr Ahrens has been undertaking a placement for the Company in Germany to assist Altech and Altech Advanced Materials AG (AAM) with various European and German initiatives. Also, AAM reimburses the Company €10,000 (~A\$16,500) each month, as compensation for the time that Mr Ahrens devotes to AAM whilst he is placed in Germany.
2. Mr Plaggemars was appointed as a non-executive director of the Company on 24 August 2020.

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offer; or
 - (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offer.

DB&D has acted as an underwriter of the Offer. The Company will pay DB&B the fee set out in Section 8.4.1 for these services.

Melewar has acted as an underwriter of the Offer and it will not receive any fee for these services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services.

During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$62,943.50 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC

Deutsche Balaton Aktiengesellschaft and Delphi Unternehmensberatung Aktiengesellschaft have given their written consent to being named as an underwriter to the Offer in this Prospectus.

Melewar Equities (BVI) Limited and MAA Group Berhad have given their written consent to being named as an underwriter to the Offer in this Prospectus.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

Moore Australia Audit (WA) given its written consent to being named as auditor to the Company in this Prospectus and the inclusion of the 30 June 2020 audited balance sheet of the Company in Section 5.3.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$400,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	52,839
Underwriting fees	300,000
Legal fees	20,000
Printing and distribution	12,000
Share Registry Fees	8,000
Miscellaneous	3,955
TOTAL	400,000

Note:

The Company reserves the right to pay a commission of between 4% and 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

8.9 Electronic prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.altechchemicals.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian, New Zealand, Hong Kong, German or Malaysian resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6168 1555 during office hours or by emailing the Company at info@altechchemicals.com.

The Company reserves the right not to accept an Entitlement and Application or Shortfall Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Application or Shortfall Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share or Option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Mr Ignatius Tan
Managing Director
For and on behalf of
Altech Chemicals Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Altech Chemicals Limited (ACN 125 301 206).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

DB&D Deutsche Balaton Aktiengesellschaft and Delphi Unternehmensberatung Aktiengesellschaft.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

FIRB means the Australian Foreign Investment Review Board.

MAAG means MAA Group Berhad.

Melewar means MAA Group Berhad and Melewar Equities (BVI) Limited.

Melewar Equities means Melewar Equities (BVI) Limited.

New Option means an Option issued on the terms set out in section 4.1 of this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Option Exercise Price means \$0.08.

Optionholder means a holder of an Option.

Performance Rights means those Performance Rights as set out in Section 5.4.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means Shares and/or New Options offered pursuant to the Entitlement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Underwriters means Deutsche Balaton Aktiengesellschaft, Delphi Unternehmensberatung Aktiengesellschaft, Melewar Equities and MAAG.

WST means Western Standard Time as observed in Perth, Western Australia.