



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

9 November 2020

ALTECH – \$14.5 MILLION UNDERWRITTEN PRO-RATA ENTITLEMENT OFFER

Highlights

- 2 for 5 non-renounceable pro-rata entitlement offer to raise up to \$14.5 million
- Underwritten by major shareholders Deutsche Balaton/Delphi and Melewar
- 4 cents per new share, plus one free attaching option for each two new shares issued
- Discount of 15% to the 5-day VWAP
- Attaching option exercise price 8 cents, expiring 31 May 2022, ASX quoted

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce the launch of a \$14.5 million partially underwritten non-renounceable pro-rata entitlement offer on the basis of two (2) new shares at \$0.04 each for every five (5) shares held by Altech shareholders at the **Record Date** (see timetable over page), plus one free attaching option for each two (2) new shares subscribed and issued (exercise price \$0.08, expiry 31 May 2022) to raise up to \$14.5 million before costs (Offer). ASX quotation will be sought for the options.

The Offer is open to all eligible Altech shareholders that have a registered address in Australia, New Zealand, Hong Kong, Malaysia, Singapore and Germany. The Offer will close on 7 December 2020 (unless extended in accordance with the ASX Listing Rules). **Also, shareholders will be able to make application for new shares (and the attaching option) in addition to their pro-rata 2 for 5 entitlement, via a shortfall offer.**

The Company's major shareholders have agreed to subscriptions for approximately 52% of the Offer (\$7.6 million), via a combination of agreeing to take up their respective pro-rata entitlements to shares under the Offer, and/or underwriting any shortfall as summarised in the Table 1 below.

Table 1: Major shareholder participation in the Offer

Shareholder/Group	Offer participation		Totals
	Entitlement	Underwriting	
Deutsche Balaton / Delphi	\$2,043,085	\$2,956,915	\$5,000,000 ¹
Melewar	\$1,111,021	\$1,512,814	\$2,623,835
Totals	\$3,154,106	\$4,469,729	\$7,623,835

¹ The total participation amount for Deutsche Balaton / Delphi is conditional on the shareholders (who are associates) not attaining a 20% voting interest in Altech; and/or exceeding a 20% interest in Altech in aggregate (including the attaching options), without Foreign Investment Review Board (FIRB) approval; application for FIRB approval has been lodged. For full details please refer to the Offer Prospectus.

At 4 cents per share, the Offer shares are priced at a 15% discount to the 5 day volume average weighted price (VWAP) of the Company's shares as traded on the ASX to Thursday 5 November 2020 and a 18% discount to the closing price on Thursday 5 November, 2020. In addition to the discount a free attaching option will be issued for each two new shares subscribed and issued.

Proceeds from the Offer will be applied to the Company's various European initiatives including a listed Green Bond, payments for stage 2 early works construction, development activities associated with an Anode grade HPA product and coating know-how, outstanding consideration for the acquisition of shares in Altech Advanced Materials AG and for corporate costs and working capital.

Shareholder participation in the Offer

The Offer opens on 18 November 2020, eligible shareholders will be mailed an individual entitlement Offer application form and a copy of the Prospectus. Shareholders will also be able to download a copy of the Prospectus from the Company's web site: www.altechchemicals.com, or obtain a copy by contacting the Company at: info@altechchemicals.com or Tel +61 (0)8 6168 1555 (Company Secretary).

The personalised entitlement Offer application form will set out each shareholders individual pro-rata entitlement for new shares under the Offer on the basis of two (2) new shares for each (5) Altech shares held at the Record Date. Shareholders may accept their entitlement in full, not accept the offer, or partially accept.

Also, the entitlement form will allow shareholders to apply for an amount of shares in addition to their pro-rata entitlement (shortfall offer) – these shares are also priced at \$0.04 each and for each two (2) shortfall offer shares applied for and allotted, shareholders will also receive (1) one free attaching option.

Non-Shareholders

Any entitlements under the Offer that are not taken up by shareholders (either through shareholders accepting their pro-rata entitlement in full or through the acceptance of the pro-rata entitlement in full and making application for and being allotted shortfall shares) or by the underwriters, will form the balance of the shortfall offer which will remain open for up to 3 months following the Closing Date of the Offer.

Non-Shareholders who would like to make application for shares under the shortfall offer should contact the Company directly (Company Secretary – Shane Volk) for a copy of the Prospectus and a shortfall offer application form. The directors reserve the right to issue shares (and the free attaching options) under the shortfall offer at their absolute discretion.

The indicative timetable for the offer is:

Event	Date*
Lodgement of Prospectus with the ASIC	9 November 2020
Lodgement of Prospectus & Appendix 3B with ASX	9 November 2020
Ex-date	12 November 2020
Record Date for determining Entitlements	13 November 2020
Offer Opens. Prospectus and entitlement forms sent to Shareholders & Company announces despatch has completed	18 November 2020
Last date to extend the Closing Date	2 December 2020
Closing Date**	7 December 2020
Announcement of results of Offer 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

Notes: * These dates are indicative only, the directors reserve the right to vary the dates without prior notice, subject to ASX Listing Rules

** The directors may extend the Closing Date by giving at least three (3) Business Days notice of ASX prior to the Closing Date.

As such, the date that the new shares and option are expected to commence trading on the ASX may vary.

Authorised by: Iggy Tan (Managing Director)

For more information, please contact:

Corporate

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About Altech Chemicals (ASX:ATC) (FRA:A3Y)

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the world's leading suppliers of 99.99% (4N) high purity alumina (Al₂O₃) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to Malaysia.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand is forecast to be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.



German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a USD280 million fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. Altech has executed an off-take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) covering the first 10-years of HPA production from the plant.

Conservative (bank case) cash flow modelling of the project shows a pre-tax net present value of USD505.6million at a discount rate of 7.5%. The Project generates annual average net free cash of ~USD76million at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~63%. (Refer to ASX Announcement "Positive Final Investment Decision Study for 4,500TPA HPA project" dated 23 October 2017 for complete details. The Company confirms that as at the date of this announcement there are no material changes to the key assumptions adopted in the study).

The Company has been successful in securing senior project debt finance of USD190 million from German government owned KfW IPEX-Bank as senior lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for the project. The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to USD90 million. To maintain project momentum during the period leading up to financial close, Altech has raised ~A\$39 million in the last 24 months to fund the commencement of Stage 1 and 2 of the plant's construction; Stage 1 construction commenced in February 2019 with Stage 2 early works completed at the end of June 2020.

Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.