



15 June 2018

ALTECH – US\$ 60 MILLION STREAM FINANCE TERM SHEET SIGNED

Highlights

- US\$60 million stream finance term sheet executed
- Structured alternate financing option
- Works in conjunction with off-take sales arrangement
- Global investment firm with US\$ 4.5b under management

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has signed an indicative non-binding term sheet for a US\$ 60 million stream finance facility for its proposed high purity alumina (HPA) project (the Project), from a US based global alternative investment group.

A stream finance facility is a structured alternative financing product whereby the facility provider agrees to advance a facility amount in exchange for a percentage of future gross sales. The facility term sheet that Altech has received contemplates a US\$ 60 million advance, with funds able to be applied to the development, construction and working capital requirements of the Project. The facility will be structured to operate in conjunction with Altech's 10-year off-take sales arrangement with Mitsubishi Australia and for repayment over the life of the Project. The term sheet remains subject to additional due diligence, the agreement of binding terms and to various bank, regulatory and board approvals. The facility will also need to be acceptable to the senior debt provider (KfW IPEX-Bank) and any mezzanine debt provider. As is customary with these types of transactions, the terms remain confidential at this point in time.

Project Finance Status

On 2 February 2018 the Company announced that it had executed commitment and final terms for a US\$ 190 million senior debt package with German government-owned KfW IPEX-Bank¹. On 11 May 2018, the Company received an indicative non-binding mezzanine debt term sheet from a global investment bank equal to US\$ 90 million. Combining the streaming facility with senior debt and mezzanine debt would provide total project finance of US \$340 million, which the Company is considering, as summarised in Table 1.

Table 1: Project Financing Status

Facility	Financier	Amount	Status
Senior Loan	KfW-IPEX Bank	US\$ 190 million	Committed
Mezzanine Loan*	Global Merchant Bank	US\$ 90 million	Indicative Term sheet
Stream Finance*	Global Investment Group	US\$ 60 million	Indicative Term sheet
Total		US\$ 340 million	

* Indicative and non-binding terms that remain subject to, amongst other things, due diligence, agreement on binding terms and various approvals (including from the senior lender, boards and regulatory authorities).

Altech managing director Iggy Tan said, "The Company is extremely pleased with the interest that is being shown from a variety of financiers in our HPA project, as is demonstrated by the term sheets received to date.

We remain committed to pursuing an optimal financing structure for the Project, and will continue to keep shareholders informed of developments”.

- End -

The stream finance term sheet referred to in this ASX announcement is indicative in nature; it is non-binding; and contains the general terms of a proposed transaction. Any future commitment will be subject to and is contingent upon all internal approvals of the financial institution as well as the completion of due diligence (including but not limited to legal and technical due diligence) and legally binding documentation. There is no certainty that the stream finance will be approved by the Company, other lenders or stream providers investment committee. There is no certainty that the transaction will be concluded based on what is presented in the term sheet. The Company makes no representations or warranties whatsoever as to the outcome of the stream finance process.

¹ Draw-down on the senior KfW IPEX-Bank debt is subject to the satisfaction of various conditions precedent, principal of which is securing a balance of funds – refer ASX announcement of 2 February 2018.



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

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the **world's leading suppliers of 99.99% (4N) high purity alumina (HPA)** (Al_2O_3).

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of synthetic sapphire.

Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) of 16.7% (2016-2024), primarily driven by the growth in worldwide adoption of LEDs. As an energy efficient, longer lasting and lower operating cost form of lighting, LED lighting is replacing the traditional incandescent bulbs.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Final Investment Decision Study (FIDS) for the construction and operation of a 4,500tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, Malaysia. The plant will produce HPA directly from kaolin clay, which will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia. Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrochloric (HCl) acid-based process. Production costs are anticipated to be considerably lower than established HPA producers.

The Company is currently in the process of securing project financing with the aim of commencing project development in 2018.



Forward-looking Statements

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

The stream finance facility term sheet referred to in this ASX announcement is indicative in nature; it is non-binding; and contains the general terms of a proposed transaction. Any future commitment will be subject to and is contingent upon all internal approvals of the financial institution as well as the completion of due diligence (including but not limited to legal and technical due diligence), legally binding documentation and acceptability to the senior lender (KfW IPEX-Bank). There is no certainty that the stream finance facility will be approved by the Company, other lenders or Orion. There is no certainty that the transaction will be concluded based on what is presented in the term sheet. The Company makes no representations or warranties whatsoever as to the outcome of the stream finance process.