

Altech Chemicals Ltd

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Altech Chemicals launches project equity strategy to advance HPA project

Altech Chemicals Ltd (ASX:ATC) (FRA:A3Y) has initiated a European equity strategy whereby investors can acquire up to a 49% direct interest in the company's high purity alumina (HPA) project in Malaysia via subscribing to shares in a German domiciled public company that is listed on the Frankfurt Stock Exchange.

Altech was recently approached with the concept on an unsolicited basis and following consultation with German advisors, potential investors and various others has decided to pursue the opportunity on the basis of a valuation of US\$100 million for a 49% direct HPA project interest.

READ: Altech Chemicals project NPV to potentially increase 32% based on CRU high purity alumina market outlook

The advantage of this concept for Altech shareholders is that it provides an enhanced overall project and company valuation.

It will be significantly less dilutionary compared to a capital raising of this magnitude by Altech at its current share price and it should positively impact project financial close.

Step 1: Altech to acquire 29% of Frankfurt listed Youbisheng Green Paper AG

Altech has executed an agreement to acquire 29% of Youbisheng Green Paper AG (YAG), a German domiciled public company listed on the Frankfurt Stock Exchange (FRA:YB1A).

The total consideration is €2,729,000, payable by Altech as a combination of cash and shares.

Price: 0.04

Market Cap: \$34.82 m

1 Year Share Price Graph



Share Information

Code: ATC

Listing: ASX

52 week High Low
0.14 0.023

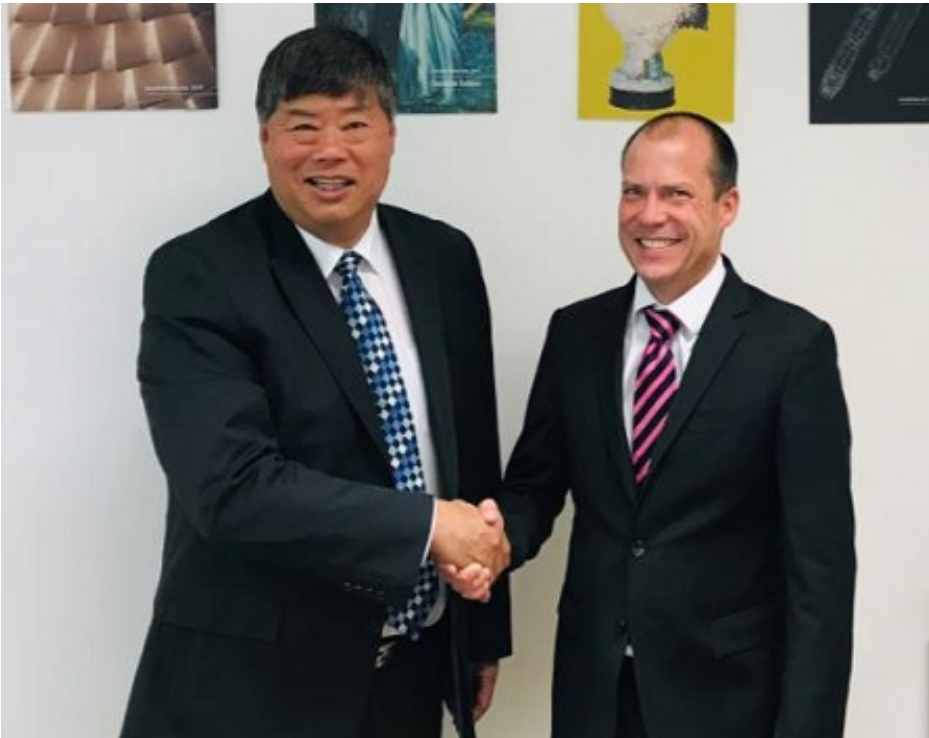
Sector: Exploration & Production

Website: www.altechchemicals.com

Company Synopsis:

Altech Chemicals Ltd (ASX:ATC) is focused on advancing its high purity alumina (HPA) project in Western Australia.

action@proactiveinvestors.com.au

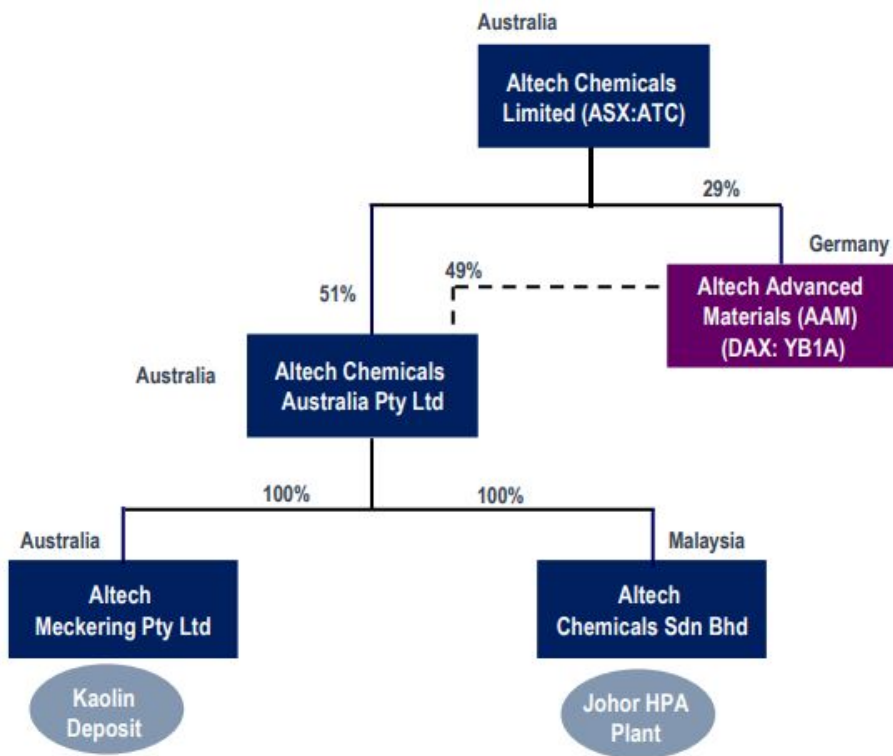


Iggy Tan (Altech) and Hansjorg Plaggemars (Youbisheng)

Step 2: Sale to YAG of a right to acquire up to 49% of Altech's HPA project for US\$100 million

Altech has executed a subscription, sell-back and sell-back put option deed with YAG that affords YAG the non-exclusive right to acquire up to a 49% direct interest in Altech's HPA project for US\$100 million.

YAG will pay Altech a non-refundable fee of €500,000 in cash for the right. The right must be executed on or before the earlier of project financial close or 1 January 2021.



Altech corporate structure following the 29% acquisition of YAG and sale of the right

Altech has previously stated that it is prepared to sell up to 49% of its HPA project to a joint venture partner as part of its project financing strategy.

The company continues to exchange project information via its data room and progress discussions with a number of potential partners.

Altech also continues to work with Macquarie Bank towards finalising a project mezzanine debt facility.

This proposal to offer up to a 49% project equity interest via a Frankfurt listed public company does not stop the joint venture partner initiative or the work with Macquarie Bank, it may complement these initiatives, or it could be an alternative depending on the various outcomes.

READ: Altech Chemicals completes workshop steel frame and roof construction at HPA plant in Malaysia

Altech's HPA project continues to attract significant interest in Germany and Europe due to the US\$190 million of committed senior debt funding from German government-owned KfW IPEX-Bank; the support of Euler Hermes - the German government export credit agency; the award of the contract for construction of the HPA plant to SMS group of Dusseldorf, Germany; and the company's already significant German shareholder base (about 20%) comprising Deutsche Balaton, Delphi, SMS Investments and various other German and European retail shareholders.



Overall site view showing construction progress at HPA Project site

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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