



# INDEPENDENT ASSESSMENT OF HPA PROJECT'S GREEN CREDENTIALS

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## Highlights

- Centre of International Climate and Environmental Research (CICERO) appointed by AAM
- Independent assessment of Altech's HPA project's green credentials
- CICERO's determination highly regarded
- Large pool of European green investor funds

Altech Advanced Materials AG ("AAM") (Heidelberg, 17.03.2020/17:15; FRA: AMA1) is pleased to inform that it has recently appointed the Centre of International Climate and Environmental Research (CICERO), associated with the University of Oslo (Norway), to complete an independent determination that Altech Australia's high purity alumina (HPA) project supports a low-carbon and climate resilient future – i.e. confirmation of the projects green credentials (Refer Corporate News 28 February 2020 for details).

CICERO's determination is formally termed a *Second Opinion*. *Second Opinion's* are typically valued by ethical investors, such as those seeking to equity invest, or lend, to projects that are deemed environmentally friendly, reduce emissions and/or support a lower carbon society. CICERO is one of the world's leading providers of independent, research based evaluations, and for a third year running, in 2019 CICERO received an award for being the best provider of external assessments on the green bond market.

As announced on 29 January 2020, an engagement agreement has been executed with a Swiss international investment bank to act as Placement Agent in relation to the issuance of equity or other equity instruments (securities) by AAM via private placement, which is scheduled to follow the re-introduction of the rights offer to AAM shareholders that was approved at the 12 March 2020 AAM shareholder meeting. A positive *Second Opinion* for Altech Australia's project would potentially enhance its suitability for the large pool of European green investor funds, such as those that may participate in the green bond market for example.

Altech Australia intends to produce HPA to be used for the production of synthetic sapphire for the manufacturing LEDs, and used in lithium-ion batteries for electric vehicles. On 28 February 2020, the Company published results from Altechs detailed "mine to gate" study that compared the greenhouse gas emissions and energy consumption of Altech Australia's disruptive single step kaolin – HPA production method, to the incumbent bauxite – refinery – smelter – alkoxide HPA production process. The results of the study were that Altech Australia's kaolin-alumina process was estimated to release 46% less greenhouse gas per tonne of HPA compared to the *alkoxide process*. In addition, Altech Australia's HPA production process was estimated to reduce energy consumption by 41% per tonne of HPA.

Altech Australia's process plant in Malaysia is designed to international environmental standards and to satisfy the Equator Principles for lenders, as is required by senior lender - German government owned KfW IPEX-Bank.

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## About Altech Advanced Materials AG

Altech Advanced Materials AG ("AAM") currently plans to subscribe up to 49% in Altech Chemicals Australia PTY LTD ("Altech Australia") for up to USD 100 million from Altech. AAM is currently implementing its capital raising strategy to be able to fund the investment.

Altech Australia is currently building a high-purity alumina (99.99%, 4N HPA) production facility for 4,500 tons p.a. in Malaysia and also has its own deposit for the mining of the main raw material kaolin. 4N HPA is needed for the production of LED lights as well as a separator for lithium-ion batteries, e.g. needed for electric vehicles and smartphones. Market demand for 4N HPA is expected to grow with a CAGR of 30% p.a. until 2028. The process patented by Altech Australia allows the production of HPA as cost leader, as the HPA can be obtained directly from kaolin. This allows production without the use of energy-intensive aluminium. The production volume for the first 10 years is secured by an off-take agreement with Mitsubishi Australia and the production capacity and quality is guaranteed by the German plant manufacturer, SMS group GmbH, Dusseldorf, which has also agreed to contribute in equity to the Altech HPA project.

The project has an investment volume of approximately USD 390 million, of which KfW-IPEX Bank has already committed USD 190 million under certain conditions and of which USD 10 million is assumed as equity investment from SMS group GmbH. Altech Chemicals is in talks with Macquarie Bank on the provision of USD 90 million in mezzanine capital. The remaining USD 100 million is to be made available by AAM.

Contact:

Altech Advanced Materials AG  
Board member Hansjörg Plaggemars  
Ziegelhäuser Landstraße 3  
69120 Heidelberg  
E-mail: [info@altechadvancedmaterials.com](mailto:info@altechadvancedmaterials.com)  
Tel: +49 6221 64924-0

More information at [www.altechadvancedmaterials.com](http://www.altechadvancedmaterials.com).

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