



PARTICIPATION OF AAM IN THE ALTECH INDUSTRIES GERMANY GMBH

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Highlights

- Future participation of AAM with 25.0% in Altech Industries Germany GmbH agreed
- Altech Industries Germany GmbH plans to build a HPA factory in Germany
- State subsidy for factory already approved
- Start of production of ATC's HPA anode material planned in advance

Altech Advanced Materials AG ("AAM") (pta011/26.10.2020/14:00; FRA: AMA1) is pleased to announce that the Company has signed a Memorandum of Understanding with Altech Chemicals Limited's ("ATC") to acquire a 25.0% interest in ATC's wholly owned German subsidiary Altech Industries Germany GmbH ("AIG"), Dresden, for a purchase price of EUR 5 million. Under the terms of the Memorandum of Understanding, AAM will pay the purchase price to ATC in four installments over a three-year period, and AAM agrees to participate pro rata in capital measures of AIG to finance the two projects to be implemented there, namely the production of anode grade (HPA-coated graphite for the anodes of lithium ion batteries) and the production of high purity alumina based on ATC's patented process.

ATC has started the development of a high purity alumina (HPA) specifically for anode applications in lithium ion batteries. This initiative is a response to the development trends in anode development for lithium ion batteries identified by ATC in Europe through its collaboration with potential HPA users and through its work with research organizations such as the internationally renowned Fraunhofer-Gesellschaft, Fraunhofer Institute for Ceramic Technologies and Systems (IKTS) in Dresden, Germany. The new product line is called "Anode Grade APC01" and "Anode Grade ALC01", together referred to as "Anode Grade". It is intended that Anode Grade will (also) be manufactured at AIG.

ATC also intends to build a second facility for the production of high purity alumina (4N HPA) through its subsidiary AIG, for which a feasibility study is currently underway. AIG will obtain rights to use the patents of ATC and/or Altech Chemicals Australia Pty Ltd in relation to the manufacture of HPA and Anode Grade.

In July 2020, AIG signed a purchase option agreement for a ~10 hectare industrial site in the Schwarze Pumpe Industrial Park in Saxony (see Corporate News of July 14, 2020). Talks with the Saxon state government, which have been ongoing since then, have now resulted in a commitment from the Saxon State Ministry of Economics, Labour and Transport to a grant of EUR 7.38 million. The grant would be available to AIG to support the overall investment for the construction of a high-purity alumina (HPA) plant at the Schwarze Pumpe Industrial Park, Spreetal municipality in the state of Saxony, Germany. ATC is currently working on a detailed feasibility study to determine the profitability of a second HPA plant in Germany.

It is planned to produce the Anode Grade developed by ATC (see Corporate News dated September 23, 2020) at the planned site with purchased HPA even before construction of the HPA factory begins and to sell it to European customers in the lithium-ion battery industry.

Iggy Tan, Member of the Board of Directors of AAM and Executive Director of Altech Chemicals said that the investment in the German AIG is a significant step for the company. Mr. Tan said: *"In parallel to AAM's option on the Johor project (construction of the HPA plant in Malaysia), the Company now has an opportunity to directly participate in the emerging European market for battery raw materials. The intention to start production of ATC's HPA anode material in Germany before construction of the HPA high purity alumina plant begins, gives investors in the Company a whole new perspective".*

At the Extraordinary General Meeting of AAM on September 8, 2020, the deadline for implementing the capital increase resolution of March 12, 2020 was extended until December 11, 2020. The approval applies to a capital increase up to EUR 64.6 million of share capital. After the rights issue to the existing shareholders took place in June 2020, the Company is currently in the process of implementing the private placement. Due to the expiry of the current capital increase resolution in December, interested investors have until November 20, 2020 to declare their interest in the capital increase at AAM, after which the private placement round will be closed. Interested investors are also welcome to contact ir@altechadvancedmaterials.com.

The Board of Directors

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ISIN: DE000A2LQUJ6 (share)

Stock exchanges: Regulated market in Frankfurt; Open market in Düsseldorf; Open market in Berlin

About Altech Advanced Materials AG

Altech Advanced Materials AG ("AAM") currently plans to acquire up to 49% of Altech Chemicals Australia PTY LTD ("Altech Australia"), a subsidiary of Altech Chemicals, for up to USD 100 million. AAM is currently implementing its capital raising strategy to finance this investment.

Altech Australia is currently building a production plant for high-purity alumina (99.99%; 4N HPA) for 4,500 tons p.a. in Malaysia and also has its own deposit for the extraction of the main raw material kaolin. 4N HPA is required for the production of LED lights and as a separator for lithium-ion batteries, which are needed for electric vehicles and smartphones, for example. According to market studies, demand for 4N HPA is expected to grow by an average of 30% p.a. until 2028. Altech Australia's proprietary process allows the production of HPA as a cost leader, as HPA can be extracted directly from kaolin. This allows a production without the use of energy-intensive aluminium. The acceptance of the production volume for the first 10 years has been secured by an off-take agreement with Mitsubishi Australia and the production capacity and quality is guaranteed by the German plant engineering company SMS group GmbH from Düsseldorf, which has also agreed to provide equity capital for the Altech HPA project.

The overall project has a remaining investment volume of around USD 390 million, of which KfW-IPEX Bank has already committed USD 190 million under certain conditions and SMS group GmbH has already entered into an equity commitment of USD 10 million. Altech Chemicals Limited is currently in discussions with Macquarie Bank regarding the provision of USD 90 million mezzanine capital. The remaining USD 100 million is to be provided by AAM.