



Altech Chemicals
Limited

Letter to Shareholders

8 November 2018

Dear fellow Altech shareholder,

Over the last few weeks the Company has received numerous enquiries from shareholders about the deterioration of its share price, and whether there has been any significant changes to the Company's high purity alumina (HPA) project, the HPA market, the senior debt facility or the mezzanine debt due diligence process. The answer is no to all of these, nothing has changed and we continue to make solid progress with project development. Unfortunately, the Company's share price has been adversely impacted by a recent general sell-down on global equity markets, particularly small-cap battery materials related (lithium, cobalt, graphite and nickel) companies listed on the ASX. We have also been made aware that some institutional investors (funds) have recently adjusted market capitalisation investment thresholds, which has added to the selling of "small-cap" company shareholdings such as Altech.

The Board and I share your frustration of the Company's share price performance, especially considering that we continued to make significant advancements of our HPA project during the months following the successful July 2018 capital raising. However, as illustrated by our share price, the Company is not immune to general market conditions and sentiment.

I would like to remind shareholders what has been achieved in the last four months:

Johor Development

- The site in Johor for our HPA plant was cleared;
- A ground-breaking ceremony was conducted on 8 August 2018;
- A geotechnical drilling survey was completed;
- The Stage 1 early works construction agreement was executed with SMS group;
- The HPA plant site layout and buildings design is now completed;
- A development order building application is now underway; and
- Stage 1 construction at Johor remains on track.

Mezzanine debt and Stream Finance facility

- The due diligence processes remains on track;
- An update meeting with the potential mezzanine debt provider was held in London this week;
- A draft due diligence report (technical) was received by the potential mezzanine debt and Stream Finance facility providers from the technical consultant (Advisian) in October 2018;
- As previously advised, the final technical due diligence report is expected by the end of November 2018, once additional information from the Company, SMS group and others is incorporated in the report;
- We have been advised that the potential mezzanine lender will also commission an independent HPA market analysis report; and
- Updated financial modelling is underway in preparation for inter-creditor discussions.

HPA Market

- The HPA market remains strong and buoyant, particularly HPA for lithium-ion battery separator sheets; and
- Recent attendance by the Company at the 2018 Battery OSAKA conference reported:
 - strong interest for HPA powder from South Korea and Japan;
 - demand for HPA from the lithium-ion battery separator sheet sector appears to be growing faster than expected;
 - the price of HPA at the premium end of the market (Japan and South Korea) is holding at US\$40,000/t; and
 - there is no negative change to the HPA market, if anything, the outlook is more positive than earlier in the year.

Intellectual Property Protection

- Progressed the protection of Altech's kaolin to HPA intellectual property;
- Seven (7) patent applications are in progress (Australia and Malaysia); and
- One (1) innovative patent was granted to Altech on 16 October 2018, which has commenced the examination process.

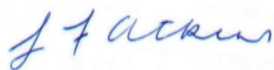
Equity / project level investment

- Discussions continue with various funds, private equity and industrial groups for a possible strategic investments and/or partial sale at the project level;
- A number of the groups are in various stages of due diligence and project analysis; and
- Any decision on equity participation will come after mezzanine debt is finalised.

In summary, a tremendous amount has been achieved by the Company in the last few months. The Company remains focussed on the project and continues to move forward ticking each and every development box. We cannot control equity markets and sentiment, just our process to develop the lowest cost HPA plant in the world.

In closing, I sincerely thank you for your support under difficult and volatile times and assure you that the Company's vision to be one of the largest and lowest cost HPA producers in the world is un-wavered.

Yours sincerely



Luke Atkins
Chairman

