



Altech Batteries
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

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ALTECH – CERENERGY® BATTERY PROJECT FUNDING PROGRESSING WELL

Highlights

- Large European Bank in the process to be mandated
- Bank's technical due diligence team in the final site visit
- Application for the Federal government guarantee process underway
- Due diligence and submission application are underway
- Project equity funding process running concurrently
- Looking for 49% strategic partner to close project equity
- Offtake LOI agreements for first 5 years of the project

Altech Batteries Limited (ASX: ATC, FRA: A3Y) is pleased to announce an update on funding of the CERENERGY® sodium-chloride solid-state battery project in Saxony, Germany.

DEBT PROCESS

As previously mentioned, Altech has engaged ten commercial banks and two venture debt funds in the first round of financing discussions, receiving largely positive initial feedback. Based on this feedback, the Company has selected a preferred financial institution— a European bank with a proven track record in providing debt funding for technology-driven projects, particularly those within the innovation sector. Although the mandate has not yet been formally executed, Altech intends to make an official announcement once this step is complete.

Meanwhile, the bank's commercial and technical teams have been diligently conducting a comprehensive review of the Cerenergy projects and its technology. The technical due diligence process is critical for ensuring that the project meets the bank's financing and risk criteria. As part of this process the onsite Altech experts are in detailed discussions with the bank's representative. The banks have visited Dresden and the Fraunhofer testing facilities and visit Hermsdorf, Germany where the prototype production is located in the coming weeks, which will be a key step in concluding the technical evaluation.

In parallel with these efforts, Altech is progressing discussions for securing a federal government guarantee, which would further strengthen its ability to secure the necessary debt funding for the project. Officials from the Ministry of Finance have already been briefed on the initiative, and the due diligence process for the application is actively underway. This federal guarantee will serve as an underwriter and therewith derisk any debt funding for the project substantially.

EQUITY FUNDING

In parallel with ongoing debt financing efforts, the Group has engaged several equity advisers to assist in securing the equity component of the project's funding package. As part of this strategy, Altech plans to divest a minority interest in the project to one or two strategic investors. This partial divestment is intended to attract investors who can contribute not only capital, but also strategic value, aligning with the CERENERGY® project's long-term goals of growth and sustainability.

The Group on one hand is specifically targeting large utility companies, data centre operators, investment funds, and corporations that are deeply committed to the green energy transition and on the other hand industrial partners with access and know-how and resources relevant to Cerenergy battery production, implementation or market access. These potential partners are seen as ideal due to their strong alignment with the project's sustainable energy focus and their ability to provide significant financial support. Progress in equity discussions has been promising, with several Non-Disclosure Agreements (NDAs) signed, enabling deeper engagement with prospective investors. Additionally, draft term sheets have been circulated to interested parties, outlining the key terms and conditions for investment. These documents provide a foundation for negotiations and facilitate more detailed discussions around the equity stake and partnership structure.

The decision to divest part of the project is strategically aimed at easing the Company's financial burden while bringing in experienced partners who can contribute to the project's success. By securing both equity and debt financing, Altech aims to finalize the full funding package, ensuring the timely construction and commissioning of the CERENERGY® battery plant. Moving forward, the focus will be on advancing these discussions and converting interest into formal commitments, which are critical for the project's progression.

GRANT APPLICATIONS

Altech has been actively applying for various grants offered by the State of Saxony, Federal Government of Germany, and the European Union. The State of Saxony and Brandenburg, along with the European Union, offer substantial support for renewable energy projects, including grants aimed at converting lignite coal to renewable energy sources. These grants are part of broader efforts to transition regions dependent on fossil fuels toward sustainable energy solutions. Altech's site, located in these areas, stands to benefit from various funding programs designed to support clean energy projects, including EU grants for energy transformation and innovation. Altech has applied for several of these grants to advance its CERENERGY® project, securing essential financial backing for technology development, high-tech industries, expert employment and infrastructure upgrades.

OFFTAKE ARRANGEMENTS

Altech has secured three key Offtake Letters of Intent (LOIs) for 100% of its CERENERGY® production.

1. Zweckverband Industriepark Schwarze Pumpe (ZISP): An agreement was signed on 13 September 2024 for ZISP to purchase 30 MWh of energy storage capacity annually, consisting of 1MWh GridPacks, for the first five years of production. The purchase is contingent on performance tests and battery specifications meeting customer requirements.
2. Referenzkraftwerk Lausitz GmbH (RefLau): A second LOI was executed with RefLau, a joint venture between Enertrag SE and Energiequelle GmbH. RefLau will buy 30 MWh of CERENERGY® storage

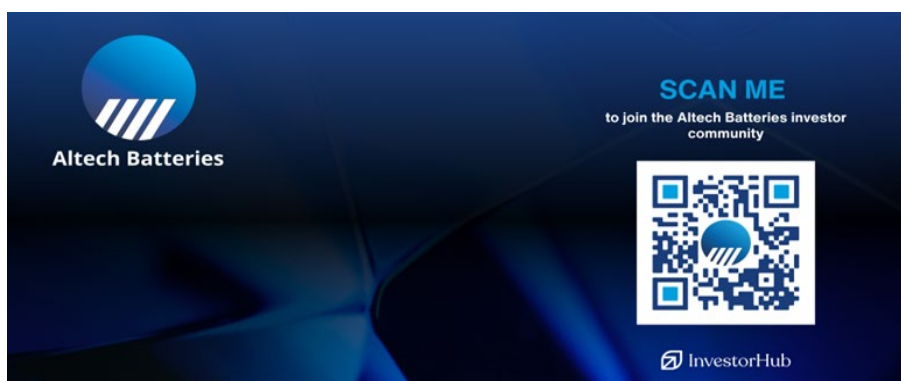
in the first year, increasing to 32 MWh annually for the next four years. Additionally, Altech will purchase green electricity for its planned production plant.

3. Axsol GmbH: A third LOI was signed with Axsol, a leading renewable energy solutions provider. Axsol will exclusively distribute CERENERGY® batteries to the Western defense industry, facilitating early market entry and sales. These agreements are crucial for financing and advancing the CERENERGY® project.

Authorised by: Iggy Tan (Managing Director)

Altech Batteries Interactive Investor Hub

Altech's interactive Investor Hub is a dedicated channel where management interacts regularly with shareholders and investors who wish to stay up-to-date and to connect with the Altech Batteries leadership team. Sign on at our Investor Hub <https://investorhub.altechgroup.com> or alternatively, scan the QR code below.



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About Altech Batteries Ltd (ASX:ATC) (FRA:A3Y)

CERENERGY® Batteries Project

Altech Batteries Ltd is a specialty battery technology company that has a joint venture agreement with world leading German government battery institute Fraunhofer IKTS ("Fraunhofer") to commercialise the revolutionary CERENERGY® Sodium Chloride Solid State (SCSS) Battery. CERENERGY® batteries are the game-changing alternative to lithium-ion batteries. CERENERGY® batteries are fire and explosion-proof; have a life span of more than 15 years and operate in extreme cold and desert climates. The battery technology uses table salt and is lithium-free; cobalt-free; graphite-free; and copper-free, eliminating exposure to critical metal price rises and supply chain concerns.

The joint venture is commercialising its CERENERGY® battery, with plans to construct a 120 MWh production facility on Altech's land in Saxony, Germany. The facility intends to produce CERENERGY® battery modules to provide grid storage solutions to the market.



Silumina Anodes™ Battery Materials Project

Altech Batteries has licenced its proprietary high purity alumina coating technology to 75% owned subsidiary Altech Industries Germany GmbH (AIG), which has finalised a Definitive Feasibility Study to commercialise an 8,000tpa silicon alumina coating plant in the state of Saxony, Germany to supply its Silumina Anodes™ product to the burgeoning European electric vehicle market.

This Company's game changing technology incorporates high-capacity silicon into lithium-ion batteries. Through in house R&D, the Company has cracked the "silicon code" and successfully achieved a 30% higher energy battery with improved cyclability or battery life. Higher density batteries result in smaller, lighter batteries and substantially less greenhouse gases, and is the future for the EV market. The Company's proprietary silicon product is registered as Silumina Anodes™.

The Company is in the race to get its patented technology to market, and recently announced the results of a Definitive Feasibility Study for the construction of a 8,000tpa Silumina Anodes™ material plant at AIG's 14-hectare industrial site within the Schwarze Pumpe Industrial Park in Saxony, Germany. The European silicon feedstock supply partner for this plant will be Ferroglobe. The project has also received green accreditation from the independent Norwegian Centre of International Climate and Environmental Research (CICERO). To support the development, AIG has commenced construction of a pilot plant adjacent to the proposed project site to allow the qualification process for its Silumina Anodes™ product. AIG has executed NDAs with German and North American automakers and battery material supply chain companies.

Silumina Anodes™