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**ALTECH BATTERIES LIMITED**  
**ACN 125 301 206**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 2.00pm (AWST)  
**DATE:** 27 October 2023  
**PLACE:** Altech Batteries Limited  
Suite 8  
295 Rokeby Road  
SUBIACO WA 6008 and virtually

**Shareholders are urged to vote by lodging the Proxy Form accompanying this Notice**

*This Notice of Meeting and accompanying Independent Expert's Report should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Independent Expert has concluded that the transaction the subject of Resolution 5 of the Notice of Meeting is NOT FAIR BUT REASONABLE to the non-associated Shareholders of the Company. All Shareholders should refer to the Independent's Expert's Report enclosed within this Notice of Meeting*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Martin Stein, on +61 8 6168 1555.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (AWST) on 27 October 2023 virtually and at:

Suite 8  
295 Rokeby Road  
SUBIACO WA 6008

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding, and your vote is important.

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm (AWST) on Wednesday 25 October 2023.

### VOTING IN PERSON

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To vote in person, Shareholders are able to attend the Annual General Meeting at the time, date and place set out above.

### VOTING AND ONLINE ATTENDANCE

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The Company is pleased to provide Altech Batteries Ltd Shareholders with the opportunity to attend the Meeting through an online meeting platform powered by its share registry, Automic, where Shareholders will be able to watch, listen, and vote online.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link [investor.automic.com.au](https://investor.automic.com.au) and then clicking on “**register**” and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the Meeting online (Registration will open 30 minutes prior to the Meeting):

- (a) Open your internet browser and go to [investor.automic.com.au](https://investor.automic.com.au)
- (b) Login with your username and password or click “register” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending the Meeting online**
- (c) After logging in, a banner will be displayed at the top once the Meeting is open for registration. Click on “View” when this appears
- (d) Click on “**Register**” and follow the steps
- (e) Click on the URL to join the webcast where you can view and listen to the Meeting

- (f) Once the Chair of the Meeting has declared the poll open for voting click on “Refresh” to be taken to the voting screen  
Select your voting direction and click “confirm” to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the Registration and Voting Guide at <https://www.automicgroup.com.au/virtual-agms/>

## VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**By online voting:** <https://investor.automic.com.au/#/loginsah>

**By email:** [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

**By fax:** +61 2 8583 3040

**By post:** Automic  
GPO Box 5193  
Sydney NSW 2001

If a Shareholder appoints the Chairman as his or her proxy or the Chairman is appointed as the Shareholder's proxy by default and the Shareholder does not direct the Chairman as to how to vote, then the Proxy Form provides that the Altech Batteries Ltd Shareholder expressly authorises the Chairman (who is a member of the Key Management Personnel) to exercise the proxy in respect of the relevant item of business, even where the Resolution in respect of an item of business is directly or indirectly connected to the remuneration of one or more members of the Key Management Personnel or is a resolution in respect of which the Chairman has a material personal interest.

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## **IMPORTANT NOTES**

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### **INDEPENDENT EXPERT'S REPORT**

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Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under section 611 item 7 of the Corporations Act and ASX Listing Rule 10.1 (as applicable) (refer to Resolution 5). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 5 to the non-associated Shareholders.

The Independent Expert has determined the transaction the subject of Resolution 5 is NOT FAIR BUT REASONABLE to the non-associated Shareholders.

### **BOARD RECOMMENDATION**

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The Directors believe that the transaction contemplated in Resolution 5 is in the best interest of Shareholders and accordingly, recommend that Shareholders vote in favour of this Resolution. Mr Hansjoerg Plaggemars has chosen not to provide a recommendation on Resolution 5 as he is the nominee Director of DB&D.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

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##### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2023 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

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##### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2023.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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##### 3. RESOLUTION 2 – RE-ELECTION OF NOMINATED DIRECTOR – HANSJOERG PLAGGEMARS

The Company is seeking the re-election of Hansjoerg Plaggemars to continue as a non-executive Director of the Company. Mr Plaggemars was a previous member of the board of Delphi Unternehmensberatung AG and Deutsche Balaton AG and currently acts as their representative. Accordingly, the Company proposes that Shareholders consider and, if thought fit, pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Hansjoerg Plaggemars, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

**Short Explanation:** Mr Hansjoerg Plaggemars retires as a Director of the Company and being eligible seeks re-election as a Director of the Company under this Resolution. Each other Director of the Company supports the re-election of Mr Plaggemars as a Director.

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#### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PETER BAILEY

The Company is seeking the re-election of Mr Bailey to continue as a non-executive Director of the Company. Mr Bailey is a highly experienced and qualified engineer and has served as a non-executive director since June 2012. Accordingly, the Company proposes that Shareholders consider and, if thought fit, pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Peter Bailey, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

**Short Explanation:** Mr Peter Bailey retires as a Director of the Company and being eligible seeks re-election as a Director of the Company under this Resolution. Each other Director of the Company supports the re-election of Mr Bailey as a Director.

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#### 5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES (21 JULY 2023)

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 42,857,142 Shares at an issue price of \$0.07 per Share, to various investors on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** On 21 July 2023, the Company announced that it had successfully raised \$3 million (before costs) via a share placement. Placement participants were issued Shares at \$0.07 per Share which represented a ~3% discount to price of the Company’s shares at the close of trade on the ASX on 20 July 2023. This Resolution is seeking Shareholder approval under ASX Listing Rule 7.4 to ratify the issue of 42,857,142 Shares to the share placement participants that were issued on 21 July 2023 under the Company’s placement capacity pursuant to ASX Listing Rule 7.1.

**Voting Exclusion Statement:**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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#### 6. RESOLUTION 5 – APPROVAL TO ISSUE SHARES TO DEUTSCHE BALATON AKTIENGESELLSCHAFT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue 7,142,857 Shares at \$0.07 per Share to Deutsche Balaton Aktiengesellschaft on the terms and conditions set out in the Explanatory Statement, which will result in Deutsche Balaton Aktiengesellschaft’s voting power increasing from 20.03% up to 20.37%.”*

A voting prohibition statement applies to this Resolution. Refer below.

**Short Explanation:** The Company is seeking Shareholder approval under section 611 (item 7) of the Corporations Act to issue Deutsche Balaton Aktiengesellschaft 7,142,857 Shares as part of the shortfall to the Entitlement Offer Prospectus dated 18 July 2023, which will increase Deutsche Balaton Aktiengesellschaft's voting power from 20.03% to 20.37%.

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared by Stantons Corporate Finance Pty Ltd for the purpose of the Shareholder approval required under section 611 (item 7) of the Corporations Act (**Independent Expert's Report**). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders of the Company. The Independent Expert has determined the transaction of this Resolution is NOT FAIR BUT REASONABLE to the non-associated Shareholders.

#### **Voting Prohibition Statement**

No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by Deutsche Balaton Aktiengesellschaft or Delphi Unternehmensberatung Aktiengesellschaft.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### **1. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

#### **1.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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### **2. FINANCIAL STATEMENTS AND REPORTS**

In accordance with section 317 of the Corporations Act and the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2023 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.altechgroup.com](http://www.altechgroup.com).

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### **3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

#### **3.1 General**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

### 3.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 3.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 4. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS HANSJOERG PLAGGEMARS & PETER BAILEY

### 4.1 General

ASX Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

As Hansjoerg Plaggemars was last re-elected at the Company's 2020 Annual General Meeting and Peter Bailey was last re-elected at the Company's 2021 Annual General Meeting, both will retire in accordance with clause 14.2 of the Constitution and ASX Listing Rule 14.4 and, being eligible, each seeks re-election.

### 4.2 Qualifications and other material directorships

#### *Hansjoerg Plaggemars*

Mr Plaggemars was previous member of the board of Delphi Unternehmensberatung AG and Deutsche Balaton AG and currently acts as their representative. Mr Plaggemars is based in Hiedelberg, Germany and is an experienced company director and manager. He studied business administration at the University of Bamberg from 1990 to 1995.

Mr Plaggemars has been a management consultant since June 2017 and is a board member of various companies within the scope of projects. Mr Plaggemars is currently a member of the management board of Frankfurt Stock Exchange listed Altech Advanced Materials AG. Mr Plaggemars also currently serves as a non-executive director at ASX listed Geopacific Resources Limited, Spartan Resources Limited, Wiluna Mining Corporation, PNX Metals Limited, Kin Mining Limited and Azure Minerals Limited.

### **Peter Bailey**

Mr Bailey is a highly experienced and qualified engineer with over 40 years' experience in the mining and industrial mineral production industry and has an electrical engineering degree from the University of London. Mr Bailey spent the majority of his career in the iron ore mining, bauxite mining, zinc-lead-copper mining, alumina refining and alumina chemicals industries respectively.

Mr Bailey was President of Alcoa Bauxite and Alumina in 1996, and was responsible for Alcoa's eight alumina plants outside of Australia. He was also the chairman of the Alcoa Bauxite joint venture in Guinea, Africa.

In 1998, he was appointed President of Alcoa Worldwide Chemicals' industrial chemicals department from 1998. He was responsible for Alcoa's worldwide chemicals business, comprising 13 plants across eight countries, with an annual revenue of approximately \$700 million. Post Alcoa, Mr Bailey was chief executive officer of Sherwin Alumina, an alumina refinery based in Texas, USA. The Sherwin alumina plant was capable of producing 1.4 mtpa of smelter grade alumina and 300,000 tonnes of chemical grade or specialty alumina per year. Mr Bailey together with Reynolds bought out the Sherwin Alumina plant, which was eventually sold to China Minmetals (51%) and then the remaining 49% to Glencore in 2007.

#### **4.3 Independence**

If re-elected, the Board does not consider that Mr Plaggemars will be an independent Director.

If re-elected, the Board considers that Mr Bailey will be an independent Director.

#### **4.4 Board recommendation**

The Board has considered the performances of both Mr Plaggemars and Mr Bailey since their appointment to the Board and is of the view that the skills and experience of Mr Plaggemars and Mr Bailey will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Plaggemars and Mr Bailey and recommends that Shareholders vote in favour of Resolutions 2 and 3.

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## **5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES (21 JULY 2023)**

On 21 July 2023, the Company issued 42,857,142 Shares at an issue price of \$0.07 per Share, to raise capital for the development of batteries and battery materials (**Placement Shares**). The funds raised will assist the Company to fund the CERENERGY® and Silumina Anodes™ projects as well as provide working capital. The issue was made in accordance with the Company's available placement capacity under ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Placement Shares (**Ratification**).

### **5.1 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

By ratifying this issue of the Placement Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 5.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 4 is passed, the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

If Resolution 4 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

## 5.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Placement Shares were issued to investors who were identified by the Directors. The recipients were identified through a bookbuild process, which involved the Directors seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 42,857,142 Placement Shares were issued and the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued on 21 July 2023;
- (e) the issue price was \$0.07 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (f) the purpose of the issue of the Placement Shares was to raise \$3,000,000, to assist the Company to fund the CERENERGY® and Silumina Anodes™ projects as well as provide working capital;
- (g) the Placement Shares were not issued under an agreement.

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## 6. RESOLUTION 5 – APPROVAL TO ISSUE SHARES TO DEUTSCHE BALATON AKTIENGESELLSCHAFT

### 6.1 Background to Resolution 5

On 18 July 2023, the Company lodged a prospectus with ASIC (**Prospectus**) in relation to a pro-rata non-renounceable entitlement issue of one (1) Share for every eight (8) Shares held by those Shareholders registered at 5.00pm (AWST) on 21 July 2023 at an issue price of \$0.07 per Share to raise up to \$12,859,201 (**Entitlement Offer**).

The Entitlement Offer was partially underwritten by the Company's major shareholders, Deutsche Balaton Aktiengesellschaft (**Deutsche Balaton**) and Delphi Unternehmensberatung Aktiengesellschaft (**Delphi**) (companies incorporated under the laws of Germany who are associates of one another for the

purposes of section 606 of the Corporations Act) (together, **DB&D**), up to \$6,700,000 (which included taking up their full entitlement under the Entitlement Offer).

The Entitlement Offer closed at 5.00pm (AWST) on 4 August 2023 and the Company announced on 7 August 2023 that the results of the Entitlement Offer were as follows:

Total number of Shares offered under the Entitlement Offer	183,702,876
Total number of Shares applied for by eligible shareholders under the Entitlement Offer	80,548,257
<b>Shortfall</b>	<b>103,154,619</b>
Shortfall Shares underwritten by DB&D	66,597,544
Remaining Shares to be issued under the Shortfall Offer*	36,557,075

\* As outlined in section 2.7 of the Prospectus, any entitlement not taken up pursuant to the Entitlement Offer formed the "Shortfall Offer". The Shortfall Offer is a separate offer made pursuant to the Prospectus and would remain open for up to three months following the closing date for the Entitlement Offer. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.07, being the price at which Shares were offered under the Entitlement Offer.

On 14 August 2023, the Company announced that of the remaining 36,557,075 Shares being offered under the Shortfall Offer, the Company had received binding commitments to subscribe for a total of 36,257,139 Shares, representing gross additional funds of \$2,538,000. On 18 August 2023, the Company announced that it had issued 29,414,218 of the remaining Shares to sophisticated and professional investor clients of 180 Markets Pty Ltd and that the balance (7,142,857 Shares) was proposed to be issued to Deutsche Balaton, subject to Shareholder approval for the purposes of item 7 section 611 of the Corporations Act.

Resolution 5 seeks Shareholder approval for the purposes section 611 (item 7) of the Corporations Act to issue 7,142,857 Shares to Deutsche Balaton under the Shortfall Offer.

Prior to the issue of Shares to clients of 180 Markets Pty Ltd on 18 August 2023, DB&D held 20.39% of the issued share capital of the Company. Subsequent to the issue of Shares on 18 August 2023, DB&D held 20.03% of the issued share capital of the Company. Deutsche Balaton has applied for the additional 7,142,857 Shares under the Shortfall Offer in order to maintain DB&D's voting power at 20.37%.

Pursuant to ASX Listing Rule 10.12 (Exception 6), Listing Rule 10.11 does not apply to an issue of securities approved for the purpose of Item 7 of section 611 of the Corporations Act, so the Company is not seeking Listing Rule 10.11 approval to issue the Shares to Deutsche Balaton.

## 6.2 Item 7 of Section 611 of the Corporations Act

### (a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf, of the person and because of the transaction, that persons, or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

**(Prohibition).**

### (b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves

determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
  - (A) a body corporate the first person controls;
  - (B) a body corporate that controls the first person; or
  - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

- (i) Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:
  - (A) are the holder of the securities;
  - (B) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
  - (C) have power to dispose of or control the exercise of a power to dispose of the securities.
- (ii) It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%; and
- (ii) a body corporate that the person controls.

(e) **Control**

Under section 50AA of the Corporations Act, "control" means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.

### 6.3 Reason Section 611 Approval is Required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

As at the date of this Notice, Deutsche Balaton (together with its associates) has a relevant interest in 329,648,236 Shares, representing a voting power in the Company of 20.03%.

Following the issue of the 7,142,857 Shares to Deutsche Balaton under the Shortfall Offer, Deutsche Balaton (together with its associates) would have a relevant interest in 336,791,093 Shares in the Company, representing a voting power in the Company of 20.37%.

Accordingly, Resolution 5 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Shares to Deutsche Balaton.

### 6.4 Specific Information required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74

In respect of obtaining approval for section 611 (item 7) of the Corporations Act, Shareholders are also referred to the Independent Expert's Report prepared by Stantons Corporate Finance Pty Ltd (**Stantons**) annexed to this Explanatory Statement at Schedule 1.

#### (a) Identify the Acquirer and its Associates

It is proposed that Deutsche Balaton will be issued the Shares under the Shortfall Offer.

#### (b) Relevant Interest and Voting Power

##### (i) Relevant Interest

The relevant interests of Deutsche Balaton (together with its associates) in voting shares in the capital of the Company (both current and following the issue Shares the subject of this Resolution) are set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest after the issue of the Shares
Deutsche Balaton	225,719,835	232,862,692
National Australia Bank Limited, a nominee of the Underwriters	1,000,000	1,000,000
Delphi	102,928,401	102,928,401
<b>TOTAL</b>	<b>329,648,236</b>	<b>336,791,093</b>

##### (ii) Voting Power

The voting power of Deutsche Balaton and its associates (both current and following the issue of the Shares the subject of this Resolution) is set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest after the issue of the Shares
Deutsche Balaton	13.71%	14.08%

National Australia Bank Limited, a nominee of the Underwriters	0.06%	0.06%
Delphi	6.25%	6.23%
TOTAL	20.03%	20.37%

Further details on the voting power of Deutsche Balaton and its associates is set out in the Independent Expert's Report prepared by Stantons at Schedule 1 of this Notice.

(c) **Reason for the proposed issue of securities**

The reason for the issue of securities to Deutsche Balaton is to raise additional capital for the Company to be applied towards the CERENERGY® project, Silumina Anodes™ project and corporate working capital.

(d) **Date of proposed issue of securities**

The Shares the subject of Resolution 5 will be issued following the Meeting on 27 October 2023.

(e) **Material terms of proposed issue of securities**

The Company is proposing to issue 7,142,857 Shares at an issue price of \$0.07 per Share. The Shares will rank equally with the Company's Shares currently on issue.

(f) **Deutsche Balaton's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Deutsche Balaton (together with its associates):

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and itself; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Deutsche Balaton at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

- (i) Although none of the current Board members have a material personal interest in the outcome of Resolution 5, Mr Hansjoerg Plaggemars has chosen not to provide

a recommendation on Resolution 5 as he is the nominee Director of DB&D. As a result, Mr Plaggemars will be excluded from voting on Resolution 5.

- (ii) The Directors (other than Mr Plaggemars) are of the opinion that the issue of Shares pursuant to this Resolution is in the best interests of Shareholders and, accordingly, the Directors (other than Mr Plaggemars) recommend that Shareholders vote in favour of Resolution 5. This recommendation is based on the advantages of the proposed transaction, as outlined in Section 6.6 below.
- (iii) The Directors (other than Mr Plaggemars) are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

(h) **Capital Structure**

Below is a table showing the Company's current capital structure and the possible capital structure on the completion of the Issue.

	<b>Shares</b>
Shares on issue as at the date of this Notice	1,646,183,030
Shares on issue following the issue of Shares the subject of Resolution 5	1,653,325,887

**6.5 Intentions if Resolution 5 is not approved**

If Resolution 5 is not passed, the Company will not be able to issue the Shares to Deutsche Balaton and will refund the application monies pertaining to these Shares. The Company will continue to use its funds raised under the Entitlement Offer and Shortfall Offer towards the CERENERGY® project, Silumina Anodes™ project and its general working capital.

**6.6 Independent Expert's Report – Resolution 5**

The Independent Expert's Report prepared by Stantons (a copy of which is attached at Schedule 1 of this Notice) assesses whether the transaction contemplated by Resolution 5 (Transaction) is fair and reasonable to the non-associated shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by Resolution 5 is not fair but reasonable to the non-associated shareholders of the Company.

The Independent Expert's Report notes that the key advantages of the proposal raised in Resolution 5 is that the Transaction:

- (a) raising cash to achieve the Company's capital raising objectives;
- (b) other Shareholders declined to take up Entitlement Offer and there is uncertainty of the pricing of alternative capital sources; and
- (c) continued support of a major shareholder of the Company.

The key disadvantages noted by the Independent Expert's Report are as follows:

- (a) the transaction is not fair; and
- (b) the issue of Shortfall Shares will further dilute all other non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the source of information and assumptions made.

## **6.7 Control**

Following completion of the issue of the Shares the subject of this Resolution, the voting power of Deutsche Balaton and its associates could be as high as 20.37%.

Deutsche Balaton's significant influence in the capital of the Company could mean that it will be in a position to potentially influence the election of Directors and the financial decisions of the Company, and Deutsche Balaton's interests may not align with those of all other Shareholders.

The Company advises Shareholders that if Deutsche Balaton and its associates hold a relevant interest in more than 25% of the Company at any time, Deutsche Balaton has the potential to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approve certain Company matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.

## **6.8 ASX Listing Rule 10.11**

As set out in Section 6.1 above, approval under ASX Listing Rule 10.11 is not required for the issue of Shares as approval is being obtained for the purposes of Item 7 of section 611 of the Corporations Act, which is an exception to ASX Listing Rule 10.11. Accordingly, the issue of Shares to Deutsche Balaton will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **6.9 Pro forma balance sheet**

A pro forma balance sheet of the Company post the completion of the Issue is set out in Schedule 2 of this Notice.

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## **7 ENQUIRIES**

Shareholders are requested to contact the Company Secretary, Mr Martin Stein, on (+61 8) 6168 1555 or [martins@altechgroup.com](mailto:martins@altechgroup.com) if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means Altech Batteries Limited (ACN 125 301 206).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Independent Expert's Report** means the Independent Expert's Report prepared by Stantons.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Prospectus** has the meaning given to it in Section 6.1

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Directors report section of the Company's annual financial report for the year ended 30 June 2023.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Shortfall Offer** has the meaning given to it in Section 6.1.

**Stantons** means Stantons Corporate Finance Pty Ltd (ACN 128 908 289)

**WST** means Western Standard Time as observed in Perth, Western Australia.

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**SCHEDULE 1 – INDEPENDENT EXPERT’S REPORT**

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6 September 2023

The Independent Directors  
Altech Batteries Limited  
Suite 8, 295 Rokeby Road  
Subiaco WA 6008

Dear Independent Directors,

## Independent Expert's Report Relating to the Issue of Shortfall Shares to Significant Shareholder

### 1 Executive Summary

#### Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 5 of the Notice of Meeting ("**NoM**") relating to the issue of 7,142,857 ordinary shares in Altech Batteries Limited ("**Altech**" or the "**Company**") to Deutsche Balaton Aktiengesellschaft ("**Deutsche Balaton**"), is considered **NOT FAIR** but **REASONABLE** to the Altech shareholders who are not restricted from voting on the resolution ("**Non-Associated Shareholders**") as at the date of this report.

#### Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") was engaged by the independent directors of Altech to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of a proposal involving the issue of 7,142,857 ordinary shares to Deutsche Balaton.
- 1.3 Altech is an Australian public company listed on the Australian Securities Exchange ("**ASX**") that develops specialty battery technology. The Company's projects include:
- a joint venture with Fraunhofer IKTS to produce Cerenergy Sodium Chloride Solid State batteries through a 100MWh plant to be constructed in Saxony, Germany.
  - the Silumina Anodes battery materials project, which it has licenced to its 75% owned subsidiary Altech Industries Germany GmbH and which the Company has commenced a definitive feasibility study for the development of a 10,000tpa silicon/graphite alumina coating plant in Saxony Germany.
  - a project to produce high purity alumina through the construction and operation of a 4,500tpa processing plant at Johor, Malaysia.
- 1.4 Deutsche Balaton and an associated entity, Delphi Unternehmensberatung Aktiengesellschaft ("**Delphi**") (collectively, the "**Deutsche Balaton Group**") are the two largest shareholders of Altech and collectively hold 329,648,236 ordinary shares in Altech (including 1,000,000 shares held by a nominee).
- 1.5 Altech recently issued a prospectus relating to an entitlement offer of one share for every 8 shares held, at an issue price of \$0.07, to raise up to \$12,859,201 (before costs) via the issue of up to 183,702,876 (the "**Entitlement Offer**"). In conjunction with the Entitlement Offer, the Company

completed a placement of 42,857,142 ordinary shares at \$0.07 raising \$3,000,000 before costs (the "**Placement**"). The Entitlement Offer closed on 4 August 2023 and shares were issued pursuant to the Entitlement Offer and Placement on 11 August 2023. Shortfall shares were issued on 18 August 2023.

- 1.6 Deutsche Balaton underwrote \$6,700,000 of the Entitlement Offer. As a result of a shortfall under the Entitlement Offer, Deutsche Balaton Group acquired 95,714,286 shares via this underwriting agreement, and accordingly upon completion of the Entitlement Offer, Deutsche Balaton Group owned a 20.39% interest in Altech.
- 1.7 Deutsche Balaton Group was able to increase its interest above 20% under Section 611 ("**s611**") (Item 10) of the Corporations Act 2001 (the "**Corporations Act**") which provides an exemption to s606 for underwriters of rights issues.
- 1.8 Thereafter, a shortfall in the Entitlement Offer of 36,557,075 ordinary shares remained, which were offered in an additional placement ("**Shortfall Placement**"). 29,414,218 shares have been issued under the Shortfall Placement, thereby diluting Deutsche Balaton Group to 20.03%. Deutsche Balaton Group seeks to participate in the Shortfall Placement with \$500,000.
- 1.9 The Shortfall Placement shares proposed to be issued to Deutsche Balaton Group require Altech shareholder approval. The issue of 7,142,857 ordinary shares to Deutsche Balaton Group at \$0.07 per share under the Shortfall Placement to raise a gross \$500,000, and an associated 6% capital raising fee is referred to as the "**Transaction**". All other share issues under the Entitlement Offer, Placement and Shortfall Placement (i.e., besides the \$500,000 participation by Deutsche Balaton Group) have already been issued and do not form part of the Transaction for the purpose of this report.

## **Purpose**

- 1.10 As a result of the Transaction, Deutsche Balaton Group will be issued 7,142,857 ordinary shares in Altech, increasing Deutsche Balaton Group's interest in Altech from approximately 20.03% to 20.37%.
- 1.11 Except in certain circumstances, Section 606 ("**s606**") of the Corporations Act prohibits a person (and/or associated parties) from acquiring a relevant interest in the issued voting shares of a public company that increases their relevant interest:
  - a) from 20% or below to more than 20%; or
  - b) from a starting point that is above 20% and below 90%.
- 1.12 One of the exceptions to s606 is where the acquisition is approved by the members under s611 of the Corporations Act at a general meeting of the company.
- 1.13 Deutsche Balaton Group is seeking approval under s611 (item 7) of the Corporations Act for the Transaction to return its equity interest to 20.37% (just under its previous 20.39% peak interest).
- 1.14 Accordingly, Altech intends to seek approval from the Non-Associated Shareholders for Resolution 5 pursuant to Item 7 of s611 of the Corporations Act.
- 1.15 The proposed Transaction is described in the NoM and Explanatory Statement ("**ES**") to be forwarded to shareholders ahead of a general meeting of shareholders (the "**Meeting**"). This IER provides an opinion on the fairness and reasonableness of the Transaction for Non-Associated Shareholders and is attached to the NoM.

## ***Basis of Evaluation***

- 1.16 With regard to the Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111: Content of Expert Reports ("**RG111**"), the Transaction is considered a control transaction, and we have assessed it as:
  - fair if the value of an Altech share after the Transaction, on a minority interest basis, is greater than the value of a share before the Transaction on a control basis; and
  - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-

Associated Shareholders to accept the offer.

## Valuations

### *Altech Pre-Transaction Share Value*

- 1.17 We assessed the fair market value of an Altech ordinary share before the Transaction using a market based approach as our primary methodology, as follows.

**Table 1. Pre-Transaction Valuation of Altech Shares**

	Ref	Low	Preferred	High
Minority interest value (\$)	Table 15	0.0690	0.0773	0.0980
Control premium (%)	6.17	30.0%	30.0%	30.0%
<b>Value per ordinary share (\$) (control)</b>		<b>0.0897</b>	<b>0.1005</b>	<b>0.1274</b>

- 1.18 Accordingly, we assessed the fair value of a pre-Transaction Altech ordinary share on a control basis to be between \$0.0897 and \$0.1274, with a preferred value of \$0.1005.

### *Altech Post-Transaction Share Value*

- 1.19 Our post-Transaction valuation of Altech, on a minority interest basis, is set out below.

**Table 2. Altech Post-Transaction Share Value**

	Ref	Low	Preferred	High
Pre-Transaction value per share (\$) (control)	Table 18	0.0897	0.1005	0.1274
Number of shares on issue pre-Transaction	Table 7	1,646,183,030	1,646,183,030	1,646,183,030
<b>Total pre-Transaction value of the Company (\$)</b>		<b>147,662,618</b>	<b>165,360,584</b>	<b>209,723,718</b>
Funds raised (\$)	7.1	470,000	470,000	470,000
<b>Post-Transaction value of the Company (\$)</b>		<b>148,132,618</b>	<b>165,830,584</b>	<b>210,193,718</b>
Number of ordinary shares on issue post-Transaction	Table 7	1,653,325,887	1,653,325,887	1,653,325,887
<b>Value per ordinary share (\$) (control)</b>		<b>0.0896</b>	<b>0.1003</b>	<b>0.1272</b>
Discount for minority interest (%)	7.1	23.1%	23.1%	23.1%
<b>Value per ordinary share (\$) (minority interest)</b>		<b>0.0689</b>	<b>0.0772</b>	<b>0.0978</b>

Source: Stantons analysis

- 1.20 We assessed the fair value of an Altech ordinary share post-Transaction on a minority interest basis to be between \$0.0689 and \$0.0978, with a preferred value of \$0.0772.

## Fairness Assessment

- 1.21 Our fairness assessment of the Transaction is set out below.

**Table 3. Fairness Assessment**

	Ref	Low	Preferred	High
Pre-Transaction Altech share value (control) (\$)	Table 18	0.0897	0.1005	0.1274
Post-Transaction Altech share value (minority) (\$)	Table 19	0.0689	0.0772	0.0978
<b>Fairness assessment</b>		<b>Not Fair</b>	<b>Not Fair</b>	<b>Not Fair</b>

Source: Stantons analysis

- 1.22 We consider Resolution 5 of the NoM to be **NOT FAIR** to the Non-Associated Shareholders for the purpose of s611 of the Corporations Act.

### Reasonableness Assessment

- 1.23 We considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.
- 1.24 On balance, we consider the advantages outweigh the disadvantages of the Transaction and accordingly the Transaction is considered **REASONABLE**.

**Table 4. Reasonableness Assessment of the Transaction**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ Raises cash to achieve the Company's capital raising objectives</li> <li>▪ Other shareholders declined to take up Entitlement Offer and there is uncertainty of the pricing of alternative capital sources</li> <li>▪ Continued support of major shareholder</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Transaction is not fair</li> <li>▪ Dilution of Non-Associated Shareholders</li> </ul>
Other Factors	
<ul style="list-style-type: none"> <li>▪ Incremental level of control</li> <li>▪ Entitlement offer exemption</li> </ul>	

*Source: Stantons analysis*

### Conclusion

- 1.25 In our opinion, the Transaction proposal subject to Resolution 5 is **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Altech for the purpose of s611 of TCA.
- 1.26 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

## Financial Services Guide

Dated 6 September 2023

### Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

### Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients decide as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

### General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

### Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$20,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## **Remuneration or other benefits received by our employees**

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Associations and relationships**

Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons Corporate Finance Pty Ltd  
Level 2  
40 Kings Park Road  
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### *Referral to External Dispute Resolution Scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited  
GPO Box 3  
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the TCA 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

**Contact details**

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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## 2 Summary of Transaction

### Background

- 2.1 Altech recently announced a Placement of 42,857,142 ordinary shares at \$0.07 to raise \$3,000,000 before costs and an Entitlement Offer of 1 share for every 8 shares held as at 21 July 2023 at \$0.07 per share to raise up to \$12,859,201 before costs, to raise an aggregate amount of \$15,859,201. The Entitlement Offer closed on 4 August 2023 and shares were issued in relation to the Entitlement Offer and Placement on 11 August 2023.
- 2.2 On closing of the Entitlement Offer there was a remaining shortfall of 36,557,075 shares, which were subsequently offered to professional and institutional investors under a Shortfall Placement. 29,414,218 Shortfall Placement shares were issued on 17 August 2023.
- 2.3 Deutsche Balaton Group is seeking to participate for a further \$500,000 worth of Shortfall Placement shares and under the Transaction will be issued 7,142,857 ordinary shares at \$0.07 per share, subject to shareholder approval. The Company will pay a fee of 6%, or \$30,000, under the Transaction. Accordingly, the Transaction will increase the Company's cash by \$470,000.
- 2.4 We note the Transaction is defined as the issue of the 7,142,857 ordinary shares for \$500,000 only, and all other components of the Placement, Entitlement Offer and Shortfall Placement are reflected in the pre-Transaction position for the purpose of this report.
- 2.5 A summary of key announcements made by the Company in relation to the Company's capital raising activities is set out below.

**Table 5. Timeline of Announcements**

Date	Announcement details
13 July 2023	Altech entered a trading halt
17 July 2023	Placement of \$3,000,000 and 1 for 8 Entitlement Offer to raise a further \$12,800,000
18 July 2023	Entitlement Offer Prospectus released via ASX
21 July 2023	Issue and application for quotation of the 42,857,142 Placement shares
26 July 2023	Entitlement Offer prospectus dispatched to shareholders
3 August 2023	Entitlement Offer closing date announced as 4 August 2023
7 August 2023	The Company received applications for 80,848,257 shares under the Entitlement Offer. After the shortfall underwritten by Deutsche Balaton Group, a further shortfall of 36,557,075 shares remains
11 August 2023	Issue and application for quotation of 147,145,801 Entitlement Offer Shares
14 August 2023	Altech has binding commitments for the Shortfall Placement shares, to raise an additional \$2,538,000 via the issue of 36,557,139 shares
18 August 2023	29,414,218 Shortfall Placement shares are issued, with the remaining 7,142,857 proposed to be issued to Deutsche Balaton Group to be issued subject to shareholder approval at the next general meeting

Source: ASX announcements

- 2.6 The movements in Deutsche Balaton Group's holdings in Altech shares pursuant to the Placement, Entitlement Offer, Shortfall Placement and Transaction are set out below.

**Table 6. Deutsche Balaton Shareholding**

Event	Shares issued	Total shares outstanding	Deutsche Balaton Group shares	Deutsche Balaton Group Percentage
Initial Shares	1,426,765,869	1,426,765,869	233,933,950	16.40%
Placement	42,857,142	1,469,623,011	233,933,950	15.92%
Entitlement Offer	147,145,801	1,616,768,812	329,648,236	20.39%
Shortfall Placement <sup>1</sup>	29,414,218	1,646,183,030	329,648,236	20.03%
Transaction	7,142,857	1,653,325,887	336,791,093	20.37%

Source: ASX announcements, Stantons analysis

- 2.7 We note that following completion of the Entitlement Offer, Deutsche Balaton Group held an interest of 20.39%, and the proposed Transaction is intended to mitigate the dilution of Deutsche Balaton Group that occurred as a result of the Shortfall Placement.
- 2.8 The impact of the Transaction on the Company's capital structure is as set out below.

**Table 7. Transaction Impact on Capital Structure**

Transaction	Number	Percentage (undiluted)	Percentage (fully diluted)
<b>Total pre-Transaction ordinary shares</b>	<b>1,646,183,030</b>	<b>99.57%</b>	<b>92.79%</b>
Ordinary shares issued under Transaction	7,142,857	0.43%	0.40%
<b>Total ordinary shares</b>	<b>1,653,325,887</b>	<b>100.00%</b>	<b>93.19%</b>
Performance Rights	120,850,000	-	6.81%
<b>Fully diluted securities</b>	<b>1,774,175,887</b>	<b>-</b>	<b>100.00%</b>

Source: ASX announcements

<sup>1</sup> Excluding Deutsche Balaton Group

### 3 Scope

#### Purpose of the Report

##### *Chapter 6 s611*

- 3.1 If Resolution 5 is approved, Deutsche Balaton Group have the potential to increase their interest in Altech shares from approximately 20.03% to 20.37%.
- 3.2 An acquisition of securities that enables a shareholder to increase its relevant interest in the voting shares of a public company:
- from below 20% to above 20%; or
  - from a starting point that is above 20% and below 90%,
- is prohibited under s606 of the Corporations Act, except in certain circumstances.
- 3.3 One of the exceptions to s606 is where the acquisition is approved at a general meeting of the company in accordance with Item 7 of s611 of the Corporations Act.
- 3.4 Item 7 of s611 requires shareholders to be provided with all information known to the company, and to the potential acquirer (of a 20% or more interest), that is material to the shareholders' decision. Regulatory Guide 74: *Acquisitions Approved by Members ("RG74")* issued by ASIC provides additional guidance on the information to be provided to shareholders. RG74 states the directors of the target company should usually provide shareholders with an IER on the proposed transaction.

##### *Purpose*

- 3.5 Altech intends to seek approval for Resolution 5 from the Non-Associated Shareholders at the Meeting intended to be held in October 2023.
- 3.6 Accordingly, Altech has engaged Stantons to prepare an IER to assess the fairness and reasonableness of the proposal contained in Resolution 5, pursuant to s611 of the Corporations Act, as outlined in the NoM and ES.

#### **Basis of Evaluation**

- 3.7 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.8 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.9 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

##### *Fairness*

- 3.10 As per RG111, the Transaction is considered to be a control transaction.
- 3.11 Accordingly, to assess whether the proposed Transaction is fair in accordance with RG111, we compared:
- the fair market value of an ordinary share in Altech prior to the Transaction, on a control basis; with
  - the fair market value of an ordinary share in Altech after the Transaction, on a minority interest basis.
- 3.12 The value of an Altech ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:

*“The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”*

- 3.13 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

#### ***Reasonableness***

- 3.14 In accordance with RG111.12, we have defined the proposed Transaction as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.
- 3.15 In order to determine whether there are sufficient reasons for Non-Associated Shareholders to accept the proposal despite it not being fair, we compared the advantages and disadvantages to Non-Associated Shareholders of approving the proposed Transaction.

#### **Individual Circumstances**

- 3.16 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

## 4 Profile of Altech

### History and Principal Activities

4.1 Altech is an Australian public company listed on the ASX that develops specialty battery technology. The Company's major projects are as follows:

- **CERENERGY:** The Cerenergy project is a joint venture with a German battery institute, Fraunhofer IKTS, which is developing a Sodium Chloride Solid State battery. The battery technology is in the final phase of product testing. The Company seeks to commercialise the technology to provide an alternative to lithium-ion batteries for grid storage. The Company intends to construct a 100MWh production facility in Saxony, Germany.

Commercialisation of Cerenergy is still highly uncertain and its success relies on a number of factors. A feasibility study for the commercialisation is in the planning stages. The project's success is also dependent on various economic factors relating to the feasibility of the product and the lithium-ion battery market. To date, the product has not been produced at commercial scale and there is a risk the product may fail to scale up.

- **Silumina Anodes:** The Silumina Anodes project seeks to develop a battery material coating technology for use in the electric vehicle battery market. The project has been licenced to Altech's 75% owned subsidiary, Altech Industries Germany GmbH. The focus of research and development expenditure has been on high-purity alumina ("HPA") for both silicon and graphite anodes.

The Company has completed a pre-feasibility study for the development and construction of a 10,000tpa Silumina Anodes plant in Saxony, Germany. A definitive feasibility study on the project has commenced.

- **HPA Plant:** The project to produce HPA through the construction and operation of a 4,500tpa processing plant at Johor, Malaysia. Initial construction works commenced in August 2018. The Company requires further capital to complete construction of the plant and is currently in negotiations for project financing. The Company intends to use kaolin from a 100% owned mine in Meckering, Western Australia as feedstock for the HPA plant.

4.2 As outlined above, the Company's projects are all in the development stage and there is a high degree of uncertainty around the commercialisation of the projects. The Company is not currently producing revenues from any of its projects and the potential market for its products is subjective.

4.3 Further information on the Company's projects can be found via the Company's website and ASX announcements.

4.4 The group structure is as set out below.

**Table 8. Altech Group Structure**

Entity	Principal activity	Percentage owned by Altech
Altech	Parent entity	n.a.
Altech Chemicals Sdn Bhd (Malaysia)	HPA Plant	100
Altech Industries Germany GmbH	Battery materials plant	75
Altech Meckering Pty Ltd	Kaolin mine	100
Altech Chemicals Australia Pty Ltd	Intellectual property/patent holder	100
Canning Coal Pty Ltd	Mineral exploration	100
Altech Batteries GmbH	Commercialisation of Cerenergy batteries	56.25

Source: Altech 2022 Annual Report

## Board of Directors

4.5 The current board of directors of Altech, as at 6 September 2023, is as follows.

**Table 9. Altech Board of Directors**

Director	Position	Date Appointed	Details
Peter Bailey	Non-Executive Director	8 June 2012	Mr Bailey is an engineer with over 40 years of experience in the mining and industrial production industry. He was previously Chief Executive Officer at Sherwin Alumina, an alumina refinery in Texas, USA. Prior to Sherwin, he was president of Alcoa Worldwide Chemical's industrial chemicals department.
Luke Atkins	Non-Executive Chairman	10 May 2007	Mr Atkins is a mining executive and lawyer with experience in capital raisings and has held a number of executive and non-executive directorships of private and publicly listed companies. He is the co-founder of ASX-listed Australian Silica Quartz Group Limited and is currently a non-executive director.
Daniel Tenardi	Non-Executive Director	19 September 2009	Mr Tenardi is a global resource executive with over 40 years of experience in the mining and processing sectors. He spent 13 years at Alcoa's alumina refinery in Kwinana as well as the company's bauxite mine in the Darling Ranges of Western Australia. He was the founding managing director of Australian Silica Quartz Limited (then called Bauxite Resources Limited) and has been a non-executive director of Australian iron ore producer, Grange Resources Limited.
Ignatius Kim-Seng Tan	Managing Director	27 August 2014	Mr Tan is a mining and chemical executive with over 30 years of experience. He has experience in capital raisings, construction, start-ups and operations of commercial mining projects. He has previously held managing director positions at ASX-listed Kogi Iron Limited and Galaxy Resources Limited.
Tunku Yaacob Khyra	Non-Executive Director	24 October 2015	Mr Khyra is the executive chairman of the Melewar Khyra Group of Companies, a Malaysian based diversified financial and industrial services group. He is the major shareholder of Melewar and sits on the boards of Khyra Legacy Berhad, Mycron Steel Berhad, MAA Group Berhad, Melewar Industrial Group Berhad, Ithmaar Bank B.S.C. (listed on the Bahrain Stock Exchange) and several other private companies.
Uwe Ahrens	Alternate Director	24 October 2015	Mr Ahrens is an alternate director for Mr Khyra. He is the executive director of Melewar Industrial Group Berhad and managing director of Melewar Integrated Engineering Sdn Bhd. He held a senior management position for 12 years at KOCH Transporttechnik GmbH, an international engineering and industrial plant supplier based in Germany.
Hansjoerg Plaggemars	Non-Executive Director	26 August 2020	Mr Plaggemars was previously a member of the board of Delphi and Deutsche Balaton and acts as their representative. He has experience as a company director and manager. He has been a management consultant since 2017 and is a board member of the Frankfurt Stock Exchange Listed Altech Advanced Materials AG. He is currently a non-executive director at ASX listed Geopacific Resources Limited, Wiluna Mining Corporation, Gascoyne Resources Limited, PNX Metals Limited, South Harz Potash Limited, Kin Mining Limited and Azure Minerals Limited.

Source: Altech 2022 Annual Report

## Financial Performance

4.6 Altech's audited Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2021 and 30 June 2022 and reviewed for the six-months to 31 December 2022 are set out below.

**Table 10. Altech Statement of Profit or Loss and Other Comprehensive Income**

	Audited 12 months to 30 June 2021	Audited 12 months to 30 June 2022	Reviewed 6 months to 31 December 2022
<b>Revenue from ordinary activities</b>			
Interest Income	117,619	227,104	160,613
R&D tax refunds	-	241,555	41,570
Other income	7,941,804	-	34,519
<b>Total income</b>	<b>8,059,423</b>	<b>468,659</b>	<b>236,702</b>
<b>Expenses</b>			
Employee benefit expense	(1,345,086)	(2,201,945)	(2,128,593)
Depreciation	(230,623)	(328,891)	(279,570)
Other expenses	(3,094,837)	(2,414,378)	(1,959,479)
Share based payments	(242,436)	(583,627)	(254,803)
Share in profit/(loss) of associate - AAM AG	(200,006)	(328,979)	(241,130)
Fair value gain/(loss) on investments in AAM AG	(620,569)	(119,051)	1,519,813
Research and development	-	(546,262)	(703,642)
Profit/loss on disposal of assets	-	-	(67)
Interest expense	-	(3,400)	(222)
Forex gain/(loss)	-	(9,919)	249,797
<b>Profit/(loss) before income tax expense</b>	<b>2,325,866</b>	<b>(6,067,793)</b>	<b>(3,561,194)</b>
Income tax expense	-	265,362	-
<b>Net income/(loss) for period</b>	<b>2,325,866</b>	<b>(5,802,429)</b>	<b>(3,561,194)</b>
<b>Other comprehensive profit/(loss)</b>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign controlled entities	-	1,964,499	(2,030,306)
<b>Total comprehensive profit/(loss), net of tax</b>	<b>2,325,866</b>	<b>(3,837,930)</b>	<b>(5,591,500)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the parent entity	2,325,866	(5,729,919)	(3,063,507)
Non-controlling interest	-	(72,510)	(497,687)
<b>Total profit/(loss) for the period, net of tax</b>	<b>2,325,866</b>	<b>(5,802,429)</b>	<b>(3,561,194)</b>
<b>Total comprehensive profit/(loss) for the period attributable to:</b>			
Owners of the parent entity	2,325,866	(3,765,420)	(5,093,813)
Non-controlling interest	-	(72,510)	(497,687)
<b>Total comprehensive profit/(loss) for the period</b>	<b>2,325,866</b>	<b>(3,837,930)</b>	<b>(5,591,500)</b>

Source: Altech Annual Report as at 30 June 2022 and half year report as at 31 December 2022

- 4.7 We note the other income of \$7,941,804 in the year ended 30 June 2021 relates to the sale of a 25% equity interest in Altech Industries Germany GmbH.

## Financial Position

4.8 Set out below is Altech's audited Statement of Financial Position as at 30 June 2021 and 30 June 2022 and reviewed as at 31 December 2022, prepared on a consolidated basis.

**Table 11. Altech Statement of Financial Position**

	Audited as at 30 June 2021 (\$)	Audited as at 30 June 2022 (\$)	Reviewed as at 31 December 2022 (\$)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,728,978	10,912,939	6,605,934
Trade and other receivables	246,918	502,908	1,266,769
<b>Total current assets</b>	<b>6,975,896</b>	<b>11,415,847</b>	<b>7,872,703</b>
<b>Non-current assets</b>			
Property plant and equipment	29,931,589	31,999,798	35,834,984
Right of use assets	6,195,810	5,950,181	4,565,725
Exploration and evaluation expenditure	604,821	782,659	895,851
Development expenditure	36,463,669	37,679,490	37,188,102
Investment in associate	2,085,439	3,351,214	-
Other financial assets	-	-	4,629,897
Other non-current receivables	7,509,881	7,208,984	7,469,728
<b>Total non-current Assets</b>	<b>82,791,209</b>	<b>86,972,327</b>	<b>90,584,287</b>
<b>Total assets</b>	<b>89,767,105</b>	<b>98,388,174</b>	<b>98,456,990</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Lease liabilities	(30,878)	(55,394)	(47,330)
Trade and other payables	(427,089)	(412,222)	(3,696,694)
Provisions	(228,461)	(219,814)	(205,772)
<b>Total current liabilities</b>	<b>(686,428)</b>	<b>(687,430)</b>	<b>(3,949,796)</b>
<b>Non-current liabilities</b>			
Lease liability	(53,352)	(34,532)	(15,180)
Provisions	(100,703)	(128,569)	(143,394)
Loans payable	-	-	(2,126,079)
<b>Total non-current liabilities</b>	<b>(154,055)</b>	<b>(163,102)</b>	<b>(2,284,653)</b>
<b>Total liabilities</b>	<b>(840,483)</b>	<b>(850,531)</b>	<b>(6,234,449)</b>
<b>Total net assets</b>	<b>88,926,622</b>	<b>97,537,643</b>	<b>92,222,541</b>
<b>Equity</b>			
Contributed equity	107,509,911	124,487,777	124,487,777
Reserves	8,889,821	3,726,870	1,951,365
Accumulated losses	(27,473,110)	(30,604,494)	(33,668,001)
Non-controlling interests	-	(72,510)	(548,600)
<b>Total equity</b>	<b>88,926,622</b>	<b>97,537,643</b>	<b>92,222,541</b>

Source: Altech Annual Report as at 30 June 2022 and half year report as at 31 December 2022

### *Commentary on Financial Position*

- 4.9 With respect to the property plant and equipment, right-of-use assets and development expenditure, we note that, as detailed in the Entitlement Offer prospectus:

*“a portion of the carrying value for property, plant and equipment as well as right-of-use assets and the entire carrying value shown for development expenditure relates to the Company’s Malaysian HPA Plant that is part way constructed, and currently on care and maintenance. The Company requires further capital in order to complete the plant. Should the Company not be successful in raising sufficient additional capital, the plant will not be constructed in full. Should this occur, the carrying value shown will not be realised.*

...

*The Board of Directors, as part of the Group’s audited financial report for the year ended 30 June 2023, is required to assess these assets for impairment. As part of the process, the Company has undertaken a professional independent valuation of the land and buildings that comprise the Malaysian HPA plant, and the valuation provided is materially less than the carrying value shown. The Board will consider the independent valuation as part of its assessment for impairment. Should the Board determine that the assets in relation to the Malaysian HPA plant are impaired for the purposes of the audited financial report for the year ended 30 June 2023, a provision for impairment or permanent write-down in the carrying value of the assets will be required.”*

- 4.10 As at 31 December 2022, the portion of property, plant and equipment related to the Malaysian HPA plant was \$27,784,252. As at 31 December 2022, \$4,113,799 reflected the value of the German pilot plant and \$3,681,167 represented land.
- 4.11 We were advised that the Company’s cash position as at 5 September was \$14,608,507 and accordingly, the Transaction would increase the Company’s cash position to approximately \$15,078,507.

### **Capital Structure**

#### *Ordinary Shares*

- 4.12 As at 29 August 2023, Altech had 1,646,183,030 ordinary shares on issue, with the top 20 holders being as follows.

**Table 12. Top 20 Shareholders**

Shareholder	Number held	Percentage (%)
Deutsche Balaton	225,719,835	13.71%
Delphi	102,928,401	6.25%
Citicorp Nominees Pty Ltd	79,236,451	4.81%
BNP Paribas Nominees Pty Ltd ACF Clearstream	74,111,697	4.50%
SMS Investments SA	57,418,528	3.49%
MAA Group Berhad	48,616,267	2.95%
HSBC Custody Nominees (Australia) Ltd	34,500,643	2.10%
BNP Paribas Noms Pty Ltd <DRP>	33,254,790	2.02%
Kenneth Hall <Hall Park A/C>	14,000,000	0.85%
BNP Paribas Noms Pty Ltd UOB KH PL AC <DRP>	11,874,282	0.72%
Lake McLeod Gypsum Pty Ltd	9,678,752	0.59%
John Smith & Barbara Smith <John R Smith Family A/C>	9,500,000	0.58%
Yusuf Kucukbas <Yasep A/C>	9,000,000	0.55%
Peter Bourke & Kerrie Jones <Bourke Super Fund A/C>	7,573,000	0.46%
Ian Halford	7,010,247	0.43%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	6,731,145	0.41%
Basil Catsipordas	6,250,000	0.38%
Peter Hua	6,238,000	0.38%
Peter Bourke	5,768,570	0.35%
LJ & K Thomson Pty Ltd <LJT & KT Super Fund A/C>	5,600,000	0.34%
<b>Total Top 20</b>	<b>755,010,608</b>	<b>45.86%</b>
Non-top 20 shareholders	891,172,422	54.14%
<b>Total Shares (as at 29 August 2023)</b>	<b>1,646,183,030</b>	<b>100.00%</b>

Source: Altech register of shareholders

### Performance Rights

- 4.13 As at 6 September 2023 the Company had 120,850,000 performance rights on issue. Each performance right is exercisable into one ordinary share at the election of the holder for nil consideration on achievement of the relevant vesting condition. The performance rights on issue are as set out below.

**Table 13. Altech Performance Rights**

Performance Right	Number	Vesting condition
Tranche 1a	11,125,000	Successful funding of the HPA project and the first anniversary date of the issue of performance rights
Tranche 1b	500,000	Sale of the first tonne of HPA product and confirmation that the plant is operating at a steady state of production and the second anniversary date of the issue of performance rights
Tranche 1c	10,625,000	Sale of the first tonne of HPA product and confirmation that the plant is operating at a steady state of production and the third anniversary date of the issue of performance rights
Tranche 2a	15,600,000	Completion of a Definitive Feasibility Study in relation to the 10,000tpa Silumina Anodes plant as well as finalising construction of a Silumina Anodes pilot plant and the 14-day Volume Weighted Average Price ("VWAP") being above \$0.12 per share
Tranche 2b	15,600,000	The Company obtaining funding for construction in relation to a 10,000tpa Silumina Anodes plant and the 14-day VWAP being above \$0.15 per share
Tranche 2c	15,600,000	Production of the first tonne of Silumina Anodes from the 10,000tpa plant as well as achieving a steady state of production from the 10,000tpa plant and the 14-day VWAP being above \$0.19 per share
Tranche 3a	15,600,000	Completion of a Definitive Feasibility Study in relation to the 100MWh Cerenergy battery plant and the 14-day VWAP being above \$0.12 per share
Tranche 3b	15,600,000	The Company obtaining funding for construction in relation to a 100MWh Cerenergy battery plant and the 14-day VWAP being above \$0.15 per share
Tranche 3c	15,600,000	Production of the first Cerenergy battery from the plant and the 14-day VWAP being above \$0.19 per share
Tranche 4	5,000,000	Completion of clearance of the site for the HPA plant for the commencement of construction
<b>Total</b>	<b>120,850,000</b>	

## 5 Valuation Methodology

### Available Methodologies

5.1 In assessing the value of Altech, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.

- Capitalisation of future maintainable earnings ("**FME**")
- Discounted future cash flows ("**DCF**")
- Asset-based methods ("**Net Assets**")
- Quoted market prices or analysis of traded share prices
- Common industry rule-based methodologies

5.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B.

### Selected Methodology

#### *Valuation methodology*

5.3 Our primary valuation methodology to value Altech's shares is a market based approach.

5.4 In selecting an appropriate valuation methodology to value the shares of Altech, we considered the following factors:

- Altech is currently loss-making. As such FME methodology is not considered appropriate.
- Reliable cash flow forecasts are not available and therefore DCF methodology is not appropriate.
- Altech's assets are predominantly comprised of development assets and property plant and equipment. As the Company's projects are early-stage technology and the recorded book value of development assets is at cost, the realisable value of these assets is linked to the successful commercialisation of the Company's technology which is inherently uncertain. These assets are not considered to be fungible given their highly specialised nature.
- Trading in Altech's shares demonstrates a reasonable level of liquidity. Therefore, we have considered the traded prices methodology as the primary methodology as we believe this to be the most robust available methodology to value Altech.

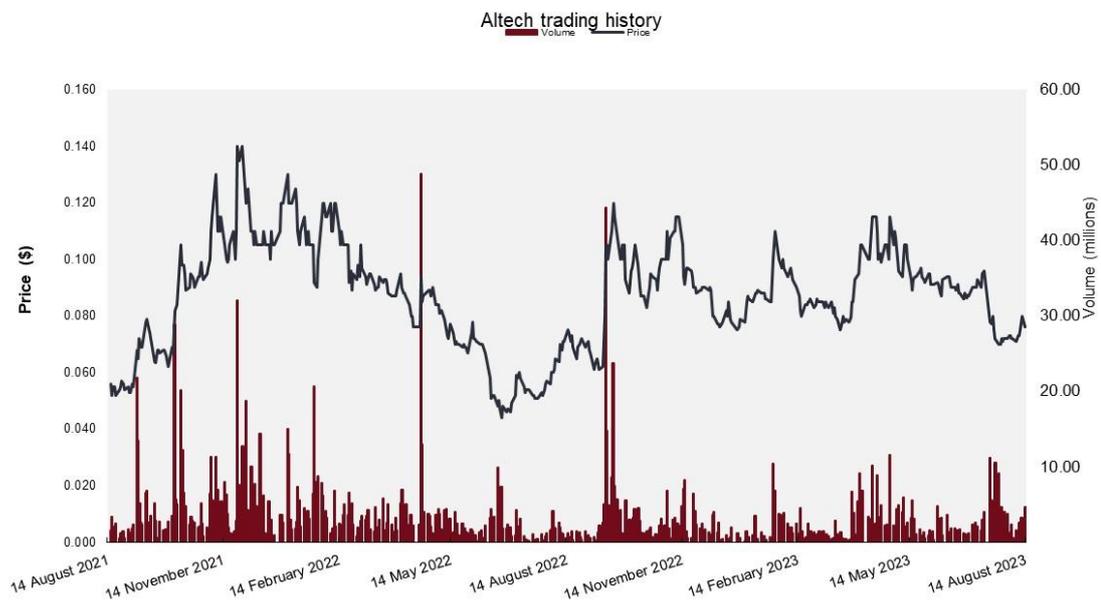
## 6 Pre-Transaction Valuation of Altech Shares

### Valuation of Altech Shares

#### *Analysis of Trading History*

- 6.1 We considered the recent trading history of Altech shares on the ASX prior to the announcement of the Transaction, as traded prices following the announcement may incorporate the impact of the Transaction.
- 6.2 Quoted market prices reflect a minority interest in the Company.
- 6.3 Altech announced the Transaction via ASX on 14 August 2023. Accordingly, the trading history of Altech on ASX for the two-year period to 14 August 2023 is set out below.

**Figure 1. Altech ASX Trading History**



Source: S&P Capital IQ

- 6.4 The key announcements made by the Company over the past 12 months up to the Transaction are as follows.

**Table 14. Key Altech ASX Announcements**

Date	Announcement details
18 Aug 23	29,414,218 Shortfall Placement shares are issued, with the remaining 7,142,857 proposed to be issued to Deutsche Balaton Group to be issued subject to shareholder approval at the next general meeting
14 Aug 23	Altech has binding commitments for the Shortfall Placement shares, to raise an additional \$2,538,000 via the issue of 36,557,139 shares
11 Aug 23	Issue and application for quotation of 147,145,801 Entitlement Offer Shares
07 Aug 23	The Company received applications for 80,857,247 shares under the Entitlement Offer. After the shortfall underwritten by Deutsche Balaton Group, a further shortfall of 36,557,075 shares remains
03 Aug 23	Entitlement Offer closing date announced as 4 August 2023
28 Jul 23	Quarterly Activities Report for the quarter ended 30 June 2023 released
26 Jul 23	Entitlement Offer prospectus dispatched to shareholders
21 Jul 23	Issue and application for quotation of the 42,857,142 Placement shares
18 Jul 23	Entitlement Offer Prospectus released via ASX
17 Jul 23	Placement of \$3,000,000 and 1 for 8 Entitlement Offer to raise a further \$12,800,000
13 Jul 23	Altech entered a trading halt
11 Jul 23	The Company announced a study by the Sustainable Technologies Laboratory at Bochum University that assessed the Cerenergy battery to have 50% of the greenhouse gas emissions of lithium-ion batteries
03 Jul 23	Suppliers for the Cerenergy battery project are announced
13 Jun 23	Proposed battery specifications for the Cerenergy battery
09 May 23	Two 60KWh Cerenergy battery pack prototypes are in production
28 Apr 23	Quarterly Activities Report for the period ended 31 March 2023 released
14 Apr 23	The Silumina Anodes pilot plant is progressing well and according to plan
29 Mar 23	Launch of design of the Cerenergy 1.0 MWh gridpack design. A pre-installation solution has been launched to minimise on site installation, where each grid pack will have up to twenty 60 KWh battery packs
13 Mar 23	\$5 million in deferred payment is received from Altech Advanced Materials AG
23 Feb 23	Interim Financial Report for the half-year ended 31 December 2022 released
07 Feb 23	Update on the Silumina Anodes pilot plant and Definitive Feasibility Study are progressing as planned
31 Jan 23	Quarterly activities report for the quarter ended 31 December 2022 released
25 Jan 23	Update on the Cerenergy project that 2 critical expert workshops have been held at Altech's site in Germany
07 Nov 22	Launch of Cerenergy 60KWh battery pack design
31 Oct 22	Quarterly Activities Report for the quarter ended 30 September 2022 released
19 Oct 22	Annual Report for the year ended 30 June 2022 released
14 Sep 22	Joint venture agreement with Fraunhofer IKTS to commercialise the Cerenergy battery, with Altech to hold 75% of the joint venture company
12 Sep 22	Silumina Anodes project update on implementation of the pilot plant and commencement of a Definitive Feasibility Study

Source: ASX announcements

- 6.5 As at 14 August 2023, the Company had an undiluted market capitalisation of approximately \$122,874,430.
- 6.6 Further details of Altech's trading history as at 14 August 2023 are set out below.

**Table 15. Altech ASX Trading History**

Trading Days	Low Price (\$)	High Price (\$)	VWAP (\$)	Cumulative volume traded	Percentage of total shares (%)	Annual equivalent (%)	Percentage of free float (%)	Annual equivalent (%)
1 Day	0.075	0.081	0.0781	4,635,270	0.29%	73.40%	0.47%	120.21%
10 Days	0.071	0.083	0.0746	18,911,760	1.26%	32.30%	1.92%	49.05%
30 Days	0.069	0.098	0.0773	97,525,260	6.67%	56.91%	9.92%	84.31%
60 Days	0.069	0.100	0.0816	141,925,910	9.83%	41.92%	14.41%	61.24%
90 Days	0.069	0.117	0.0913	251,460,770	17.48%	49.72%	25.51%	72.28%
180 Days	0.069	0.117	0.0907	402,673,270	28.11%	39.97%	40.80%	57.80%
1 Year <sup>2</sup>	0.060	0.130	0.0941	650,382,120	45.45%	45.45%	65.82%	65.82%

Source: S&P Capital IQ, Stantons analysis

6.7 Generally, the market is a fair indicator of what a share is worth, however for a quoted market price to be a reliable indicator of a company's value, the company's share must trade in a "liquid and active" market. We consider that a liquid and active market would typically be characterised by:

- regular trading in the company's securities;
- trading of at least 1% of a company's securities on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of the company; and
- no significant but unexplained movements in the share price.

6.8 Altech's shares have historically demonstrated trading volumes above 1% per week, with 65.70% of the outstanding free float shares being traded in the twelve-month period before the announcement of the Transaction.

6.9 We note Altech completed the Placement and Entitlement Offer prior to announcing the Transaction. The Company issued a total of 219,417,161 ordinary shares in total at \$0.07 per share.

6.10 As per RG111.58/111.32, we have also considered the volatility of the market price of Altech shares. The historical volatility of Altech shares to 14 August 2022 over various periods is shown below.

**Table 16. Volatility**

Period	Low (\$)	High (\$)	Volatility (%)
1 year	0.060	0.130	79.04
2 year	0.043	0.150	87.42
3 year	0.035	0.150	85.76

Source: S&P Capital IQ, Stantons analysis

6.11 We note that these volatilities are relatively high for an ASX-listed company, though are consistent with an early stage technology company.

6.12 Recent capital raisings completed by Altech are set out below.

<sup>2</sup> 255 trading days

**Table 17. Altech Capital Raising History**

Date	Raising	Issue price (\$)	Number of shares	Total value <sup>3</sup> (\$)
17 Aug 2023	Shortfall Placement	0.070	29,414,218 <sup>4</sup>	2,058,995
11 Aug 2023	Entitlement Offer	0.070	147,145,801	10,300,206
21 Jul 2023	Placement	0.070	42,857,142	3,000,000
23 Dec 2021	Share purchase plan	0.107	20,589,886	2,203,118
9 Dec 2021	Placement	0.107	75,964,556	8,128,207
22 Jan 2021	Entitlement offer shortfall	0.040	47,613,068	1,904,523
18 Dec 2020	2 for 5 entitlement offer	0.040	315,721,720	12,628,869

Source: ASX announcements, Stantons analysis

6.13 Other key considerations for assessing traded prices of Altech shares include:

- Altech shares typically demonstrate a relatively high bid-ask spread, due to the ASX minimum tick size of \$0.001 representing a large percentage of the current market price
- Early-stage technology company valuations are typically highly subjective and therefore investors may hold a wide range of opinions on the value of the shares
- Trading in early-stage technology company shares such as Altech may be driven by technical chartist traders, market sentiment, the involvement of key individuals and/or expectation/speculation of corporate activity
- Altech is covered by research analysts Arrowhead and Pitt Street Research
- Altech is not included in any indices

### *Performance Rights*

6.14 We note the Company has 120,850,000 performance rights on issue as at 6 September 2023. Each tranche of performance rights has non-market vesting conditions relating to the achievement of certain project milestones (refer to Table 13). In addition, some tranches of the performance rights are subject to a market based vesting condition.

6.15 For the valuation purpose, we have excluded the value of the performance rights given that their issue has been disclosed to the market and therefore consider the value to be incorporated in the market price.

### *Control Premium*

6.16 We note a traded prices based valuation is based on a minority interest in the Company. As RG111 requires the pre-Transaction position to be on a control basis, we have applied a control premium to our valuation.

6.17 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%<sup>5</sup> (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have considered the factors in Appendix C and concluded that a control premium of 30% is appropriate to apply in this circumstance. Accordingly, we applied a control premium of 30% to the value of an Altech post-Transaction ordinary share.

### *Valuation*

6.18 Based on the above, our assessed value of an Altech share using the quoted market prices methodology is as set out below. The low and high valuations are based on the low and high

<sup>3</sup> Excluding costs

<sup>4</sup> Excludes share to be issued under the Transaction

<sup>5</sup> "Control Premium Study 2017", RSM

prices in the past 30 days of trading, and our preferred valuation was based on the 30-day VWAP as at the date of the announcement of the Transaction.

**Table 18. Quoted Market Prices Valuation**

	Ref	Low	Preferred	High
<b>Value per ordinary share (\$) (minority interest)</b>	Table 15	<b>0.0690</b>	<b>0.0773</b>	<b>0.0980</b>
Control premium	6.17	30%	30%	30%
<b>Value per ordinary share (\$) (control)</b>		<b>0.0897</b>	<b>0.1005</b>	<b>0.1274</b>

*Source: Stantons analysis*

- 6.19 Accordingly, our adopted pre-Transaction control value of an Altech share is between \$0.087 and \$0.1274, with a preferred value of \$0.1005.

## 7 Post Transaction Valuation of Altech Shares

7.1 Our post-Transaction valuation of Altech shares is as set out below. We note the following about our post-Transaction valuation:

- The pre-Transaction minority interest value has been used as the starting position.
- Funds raised of \$470,000 have been added, based on the issue of 7,142,857 ordinary shares at \$0.07 per share for a gross amount of \$500,000. We have been advised that fees of 6% apply to the raising, and accordingly subtracted a fee of \$30,000.
- The pre-Transaction valuation on which this valuation is based reflects a minority interest in the Company. As RG111 requires the post-Transaction position to be on a minority interest basis, we have applied a discount for minority interest to our valuation. As discussed at paragraph 6.17, we believe a 30% control premium is appropriate, and accordingly applied a discount for minority interest of 23.1% to our valuation (being the inverse of a 30% control premium).

**Table 19. Post-Transaction Altech Valuation**

	Ref	Low	Preferred	High
Pre-Transaction value per share (\$) (control)	Table 18	0.0897	0.1005	0.1274
Number of shares on issue pre-Transaction	Table 7	1,646,183,030	1,646,183,030	1,646,183,030
<b>Total pre-Transaction value of the Company (\$)</b>		<b>147,662,618</b>	<b>165,360,584</b>	<b>209,723,718</b>
Funds raised (\$)	7.1	470,000	470,000	470,000
<b>Post-Transaction value of the Company (\$)</b>		<b>148,132,618</b>	<b>165,830,584</b>	<b>210,193,718</b>
Number of ordinary shares on issue post-Transaction	Table 7	1,653,325,887	1,653,325,887	1,653,325,887
<b>Value per ordinary share (\$) (control)</b>		<b>0.0896</b>	<b>0.1003</b>	<b>0.1271</b>
Minority interest discount (%)	7.1	23.1%	23.1%	23.1%
<b>Value per ordinary share (\$) (minority interest)</b>		<b>0.0689</b>	<b>0.0772</b>	<b>0.0978</b>

Source: Stantons analysis

7.2 Accordingly, our post-Transaction minority interest value of an Altech share is between \$0.0689 and \$0.0978, with a preferred value of \$0.0772.

## 8 Fairness Evaluation

### Fairness Assessment

- 8.1 In determining the fairness of the Transaction including Resolution 5, we have had regard to the guidelines set out by ASIC's RG111.
- 8.2 As per RG111, we consider the Transaction (including the proposal outlined in Resolution 5 of the NoM) to be fair if:
- the value of an Altech share prior to the Transaction, on a control basis; is less than
  - the value of an Altech share after the Transaction on a minority interest basis.
- 8.3 Our assessment of the fairness of the Transaction is set out below.

**Table 20. Indicative Value Assessment (excluding Deferred Share Payment)**

	Ref	Low	Preferred	High
Pre-Transaction share value (control) (\$)	Table 18	0.0897	0.1005	0.1274
Post-Transaction share value (minority) (\$)	Table 19	0.0689	0.0772	0.0978

*Source: Stantons analysis*

### Conclusion

- 8.4 Accordingly, as the post-Transaction value of an Altech ordinary share is less than the pre-Transaction value in each of the low, preferred and high scenarios, we consider the Transaction, including Resolution 5 of the NoM, to be **NOT FAIR** to the Non-Associated Shareholders of Altech for the purpose of s611 of the Corporations Act.

## 9 Reasonableness Evaluation

9.1 Under RG111, a transaction is considered "reasonable" if it is "fair", or if despite not being "fair" there are sufficient reasons to accept the proposal.

9.2 We considered the following advantages, disadvantages and other factors in assessing the reasonableness of the Transaction.

### Advantages

#### *The Company will raise additional cash to achieve its capital raising objective*

9.3 The Transaction involves a raising of \$500,000 (before costs), which allows the Company to complete the total raising of \$15,859,201 that the Board determined was the target amount that will allow the Company to effectively enact its business plan.

9.4 After costs of 6%, the Company's cash position will be improved by \$470,000.

#### *Other shareholders declined to take up Entitlement Offer and there is uncertainty of the pricing of alternative capital sources*

9.5 The shares that are proposed to be issued to Deutsche Balaton Group are available as a result of a shortfall in the Entitlement Offer. Accordingly, other shareholders were offered the opportunity to participate via the Entitlement Offer and declined. Furthermore the Entitlement Offer was associated with a placement to the external market.

9.6 In the event the Company sought alternative capital sources, it is uncertain whether funds could be raised at a price of \$0.07.

#### *Continued support of major shareholder*

9.7 Deutsche Balaton Group is the major shareholder of Altech and has provided significant funding. The Transaction allows Deutsche Balaton Group to mitigate the dilution of its position of 20.39% immediately after the Entitlement Offer caused by the Shortfall Placement. The continued support of Deutsche Balaton Group may facilitate the Company's future capital raisings should they be required.

### Disadvantages

#### *The Transaction is not fair*

9.8 As detailed in our assessment in Section 8, the Transaction is considered not fair to Non-Associated Shareholders.

#### *Dilution of Non-Associated Shareholders*

9.9 As a result of the Transaction, Non-Associated Shareholders of Altech may be diluted by up to 0.43%.

### Other Factors

#### *Incremental level of control obtained*

9.10 We note that under RG 111 we are required to consider the Transaction as a control transaction, though the additional level of control obtained by Deutsche Balaton Group is incremental.

9.11 The Transaction will allow Deutsche Balaton Group to increase its interest in Altech from 20.03% to 20.37%. Appendix C to this report provides details of certain thresholds of control, such as the ability to block a compulsory acquisition with an interest of 10% or to block a special resolution with a 25% interest. Deutsche Balaton Group does not cross over any notable threshold level by increasing its interest from 20.03% up to 20.37%.

*Entitlement Offer exemption*

- 9.12 Deutsche Balaton Group was able to increase its position above 20% via the Entitlement Offer under s611 (item 10), which provides an exemption to s606 to underwriters of rights issues. We note that Deutsche Balaton Group's position prior to the Entitlement Offer was 20.39% and the Transaction is in effect allowing Deutsche Balaton Group to participate in the Shortfall Placement and avoid being diluted from its previous position.

**Reasonableness Conclusion**

- 9.13 On balance, we consider that despite not being fair, the advantages of the Transaction to the Non-Associated Shareholders outweigh the disadvantages. Accordingly, we consider the Transaction to be **REASONABLE**.

## 10 Conclusion

### Opinions

- 10.1 The proposed Transaction, including the proposal outlined in Resolution 5 of the NoM that allows for the issue of 7,142,857 ordinary shares to Deutsche Balaton, is considered **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Altech as at the date of this report for the purpose of s611 of TCA.

### Shareholders Decision

- 10.2 Stantons was engaged to prepare an IER setting out whether in its opinion the proposed Transaction is fair and reasonable to Non-Associated Shareholders and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 10.3 The decision whether to approve Resolution 5 pertaining to the issue of shares to Deutsche Balaton is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 5, shareholders should consult their professional advisor.
- 10.4 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Altech. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 5. Shareholders should consult their own professional advisor in this regard.

### Source Information

- 10.5 In making our assessment as to whether the proposed Transaction, including Resolution 5, is fair and reasonable to Non-Associated Shareholders, we reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of Altech.
- 10.6 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of Altech
  - Altech ASX announcements to 6 September 2023
  - Altech's Annual Reports for the financial years ended 30 June 2021 and 30 June 2022
  - Altech's Interim Financial Report for the half year ended 31 December 2022
  - Altech unaudited management accounts as at 30 June 2023
  - Register of Altech shareholders as at 29 August 2023
- 10.7 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

**STANTONS CORPORATE FINANCE PTY LTD**



**James Turnbull, CFA**  
**Authorised Representative**

## APPENDIX A

### GLOSSARY

	<b>Definition</b>
<b>AFCA</b>	Australian Financial Complaints Authority
<b>Altech</b>	Altech Batteries Limited
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>Company</b>	Altech Batteries Limited
<b>Corporations Act</b>	The Corporations Act 2001
<b>DCF</b>	Discounted future cash flows valuation methodology
<b>Delphi</b>	Delphi Unternehmensberatung Aktiengesellschaft
<b>Deutsche Balaton</b>	Deutsche Balaton Aktiengesellschaft
<b>Deutsche Balaton Group</b>	Deutsche Balaton and Delphi
<b>Entitlement Offer</b>	The 1 for 8 entitlement offer to raise up to \$12,859,201 (before costs) via the issue of up to 183,702,876 ordinary shares at \$0.07 per share
<b>ES</b>	Explanatory Statement
<b>FME</b>	Capitalisation of future maintainable earnings valuation methodology
<b>FSG</b>	Financial Services Guide
<b>HPA</b>	High Purity Alumina
<b>IER</b>	Independent Expert's Report
<b>Meeting</b>	The General Meeting at which shareholders will vote on Resolution 5
<b>Net Assets</b>	Asset-based valuation methodologies
<b>NoM</b>	Notice of Meeting
<b>Non-Associated Shareholders</b>	Shareholders who are not restricted from voting on Resolution 5
<b>Placement</b>	The placement completed on 11 August 2023 to raise \$3,000,000 via the issue of 42,857,142 ordinary shares at \$0.07 per share
<b>RG74</b>	ASIC Regulatory Guide 74: Acquisitions Approved by Members
<b>RG111</b>	ASIC Regulatory Guide 111: Content of Expert Reports
<b>s606</b>	Section 606 of the Corporations Act
<b>s611</b>	Section 611 of the Corporations Act
<b>Shortfall Placement</b>	The placement of the shortfall in the Entitlement Offer of 36,557,075 ordinary shares at \$0.07 per share to raise up to \$2,558,995
<b>Stantons</b>	Stantons Corporate Finance Pty Ltd
<b>Transaction</b>	The issue of 7,142,857 ordinary shares to Deutsche Balaton Group at \$0.07 per share to raise \$500,000 gross and a 6% fee
<b>VWAP</b>	Volume Weighted Average Price

## APPENDIX B

### VALUATION METHODOLOGIES

#### Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of the value of a business, business ownership interest, security or intangible asset. Within each valuation approach, there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

#### i) **Income Approaches**

Indicates value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method ("**DCF**")
- The capitalisation of future maintainable earnings method ("**FME**")

#### ii) **Asset/Cost Approaches**

Indicates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

#### iii) **Market Approaches**

Indicates value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

#### 1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite-life project or asset, this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current-day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current-day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example, if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

## 2. Capitalisation of Future Maintainable Earnings Method

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

**Revenue** – mostly used for early-stage, fast-growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

**EBITDA** – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

**EBITA** – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

**EBIT** – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

**NPAT** – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full-year impact of any changes (such as acquisitions or disposals) made partway through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

### **3. Asset or Cost Approaches**

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- Orderly realization
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind-up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss-making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g., small machine shops and retail establishments)

Asset-based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all its assets and liabilities.

#### **4. Analysis of Recent Trading**

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

#### **5. Industry Specific Rule of Thumb**

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or the number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

#### **Selecting an Appropriate Valuation Approach and Method**

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

## APPENDIX C

### CONTROL PREMIUM

#### Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders' agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and restructuring
- Set the financial structure of the company (debt/equity mix)
- Block any or all the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between the prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

#### Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - the power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

## APPENDIX D

### AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 6 September 2023, relating to the proposed Transaction.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. There are no relationships with Altech other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out-of-pocket expenses. Our fee for preparing this report is expected to be up to A\$20,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull has received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Altech. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

### QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

### DECLARATION

This report has been prepared at the request of Altech to assist Non-Associated Shareholders of Altech to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of Altech shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of Altech, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Altech or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

### DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the parent company of Stantons Corporate Finance, its directors, employees or consultants) for the preparation of this report.

**DECLARATION AND INDEMNITY**

Recognising that Stantons Corporate Finance may rely on information provided by Altech and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Altech has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which Altech may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Altech; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Altech, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Altech or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Altech for a review of factual information contained in the report. Comments received relating to factual matters were considered, however, the valuation methodologies and conclusions did not change as a result of any feedback from Altech.

## SCHEDULE 2 – PRO FORMA BALANCE SHEET AS AT 30 JUNE 2023

The unaudited statement of financial position as at 30 June 2023 and the unaudited pro forma statement of financial position as at 30 June 2023 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro forma statement of financial position has been prepared to provide an indication on the effect of the issue of Shares on the financial position of the Company assuming that no other shares are issue prior to this. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30 June 2023 \$	Issue of 7,142,857 shares at \$0.07 per share \$	PRO FORMA AUDITED 30 June 2023 \$
<b>CURRENT ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents <sup>1</sup>	3,571,159	470,000	4,041,159
Trade and other receivables	2,884,702	-	2,884,702
<b>TOTAL CURRENT ASSETS</b>	<b>6,455,861</b>	<b>470,000</b>	<b>6,925,861</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12,595,817	-	12,595,817
Right-of-use assets	4,398,139	-	4,398,139
Exploration and evaluation expenditure	981,637	-	981,637
Other financial assets	17,850,837	-	17,850,837
Other non-current receivable	2,596,055	-	2,596,055
<b>TOTAL NON-CURRENT ASSETS</b>	<b>38,422,485</b>	<b>-</b>	<b>38,422,485</b>
<b>TOTAL ASSETS</b>	<b>44,878,346</b>	<b>470,000</b>	<b>45,348,346</b>
<b>CURRENT LIABILITIES</b>			
Lease liabilities	34,442	-	34,442
Trade and other payables	6,326,018	-	6,326,018
Provisions	225,022	-	225,022
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,585,482</b>	<b>-</b>	<b>6,585,482</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	173,800	-	173,800
Financial liabilities	4,244,005	-	4,244,005
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,417,805</b>	<b>-</b>	<b>4,417,805</b>

	AUDITED 30 June 2023 \$	Issue of 7,142,857 shares at \$0.07 per share \$	PRO FORMA AUDITED 30 June 2023 \$
<b>TOTAL LIABILITIES</b>	<b>11,003,287</b>	<b>-</b>	<b>11,003,287</b>
<b>NET ASSETS</b>	<b>33,875,059</b>	<b>470,000</b>	<b>34,345,059</b>
<b>EQUITY</b>			
Contributed equity <sup>1</sup>	124,487,779	470,000	124,957,779
Reserves	1,822,560	-	1,822,560
Accumulated losses	(90,321,959)	-	(90,321,959)
Non-controlling interests	(2,113,321)	-	(2,113,321)
<b>TOTAL EQUITY</b>	<b>33,875,059</b>	<b>470,000</b>	<b>34,345,059</b>

**Notes:**

<sup>1</sup>. Issue of 7,142,857 Shares to Deutsche Balaton at \$0.07 per share raising gross proceeds of \$500,000, less a placement fee of 6% being \$30,000.



**Altech Batteries**  
Limited

Altech Batteries Limited | ABN 45125301206

# Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Your proxy voting instruction must be received by **02.00pm (AWST) on Wednesday, 25 October 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

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