

30 August 2017

ALTECH – MECKERING KAOLIN DEPOSIT WORKS APPROVAL GRANTED

Highlights

- Works approval granted by WA Department of Water and Environmental Regulation (DWER)
- Construction of kaolin screening and loading facility at Meckering approved
- Works include ROM stockpile, evaporation pond, trommel screening unit, and loading facility
- Mining approval for Meckering previously received
- Meckering kaolin mining and processing now fully permitted to proceed, subject to funding

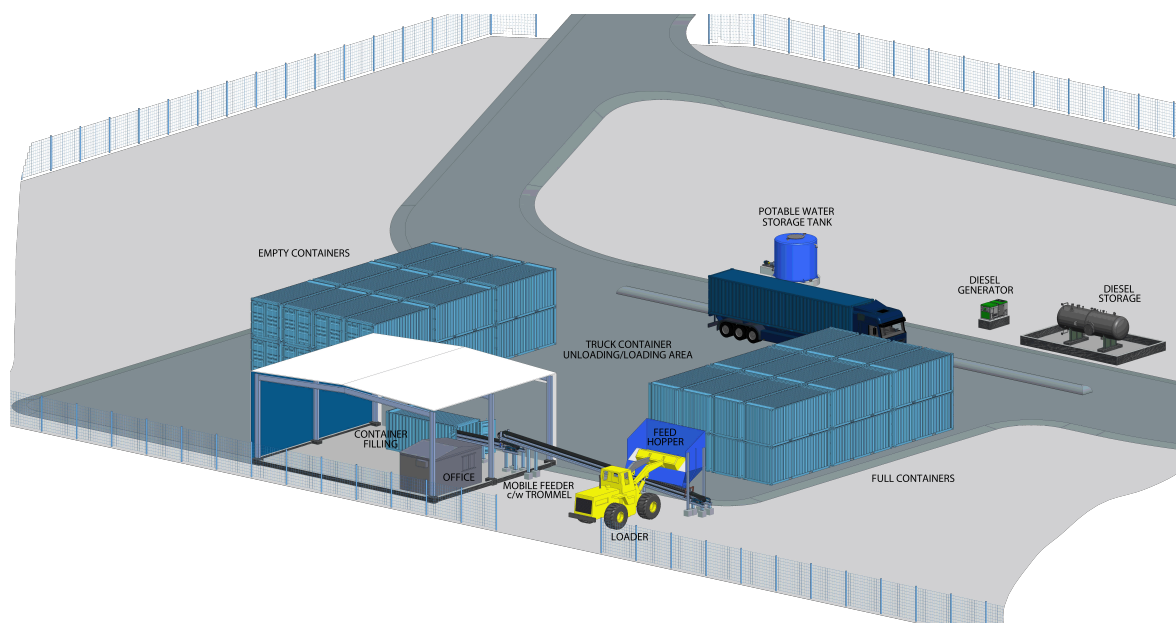
Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to advise that its works approval application for a screening and loading facility at the Company's Meckering kaolin deposit (M70/1334) was granted by the Western Australia (WA) Department of Water and Environmental Regulation (DWER) on 25 August 2017.

The works approval permits the construction of kaolin screening and loading facility infrastructure, to be located adjacent to the proposed Run of Mine (ROM) stockpile, at the Company's Meckering kaolin deposit. Positioned within Altech's granted mining lease M70/1334, the Meckering kaolin deposit is located at Leeming Road, Warding East, approximately 140km east of Perth and 8km south-east of the town of Meckering, Western Australia.

At Meckering, mined kaolin ore will be screened to a size of <12mm via a trommel screening unit. The <12mm screened ore will proceed to a housed container loading facility, where it will be fed into standard 20-foot shipping containers via a telescopic container feed conveyor. Once loaded, the shipping containers will be transported by road to the port of Fremantle, for shipment to Johor, Malaysia, the location of the Company's proposed high purity alumina (HPA) processing plant.

This announcement of works approval for Meckering follows the Company's 10 March 2017 announcement confirming the approval of a mining proposal and mine closure plan for the Meckering deposit by the WA Department of Mines, Industry Regulation and Safety (DMIRS) (formerly Department of Mines and Petroleum).

Figure 1.
Meckering kaolin screening loading facility equipment and infrastructure



Commenting on the approval of works, managing director Mr Iggy Tan said, “We are pleased to receive notification of the approval of works for the kaolin screening and loading facility at Meckering, which will provide feedstock for the Company’s proposed Malaysian HPA processing plant. The Altech team has been working hard to advance all approvals required for Meckering, and this has now been achieved. This means that subject to funding, construction and mining operations at Meckering can commence.

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About Altech Chemicals (ASX:ATC) (FRA:A3Y)

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the **world's leading suppliers of 99.99% (4N) high purity alumina (HPA) (Al_2O_3)**.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of synthetic sapphire.

Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) of 16.7% (2016-2024), primarily driven by the growth in worldwide adoption of LEDs. As an energy efficient, longer lasting and lower operating cost form of lighting, LED lighting is replacing the traditional incandescent bulbs.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Bankable Feasibility Study (BFS) for the construction and operation of a 4,000tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, Malaysia. The plant will produce HPA directly from kaolin clay, which will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia. Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrochloric (HCl) acid-based process. Production costs are anticipated to be considerably lower than established HPA producers.

The Company is currently in the process of securing project financing with the aim of commencing project development in 2018.



Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

Also, there is no certainty that German government project finance export credit cover (ECA) and/or project debt finance will be approved. The Company makes no representations or warranties whatsoever as to the outcome of the ECA application process. In addition, the Company to date has not been provided with any estimates of the capital costs of the project from its appointed proposed EPC contractor, which is still finalising the detailed design of the proposed Malaysian high purity alumina (HPA) plant and has not been provided with sufficient firm quotations of costs to provide an estimate.