ASX ANNOUNCEMENT AND MEDIA RELEASE

7 July 2015

ALTECH COMMENCES PERMITTING FOR MECKERING

Highlights

- Altech has commenced permitting for its proposed kaolin mining operation and beneficiation plant at Meckering, Western Australia:
  - Project application accepted by Department of Environment Regulation (DER)
  - DER confirms the next and final stage of permitting prior to construction is Works Approval
- Department of Mines and Petroleum (DMP) approval also underway:
  - Mining lease application submitted
  - A mining proposal and a mine closure plan are well advanced
- Overall, permitting for both mining and beneficiation is relatively straightforward

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has submitted a project application with the Western Australian Department of Environment Regulation (DER) as part of the permitting requirements for its proposed aluminous clay (kaolin) mine and associated beneficiation plant, at Meckering, Western Australia (the Project).

The DER has confirmed its acceptance of Altech's project application and confirmed that the next and final permitting requirement for the Meckering beneficiation plant as a Works Approval application, which will also be assessed by the DER. Once the Works Approval is granted, construction of the beneficiation plant can commence. Also, under DER regulations, based on the beneficiation plants processing rate of less than 50,000 tonnes per annum (tpa), the plant may only require registration post construction rather than an application for an Operating Licence.

Concurrent with DER permitting, Altech is advancing mining approvals and an access compensation arrangement for the Project. Mining approvals are regulated by the Western Australian Department of Mines and Petroleum (DMP) and the Company has already submitted a mining lease application, the first step in the DMP approvals process. Following grant of the mining lease, the Company will submit a Mining Proposal (MP) and a Mine Closure Plan (MCP) and upon approval of these items (and subject to funding), mining operations at Meckering will commence with overburden removal for the establishment of an open pit mine.

The Company anticipates that both the DER and DMP approval processes will be relatively straightforward. There are no other permitting requirements for the Project.

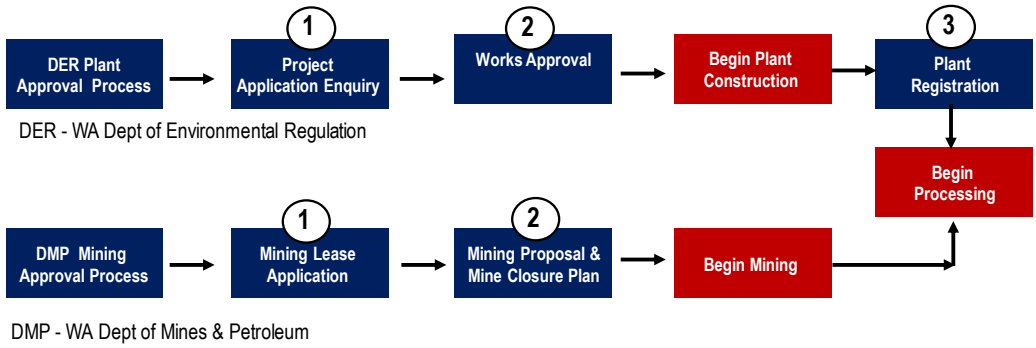
See Figure 1 below for a summary of the permitting processes.

Altech Chemicals Limited
ASX:ATC
ABN 45 125 301 206

Suite 8, 295 Rokeby Road
Subiaco, Western Australia
6008 Australia

Telephone: +61 8 6168 1555
Facsimile: +61 8 6168 1551
Website: www.altechchemicals.com

Figure 1 – Summary of DER and DMP Approval Processes



Meckering mining operations

The proposed mining operation at Meckering will be conducted on a 'campaign' basis, once every three years. Approximately 144,000 tonnes of kaolin will be mined each campaign, each mining campaign will last around two months and the mined kaolin will be delivered to a run of mine (ROM) stockpile, proximal to the open pit. Stockpiled kaolin will be fed to the Meckering beneficiation plant at a rate of approximately 48,000 per annum.

Meckering beneficiation

The beneficiation circuit will consist of a wet screening plant to remove oversize silica from the kaolin, then a dryer to reduce moisture levels of the beneficiated product. The Meckering plant will produce approximately 18,565 tonnes of beneficiated aluminous clay per annum, with approximately 20,299 tonnes (wet) of oversize silica sand as waste, which will be returned to the mine void. See Figures 2 and 3 below, for the proposed plant designs. The Meckering wet screening plant and dryer will operate on a day shift, five days a week. The final beneficiated aluminous clay product will be transported from Meckering to Fremantle, Western Australia for final shipping to Johor Bahru, Malaysia, where the Company's proposed high purity alumina (HPA) processing plant will be constructed.

Figure 2 – Proposed Meckering plant, North Elevation

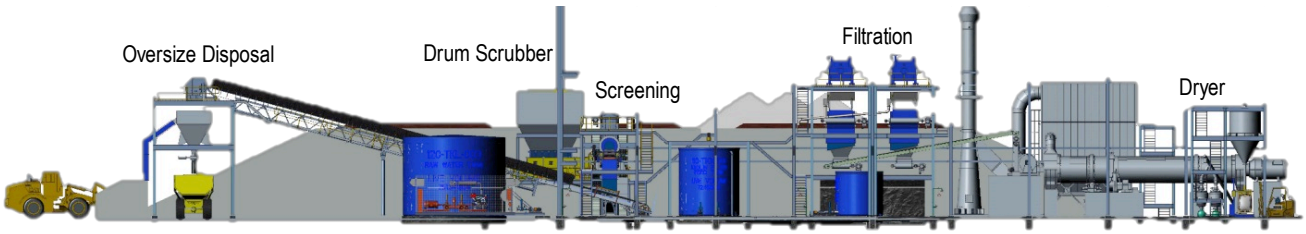
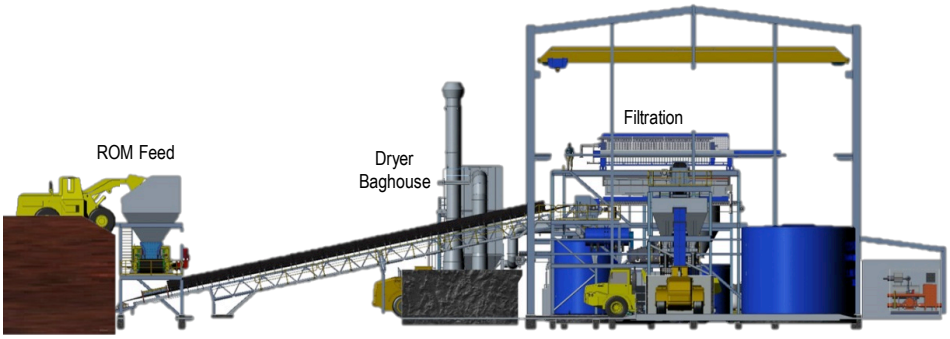


Figure 3 – Proposed Meckering plant, East Elevation



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Altech Chemicals Limited

For more information, please contact:

Corporate
Iggy Tan
Managing Director
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

Media Contact
Tony Dawe
Consultant
Professional Public Relations
Tel (office): +61 8 9388 0944
Email: tony.dawe@ppr.com.au

About Altech Chemicals (ASX: ATC)

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 because it is the critical ingredient required for the production of sapphire substrates which are used in the manufacture of LED lights, for the manufacture of alumina semiconductor wafers that are widely used in the electronics industry and for the manufacture of scratch resistant artificial sapphire glass used for watch faces, camera lenses and by various smartphone manufacturers. There is no substitute for HPA in the manufacture of sapphire substrates, sapphire semiconductor wafers or scratchproof sapphire glass.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in LED's as this energy efficient, longer lasting and lower operating cost lighting replaces traditional incandescent bulbs. HPA demand is expected to at least double over the coming decade.

Current HPA producers use an expensive and highly processed feedstock material 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 Tanjung Langsat, 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 hydrogen chloride (HCl) leaching 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 Q1-2016.

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 our 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.