

19 November 2015

PROJECT FUNDING UPDATE

Highlights

- Letter of Interest (LOI) for project financing received from German bank
- ECA: Interest in senior-debt project financing utilising German export credit insurance cover
- Highly experienced international project and export finance specialist

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to provide an update on the progress of financing activities for its proposed high purity alumina project (HPA Project).

Following a series of meetings, a major German bank has submitted a Letter of Interest (LOI), expressing its interest to arrange senior-debt project financing for the Company's HPA Project. The LOI contemplates senior-debt project financing that will maximise the use of export credit insurance cover under the German federal government backed project finance federal export guarantees.

The bank is a leading German export and project finance specialist with experience in the debt financing of mining and chemical projects worldwide, also in the Asia-Pacific region and projects similar to Altech's proposed HPA Project.

ECA is an instrument for the promotion of German exports. It provides a cover to bank lenders to insure against the risk of an export loan and is administered by Euler Hermes, the German Export Credit Agency (ECA). ECA was identified as applicable to Altech's HPA Project because the majority of the plant and equipment will be sourced from German and other European Union manufacturers and German group M+W is the appointed engineering, procurement and construction (EPC) contractor.

The first step in the ECA approvals process is for the Company, the bank and M+W to make a presentation to Euler Hermes for its assessment of the HPA Project, from which an initial determination of the eligibility for ECA funding will be made.

Altech's managing director, Mr Iggy Tan said that the interest shown by the German bank to arrange the senior debt financing of the HPA Project is an important preliminary step for debt financing. *"There is still a way to go in the due diligence process and there is no guarantee that ECA eligibility or final funding will eventuate, however the interest of this highly experienced and well regarded bank in our project at this early stage is significant."*

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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, as 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 form of 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 hydrochloric acid (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.