ASX ANNOUNCEMENT AND MEDIA RELEASE

Altech Chemicals Limited

1 April 2016

ALTECH COMMENCES GRADE CONTROL DRILLING AT MECKERING

Highlights

- Altech commences grade-control drilling at its Meckering kaolin deposit
- 21 air core drill holes planned
- Grade control drilling to assist planning of future mining operation

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has commenced a grade control drilling program at its Meckering kaolin deposit.

A total of 21 air core drill holes are planned over Altech's 100%-owned tenement E70/3923, which is located approximately 130km east from Perth, Western Australia.

The grade control drilling program is to assist the Company in planning its future Meckering mining operation. The proposed Meckering mine will provide kaolin feedstock for the Company's high purity alumina (HPA) plant at Johor, Malaysia.

Figure 1 – Location of Altech's Meckering kaolin deposit

At Meckering, the Company is planning to mine approximately 120,000 tonnes of kaolin every three years on a campaign basis, each mining campaign will last approximately two months. The resultant raw kaolin will be stockpiled, then containerised into standard shipping containers at the rate of around 40,000tpa and transport to Johor, Malaysia for processing into HPA at the Company's proposed plant.

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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 artificial sapphire. Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant artificial sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of artificial sapphire.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, 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. 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 (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 Q1-2017.

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.