

14 July 2016

ALTECH – INTERNATIONAL SAPPHIRE INDUSTRY EXHIBITION

Highlights

- Strong interest for Altech's entry into the high purity alumina market
- Altech's proposed nano particle size HPA product range well received
- Vertically integrated production model will ensure security of quality HPA supply
- Forecast tightening of supply side of the HPA market as demand rapidly expands
- HPA analytical and production data available to end-users on-line

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to provide a summary of its recent attendance at the 2nd International Sapphire Industry and Touch Screen Technology Exhibition in Shenzhen, China (June 23-25 2016).

Altech's presentation at the exhibition generated strong interest from synthetic sapphire producers, who welcome the prospect of the Company's entry into the high purity alumina (HPA) market via its proposed 4,000tpa Malaysian HPA plant. Specifically, Altech's plan to offer a finished product range that will include HPA tailored for the synthetic sapphire and lithium-ion battery separator sheet manufacturing sectors, two rapidly growing segments of the HPA market, were well received. The Company explained that the design of its Malaysian plant incorporates the specialised equipment required for the production of "nano" HPA particles. The size of HPA nano particles is typically less than 1 micron (1/1000 of 1mm) and is the preferred particle size for the fast growing lithium-ion battery separator sheet-manufacturing sector.

The Company also emphasised the vertically integrated nature of its HPA manufacturing process, explaining that unlike current HPA producers that predominantly purchase aluminium metal as feedstock, Altech by owning its own feedstock (alumina rich kaolin), is better positioned to guarantee product supply and quality to end-users into what is forecast to be a tightening HPA market. The combination of Altech's low-impurity kaolin ore feedstock and its plant's design that has incorporated three stages of purification, will position the Company to consistently deliver finished product HPA of 99.99% purity to end users, managing director Iggy Tan explained.



Managing Director, Mr Iggy Tan

Another important differentiation will be Altech's ability to analyse individual one (1) tonne batches of its HPA and make production data and analytical results available to end-users on-line via its proposed internet based quality tracking system. End users advised that this type of information is not currently available from their established HPA suppliers. Also, Alech's state of the art German packaging plant can be expected to deliver highly consistent end-product bag weights for accurate product formulations and the German manufactured and supplied robotic stacking and wrapping technology will deliver neat, clean, spillage free wrapped pallets.



Altech's Chemicals Exhibition Booth

Mr Tan stated that with the forecast rapid increase in demand for HPA, particularly from lithium-ion battery separator manufacturers, combined with supply expansion timeframe limitations, there is a real possibility of a HPA supply squeeze in the short to medium term.



Sapphire Crystal Boule

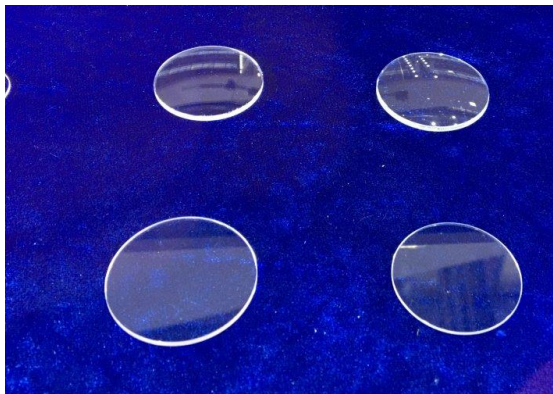


Cut Sapphire



Sapphire Wafer (LEDs)

Synthetic sapphire producers at the exhibition displayed their products and technology, including the production of sapphire wafers, watch faces and smart phone sapphire display screens. Several of the established synthetic sapphire producers reported near-term capacity expansion plans and expressed interest in further discussions with Altech in relation to growth strategy.



Sapphire Crystal



Smartphone display



Light Emitting Diodes (LEDs)

Applications for synthetic sapphire displayed at the exhibition include luxury watches and smart watches (both cover and body), LED wafers, smart phone touch screens, camera lens covers, fingerprint recognition screens and medical optics. It was clearly evident at the exhibition that applications for the use of sapphire glass in a variety of industries continues to emerge.

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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 German KfW IPEX-Bank.



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.