



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

9 May 2016

ALTECH SELLS EXPLORATION LICENCE FOR \$2 MILLION CASH

Highlights

- Sale of surplus exploration license for \$2 million
- Dispute over termination of Kaolin Mining Rights Deed with Dana settled
- Altech retains ownership of mining lease application M70/1334 for its Malaysian HPA project
- Imminent grant of M70/1334

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has executed an agreement with Dana Shipping and Trading S.A. (Dana) for the sale of exploration licence E70/3923 (excluding mining lease application M70/1334, owned by Altech) at Meckering, Western Australia for \$2.0 million.

The exploration licence is surplus to Altech's feedstock requirements for its proposed Malaysian high purity alumina (HPA) plant. Feedstock for the plant will be sourced from within M70/1334 which contains an estimated ~11 million tonnes of kaolin mineral resources, representing in excess of 250 years of supply for the HPA plant. Altech continues to hold exploration licences E70/4708, E70/4716, E70/4717EL at Meckering.

Altech will receive proceeds from the sale in two tranches; Dana has already paid a non-refundable cash deposit of \$250,000, the balance of \$1,750,000 will be paid within 5 business days of the grant of mining lease M70/1334. The grant of M70/1334 is expected to take only a matter of months and will be progressed by the Company in accordance with standard procedures of the Department of Mines and Petroleum (WA).

Execution of the agreement also settles the dispute with Dana over the Company's termination of the Kaolin Mining Rights Deed (refer ASX announcement dated 29 March 2016 for details).

Managing Director, Iggy Tan said *"the sale of E70/3923 is a win-win outcome for both parties. For Altech, it monetises the portion of the Company's Meckering kaolin deposit that is surplus to requirements for our HPA project, plus we receive a larger up-front cash injection compared to what was provided for in the Kaolin Mining Rights Deed. For Dana, the agreement delivers kaolin resources for the development of its bulk kaolin business and it removes the requirement for Dana to share M70/1334 with Altech, which was the previous arrangement"*.

- End -

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Corporate

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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) (Al₂O₃)**.

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 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.