



21 September 2016

ALTECH – HPA PROJECT DETAILED DESIGN UPDATE

Highlights

- German M+W Group well advanced on HPA plant detailed design and engineering
- Leading global engineering and construction firm with extensive Asian experience
- Established Singapore and Malaysian offices, with extensive Malaysian construction experience

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to provide an update on the detailed design and engineering work that is currently being undertaken by German firm M+W Group in Stuttgart, Germany, for its proposed Malaysian high purity alumina (HPA) plant.

M+W Group is a leading global high-tech engineering firm with around 6,000 employees worldwide. Established in 1912, M+W Group has a strong presence in Asia with regional offices in both Singapore and Penang, Malaysia. The firm manages projects of all dimensions on behalf of clients from various sectors, including electronics, chemicals and pharmaceuticals, energy and information technology. It has completed over 700 projects in the Asia Pacific region, where it employs around 2,200 highly skilled and experienced staff. M+W Group was appointed as Altech's Engineering, Procurement and Construction (EPC) contractor in March 2016 and it commenced detailed design and engineering of the Company's proposed HPA plant in June 2016.

Detailed design and engineering is the final planning phase for the HPA plant prior to the actual commencement of construction. It involves the complete definition of every aspect of the plant including detailed diagrams and drawings for construction, civil works, instrumentation, control system, electrical facilities, management of suppliers, schedule of activities, costs, procurement of equipment and management of environmental impacts. Once completed and subject to funding, the Company and M+W Group will be in a position to order long lead time capital items (subject to finance) and finalise contractual arrangements with the various suppliers and sub-contractors for the commencement of construction activities.

Altech is in the fortunate position of having been able to fast track detailed design and engineering, primarily because of the comprehensive engineering work undertaken during the bankable feasibility study (BFS) phase of the project. M+W Group lead process engineers conducted a pre-commencement detailed review of BFS engineering and only minor changes were identified. Consequently engineering drawings such as process flow diagrams and piping and instrument diagrams were imported directly into M+W Group's systems without re-drawing, saving considerable time and expense. The selection and pre-appointment of critical equipment suppliers such as SGL Group (HCl equipment) and Drytech (kilns) during the BFS gave Altech early access to their equipment specifications enabling incorporation into BFS engineering and thereafter directly transferred to M+W Group for final design and engineering.

M+W Group (Singapore), with its extensive South East Asian operating experience has been engaged to manage all Malaysian permitting and project approvals. This office will also co-ordinate instrument and electrical detailed design and the management of supervision of construction activities.

Detailed design and engineering activities are expected to continue until the first quarter of 2017 and will overlap the expected commencement of construction, which remains subject to the finalisation of project financing.

Figure 1 – Kaolin Preparation Plant

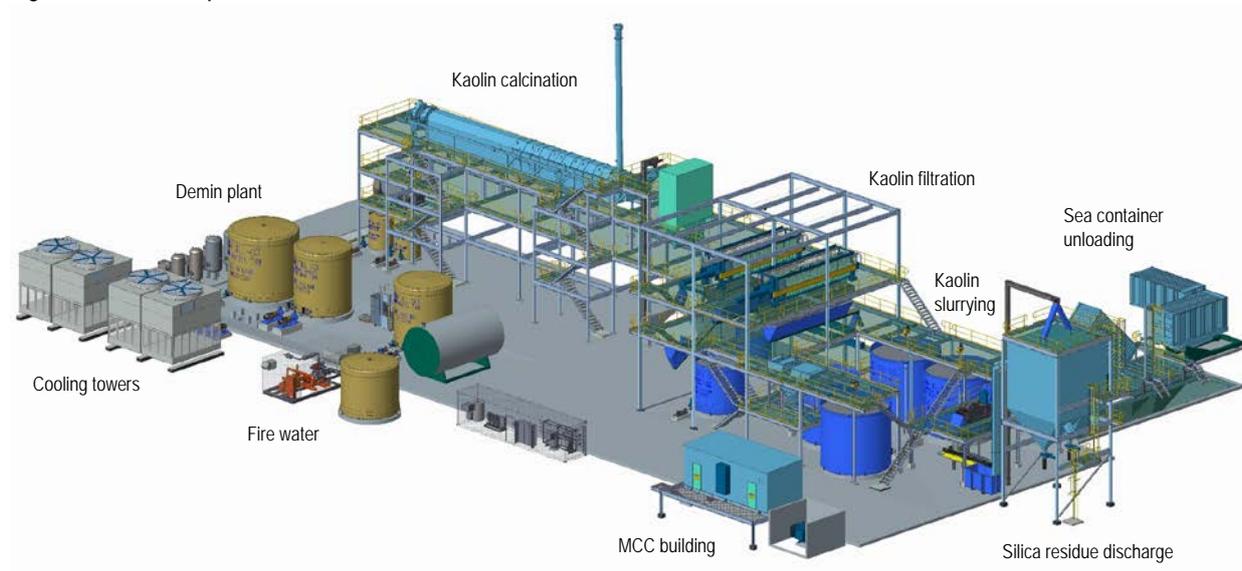


Figure 1b – Cross Section and Layout

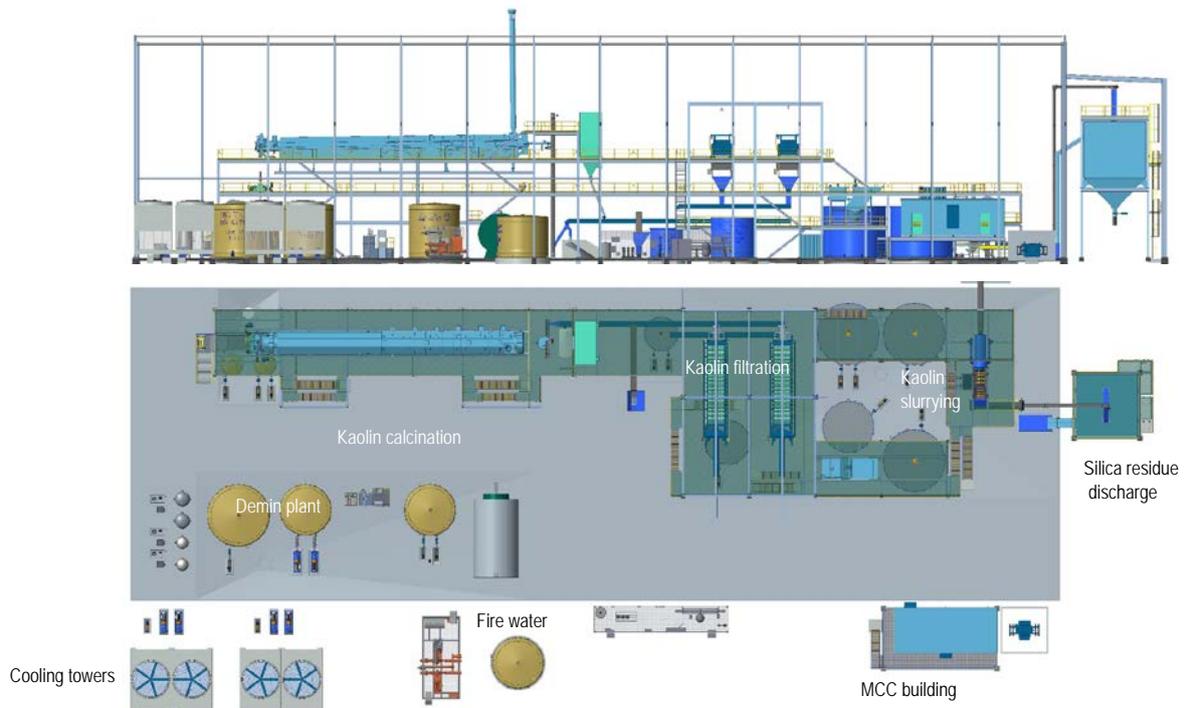


Figure 2 – Acid Leach and Residue Neutralisation Plant

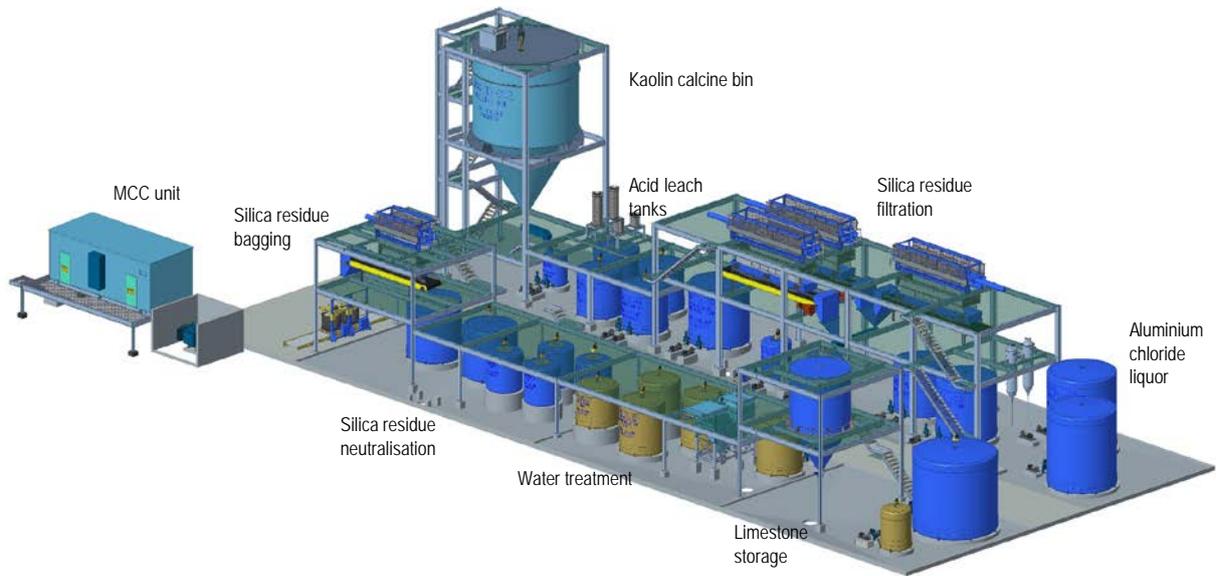


Figure 2b - Cross Section and Layout

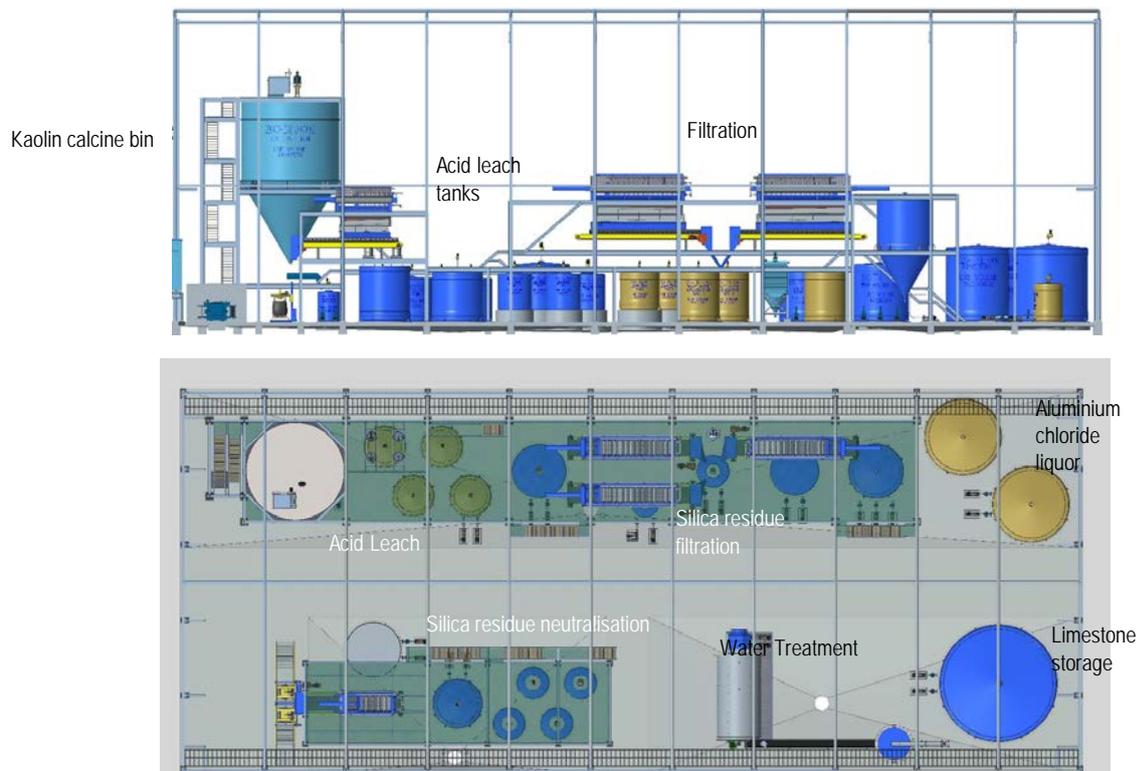


Figure 3 – Crystallisation and Roasting Plant

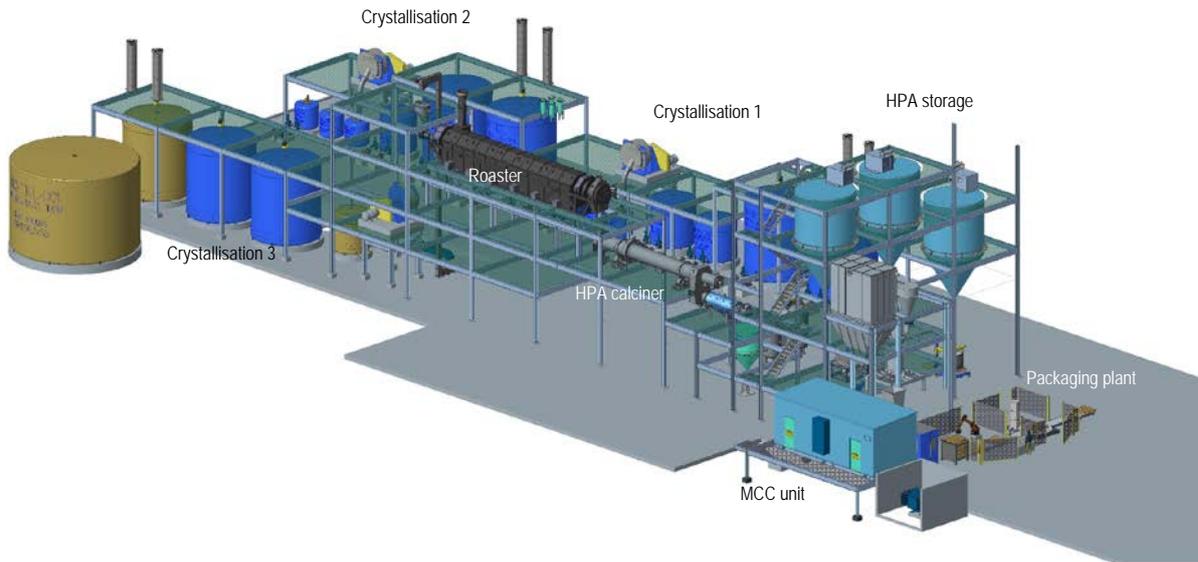


Figure 3b - Cross Section and Layout

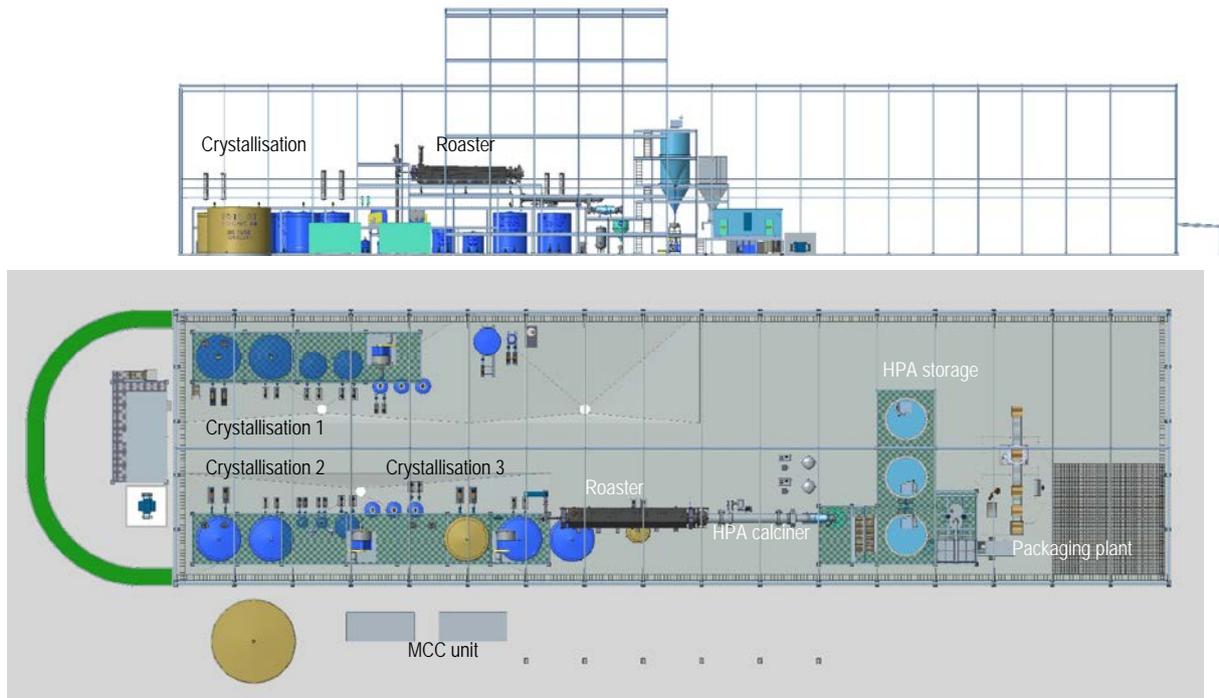
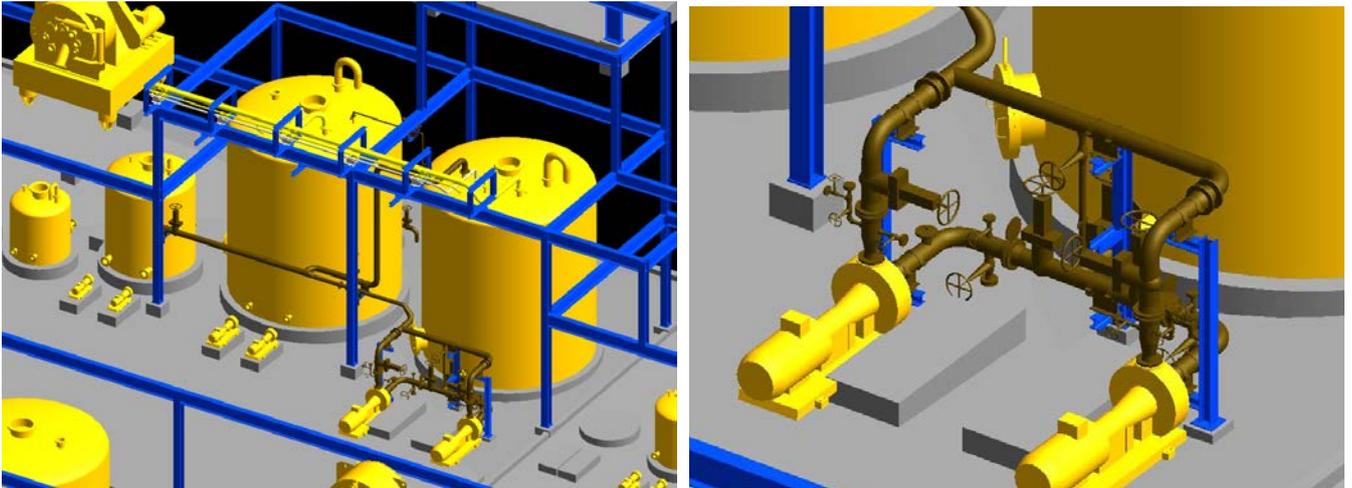


Figure 4 – Piping design work conducted at M+W Group office in Stuttgart



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For more information, please contact:

Corporate

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

Shane Volk
Company Secretary
Altech Chemicals Limited
Tel: +61 8 6168 1555
Email: info@altechchemicals.com

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 25,315tpa (2016) and demand is expected to grow at an annual rate of 16.7% (2016-2024), 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.