



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

15 March 2016

ALTECH FINALISES AGREEMENT FOR HPA PLANT SITE AT JOHOR, MALAYSIA

Highlights

- HPA plant site secured at the Tanjung Langsat Industrial Complex, Johor, Malaysia
- 30 year lease, with an option to extend for an additional 30 years
- Johor, Malaysia affords significant operating cost and strategic advantages for the Company

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has finalised a lease agreement with Johor Corporation for a ~4Ha plot of land in the Tanjung Langsat Industrial Complex, Johor, Malaysia as the site for its proposed high purity alumina (HPA) plant. The Company had previously announced the reservation of the land (refer ASX announcement dated 30 Sept 2015), which is in a section of the industrial complex that is set aside for chemical facilities.

The agreement is a 30-year lease with an option to extend for an additional 30 years (standard terms for land in the industrial complex). The land has been secured with an initial deposit and interim payments will be made during 2016, with a final payment due at the end of 2016.

As previously announced, the Company selected Johor as the location for its proposed HPA plant based on significant economic and developmental benefits, including the ready availability of required consumables such as hydrochloric acid, limestone, quicklime, electrical power and natural gas – all at highly competitive prices. The availability of skilled labour, proximity to an international container sea-port and international airports (Johor Bahru and Singapore) and the various investment incentives on offer were additional benefits.

Feedstock for the HPA plant will be sourced from the Company's 100% owned kaolin deposit at Meckering, Western Australian. Annually, approximately 41,000 tonnes of alumina rich kaolin will be containerised and shipped via the port of Fremantle, Western Australia to the Tanjung Pelepas container port, Johor, Malaysia. Initial beneficiation of the kaolin will now take place at Tanjung Langsat, with the resultant benign silica sand residue (approximately 36,000tpa) sold as a by-product to local businesses such as brickworks and/or cement plants.

Operating costs for the proposed HPA plant in Malaysia are anticipated to be ~40% lower compared to an equivalent plant in Western Australia. In addition, the shipping of the Company's final HPA product from the Tanjung Pelepas international sea container port to nearby Asian markets will provide both cost and delivery time advantages.

Figure 1 - Tanjung Langsat Industrial Complex, Johor, Malaysia

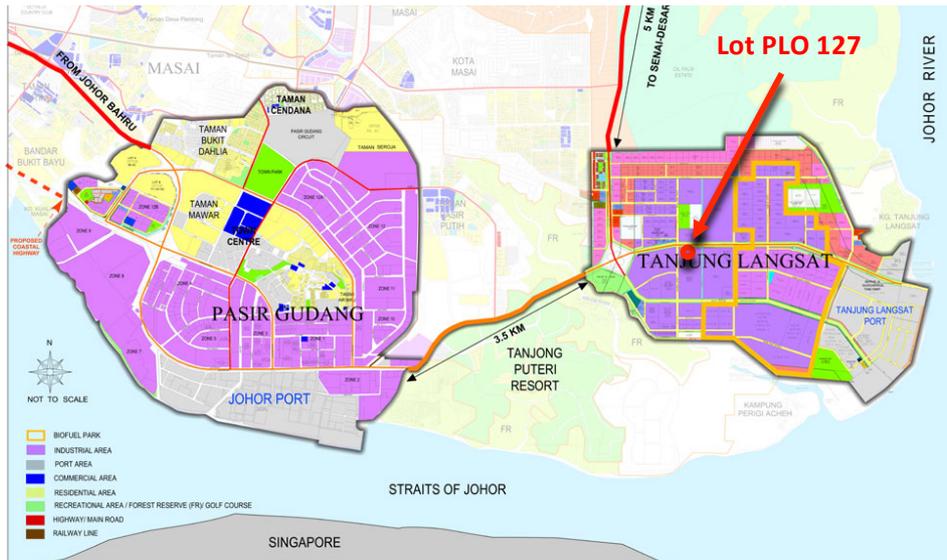


Figure 2. Altech's reserved site for its HPA plant, Tanjung Langsat, Malaysia



About Johor State

Renowned as being the most sought after location for industries in Malaysia, Johor is a dynamic and vibrant industrial corridor for the world's manufacturing hub, the south-east Asian region. The only state in Malaysia with three ports and an international airport for cargo, Johor is the international metropolis for investment providing political and social stability, fully-developed industrial parks, a growing English-speaking workforce, supportive government policies with attractive tax incentives and low inflation rate. Johor has the largest concentration of the world's leading manufacturers and exporters of electronic products such as semiconductors and artificial sapphires; solar panel and glass products; textiles and rubber and wood products.

About Tanjung Langsat Industrial Complex

Tanjung Langsat is located approximately 40km to the south east of the city of Johor Bahru and caters to light, medium to heavy industries. The industrial hub contains multinational production groups from petrochemical, oil and gas, resource-based, ferrous and non-ferrous metal, biofuel, marine, palm oil and oleochemicals. Major companies operating within the Tanjung Langsat industrial complex include major Spanish steel manufacturer Acerinox Group; Titan Petrochemicals; Kiswire; Dairen Chemicals; Dialog and Lion Eco Chemical.

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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)** (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.