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ALTECH SELECTS JOHOR BAHRU FOR HIGH PURITY ALUMINA (HPA) PLANT SITE

Highlights

- Altech selects Johor Bahru (Malaysia) as the preferred site for its proposed high purity alumina (HPA) plant
- Aluminous clay feedstock will be shipped from Altech's Meckering deposit to Johor Bahru
- Operating costs for a Johor Bahru HPA plant are estimated to be in the region of ~40% lower than an equivalent plant operated in Australia
- Capital costs for the proposed HPA plant are expected to be in the region of 50-60% lower
- Altech anticipates operating costs for a Johor Bahru HPA plant to be in the bottom quartile of the cost curve for international HPA producers
- Letter of Intent (LOI) submitted to reserve land in the Tanjung Langsat Industrial Park, Johor Bahru
- Appointment of experience Johor Bahru based environmental consultant to assist with project approvals

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has selected the Tanjung Langsat Industrial Park in Johor Bahru (**JB**), the capital city of Johor state, Malaysia, as the preferred location for its proposed high purity alumina (HPA) processing plant.

The Company recently concluded an evaluation of the south-east Asia Pacific region, with a number of possible site locations for the construction of a HPA processing plant identified and considered, including Kwinana, Western Australia.

The final selection of a preferred site in Malaysia was based on significant economic and developmental benefits of the construction and operation of a HPA plant in the Tanjung Langsat Industrial Park, including the ready availability of required consumables such as hydrochloric acid, sulphuric acid, power and natural gas – all at highly competitive prices. The availability of skilled labour, proximity to an international container sea-port and an international airport (Singapore), and various investment incentives are also on offer.

It is envisaged that the beneficiated aluminous clay feedstock for the HPA processing plant (approximately 21,000tpa), will be shipped in "bulka bags" from the Company's Meckering deposit in Western Australia via Fremantle port to the Tanjung Landsat international sea container port, which is adjacent to the Tanjung Landsat Industrial Park. Also, the Tanjung Langsat Industrial Park is approximately 40 minutes by road from Singapore.

Operating costs for a HPA plant located in Malaysia were estimated to be in the region of 40% lower compared to an equivalent plant operated in Western Australia. In addition, the shipping of the Company's final HPA product from the Tanjung Langsat international sea container port to nearby Asian markets will provide both cost and delivery time advantages.

In terms of capital costs, preliminary engineering studies have estimated that costs associated with the construction of a HPA plant at Tanjung Langsat are likely to be in the region of 50-60% lower, compared to Australia.

Overall, Altech expects its proposed HPA plant to be in the bottom quartile of the operating cost curve for the world's HPA producers.

Altech's HPA project has the potential to enhance the Malaysian region's HPA value-add chain, as sapphire glass producers such as Rubicon Technology, currently operate a facility in Malaysia.

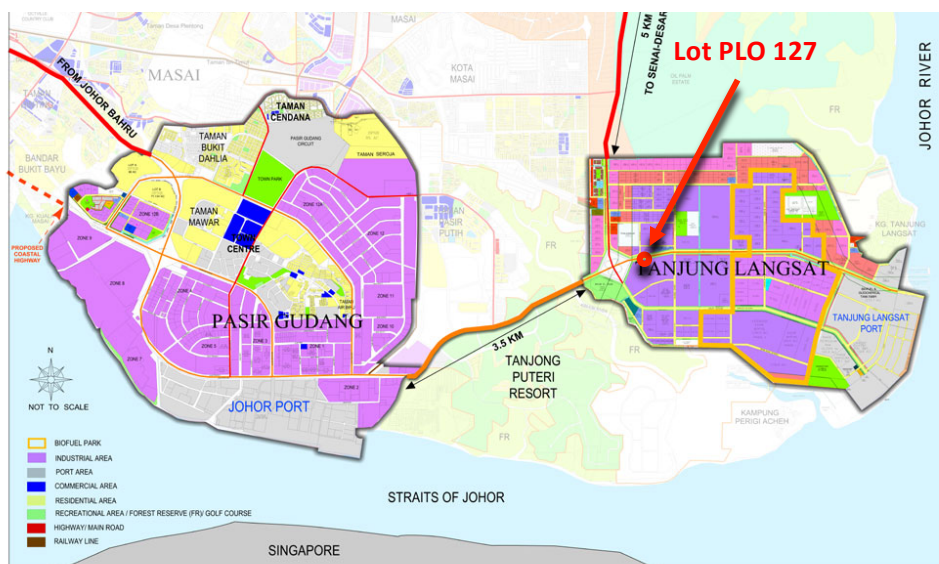


Figure 1 - Johor Bahru's Tanjung Langsat Industrial Complex

Letter of Intent

Altech recently submitted a Letter of Intent (LOI) to TPM Technopark Sdn Bhd, a subsidiary of Johor Corporation, for the reservation of Lot PLO 127 on Jalan Rizab, Tanjung Langsat Industrial Park (refer Figures 1 and 2).

The Lot is approximately 4 hectares in size and is in a section of the industrial park reserved for chemical facilities. The Lot was selected for its proximity to hydrochloric acid, sulphuric acid and quicklime plants – all required consumables for the Company's proposed HPA plant. In addition, reticulated natural gas, high voltage power and access to processing water are all readily available.

To assist the Company in securing the necessary approvals for the construction and operation of the HPA plant, Altech has appointed a highly experienced local environmental consultant, Daya Eco Techno Sdn Bhd.



Figure 2. Altech's chosen site for its HPA processing plant in Johor Bahru, 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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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 product because it is the major source material for scratch-resistant artificial sapphire glass. Sapphire glass is used to produce a range of high-performance electronic applications such as LEDs, semi-conductors, phosphor display screens, as well as new emerging products such as smartphones and tablet devices. The global HPA market is approximately 19,040tpa (2014) and is expected to at least double over the coming decade.

Current HPA producers use an expensive and highly processed feedstock material such as aluminum metal to produce HPA. Altech produces 4N HPA directly from an ore feedstock, aluminous clay, from its Meckering deposit in Western Australia. The Company is now advancing a Bankable Feasibility Study (BFS) to develop a full-scale **3,000tpa HPA production** facility. The Altech process employs conventional and proven "off-the-shelf" plant and technology to extract HPA from its **low-cost** and **low-impurity** aluminous clay feedstock, which results in **lower operating costs**.

Altech is a chemical processing group focused on creating a high-margin product to meet the growing global demand for the next generation of high-performance technologies.



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.