

10 August 2018

ALTECH OFFICIAL GROUND BREAKING CEREMONY AT JOHOR HPA SITE

Highlights

- Ground breaking ceremony at Malaysian HPA plant site marks important milestone
- Australian High Commissioner and German Ambassador to Malaysia unveil official opening plaque
- Ceremony attended by global partners from Malaysia, Germany, Japan and Australia
- Initial Stage 1 construction works commencing

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce the completion of an official ground breaking ceremony marking the commencement of Stage 1 construction of its proposed high purity alumina (HPA) plant in Johor, Malaysia.

The ceremony was held on 8 August 2018 at the Company's Tanjung Langsat HPA plant site and was attended by a range of dignitaries, project stakeholders and Altech's full board of directors and staff. Dignitaries included the Australian High Commissioner to Malaysia, H.E. Andrew Goledzinowski; the German Ambassador to Malaysia, H.E. Nikolaus Graf Lambsdorff; the Australian Trade Commissioner to Malaysia, Ms Kelly Matthews and the head of the Malaysia/German chamber of commerce Mr Daniel Bernbeck. Stakeholders representatives included executives from KfW IPEX-Bank (senior lender), Euler Hermes (German government export credit agency), SMS group (EPC contractor) and Mitsubishi Corporation (sales off-take partner); representatives from Johor Corporation, the Malaysian Investment Development Authority (MIDA) and key local service providers and suppliers.



HPA plant site – Tanjung Langsat, Malaysia



Opening address by Altech managing director Mr Iggy Tan

In his opening address, Altech managing director Mr Iggy Tan thanked the Altech board for its unwavering support for the project and its leadership, both of which have been instrumental in enabling the Company's HPA project to advance to the significant ground breaking milestone. Mr Tan also thanked Altech's management and staff, attributing the project's success to date to the team based culture within the Company. *"The success of any organisation is largely due to the workplace culture – within Altech we have fostered a team orientated, dynamic and compassionate culture",* he said.

Mr Tan noted the remarkable achievements of the Company over the last four years, *"During a period of slightly less than four years the Company has completed a definitive feasibility study and a final investment decision study for its HPA project; developed and finalised a kaolin to HPA process design; concluded laboratory pilot plant test-work; finalised JORC compliant kaolin resource and reserve estimations; secured and acquired the site for its HPA plant and kaolin mining operation; concluded environmental and development approvals in Australia and Malaysia; executed a 10 year HPA off-take arrangement; negotiated a US\$280m fixed-price lump-sum turn-key EPC contract for a 4,500tpa HPA plant; secured senior project finance of US\$190m from German Government owned KfW IPEX-Bank and is concluding US\$150m of additional project finance initiatives. Many projects struggle to be funded and few projects achieve this kind of developmental success in such a short time fame. None of this would have been possible without the dedication and focus of the team consisting of board members, management, staff, shareholders and all stakeholders,"* Mr Tan said.

Mr Tan thanked Altech's global partners including Mitsubishi Corporation, KfW IPEX-Bank, Euler Hermes, the Malaysian and German Governments and SMS group. He made special mention of the support from major shareholders including the Melewar group headed by Tunku (Prince) Yaacob Khyra and the SMS group.



Altech's board of directors, dignitaries and global partner representatives at the conclusion of the ground breaking ceremony, Johor, Malaysia

In his address to attendees, the Australian High Commissioner to Malaysia, H.E. Andrew Goledzinowski congratulated the Company on its achievements to date and acknowledged the bringing together of Australia, Malaysia, Germany and Japan because of the project. He said that Altech's HPA project is an example of the calibre of high technology investment that Malaysia is encouraging and promoting.

Altech non-executive chairman Mr Luke Atkins said “the Company is very proud to have reached this important milestone of commencing the construction of its HPA plant. This is a real testament to the board and management team and staff of the Company, who have been extremely dedicated and focused.” Mr Atkins also acknowledged the vision, dedication and drive of managing director, Mr Iggy Tan who has been instrumental in bringing the project to fruition.



Ground breaking shovels



Ground breaking – Altech chairman and key stakeholders



Australian High Commissioner & German Ambassador



Tunku (Prince) Yaacob Khyra addressing the opening



Mr Iggy Tan with German Ambassador and Australian High Commissioner unveiling official opening plaque



HPA plant site, Johor, Malaysia

A video of the ground breaking ceremony is available for viewing via the following link:
https://www.youtube.com/watch?v=LtaY_Xo1w_4

Stage 1 construction will now begin at the site and will consist of an initial eight (8) week geotechnical drilling and ground survey program. The objective of the program is to confirm ground conditions and optimise proposed foundation piling. The Stage 1 work package of ~A\$10m was executed with SMS group in July 2018 and is being funded by Altech from its recently completed share placement and share purchase plan.

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About Altech Chemicals (ASX:ATC) (FRA:A3Y)

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 synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of synthetic sapphire.



Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) 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.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Final Investment Decision Study (FIDS) for the construction and operation of a 4,500tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, 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 and recently announced the execution of an agreement with its appointed EPC contractor SMS group, for Stage 1 construction of its proposed HPA plant at Johor, Malaysia.

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