

23 August 2018

ALTECH – TRADING HALT EXPLANATION

The securities of Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) will resume normal trading on the Australian Securities Exchange (ASX) this morning.

On Tuesday 21 August 2018, the Company was contacted about progress of the US\$120 million mezzanine debt facility term sheet (announced on 11 May 2018) and the US\$60 steam finance facility term sheet (announced on 15 June 2018) and the counter parties involved.

The Company requested that its securities be placed in a trading halt until an update could be provided.

The Company is pleased to report that the due diligence process has commenced and progressing well. Both counterparties have appointed an independent technical consultant. A due diligence kick off meeting was held in Frankfurt, Germany on 27 July 2018. The meeting was attended by Altech management, technical consultants and representatives from the counterparties as well as m.Plan (KfW IPEX-Bank GmbH technical consultant) and SMS group (Altech's appointed EPC contractor). The due diligence work will take into consideration the extensive data base of prior due diligence work commissioned by the senior lender German government-owned KfW IPEX-Bank GmbH.

The Company confirms that the counterparty to the mezzanine debt term sheet is a global investment bank with more than A\$400 billion in assets under management. The counterparty to the stream finance term sheet is a global alternative investment management firm with \$4.5 billion under management.

The Company will continue to provide updates on the progress of this due diligence process.

- End -

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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)** (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 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 has announced the execution of an agreement with its appointed EPC contractor SMS group for the commencement of stage 1 construction of the HPA plant at Johor, Malaysia.



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 the 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.