



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

30 September 2015

ALTECH SECURES JOHOR LAND FOR ITS HIGH PURITY ALUMINA PLANT

Highlights

- Altech secures land at Johor, Malaysia (Tanjung Langsat Industrial Complex) for its proposed high purity alumina (HPA) plant
- Option to lease secured with a non-refundable deposit to Johor Corporation
- Operating costs for a Malaysian HPA plant are estimated to be in the region of ~40% lower than an equivalent plant operated in Australia
- Altech anticipates operating costs for its Malaysian HPA plant to be in the bottom quartile of the cost curve for established HPA producers

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has now secured land in the Tanjung Langsat Industrial Complex, Johor, Malaysia for its proposed high purity alumina (HPA) plant.

The Company has reserved a ~4 hectare site in a section of the industrial complex that is set aside for chemical facilities. The site is initially reserved until 30 December 2015 and upon execution of an option to lease, will be leased for a period of thirty years, with an option to renew. The land reservation and option to lease has been secured with a non-refundable deposit of MYR300,000, that is credited against the 30-year lease payment on exercise of the option.

As previously announced, the Company selected Tanjung Langsat 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, 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 aluminous clay (kaolin) deposit at Meckering, Western Australian. Approximately 18,565tpa of beneficiated kaolin will be containerised (using 2 tonne "bulka bags") and transported via road to the port of Fremantle, Western Australia (a distance of ~153kms). The containers will be shipped from Fremantle to the port of Tanjung Pelepas (a container port located in south-western Johor, Malaysia ~90kms by road from Tanjung Langsat) and then transported via road from Tanjung Pelepas to Tanjung Langsat.

Operating costs for in Malaysia the HPA plant are 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. 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 - Tanjung Langsat Industrial Complex, Johor, Malaysia

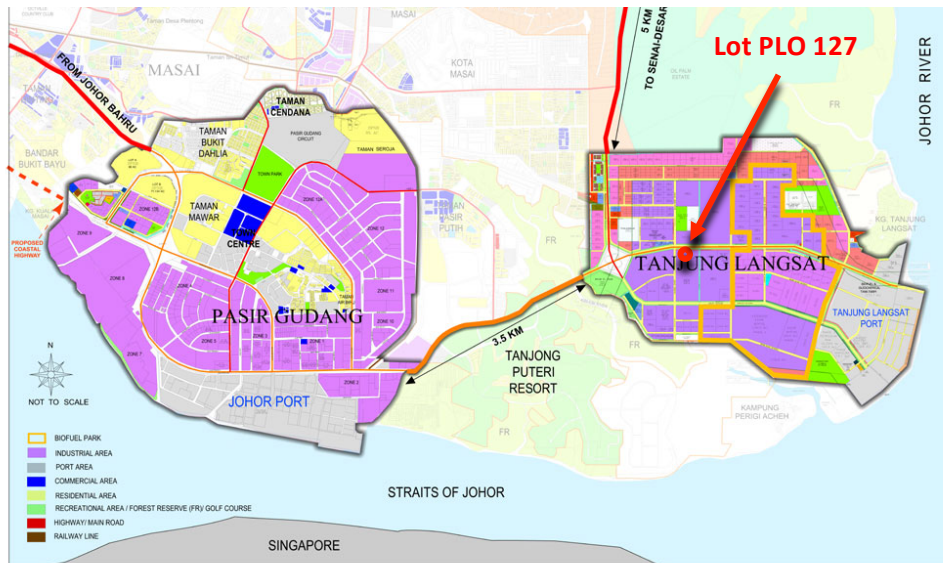


Figure 2. Altech's reserved site for its HPA plant, Tanjung Langsat, Malaysia



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.



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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, high margin and highly demanded product, as it is the critical ingredient required for the production of sapphire substrates which are used in the manufacture of LED lights, for the manufacture of alumina semiconductor wafers that are widely used in the electronics industry, and for the manufacture of scratch resistant artificial sapphire glass used for watch faces, camera lenses and by various smartphone manufacturers. There is no substitute for HPA in the manufacture of sapphire substrates, sapphire semiconductor wafers or scratchproof sapphire glass.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in LED's, as this energy efficient, longer lasting and lower operating cost form of lighting replaces 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 acid (HCl) leaching 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 Q1-2016.



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.